



Holdings S.A.

ANNUAL REPORT

FOR THE 2006 ACCOUNTING PERIOD

1.	. SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS	4
2.	Description of the Group.....	9
3.	Basis of Preparation of Financial Statements	10
3.1.	General.....	10
3.2.	First-Time adoption of the I.F.R.S.	10
3.3.	Statutory Financial Statements	10
3.4.	Use of estimates	11
3.5.	Approval of the Annual financial statements.....	11
3.6.	New standards, interpretations and amendments to the existing ones	11
3.7.	Reclassifications of items.....	14
4.	Group Structure	15
5.	Principal Accounting Policies	17
5.1.	Tangible assets	17
5.2.	Intangible assets	18
5.2.1.	Software programs	18
5.3.	Goodwill.....	19
5.4.	Impairment of assets.....	19
5.5.	Investments in subsidiaries companies	19
5.6.	Investments in associated companies	20
5.7.	Available for sale investments.....	20
5.8.	Investment property	20
5.9.	Inventories.....	20
5.10.	Commercial and other receivables	21
5.11.	Cash and cash equivalents.....	21
5.12.	Transactions in foreign currencies	21
5.13.	Share Capital	21
5.14.	Loans.....	21
5.15.	Leases.....	21
5.16.	Income taxes (current and deferred).....	22
5.17.	Dividends.....	22
5.18.	Provision for staff retirement indemnities.....	22
5.19.	Social security programs.....	23
5.20.	Provisions.....	23
5.21.	Grants.....	23
5.22.	Financial instruments	24
5.23.	Revenue recognition	24
5.24.	Expenses.....	24
5.24.1.	Operating leases	24
5.24.2.	Finance leases	24
5.24.3.	Financing cost	24
5.25.	Earnings per share.....	24
5.26.	Segment Reporting of the Group's operations.....	25
6.	Financial Risk Management	25
7.	Important accounting estimates and management crises.....	26
8.	Segment analysis of the Group's activities.....	26
8.1.	Analysis per activity.....	27
8.1.1.	Data for the year 1/1-31/12/2006.....	27
8.1.2.	Data for the year 1/1-31/12/2005.....	27
8.2.	Other Balance Sheet information.....	28
8.2.1.	Other Balance Sheet information (as of 31/12/2006).....	28
8.2.2.	Other Balance Sheet information (as of 31/12/2005).....	28
9.	Other operating income.....	29
10.	Administrative expenses.....	29
11.	Research and development expenses	30
12.	Distribution costs	30
13.	Other Operating costs	31
14.	Financing cost (net).....	31
15.	Investment income	32
16.	Income taxes	32
17.	Earnings per share	34
18.	Tangible fixed assets.....	35
19.	Intangible assets.....	36

20.	Goodwill.....	36
21.	Investment property.....	40
22.	Non current receivables.....	40
23.	Inventories.....	40
24.	Trade debtors and other receivables.....	41
25.	Financial assets at fair value through income statement.....	42
26.	Cash and cash equivalents.....	42
27.	Share Capital and Paid-in surplus.....	43
28.	Reserves.....	43
29.	Treasury shares.....	44
30.	Loans.....	44
31.	Provision for staff retirement indemnities.....	46
32.	Income from grants for investments in fixed assets.....	48
33.	Other non current liabilities.....	49
34.	Suppliers and other current liabilities.....	49
35.	Related party transactions and balances.....	50
36.	Commitments and contingent liabilities.....	52
36.1.	Contingent liabilities from lawsuits and under arbitration proceedings.....	52
36.2.	Commitments from operating leases.....	52
36.3.	Other commitments.....	53
37.	After balance sheet events.....	54
38.	INDEPENDENT AUDITOR'S REPORTTo the Shareholders of AXON HOLDINGS S.A.....	55
39.	MANAGEMENT REPORT FOR THE YEAR 1.1.2006 – 31.12.2006OF THE BOARD OF DIRECTORS OF AXON HOLDINGS S.A.TO THE ANNUAL REGULAR GENERAL MEETING OF SHAREHOLDERS.....	57
40.	SUMMARY SEPARATE AND CONSOLIDATED ANNUAL FINANCIALS AND INFORMATION	
	61	
41.	INFORMATION REQUIRED UNDER ARTICLE 10 OF LAW 3401/2005.....	63
42.	WEBSITE.....	64

1. . SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The separate and consolidated annual financial statements which are set out on pages 4 to 64 inclusive were approved for publication by the Board of Directors on 22.3.2007.

	Note	GROUP		COMPANY	
		1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
INCOME STATEMENT					
Sales		201.895	164.295	0	0
Cost of sales		(140.353)	(126.425)	0	0
Gross profit		61.542	37.869	0	0
Other income	7	6.006	4.158	2.237	332
		67.548	42.028	2.237	332
Administrative expenses	8	(19.909)	(17.904)	(388)	(359)
Research and development expenses	9	(209)	(212)	0	0
Distribution costs	10	(3.084)	(999)	0	0
Other operating expenses	11	(5.682)	(4.799)	(6)	(3)
Operating results		38.665	18.113	1.843	(30)
Financing cost	12	(7.746)	(6.361)	(925)	(860)
Results of ordinary activities		30.919	11.752	918	(890)
Income from Investments	13	232	(1.315)	1.215	839
Results before income taxes		31.151	10.437	2.133	(51)
Income taxes	14	(15.384)	(5.273)	(3.834)	(20)
Results after income taxes		15.767	5.164	(1.701)	(71)
Minority interests		(12.473)	(2.939)	0	0
Results after income taxes attributable to the Group		<u>3.294</u>	<u>2.225</u>	<u>(1.701)</u>	<u>(71)</u>
Earnings per share (€ per share)					
Basic	15	15	0,12	0,08	(0,05)

BALANCE SHEET		GROUP		COMPANY	
ASSETS	Note	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Non-Current Assets:					
Tangible assets	16	210.137	197.972	3	1
Intangible assets	17	2.609	2.053	0	0
Goodwill	18	85.746	84.820	0	0
Investments in subsidiaries		0	0	80.004	79.873
Investments in associates	19	1.336	96	0	0
Available for sale investments	20	4.745	4.014	0	0
Investment property	21	803	743	5.713	3.830
Non current receivables	22	18.501	20.282	0	0
Deferred income taxes	14	1.893	1.803	0	0
Total non-current assets		<u>325.770</u>	<u>311.784</u>	<u>85.720</u>	<u>83.703</u>
Current Assets:					
Inventories	23	27.223	16.957	0	0
Customers and other receivables	24	153.396	138.810	3.628	2.955
Financial assets at fair value through income statement	25	2.997	77	0	0
Cash and cash equivalents	26	13.146	9.785	73	117
Total current assets		<u>196.763</u>	<u>165.629</u>	<u>3.701</u>	<u>3.073</u>
TOTAL ASSETS		<u>522.532</u>	<u>477.412</u>	<u>89.422</u>	<u>86.776</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	27	19.222	18.907	19.222	18.907
Paid-in surplus	27	82.834	82.928	82.834	82.928
Reserves	28	10.871	9.189	3.971	3.971
Accumulated profits (deficit)		(39.172)	(42.248)	(42.296)	(40.059)
Treasury shares	29	(20.684)	(16.794)	0	0
Total Equity attributable to Group shareholders		<u>53.070</u>	<u>51.983</u>	<u>63.731</u>	<u>65.747</u>
Minority interests		88.170	74.603	0	0
Total Equity		<u>141.240</u>	<u>126.586</u>	<u>63.731</u>	<u>65.747</u>
LIABILITIES					
Non-Current Liabilities					
Loans	30	56.511	43.324	0	0
Provision for staff retirement indemnities	31	3.818	3.401	51	43
Deferred income taxes	14	15.910	12.902	1.138	651
Grants for investments in fixed assets	32	73	102	0	0
Other long-term liabilities	33	3.209	1.868	0	0
Total non-current liabilities		<u>79.520</u>	<u>61.598</u>	<u>1.189</u>	<u>694</u>
Current Liabilities					
Suppliers and other current liabilities	34	194.043	193.414	5.966	3.904
Short-term borrowings	30	86.987	80.903	16.086	16.403
Income taxes payable		20.742	14.912	2.450	28
Total current liabilities		<u>301.772</u>	<u>289.229</u>	<u>24.502</u>	<u>20.335</u>
Total Liabilities		<u>381.292</u>	<u>350.827</u>	<u>25.691</u>	<u>21.029</u>
TOTAL EQUITY AND LIABILITIES		<u>522.532</u>	<u>477.412</u>	<u>89.422</u>	<u>86.776</u>

STATEMENT OF CHANGES IN EQUITY OF THE GROUP									
	Share Capital	Paid-in surplus	Securities and participations value adjustments	Legal Reserve	Tax Reserves	Accumulated Deficit	Treasury Shares	Minority Interests	Total
Balance, January 1, 2004, in accordance with the I.F.R.S.	18.907	82.928	84	6.334	2.682	(42.481)	(16.285)	79.915	132.084
Profit after income taxes for the year 2005	0	0	0	43	0	2.183	0	2.939	5.164
Dividends	0	0	0	0	0	(1.417)	0	(1.759)	(3.176)
Purchase of treasury shares	0	0	0	0	0	0	(509)	0	(509)
Change in the participation percentage in subsidiaries	0	0	0	0	47	(532)	0	(6.492)	(6.977)
Balance, December 31, 2005, in accordance with the I.F.R.S.	<u>18.907</u>	<u>82.928</u>	<u>84</u>	<u>6.377</u>	<u>2.729</u>	<u>(42.248)</u>	<u>(16.794)</u>	<u>74.603</u>	<u>126.586</u>
Profit after income taxes for the year 2006	0	0	0	0	0	3.294	0	12.473	15.767
Dividends	0	0	0	0	0	(315)	0	(1.390)	(1.706)
Increase / (decrease) in reserves due to profit disposition	0	0	0	493	1.189	(1.681)	0	0	0
Increase / (decrease) of share capital	315	(94)	0	0	0	(221)	0	0	0
Increase / (decrease) of treasury shares	0	0	0	0	0	1.999	(3.890)	1.835	(56)
Change in the participation percentage in subsidiaries	0	0	0	0	0	0	0	649	649
Balance, December 31, 2006, in accordance with the I.F.R.S.	<u>19.222</u>	<u>82.834</u>	<u>84</u>	<u>6.870</u>	<u>3.917</u>	<u>(39.172)</u>	<u>(20.684)</u>	<u>88.170</u>	<u>141.240</u>

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY						
	Share Capital	Paid-in surplus	Legal Reserve	Tax Reserves	Accumulated Deficit	Total
Balance, December 31, 2004 in accordance with the I.F.R.S.	18.907	82.928	1.420	2.552	(38.728)	67.079
Profit after income taxes for the year 2005	0	0	0	0	(71)	(71)
Dividends	0	0	0	0	(1.260)	(1.260)
Balance, December 31, 2005, in accordance with the I.F.R.S.	18.907	82.928	1.420	2.552	(40.059)	65.747
Profit after income taxes for the year 2006	0	0	0	0	(1.701)	(1.701)
Increase in share capital	315	(94)	0	0	(221)	0
Dividends	0	0	0	0	(315)	(315)
Balance, December 31, 2006, in accordance with the I.F.R.S.	<u>19.222</u>	<u>82.834</u>	<u>1.420</u>	<u>2.552</u>	<u>(42.296)</u>	<u>63.731</u>

CASH FLOW STATEMENT	GROUP		COMPANY	
	1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005
<u>Cash flows from operating activities</u>				
Profit before income taxes	31.151	10.437	2.133	(51)
Plus (minus) adjustments for:				
Depreciation and amortisation expenses	9.830	8.844	1	1
Provisions	2.452	516	(1.880)	6
Gain/ (loss) on disposal of property, plant and Equipment	(1.048)	899	0	0
Loss (gain) from participations in associated companies	(866)	(480)	(236)	(4)
Loss (gain) from participations	0	0	0	0
Loss (gain) from investments	(19)	(15)	(980)	(835)
Amortization of grants for investments in fixed assets	4	(37)	0	0
Finance costs (net)	7.746	6.361	925	860
	49.249	26.524	(36)	(23)
Plus (less) adjustments for changes in working capital or operating activities accounts:				
(Increase)/Decrease in Inventories	(9.536)	(9.190)	0	0
(Increase)/Decrease in receivables	(16.724)	(961)	(383)	(397)
(Increase)/Decrease in long-term receivables	1.784	(12.998)	0	0
(Increase)/Decrease in liabilities (except bank loans)	3.350	29.646	2.212	2.010
(Minus):				
Interest and other related expenses paid	(8.241)	(7.226)	(925)	(860)
Income taxes paid	(6.986)	(962)	(925)	(7)
Total Cash flows from operating activities (a)	<u>12.896</u>	<u>24.833</u>	<u>(57)</u>	<u>723</u>
<u>Cash Flows from Investing Activities:</u>				
Acquisition of subsidiaries, associates, joint ventures and other investments	(8.285)	(6.784)	(197)	0
Purchase of treasury shares	(12)	(148)	0	0
Acquisitions of tangible and intangible assets	(22.908)	(17.831)	(4)	0
Proceeds from disposal tangible and intangible assets	1.511	2.186	0	0
Proceeds from participations and bonds sales	3.082	1.698	302	50
Proceeds from securities	5	402	0	0
Interest received	490	464	0	0
Dividends received	19	15	689	835
Total Cash Flows from Investing Activities (b)	<u>(26.098)</u>	<u>(19.999)</u>	<u>790</u>	<u>885</u>
<u>Cash Flows from Financing Activities:</u>				
Receipts (payments) of loans	22.624	(5.131)	(317)	(228)
Payments of leases liabilities	(3.686)	2.711	0	0
Minority interests	0	0	0	0
Dividends paid	(1.845)	(2.628)	(459)	(1.390)
Board of Directors fees	(531)	(390)	0	0
Total Cash Flows from Financing Activities (c)	<u>16.562</u>	<u>(5.438)</u>	<u>(777)</u>	<u>(1.618)</u>
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	<u>3.360</u>	<u>(604)</u>	<u>(44)</u>	<u>(10)</u>
Cash and cash equivalents at the beginning of the year	9.785	10.389	117	128
Cash and cash equivalents at the end of the year	<u>13.146</u>	<u>9.785</u>	<u>73</u>	<u>117</u>

2. Description of the Group

The Group of Companies **AXON HOLDINGS S.A.** is primarily activated in the following fields: (a) The introduction, organization and operation of clinics and scientific centers equipped with advanced technology devices as well as offering medical services of every nature, (b) The production and trade of defensive technology informative systems and (c) The supply of stock exchange financial services.

The headquarters of the Parent Company of the Group **AXON HOLDINGS S.A.** (the Company or the Parent Company) are located at Ermou Str 2, Athens.

The shares of the Parent Company are publicly traded in the Medium and Small Capitalization Market of the Athens Stock Exchange.

3. Basis of Preparation of Financial Statements

3.1. General

The accompanying annual financial statements of the Company and the Group for the year 1/1-31/12/2006 have been prepared in accordance with the historical cost principle, excepting specific categories of tangible assets which were valued at their fair value at the transition date (1/1/2004) to the International Financial Reporting Standards and have been used ever since as deemed (historic) cost. Also, the aforementioned financial statements have been prepared on the basis of the going concern principle.

The annual financial statements of the year 1/1-31/12/2006 have been prepared in accordance with the International Financial Reporting Standards (I.F.R.S.) which have been published by the International Accounting Standards Board and the Interpretations published by the Standards Interpretations Committee and were in force on the 31st of December 2006.

3.2. First-Time adoption of the I.F.R.S.

The financial statements of the Company were prepared up to the year ended on the 31st of December 2004 according with the regulations of the C.L.2190/1920 and the Accounting Standards as required by the Greek Legislation up to that date. According to the provisions of the L.3229/2004, as they modified from L. 3301/2004, all the companies whose shares are publicly traded in an organized stock exchange market are obliged to prepare their financial statements in accordance with the rules and principles as provided by the I.F.R.S., for the years commencing on the 1st of January 2005 and then on. Consequently, both Company and the Group applied the provisions of the I.F.R.S. 1 "First-Time Adoption of the International Financial Reporting Standards" with transition date the 1st of January 2004. The first annual financial statements prepared in accordance with the rules and principles of the I.F.R.S. were those for the year ended on the 31st of December 2005.

The accounting principles outlined in the accompanying financial statements have been applied in consistency in all the years and by all the companies included in them.

3.3. Statutory Financial Statements

The Company, its subsidiaries and its associated companies prepare their accounting books according to the Greek Commercial Law (C.L. 2190/1920) and the current tax legislation. By the 1st of January 2005, the companies included in the consolidated financial statements are required, according to the provisions of the current legislation, to prepare their statutory financial statements according to the I.F.R.S. that have been adopted by the European Union. Consequently, the above annual financial statements are based on the financial statements that are prepared by the companies according to the current tax legislation, on which all the certain out-of-book adjustments have been made in order to be in conformity with the I.F.R.S..

3.4. Use of estimates

The preparation of the financial statements according to the I.F.R.S. requires the Management of the Company to proceed in the conduction of estimations and predictions, that influence the accounts' balances on the balance sheet and the income statement, as well as the disclosure of contingent assets and liabilities at the date of preparation of the financial statements. These estimates and predictions are based on the existing experience and on other factors and data which are considered reasonable and revised in regular time intervals. The effect of the revisions of the adopted estimates and predictions is recognized in the year that they are realised or even in the next if the revision influences not only the present but also the next years.

3.5. Approval of the Annual financial statements

The annual financial statements for the year ended 31st of December 2006 (1/1-31/12/2006) were approved by the Board of Directors on the 21st of March 2007.

3.6. New standards, interpretations and amendments to the existing ones

The International Accounting Standards Board, as well as the Standards Interpretations Committee, have published a set of new accounting standards and interpretations, as well as amendments to existing accounting standards, the application of which is obligatory for the periods that begin from the 1st of January 2006 and thereafter (unless it is reported differently below). The estimation of the Management in regard to the effect of the application of those new standards and interpretations is outlined as follows:

I.F.R.S. 19 (amendment) Employee Benefits (effective from 1 January 2006)

This amendment provides the companies with the choice of an alternative method of actuarial profits and losses recognition. It is likely to impose new conditions of recognition for cases with existence of retirement programs, with participation of many employers (multi-employer plans) for which there is no sufficient information for the application of accounting of determined benefits. Furthermore, it adds new disclosure requirements. The given amendment does not apply for the Group.

I.F.R.S. 39 (amendment) Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006)

This particular amendment allows for the risk of exchange difference from a highly probable forecast intragroup transaction, to qualify as a hedge item in the consolidated financial statements provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and (b) the foreign currency risk will affect the consolidated profit or loss.. The particular amendment does not apply for the Group.

I.F.R.S. 39 (amendment) The Fair Value Option (effective from 1 January 2006)

This amendment changes the definition of financial instruments classified at fair value through the income statement and limits the ability of classifying financial instruments as part of this category. The Group considers that the particular amendment will not have great effect on the classification of its

financial instruments, as the Group has not classified other financial instruments in current value through the income statement, apart from those that are kept for commercial purposes.

I.F.R.S. 39 and I.F.R.S. 4 (amendment) Financial Guarantee Contracts (effective from 1 January 2006)

This amendment as requires that issued financial guarantees, other than those asserted to be insurance contracts, to be recognized initially at their fair value, and subsequently valued at the highest value between: (a) the non-amortized balance of the related fees received and deferred, (b) the expenditure required to settle the commitment at the balance-sheet date. The Management has concluded that this amendment does not apply for the Group.

I.F.R.S.1 (amendment) First-time Adoption of the International Financial Reporting Standards and I.F.R.S. 6, Research and Evaluation of Mining Resources (effective from 1 January 2006)

The specific amendments are not relative with the operations of the Group.

I.F.R.S.6 Exploration and Valuation of mining resources (effective from 1 January 2006)

The provisions of this standard do not apply for the Group and will not influence its financial statements.

I.F.R.S.7 Financial Instruments: Disclosures and complementary amendment to I.A.S. 1 Presentation of Financial Statements - Capital Disclosures (effective for financial years beginning on or after 1 January 2007)

I.F.R.S. 7 introduces additional disclosures aiming at improving the provided reporting about the financial instruments. It requires the disclosure of qualitative and quantitative information concerning the exposure to risks arising from financial instruments. More specifically, it predetermines the minimum required disclosures about credit risk, liquidity risk and market risk (it imposes sensitivity analysis about market risk). I.F.R.S. 7 replaces I.F.R.S. 30 (Disclosures in the Financial Statements of Banks and Similar Financial Institutions) and disclosure requirements in I.A.S. 32 (Financial Instruments: Disclosure and Presentation). It is applicable to all companies that prepare financial statements according to the I.F.R.S. Reconciliation with the I.F.R.S. 1 introduces disclosures about the level of a company's capital, as well as for the way that these are managed. The Group estimated the effect of the I.F.R.S. 7 and the reconciliation with the I.A.S. 1 concluding that the additional disclosures required by their adoption are the sensitivity analysis about market risk and the capital disclosures. The Group will adopt I.F.R.S. 7 and the amendment to I.A.S. 1 from the 1st of January 2007.

I.F.R.S. 8 Operating Segments (effective for financial years beginning on or after 1 January 2009)

I.F.R.S. 8 as requires the information reported related to operating segments, would be received by the Management so as to allocate available resources and appreciate efficiency. The application of this standard is estimated that it will not influence considerably the way of presentation of the operational sectors according to the I.A.S. 14." Segment Reporting".

I.F.R.I.C. 3 Emission Rights

This interpretation has not been adopted by the E.U. and was withdrawn by the I.A.S.B. It does not apply for the Group and has no impact in its financial statements.

I.F.R.I.C. 4 Determining whether an Arrangement contains finance lease (effective from 1 January 2006)

This interpretation requires the determination of whether an arrangement is or contains a finance lease or not. Specifically, it requires an assessment of the following: (a) whether the fulfilment of an arrangement depends on the use of specific asset(s) and (b) whether the arrangement conveys the lessee the right to use the asset. The Management appreciates that this interpretation is not expected to influence the accounting policy of the existing business arrangements.

I.F.R.I.C. 4 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006)

This Interpretation does not apply for the Group.

I.F.R.I.C. 4 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005)

This Interpretation does not apply for the Group.

I.F.R.I.C. 7 Application Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-inflationary Economies ((effective for financial years beginning on or after 1 March 2006)

This Interpretation does not apply for the Group.

I.F.R.I.C. 8 Scope of I.F.R.S. 2 (effective for financial years beginning on or after 1 May 2006)

This Interpretation does not apply for the Group.

I.F.R.I.C. 9 Reassessment of Embedded Derivatives (effective for financial years beginning on or after 1 June)

This Interpretation does not apply for the Group.

I.F.R.I.C. 10 Interim Financial Reporting and Impairment (effective for financial years beginning on or after 1 November 2006)

This Interpretation may impact the financial statements, should any impairment losses be recognized in the interim financial statements in relation to goodwill or available for sale equity investments, or non publicly traded investments carried at cost, since this impairment cannot be reversed in later interim or annual financial statements. This interpretation has not been adopted yet by the E.U.

I.F.R.I.C. 11, I.F.R.S. 2 – Group and Treasury Share Transactions (effective for financial years beginning on or after 1 March 2007)

This interpretation as requires arrangements in which rights on investments are granted to employees, to be accounted for as wages determined by the value of shares and settled by investments, even in case the company chooses or is obliged to buy these investments from third parties or the shareholders of the company provide the investments needed. This interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their

employees receive rights to investments of the parent company. This interpretation does not apply for the Group. This Interpretation has not yet been adopted by the E.U.

I.F.R.I.C. 12 Service Concession Arrangements (effective for financial years beginning on or after 1 January 2008)

This Interpretation outlines an approach by which operators are supposed to apply the existing I.F.R.S. in order to account for obligations they undertake and rights granted to them in Concession Arrangements. According to the Interpretation the operators are not supposed to account for the infrastructure as tangible assets, but to recognize a financial asset or an intangible asset. This Interpretation does not apply for the Group. The interpretation has not yet been adopted by the E.U.

3.7. *Reclassifications of items*

Certain items from the previous year were reclassified in order to conform to the closing year's presentation. The relative amounts of those reclassifications are not material so as their disclosure be required.

4. Group Structure

The Group **AXON HOLDINGS S.A.** includes the following companies:

COMPANY	BASE	PARTICIPATION PERCENTAGE	MAIN ACTIVITY
AXON HOLDINGS S.A.	Αθήνα	Parent company	Holdings company
I.Subsidiaries			
EUROMEDICA S.A.	Athens	60,2%	Medical Services
EUROMEDICA MULTIDIAGNOSTIC CENTER LARISA S.A.	Larisa	42,1%	Medical Services
OBSTETRIC GYNECOLOGICAL CLINIC THESSALONIKI S.A.	Thessaloniki	49,3 %	Medical Services
OBSTETRIC GYNECOLOGICAL CLINIC "THEOTOKOS"	Larisa	42,5%	Medical Services
MEDICAL DIAGNOSTIC CENTER VOLOS "HYGEIA VOLOU" S.A.	Volos	30,7%	Medical Services
IPPOKRATIS CENTER OF NUCLEAR MEDICINE S.A.	Thessaloniki	36,1%	Medical Services
PRIVATE OBSTETRIC CLINIC PEA S.A.	Thessaloniki	43,3%	Medical Services
ALEKSANDREIO CARDIOLOGICAL CARDIOSURGICAL CENTER	Thessaloniki	54,2%	Medical Services
MEDICAL INSTITUTE OF HIGH TECHNOLOGY W. MACEDONIA S.A.	Kozani	30,2%	Medical Services
MELAMBUS MEDICINE S.A.	Larisa	30,1%	Medical Services
HELLENIC OPHTHALMOLOGICAL CENTER ORASIS S.A.	Athens	30,7%	Medical Services
PRIVATE DIAGNOSTIC CENTER PYLIS AKSIOU S.A.	Thessaloniki	44,9%	Medical Services
GENERAL CLINIC OF DODEKANISA S.A.	Rhodes	36,3%	Medical Services
GENERAL CLINIC OF THESSALONIKI S.A.	Thessaloniki	66,0%	Medical Services
EURO PROCUREMENT S.A.	Athens	60,1%	Medical disposables Marketing
SONAK S.A.	Athens	55,2%	Production of defensive technology systems
AXON A.X.E.	Athens	40,0%	Stock market transaction services
ELSON S.A.	Athens	55,2%	Production of information technology systems
DATA DESIGN S.A.	Athens	44,1%	Marketing of information technology systems
MURLOCH S.A.	Cyprus	100,0%	Medical Services
PRISMA TECHNOLOGICAL S.A.	Athens	28,1%	Production and marketing of information technology systems
MAGNETIC TOMOGRAPHY VOLOS S.A.	Volos	19,6%	Medical Services
PREVENTIVE MEDICINE P. FALIROU E.P.E.	Athens	60,2%	Medical Services
MEDICAL CENTER GREAT TECHNOLOGY KRITI S.A.	Iraklio	53,6%	Medical Services
NEW EGKEFALOS S.A.	Athens	62,4%	Medical Services

SERRES AXIAL TOMOGRAPHY S.A.	Serres	28,3%	Medical Services
II. Associates			
MEDTRONIX E.P.E.	Thessaloniki	24,0%	Trade and service of medical equipment
EUROGENETIC S.A.	Thessaloniki	15,0%	Medical Services

During the preparation of the annual consolidated financial statements, all the above mentioned companies of the Group were consolidated from the 1st of January 2005, except of the subsidiaries PREVENTIVE MEDICINE P. FALIROU E.P.E. and SERRES AXIAL TOMOGRAPHY S.A. which were consolidated for first time from the 1/11/2006 and 1/12/2006 respectively, as well as the associate companies EUROGENETIC S.A. and MEDTRONIX E.P.E. which were consolidated for first time, with the equity method, from the 1/11/2006 and 31/12/2006 respectively.

During the current year the participating interests of the Group in subsidiaries and associate companies were changed as follows:

- The Group's percentage of participation in the subsidiary company EUROMEDICA S.A. was decreased from 60,9 %, on the 31/12/2005, to 60,2 % on the 31/12/2006. This decrease was achieved via the subsidiary company EUROMEDICA S.A, which sold 227.346 treasury shares which it held on the 31/12/2005 and corresponded to 0,8 % of its paid up share capital της (0,5 % for the Group) and via the subsidiary companies SONAK S.A. and PRISMA TECHNOLOGICAL S.A. which sold shares corresponding to Group participation of 0,2 %. The consequence of the aforementioned decrease in the participation percentage of the Group in the subsidiary company EUROMEDICA S.A. was the simultaneous decrease in the participation percentage in its other subsidiaries (numbered 3 to 16 and 23 as above) as EUROMEDICA S.A. participated directly and indirectly in their share capital.
- The Group's percentage of participation in the subsidiary company GENERAL CLINIC of THESSALONICA S.A. was increased from 65,00%, on the 31/12/2005, to 66,1%. This increase was achieved via the subsidiary company EUROMEDICA S.A., which acquired a percentage of 1,3 % in excess by contributing a total amount of € 700.
- The Group's percentage of participation in the subsidiary company PRIVATE DIAGNOSTIC PYLIS AXIOU S.A. was decreased from 45,5 %, on the 31/12/2005, to 45,0 %. This change was realised because of the increase in the share capital of the company in which the Group participated via the subsidiary MULTIDIAGNOSTIC CENTRE OF LARISSA S.A., which acquired a percentage in excess of 9,0% (3,8% for the Group), for a total amount of € 470. The subsidiary company EUROMEDICA S.A. did not participate in this increase. This resulted in the decrease of its direct percentage of participation from 25,2% on the 31/12/2005, to 16,8 %.
- The Group's percentage of participation in the subsidiary OBSTETRIC GYNAECOLOGICAL CLINIC OF THESSALONICA S.A. was increased from 29,7 %, on the 31/12/2005, to 28,8 %. This decrease, despite the fact that the subsidiary company EUROMEDICA S.A. acquired an additional percentage of participation of 0,6 % in the given subsidiary for a total amount of € 100, due to the decrease of the Group's percentage of participation to the subsidiary company EUROMEDICA S.A., as mentioned in the first case above.

- The subsidiary company EUROMEDICA S.A. acquired an additional 20,0 % percentage of participation in the subsidiary company HELLENIC OPHTHALMOLOGIC CENTRE ORASIS S.A., resulting to the increase of its participation interest from 51,0%, on the 31/12/2005, to 71,0%. This increase was achieved by contributing a total amount of € 460.
- In the last quarter of the closing year the Group acquired 60,2% of shares of the company PREVENTIVE MEDICINE P. FALIRON E.P.E., the headquarters of which are located in Greece (Ag. Alexandros 5 Street, P.Faliron, Attica) and activated in the industry of medical services. The acquisition of this participation was achieved via the subsidiary company EUROMEDICA S.A., for a total amount of € 433 (see note 18).
- In the last quarter of the closing year, the Group acquired 28,3 % of the shares of the company AXIAL TOMOGRAPHY SERRES S.A., the headquarters of which are located in Greece (Ethnikis Antistaseos 10 Street, Serres) and activated in the industry of medical services. The acquisition of this participation was achieved via the subsidiary company EUROMEDICA S.A., for a total amount of € 1.610 (see note 18).
- In the last quarter of the closing year the Group acquired 24,0 % of the shares of the company MEDTRONIX E.P.E. TRADE SERVICE of MEDICAL EQUIPMENT, the headquarters of which are located in Greece (M. Anninou 12, Thessaloniki) and activated in the sector of marketing and servicing medical instruments. The acquisition of this participation was achieved via the subsidiary company EURO PROCUREMENT S.A., which acquired 40,0% (24,0 % for the Group) of the total shares of this company for a total amount of € 1.180 (see note 19).
- In the last quarter of the closing year the Group acquired 15,1 % of the shares of the company EUROGENETIC S.A. PRINCIPAL CENTRE of MOLECULAR BIOLOGY RESEARCH AND APPLICATIONS, the headquarters of which are located in Greece (Technological Park of Thermis, Thessaloniki) and activated in the industry of medical services. This acquisition was achieved via the subsidiary company EUROMEDICA S.A., for a total amount of € 160 (see note 19). Moreover, the Group, via its subsidiary company EUROMEDICA S.A., has committed to offer an additional amount of € 150 for the acquisition of 15,0% in excess, through the increase of the share capital of this company which is estimated that it will be completed in the next year 2007.
- In the third quarter of this year, the Group acquired the control (management) of the associated, up to 30/6/2006, company MAGNETIC TOMOGRAPHY VOLOS S.A., having as a consequence its characterization as subsidiary and its financial statements to be included in the consolidated financial statements of the Group from 1/7/2006 with the line by line consolidation method.
- In the current year the liquidation of the subsidiary company of the Group PRIVATE OBSTETRIC CLINIC REA S.A. was completed. It resulted in losses of € 75 that included in the income statement.

5. Principal Accounting Policies

5.1. *Tangible assets*

The tangible assets are represented in the financial statements at their acquisition cost. On the 1st of January 2004 the land and buildings were valued at their fair value which was measured on the basis of independent real estate valuers. These fair values were used as deemed cost during the transition date to the I.F.R.S. The resulting revaluation surplus was credited in the retained earnings. These values are decreased by: (a) the accumulated depreciation and (b) any impairment in value.

The original acquisition cost of land-building, machinery or equipment is constituted of the purchase price including import tariffs and non refundable purchase taxes, as well as any necessary costs for rendering the asset operational and ready for its intended use.

The posterior expenses, that take place in relation to tangible assets, are capitalized only when they increase the future economic benefits that are awaited to emerge from the use of the affected assets. All repairs and maintenance are expensed as they incur.

Upon retirement or sale of an asset, the relevant cost and the accumulated depreciation are eliminated from the corresponding accounts at the time of the retirement or sale and the relevant gains or losses are recognised in the statement of income.

The depreciation charges the income statement, under the straight-line method, throughout the duration of the appreciated useful lives of relative assets. Land is not depreciated. The appreciated duration of the useful life, for different asset categories, is as follows:

Buildings	25-50 years
Machinery and equipment	12 years
Transportation equipment	10 years
Furniture and fixtures	6-14 years

Establishments in third party real estates are depreciated on the basis of the duration years of the relevant lease contract. The residual values and the useful lives of the tangible assets are subject to reassessment at every year end. When the book values of the tangible assets are in excess of their recoverable amounts, the differences, (impairment), are recognized as expenses in the income statement.

5.2. Intangible assets

5.2.1. Software programs

Software programs refer to the acquisition cost or selfproduction of software such as salaries, materials, services, as well as every expenditure that has been realized upon software development in order that this is set in use. Expenditures that enhance or broaden the performance of software programs beyond their original capabilities, are recognized as capital expenditures and increase the initial cost of the software.

The depreciation expenses of software programs are charged to the income statement, under the straight-line method, throughout the duration of their useful lives. The appreciated duration of their useful life is as follows:

Software Programs	10 years
-------------------	----------

5.3. Goodwill

Goodwill represents the difference between the acquisition cost and the fair value of the percentage (of the Group) on the net assets acquired from every subsidiary company at the date of its acquisition. The goodwill arisen from subsidiary acquisitions is included in the intangible assets. At the end of every year, the Group evaluates if there is any indication of goodwill impairment. If such indications exist, a valuation analysis of the recoverability of the goodwill book value takes place. In case its carrying amount exceeds the recoverable amount, an impairment provision is directly formed.

The gain or loss from the sale of a company also includes the carrying value of the goodwill associated with the company sold.

5.4. Impairment of assets

The tangible and intangible assets and other non current assets are examined for the possibility of impairment loss whenever facts or changes in circumstances point out that their current value may not be recoverable. Whenever the carrying amount of any asset exceeds its recoverable amount, the corresponding impairment loss is recognized in the income statement. The recoverable value of an asset is the largest amount between its estimated net selling price and its value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. If there is no ability to estimate the recoverable amount of an asset for which there is an indication of value impairment, then the recoverable amount of the cash generating unit in which the asset is grouped, is estimated instead.

Reversal of the impairment loss of assets which was accounted for in previous years, only occurs when there are sufficient indications that this impairment no longer exists or has been decreased. In such occasions the above mentioned reversal is recognized as a gain in the income statement.

5.5. Investments in subsidiaries companies

The Group's investments in subsidiaries are accounted for under the line by line consolidation method. Subsidiaries are companies that the Group controls. Control is considered to exist, when the parent company has the ability to influence the subsidiaries' decisions, as far as the corporate and financial policies are concerned, aiming at receiving benefits from them. The financial statements of the subsidiaries are prepared at the same date and have the same accounting policies with the parent company, in order to be included in the consolidated financial statements of the Group. All the inter company transactions, the intercompany profits or losses, as well as the intercompany balances, are eliminated in the consolidated financial statements. The subsidiaries are consolidated at the date the group takes over their control and stop being consolidated, at the date their control is transferred off the group.

5.6. Investments in associated companies

The Group's investments in associate companies are accounted for under the equity method. Associate companies are those in which the Group has significant influence and are neither subsidiaries nor joint ventures. Investments in associate companies are initially recognized in the balance sheet by their acquisition cost and are later readjusted for the change, after the acquisition of the Group's percentage, in their equity minus any possible value impairment. The income statement reflects the group's share in the results of the associate company.

5.7. Available for sale investments

Available for sale investments refer to investments that are expected to last for an undetermined period of time but can be immediately sold in case of liquidity needs or interest rate changes. These investments are included in the non-current assets.

Sales or acquisitions of investments are accounted at their acquisition cost on the date of the trade transaction, which is the date when the Group is obliged either to buy or sell the asset. The acquisition cost includes transaction expenses. The available-for-sale-investments are evaluated in their fair value. The unrealised gains (losses) emerging from changes in the fair value of securities classified as available-for-sale are recognized directly to the equity. The fair value of investments is based on the offer price or on the prices generated by cash flows valuation models. The fair values of non publicly traded shares are computed with the use of ratios such as price to profits or price to cash flows, adjusted on the specific circumstances of the issuer. Stocks, the fair value of which cannot be accurately computed, are recognized at their acquisition cost less any impairment loss of their value. When investments characterized as available-for-sale are either sold or impaired, the accumulated adjustments of fair values are included in the income statement as gain or loss from investments.

5.8. Investment property

Investment property is acquired with the purpose of obtaining benefit from earning rents and from the increase of its market value. The rest of the privately owned buildings and land are used for serving the Group's operations as well as for administrative purposes.

Investment property is accounted for long-term investments and is valued at its fair value, which is equal to its current price formulated by independent real estate valuers. Changes in the fair value of investments in buildings and land are recognized in the income statement.

5.9. Inventories

Inventories are accounted at the lower of acquisition or production cost and net realizable value. Net realizable value for finished goods is the estimated selling price, less estimated costs of disposal. The inventory cost is computed according to the weighted average cost method and includes acquisition expenses and transportation costs.

5.10. Commercial and other receivables

Receivables from customers are initially recognized at their fair value and later on are measured at their amortized cost with the use of the actual interest rate, less impairment losses. The impairment losses (losses from doubtful accounts) are recognized only when there is significant proof that the Group is not in the position of collecting all the amounts owed on the basis of conventional terms. The amount of the impairment loss is the difference between the book value of the receivables and the present value of estimated future cash flows, discounted by the actual interest rate. The amount of the impairment loss is recognized in the income statement as an expense.

5.11. Cash and cash equivalents

Cash also include cash equivalents such as time deposits and short term deposits. Bank overdrafts, payable at first demand, which are inseparable part of the Group's management of cash and cash equivalents are included, for the purpose of the preparation of the cash flow statements, as elementary part of cash and cash equivalents.

5.12. Transactions in foreign currencies

Transactions expressed in foreign currencies are turned into euro with the currency price equivalent at the transaction date. On the date of the balance sheet, the assets and liabilities expressed in foreign currencies translated to Euro with the effective currency price of that date. The resulting foreign exchange differences are recognized in the income statement.

5.13. Share Capital

Common shares are characterized as capital. The related external cost directly attributable to the issuance of new shares is presented in share capital account, deductively from the receivable amount.

When acquiring own shares, the price paid, including all relative expenses, is deducted from the total equity.

5.14. Loans

Loans are initially recognized at cost, which is their fair value less the relative expenses of the contract date. After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method. Any difference between the amount received (minus the acquiring costs) and the repayment value is recognized in the income statement during the period of the loans.

5.15. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a

constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to income statement.

Leased assets are depreciated in accordance to their useful life.

5.16. Income taxes (current and deferred)

Current and deferred income taxes are computed according to the respective amounts of the financial statements, in accordance with the tax legislation in force in Greece. Income tax expense refers to taxes attributable to the taxable profits of the Group as adjusted according to the requirements of tax legislation and computed by the effective tax rate.

Deferred income taxation is computed, using the liability method, on all temporary differences at the balance sheet date between the tax bases and book values of assets and liabilities.

The expected tax results resulting from the temporary tax differences are recognized and appeared as future (deferred) tax obligations or assets.

Deferred tax assets are recognized for all the recognized temporary differences for tax purposes and taxable losses brought forward, at the extent that it is expected to exist available taxable profit against of which the recognized temporary tax differences can be utilized.

The book value of the deferred tax assets is reassessed at each balance sheet date and reduced at the extent where it is not considered as possible that enough taxable profits will be presented against which, a part or the total of the deferred tax assets can be utilised.

Current income tax assets and liabilities concerning current and prior years are measured at the amount of the tax payable to the tax authorities (or be recovered by them), with the use of tax rates (and tax laws) that are currently in force, or substantively be in force, at the balance sheet date.

5.17. Dividends

Dividends payable are accounted for as a liability at the time of their approval by the General Meeting of Shareholders.

5.18. Provision for staff retirement indemnities

The Group's obligation towards people employed by it, for future payment of benefits according to each person's working experience, is computed and depicted on the basis of the expected to be paid earned right of each employee, at the balance sheet date, discounted at its present value, relative to its expected time of payment. The employed discount rate is equal to the return, at the balance sheet date of the long-term Greek State bonds.

The relative obligation is calculated according to the financial and actuarial assumptions that are

analyzed in Note 31 and are determined using the Projected Unit Method. The net costs of retirement of the period are included in the wages cost in the accompanying income statement and are constituted by the present value of benefits that got accrued in the duration of period, the interest on the liabilities of benefits, the cost of previous service, the actuarial profits or losses and other retirement costs. The costs of previous service are recognized on a steady basis in the average period until the profits of the program are established. The non acceptable actuarial profits and losses, are recognized in the in average remaining duration of the period of services of the active employees and are included as part of the net cost of retirement of each period, if at the beginning of the period they exceed the 10% of future appreciated benefit liabilities. The liabilities for benefits of retirement are not funded.

5.19. Social security programs

The staff of the Group is mainly covered by the main Social Security Institution in relation to the private sector (I.K.A.) that grants retirement and medical-pharmaceutical benefits. Each worker is compelled to contribute part of his monthly wage to the fund, while part of the total contribution is covered by the Group. Upon retirement, the pension fund is in charge for the payment of the retirement benefits to the workers. Accordingly, the Group has no legal or presumptive obligation for the payment of future benefits consistent with this program.

5.20. Provisions

Provisions are created when the Group has legal or presumptive liability, as a result of a past event, and is speculated that an outflow of resources will be required so that the obligation is arranged, and a reliable estimate of the amount can be made.

The provisions are reassessed in the end of each year and are adapted so as to depict the best possible estimates and in case it is judged necessary, they are discounted by a pre-tax discounting rate. The contingent liabilities are not recognised in the financial statements but are disclosed, except if the probability for an outflow of resources embodying economic benefits is remote. The contingent assets are not recognised in the financial statements, but are disclosed if the inflow of economic benefits is probable.

5.21. Grants

Government grants are initially recognized in their nominal value when there is justifiable certainty that the funding will be received and that the Group will be conformed to all the forecasted terms.

Government grants with regard to current expenses are recognized in the income statement during that period when it is needed to correspond to the expenses that they are intended to balance.

Government grants with regard to market tangible assets (fixed assets) are included in the non-current liabilities as future income and recognized as income and are transferred to the income statement, during the useful life of the granted asset.

5.22. Financial instruments

The basic financial instruments of the Group are cash, bank deposits and short-term receivables and liabilities. Given the short-term nature of these instruments, the management of the Group thinks that their fair value actually is the same with the value presented in the accounting books of the Group. Additionally, the management of the Group thinks that the interest rates payable relative to the loans under contract are equal to the market interest rates and accordingly, there are no circumstances pending for any adjustment of the presented value of these liabilities. The Group is not using financial derivatives.

5.23. Revenue recognition

Income from sales of goods is recognized when the significant risks and benefits of goods ownership are transferred to the buyer. Revenues from services supply are based on the level of completeness, which is defined by the reference of the services offered so far, as a percentage of the total amount of the services that are going to be offered.

Interest income is recognized on a basis of time analogy, taking into consideration the remaining balance of the initial amount and the existing rate for the period up to its ending, when it is defined that such income is payable to the Group.

Income from dividends is recognized at the approval date of their appropriation.

5.24. Expenses

5.24.1. Operating leases

Payments that occur on the basis of operating leases are recognised in the income statement of the year as expenses during the period of use of the leased asset.

5.24.2. Finance leases

Finance leases, are dealt with as loan contracts, having as a result the representation (and amortization) of the leased assets as Group assets, with respective recognition of the finance liability to the leaser. The finance cost is recognized in the income statement as expense, at the time it is accrued.

5.24.3. Financing cost

The net financing cost is defined by the accrued interest expense on the existing loans, which is computed by the effective interest rate method.

5.25. Earnings per share

The basic earnings per share are calculated by dividing the net profits of the period with the weighted average number of common shares outstanding during the particular period, excluding the average

number of common shares of the parent company that were acquired by the companies of the Group as treasury shares.

5.26. Segment Reporting of the Group's operations

A "segment" or "department" of the Group's operations is every denoted entrepreneurial activity with specific characteristics relative to the nature of the activity and the business risks it results in (business sector). A similar distinction occurs on the basis of the business environment in which the activity is developed (geographical sector).

The Group is mainly activated in the following fields: (a) introducing, organizing and operating clinical and scientific centers equipped with advanced technology equipment as well as in the offering of medical services of various natures, (b) information technology and special applications and (c) stock market financial services.

6. Financial Risk Management

The Group is exposed in various financial dangers, the most important of which are the unexpected variations of interest-rates, the credit risk and the liquidity danger. The management policies of the relative risks of the Group aim at the minimisation of negative repercussions that they may have in the financial position and performance of the Group.

As mentioned earlier in paragraph 3.22, the main financial instruments of the Group are cash, banking deposits, commercial and other receivables and liabilities and bank loans. The Management of the Group examines and revises in regular time intervals the relative policies and processes with regard to the management of the financial risks as described in the following:

- **Credit risk**: The Group has explicit credit policy which is consistently applied. The Group has a large number of customers and consequently the wide variance of its cliental base contributes to the existence of low credit risk concerning these receivables. The Management of the Group continuously watches the financial position of its customers, the size and the limits of the provided credits. At the end of the year the Management considered that there is no important credit risk that could not be covered by some guarantee or by a sufficient provision for doubtful debts. The highest exposure in credit risk is reflected by the amount of each item of the assets.
- **Fair value**: The amounts of the cash equivalents, the receivables and the current liabilities presented in the balance-sheet, approach their respective fair value because of their short-term expiration date.
- **Interest-rate risk**: The risk of the interest-rates variance sources mainly from long-term and short-term loan liabilities. The Management continuously observes the variance of the interest-rates and the financing needs of the Group and evaluates per case the duration of the loans, the relation between fixed and floating rate as well as the need for hedging risks that arise from them.
- **Exchange risk**: The Group does not face exchange risks as up to the end of the closing year, no transactions in foreign currency had been realised and the total of the assets and liabilities was in

Euros.

- ***Liquidity risk:*** The liquidity risk is maintained in low levels, through the availability of sufficient cash equivalents and credit limits. The existing available, unused and approved banking credits to the Group, are sufficient so that any likely lack of cash and cash equivalents to be confronted.

7. Important accounting estimates and management crises

The management of the Group proceeds in estimates, admissions and evaluative crises in order to either select the most suitable accounting principles and rules concerning the future development of events and evolvement of situations and transactions. These estimates and admissions are re-examined periodically so that they correspond to the current data and reflect the current risks and are based on the previous experience of the Management of the Group concerning the nature and the level of the relative transactions and facts.

The basic estimates and evaluative judgements that are relative to data, the development of which could influence the accounts of the financial statements for the next twelve months are as following:

Impairment tests of goodwill

The Group holds the allowed for from the provisions of the I.F.R.S. impairment test of the goodwill that emerged from the merger or acquisition of companies that it controls or influences annually in an essential way. Part of the process of the determination of the recoverable amount of each investment, constitutes the calculation of the value in use of the cash generating units in which the relative goodwill has been attributed. The calculation of the value in use requires the realisation of valuations of the forecasted (future) cash flows of each cash generating unit, as well as the choice of a suitable discount rate of these in the present (see also in the note 17).

Revenue recognition from defensive systems and high technology contracts

The percentage of completion method provided by I.A.S. 11 is used by the Group for revenue recognition from project construction and advanced technology services contracts relative to defensive systems and technology. According to this method, the cost for the realization of agreements in process is compared on the balance sheet date with the total budgeted cost of completing each of these to determine the completion percentage of each contract. The cumulative revisions and revaluations of the budgeted project cost as well as the conventional revenue are accounted for in the years in which the revisions – revaluations occur. The budgeted cost and conventional revenue of each project construction and advanced technology services contract emerge after estimating processes and are revaluated and revised at every balance sheet date.

8. Segment analysis of the Group's activities

As mentioned earlier all of the Group's companies are activated in the fields of medical services, information technology and stock exchange financial services.

8.1. Analysis per activity

8.1.1. Data for the year 1/1-31/12/2006

	Medical Services	Information Technology and special applications	Stock market transactions	Elimination of intercompany transactions	GROUP TOTAL
Sales to third parties	157.123	39.405	3.766	1.601	201.895
Less: Total cost of sales	(122.079)	(15.201)	(3.073)	0	(140.353)
Gross profit (loss)	35.044	24.204	693	1.601	61.542
Other income	3.461	4.279	550	(2.285)	6.006
Administrative expenses	(18.312)	(2.003)	(277)	684	(19.909)
Research and development expenses	0	(209)	0	0	(209)
Distribution costs	(1.874)	(1.168)	(41)	0	(3.084)
Other operational expenses	(1.825)	(3.656)	(200)	0	(5.682)
Operational profit (loss)	16.493	21.446	725	(0)	38.665
Financing costs					(7.746)
Result of operating activities					30.919
Investment income					232
Results before income taxes					31.151
Income taxes					(15.384)
Results after income taxes					<u>15.767</u>
Other information					
Depreciation and amortization expenses	8.859	706	269	0	9.833

8.1.2. Data for the year 1/1-31/12/2005

	Medical Services	Information Technology and special applications	Stock market transactions	Elimination of intercompany transactions	GROUP TOTAL
Sales to third parties	133.718	27.702	2.875	0	164.295
Less: Total cost of sales	(106.902)	(17.466)	(2.358)	301	(126.425)
Gross profit (loss)	26.816	10.236	517	301	37.869
Other income	2.797	1.134	561	(333)	4.158
Administrative expenses	(15.169)	(2.439)	(328)	32	(17.904)
Research and development expenses	0	(213)	0	1	(212)
Distribution costs	(634)	(265)	(101)	0	(999)
Other operational expenses	(1.313)	(3.135)	(352)	0	(4.799)
Operational profit (loss)	12.498	5.318	297	(0)	18.113
Financing costs					(6.361)
Result of operating activities					11.752
Investment income					(1.315)
Results before income taxes					10.437
Income taxes					(5.273)
Results after income taxes					<u>5.164</u>
Other information					
Depreciation and amortization expenses	8.053	514	257	0	8.823

8.2. Other Balance Sheet information

8.2.1. Other Balance Sheet information (as of 31/12/2006)

	Medical Services	Information Technology and special applications	Stock market transactions	Elimination of intercompany transactions	GROUP TOTAL
Investment in property, plant and equipment	22.624	111	172	0	22.908
Intangible assets	2.186	222	201	0	2.609
Tangible assets	194.493	9.137	2.677	3.829	210.137
Goodwill	24.537	11.490	0	49.720	85.746
Participations and other investments	100.971	72.461	4.408	(171.759)	6.081
Other assets elements	138.226	124.563	12.340	(57.169)	217.959
Total liabilities	(263.639)	(150.316)	(11.247)	43.909	(381.292)
Total capital and reserves	196.775	67.557	8.378	(131.470)	<u>141.240</u>

8.2.2. Other Balance Sheet information (as of 31/12/2005)

	Medical Services	Information Technology and special applications	Stock market transactions	Elimination of intercompany transactions	GROUP TOTAL
Investment in property, plant and equipment	17.117	305	409	0	17.831
Intangible assets	1.683	240	130	0	2.053
Tangible assets	180.222	10.968	2.953	3.829	197.972
Goodwill	24.537	11.490	0	48.794	84.820
Participations and other investments	95.159	68.404	4.408	(163.861)	4.110
Other assets elements	97.171	113.506	12.809	(35.030)	188.457
Total liabilities	(211.276)	(149.997)	(11.079)	21.524	(350.827)
Total capital and reserves	187.496	54.611	9.222	(124.744)	<u>126.586</u>

9. Other operating income

Other operating income is analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Income from subsidies-grants	280	500	0	0
Income from services to third parties	1.577	1.122	0	0
Income from fixed assets rents	1.193	571	345	330
Extraordinary income	341	84	0	0
Income from subsidies on fixed assets investments	38	190	0	0
Profits from fixed assets sales	27	186	0	0
Income from previous periods	407	578	0	2
Income from provisions for stuff compensation	487	189	8	0
Income from provisions from previous periods	18	402	0	0
Other income	1.577	336	0	0
Income from provisions for real estate investments	60	0	1.884	0
Balance	<u>6.006</u>	<u>4.158</u>	<u>2.237</u>	<u>332</u>

10. Administrative expenses

Administrative expenses are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Personnel compensation and expenses	9.954	8.876	199	191
Third party elaborations	108	19	0	0
Other third party compensation and expenses	1.968	1.256	119	88
Rents	262	651	4	4
Restoration and repairs expenses	206	327	0	0
Other third party benefits	857	1.685	0	11
Expenses from taxes and fees	1.296	1.143	17	15
Transportation expenses	42	107	0	0
Traveling expenses	146	79	0	0
Advertisement expenses	271	113	0	6
Other expenses	1.775	1.342	40	44
Depreciation and amortization expenses	2.174	1.763	0	0
Provision for stuff indemnities	850	543	8	0
Balance	<u>19.909</u>	<u>17.904</u>	<u>388</u>	<u>359</u>

11. Research and development expenses

Research and development expenses are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Personnel compensation and expenses	117	129	0	0
Third party compensation and expenses	0	0	0	0
Third party benefits	10	11	0	0
Other expenses	65	72	0	0
Depreciation and amortization expenses	17	0	0	0
Balance	<u>209</u>	<u>212</u>	<u>0</u>	<u>0</u>

12. Distribution costs

Distribution costs are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Personnel compensation and expenses	309	142	0	0
Third party elaborations	0	2	0	0
Other third party compensation and expenses	209	152	0	0
Rents	159	103	0	0
Restoration and repairs expenses	5	39	0	0
Other third party benefits	40	49	0	0
Expenses from taxes and fees	65	48	0	0
Transportation expenses	6	5	0	0
Traveling expenses	51	20	0	0
Advertisement expenses	68	192	0	0
Other expenses	388	226	0	0
Depreciation and amortization expenses	15	21	0	0
Provision for doubtful debtors	1.769	0	0	0
Balance	<u>3.084</u>	<u>999</u>	<u>0</u>	<u>0</u>

13. Other Operating costs

Other operating costs are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Tax and other fines and increments	630	46	1	1
Judicial costs and increments	1.180	670	0	1
Other extraordinary costs and losses	417	0	1	0
Detached personnel compensation and expenses	1	848	0	0
Losses from fixed assets sales	172	1.533	0	0
Losses from liabilities not susceptible of proceeds	58	324	0	0
Tax and other fines from previous years	2.327	1.370	0	0
Other costs from previous years	695	9	5	0
Provisions of liabilities and expenses	203	0	0	0
Balance	<u>5.682</u>	<u>4.799</u>	<u>6</u>	<u>3</u>

14. Financing cost (net)

The financial incomes (expenses) are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Debit interest from banking liabilities	8.078	6.295	924	855
Other financial expenses	171	932	2	5
Total financial expenses	8.248	7.226	925	860
Credit taxes and relative income	498	464	0	0
Other financial income	4	402	0	0
Total financial income	502	866	0	0
Net financial income(expenses)	<u>(7.746)</u>	<u>(6.361)</u>	<u>(925)</u>	<u>(860)</u>

15. Investment income

Investment income is analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Income from participations	19	15	980	835
Profit from participations in associates	673	259	236	4
Profits from sales of participations and bonds total	0	37	0	0
Total investment income	692	311	1.215	839
Provisions for impairment of investment value	0	19	0	0
Impairment of goodwill	399	0	0	0
Costs and losses from investments	58	1.608	0	
Loss from participations in associates	4	0	0	0
Total investment expenses	460	1.626	0	0
Net income (expenses) from investments	<u>232</u>	<u>(1.315)</u>	<u>1.215</u>	<u>839</u>

16. Income taxes

The income tax charges of the income statement are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2006	31/12/2006	31/12/2005
Income taxes	3.829	3.754	0	0
Prior years tax differences	9.023	911	3.347	0
Deferred taxes	2.532	608	487	20
Total taxes reported in the Income Statement	<u>15.384</u>	<u>5.273</u>	<u>3.834</u>	<u>20</u>

	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Profits before taxes	31.151	10.437	2.133	(51)
Tax defined with Company tax rate (2006: 29%, 2005: 32 %)	9.034	3.340	619	(16)
Expenses which are non deductible according to tax legislation	(1.862)	1.017	152	279
Prior years tax differences	9.023	911	3.347	0
Income deductible from income tax	(811)	4	(284)	(242)
Total taxes reported in the Income Statement	<u>15.384</u>	<u>5.273</u>	<u>3.834</u>	<u>20</u>

The fact that in certain occasions income and expenses are recognized in accounting books in a different period than that when the income is taxed and the expenses are deducted, for the definition of taxable income purposes, creates the necessity for recognition of deferred tax assets or deferred tax liabilities. The realised by the Group deferred tax liability is analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Deferred tax assets	6.522	5.019	131	143
Deferred tax liabilities	(20.539)	(16.118)	(1.269)	(794)
Total deferred taxes in Balance Sheet	(14.017)	(11.099)	(1.138)	(651)

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Beginning balance	(11.099)	(5.724)	(651)	(631)
Income taxes charged to the income statement	(2.532)	(608)	(487)	(20)
Income taxes charged directly to equity	(386)	(4.768)	0	0
Ending balance	(14.017)	(11.099)	(1.138)	(651)

	GROUP			
	31/12/2006	Debits (Credits) of Income Statement	Debits (Credits) of Equity	31/12/2005
Deferred tax liabilities				
Revaluation of fixed assets	(13.637)	(130)	0	(13.767)
Finance lease contracts of tangible assets	(1.109)	(445)	(157)	(1.711)
Fixed assets depreciation expenses	(2.456)	257	(14)	(2.213)
Income adjustment on the basis of the percentage of completion method	0	(2.848)	0	(2.848)
	(17.201)	(3.166)	(171)	(20.539)
Deferred tax assets				
Derecognition of formation expenses	1.770	(503)	(0)	1.267
Receivable accounts value adjustment	2.044	312	41	2.397
Investment value adjustment	438	4	(257)	185
Provision for staff retirement indemnities	971	59	1	1.032
Tax losses brought forward	764	761	0	1.526
Grants for investments in fixed assets	116	0	0	116
	6.103	635	(215)	6.522
Net deferred tax liabilities in the Balance Sheet	(11.099)	(2.532)	(386)	(14.017)
Presentation in the Balance Sheet				
Deferred tax assets	1.803			1.893
Deferred tax liabilities	(12.902)			(15.910)
	(11.099)			(14.017)

	COMPANY			
	31/12/2005	Debits (Credits) of Income Statement	Debits (Credits) of Equity	31/12/2006
Deferred tax liabilities				
Revaluation of fixed assets	(768)	(471)	0	(1.239)
Finance lease contracts of tangible assets	(26)	(4)	0	(29)
	(794)	(474)	0	(1.269)
Deferred tax assets				
Derecognition of formation expenses	3	(2)	0	1
Receivable accounts value adjustment	127	(12)	0	115
Provision for staff retirement indemnities	14	1	0	15
	143	(12)	0	131
Net deferred tax assets in the Balance Sheet	<u>(651)</u>	<u>(487)</u>	<u>0</u>	<u>(1.138)</u>

17. Earnings per share

The calculation of the basic earnings per share is analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Net profits attributable to common equity holders of the parent	3.294	2.225	(1.701)	(71)
Weighted average number of shares outstanding	31.511.610	31.511.610	31.511.610	31.511.610
Less: Weighted average number of treasury shares	3.842.126	3.983.444	0	0
Total weighted average number of shares outstanding	27.669.484	27.528.166	31.511.610	31.511.610
Basic Earnings (losses) per share (in €)	0,12	0,08	(0,05)	(0,00)

18. Tangible fixed assets

The tangible fixed assets of the Group are analyzed as follows:

	GROUP						
	Land	Buildings & installations	Machinery & equipment	Transportation equipment	Furniture & fixtures	Construction in progress	Total
Acquisition or valuation cost							
On 31/12/2005	57.619	88.002	66.410	1.204	16.761	9.941	239.936
Purchases in 2006	99	17.705	7.918	287	2.773	1.223	30.005
Disposals in 2006	0	137	536	86	536	9.119	10.414
Incorporation of new subsidiaries	210	824	917	25	32	0	2.008
Total at 31/12/2006	57.928	106.395	74.708	1.429	19.030	2.045	261.535
Accumulated depreciation							
On 31/12/2005	0	7.321	26.047	616	7.980	0	41.964
Purchases in 2006	0	2.604	5.446	97	1.413	0	9.559
Disposals in 2006	0	0	428	0	408	0	836
Incorporation of new subsidiaries	0	519	158	20	14	0	710
Total on 31/12/2005	0	10.444	31.222	733	8.999	0	51.398
Net Book Value							
On 31/12/2005	57.619	80.681	40.363	587	8.781	9.941	197.972
On 31/12/2006	57.928	95.951	43.486	695	10.032	2.045	210.137

The depreciation and amortization expenses increase the cost of sales by € 7.260 (2005: € 1.763), the administrative expenses by € 2.174 (2005: € 1.763), the research and development expenses by € 17 (2005: € 709) and the distribution cost by € 17(2005: € 0).

Depreciation expense of a total amount of € 2.210 (2005: € 1.820) resulting from financial leasing contracts of machinery, are included in the income statement. The net book value of the leased equipment is totaled to € 22.290.

Prenotes of a total amount of € 85.305 for the Group have been registered as guarantee for loan liabilities.

19. Intangible assets

The intangible assets of the Group are analyzed as follows:

	GROUP		
	Software	Concessions and Rights	Total
<u>Acquisition or valuation cost</u>			
On 31/12/2005	2.680	0	2.680
Purchases in 2006	854	0	854
Disposals in 2006	50	0	50
Incorporation of new subsidiaries	4	0	4
Total at 31/12/2006	3.488	0	3.488
<u>Accumulated amortization</u>			
On 31/12/2005	627	0	627
Purchases in 2006	271	0	271
Disposals in 2006	19	0	19
Incorporation of new subsidiaries	1	0	1
Total on 31/12/2006	879	0	879
<u>Net Book Value</u>			
On 31/12/2005	2.053	0	2.053
At 31/12/2006	2.609	0	2.609

20. Goodwill

The movement of goodwill for the year 2006 is analyzed as follows:

COMPANY	Balance on 31/12/2005	Additions / (Decreases)	Impairment losses	Balance on 31/12/2006
Medical services	52.257	1.325	(399)	53.184
Financial services	0	0	0	0
Information technology and special applications	32.563	0	0	32.563
	<u>84.820</u>	<u>1.325</u>	<u>(399)</u>	<u>85.746</u>

In the closing year, the Group acquired the control of two new subsidiaries: the company PREVENTIVE MEDICINE PALAIO FALIRO and the company AXIAL TOMOGRAPHY SERRES S.A.. The respective amounts of goodwill that resulted from these acquisitions were determined according to the accounting values of the balance-sheets of the acquired companies and are provisionally booked. The determination of the fair value of assets, the liabilities and the contingent liabilities of the acquired companies, the allocation of the acquisition cost according to the provisions of I.F.R.S. 3 "Business combinations" and the subsequent final determination of the relative goodwill are going to

be completed later, as the Group made use of the possibility provided by the above-mentioned Standard for the finalisation of the above amounts within twelve months from the acquisition date.

The accounting values of the acquisition, the total cost of the acquisition and the resulting provisional booked goodwill for the Group on the 1/11/2006, acquisition date of the company PREVENTIVE MEDICINE P. FALIRON LTD., are analyzed as follows:

ASSETS	
Intangible assets	35
Receivables from deferred taxation	41
Customers and other receivables	11
Cash and cash equivalents	33
Total Assets	<u>119</u>
LIABILITIES	
Short-term bank liabilities	81
Suppliers and other liabilities	91
Short-term tax liabilities	30
Total Liabilities	<u>201</u>
Net book value of assets	<u>(82)</u>
Total acquisition cost	433
Minus: Net book value of acquired assets (100.0 %)	(49)
Minus: Third parties percentage on the initial investment (indirect participation)	(172)
Resulting provisional booked goodwill	<u>310</u>

The acquisition book values, the total cost of the acquisition and the resulting provisional booked goodwill of the Group on the 1/12/2006, acquisition date of the company AXIAL TOMOGRAPHY SERRES S.A., are analyzed as follows:

ASSETS	
Intangible assets	501
Customers and other receivables	525
Cash and cash equivalents	1
Total Assets	<u>1.027</u>
LIABILITIES	
Employees' Rights	6
Long-term bank liabilities	9
Liabilities from deferred taxation	11
Short-term bank liabilities	405
Suppliers and other liabilities	80
Short-term tax liabilities	113

Total Liabilities	<u>624</u>
Net book value of assets	<u>403</u>
Total acquisition cost	1.610
Minus: Net book value of acquired assets 28.3 %)	(114)
Minus: Third parties percentage on the initial investment (indirect participation)	(641)
Resulting provisional booked goodwill	<u>855</u>

On the 31/12/2006, an impairment test of the final goodwill balances that the Group had paid for the acquisition of its participation percentage in each existing subsidiary on this date took place, according to the provisions of I.A.S. 36. The recoverable amount (the value of use of each existing subsidiary company on that date) was higher than the adjusted accounting balance of goodwill and of the net assets of each cash generating unit except from the subsidiary company ALEKSANDREIO CARDIOLOGICAL CARDIOSURGICAL CENTER S.A. the goodwill of which was impaired by the amount of € 399.

The recoverable amount of each subsidiary was determined according to the calculation of its value in use. The value in use was calculated in accordance with the forecasted cash flows that covered a five-year period. The pre-tax discount rate which the forecasted cash flows were discounted with, rose to 9,7 %-13,6 % (2005: the 9,4 %-12,0 %) and the forecasted cash flows beyond the five-year period were determined with growth rate equal to 2,5 %-3,0 % (2005: 2,5 %-3,0 %), that is the estimated average growth rate of each segment of operation.

Key assumptions used for the value of use calculation of the above mentioned impairment tests for the years ended at 31/12/2006 and 31/12/2005:

Budgeted profit margins: The basis used to determine the value assigned to the budgeted profit margins is the actual average gross profit margins achieved by each cash generating unit in the preceding five years period. Specific weight was given to the gross profit margins of the last two years, as they were estimated to be more representative of the current conditions.

Capital expenditures: All the necessary estimated acquisitions of tangible fixed assets as well as of working capital needs were taken into account, based on the latest five years actual needs, in order for each cash-generating unit (subsidiary) to maintain its production capacity and market share.

Bond rates: The yield on a 10 year Greek government bond rate at the beginning of the budgeted year is utilized and the value assigned to the key assumption is consistent with the external information sources.

Investments in associated companies

Investments in associated companies represent a participation percentage of 15,1% in the share capital of the company "EUROGENETIKI S.A. PRINCIPAL CENTRE OF RESEARCH AND

APPLICATIONS OF MOLECULAR BIOLOGY", which was acquired for a total amount of € 160, and also a participation percentage of 24,1 % in the share capital of the company "MEDTRONIX LTD MARKETING AND SERVICE OF MEDICAL EQUIPMENT", which was acquired for a total amount of € 1.180. Investments in associates are initially recognized in the balance sheet at their acquisition cost and later adjusted for the change after the acquisition of the Group's share in their equity, less any possible impairment losses. The income statement represents the Group's share in the results of the associates. Investments in associate companies are analyzed as follows:

Associate Companies	Participation percentage	Accounting Balance	Total Equity	Country of operation	Main Activity
EUROGENETIKI S.A.	15,1%	160	477	Hellas	Medical services supply
MEDTRONIX LTD	24,1%	1.173	140	Hellas	Marketing and service of medical equipment
		<u>1.336</u>			

20. Available for sale investments

The available for sale investments represent a participation in the following companies:

COMPANIES	GROUP			
	31/12/2006		31/12/2005	
	Book value	Participation rate	Book value	Participation rate
EUROMEDICA KARDIAS S.A.	15	0,6%	15	0,6%
TOURISTIC ENTERPRISES OF .WEST.MACEDONIA S.A.	114	54,2%	0	0,0%
NOSILEUTIKI AG. LOUKAS	2.101	3,6%	2.101	3,7%
GENERAL CLINIC GABRILAKI S.A.	1.579	5,7%	1.387	5,7%
ASTERION CONSTRUCTION S.A.	75	13,8%	75	13,8%
EGKEFALOS PELOPONNHSOU	432	56,1%	437	56,1%
AXON EMPORIKI S.A.	429	0,2%	0	0,0%
Balance	<u>4.745</u>		<u>4.014</u>	

On 1/11/2006, the Group, via the Parent Company, proceeded with an acquisition agreement of the 90,00% of the company TOURIST ENTERPRISES of WESTERN MACEDONIA S.A. shares, which is located at Nymfaio of Florina and exploits hostel La Moara in a privately-owned real estate, as well as the hostel La Soara in an leased real estate. The total price of the acquisition will sum up to € 1.050 and the final transfer of shares is appreciated to be realised in the next year, 2007. Through this acquisition, the Group wants to extend its operations in the sector of healthcare tourism and therapeutic tourism and it intends to create a centre of hygiene, well-being, spa centre, centre of rehabilitation and alternative treatments in a region of particular natural beauty and high tourist interest. The hostel La Moara, according to the plans of the Group, will be extended and adjusted on the referred business plan within the next year 2007.

Available for sale investments for which an active market exists in which their shares are publicly

traded, are represented at their fair value, while the rest at their acquisition cost, impaired to the point where relative conditions are in order, charging the income statement of the period in which the impairment loss occurs.

21. Investment property

Investment property refers to a privately owned building by the subsidiary company “HELLENIC OPHTHALMOLOGICAL CENTER ORASIS S.A.” which lies at Iridos Str. 4, in Palaio Faliro., the fair value of which sums up to € 310 and to a privately owned real estate of the subsidiary company AXON A.H.E. which lies at Guilford Str. 8 in Athens, the fair value of which sums up to € 493.

The movement of Investment property during the year is analysed as follows:

	Investment property
Acquisition or valuation cost	
Total on 31/12/2004	743
Additions (Reductions) of the year 1/1-31/12/2005	0
Fair value valuation	0
Total on 31/12/2005	<u>743</u>
Additions (Reductions) of the year 1/1-31/12/2006	0
Fair value valuation	60
Total on 31/12/2006	<u>803</u>

As previously mentioned, investment property are accounted for as long term investments and are valued at fair value which equals to their current market price which is calculated by registered real estate valuers.

The revenue from the lease of the above mentioned property during the year 1/1-31/12/2006 totalled to € 43 (2005: € 45).

22. Non current receivables

Non current receivables refer to a participation of the subsidiary company AXON A.H.E. in the secondary and co-guarantee capital of the stock exchange trade companies of € 2.043, offered guarantees for an amount of € 976 and other non current receivables of € 15.482.

23. Inventories

The inventories of both the Group and Company are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Merchandise	0	4	0	0
Finished and Semifinished goods-By products and scrap	489	624	0	0
Raw direct and indirect material-packing supplies	18.464	11.443	0	0
Advances for inventory purchases	8.270	4.884	0	0
Total	<u>27.223</u>	<u>16.957</u>	<u>0</u>	<u>0</u>

24. Trade debtors and other receivables

The total accounts receivable of both the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Trade debtors	91.798	88.620	0	0
Notes receivable	383	42	0	0
Notes delayed	0	236	0	0
Cheques receivable	1.433	639	0	0
Cheques overdue	12	1.251	0	0
Current receivables from associates	1.083	1.065	3.149	3.065
Current receivables from other associated companies	1.146	1.839	0	0
Claims from members of the management	71	30	0	0
Doubtful accounts receivable	1.021	1.002	0	0
Other debtors	12.299	14.826	200	200
Advances and credits management accounts	3.355	1.994	0	0
Deferred charges	1.542	1.159	0	0
Accrued income	47.768	32.876	675	86
Other prepayments and accrued income	52	0	0	0
	162.027	145.580	4.024	3.351
Less: Provisions	(8.630)	(6.770)	(396)	(396)
Balance	<u>153.396</u>	<u>138.810</u>	<u>3.628</u>	<u>2.955</u>

All receivables are short-term and no discount is necessary at the date of the Balance Sheet. There is no concentration of credit risk in relation to customers' receivables as the Group has a large number of customers and the credit risk is diversified.

Total Group net accrued income receivables from construction contracts and high technology defensive systems services on the 31/12/2006 rises to € 42.784 and is included in the assets account "Accrued income". These Group receivables are analyzed as follows:

	GROUP	
	31/12/2006	31/12/2005
Accrued income from construction contracts and high technology defensive systems services	<u>42.784</u>	<u>29.196</u>
Total project cost	51.320	36.510
Plus: Total recognized profits	46.637	21.440
Minus: Total recognized losses	0	0
Minus: Total billings	(55.174)	(28.754)
	<u>42.784</u>	<u>29.196</u>
Total received advances	<u>87.270</u>	<u>97.306</u>

Income analysis from construction contracts and high technology defensive systems services acknowledged

	GROUP	
	1/1- 31/12/2006	1/1- 31/12/2005
Contracts expenses recognized	14.810	7.639
Plus: Recognized profits from contracts	25.198	9.979
Minus: Recognized losses from contracts	0	0
Income from contract recognized	<u>40.007</u>	<u>17.618</u>
Granted letters of guarantee to customers for well carried out contracts	<u>11.430</u>	<u>11.435</u>

25. Financial assets at fair value through income statement

Investments at fair value through income statement are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
IASO S.A. (74.660 shares)	2.814	0	0	0
Domestic Mutual Funds Shares	99	77	0	0
Other investments	84	0	0	0
Balance	<u>2.997</u>	<u>77</u>	<u>0</u>	<u>0</u>

26. Cash and cash equivalents

Cash and cash equivalents represent cash in hand and bank deposits available on first demand.

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Cash	725	1.121	0	0
Time and sight deposits	12.420	8.664	73	117
Balance	<u>13.146</u>	<u>9.785</u>	<u>73</u>	<u>117</u>

27. Share Capital and Paid-in surplus

The Company's share capital is comprised of 31.511.610 common registered shares of par value of € 0,61 each.

With the decision of the Annual General Meeting of shareholders on the 30/6/2006 the increase of share capital by the amount of € 315 was decided, by capitalising: (a) an amount of € 221, from the account of equity "Profit-loss carried forward", which concerned a difference of surplus value that resulted from the tax readjustment of the fixed assets of the Company according to the provisions of L. 2065/1992 and (b) an amount of € 94, from the equity account "Difference from paid in surplus". The relative increase of the share capital of the Company occurred with an increase of the nominal value of each share from € 0,60 to € 0,61 and was approved by the decision of the Ministry of Development on the 20/12/2006.

According to the Company's register of shareholders, at the 31/12/2006, shareholders holding more than 2,0% of the paid-up share capital, were the following:

SHAREHOLDER	NUMBER OF SHARES	PARTICIPATION PERCENTAGE AT 31/12/2006
LIAKOUNAKOS THOMAS	7.631.230	24,22%
AXON DEVELOPMENT S.A.	4.072.780	12,92%
EUROMEDICA S.A.	2.013.342	6,39%
PAPADOPOULOS ANTONIOS	1.750.000	5,55%
AXON EMPORIKI S.A.	1.583.432	5,02%
HATZILIAS VALILEIOS	1.575.050	5,00%
SONAK A.E.V.E.	1.580.530	5,02%
OTHER (PERCENTAGE LESS THAN 2%)	11.305.246	35,88%
TOTAL	<u>31.511.610</u>	<u>100,00%</u>

28. Reserves

The reserves of both the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Legal reserve	6.870	6.377	1.420	1.420

Special reserves	24	28	28	28
Extraordinary reserves	358	181	380	380
Tax free and specially taxed reserves	76	1.392	529	1.791
Reserves from specially taxed income	1.615	375	1.615	354
Other reserves	1.927	837	0	0
Balance	<u>10.871</u>	<u>9.189</u>	<u>3.971</u>	<u>3.971</u>

Under the Greek corporate law, corporations are required to transfer a minimum of 5% of their annual after tax profit as reflected in their statutory books to a legal reserve, until such reserve equals to one-third of the paid-up share capital. The above reserve can be distributed only at the liquidation of the company; it can nevertheless be offset with accumulated losses.

The remaining reserves have been formulated according to the special provisions of various tax laws, which either offer the ability of special income tax transfer at the time of their distribution to the shareholders or offer tax relief as investment incentive. The tax obligation, accumulated at the period of the distribution of those reserves, which amounted on the 31st of December 2006 to € 1.160 approximately, will be recognized if and only their distribution will take place.

29. Treasury shares

At 31/12/2006 the Group held 3.843.897 treasury shares (shares of the parent company), which were acquired for a total amount of € 20.684 and appeared in the Consolidated Balance Sheet as a deduction of equity.

30. Loans

The Group's loans have been granted by Greek Banks and are denominated in Euro. The amounts payable within a year from the Balance Sheet date are characterized as current, while amounts payable on a later period are characterized as non-current. The loans of the Group and of the Company are analyzed, by main financier, as follows:

Bank	GROUP			
	31/12/2006		31/12/2005	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
ALPHA BANK	5.733	11.370	5.943	13.128
COMMERCIAL BANK	1.826	2.900	1.000	1.582
NATIONAL BANK	39.225	26.068	39.179	14.708
GENERAL BANK	4.372	0	5.668	455
EFG EUROBANK ERGASIAS	11.620	842	10.702	682
ATE BANK	0	0	0	341
PIRAEUS BANK	4.631	2.750	1.601	0
EGNATIA BANK	1.835	0	1.821	0
HELLENIC BANK	1.197	0	1.438	705
ABC	0	0	5.482	0

ASPIS BANK	39	220	0	0
NOVA BANK	1.005	2.000	505	0
NATIONAL FACTORING	7.690	0	0	0
PROBANK	14	0	0	0
BANK OF CYPRUS	182	0	0	0
NOVA FACTORING	0	0	1.084	0
BANK OF ATTICA	100	0	0	0
Long-term liabilities payable in the next year	2.267	0	1.855	0
Finance lease liabilities	5.252	10.361	4.623	11.725
Total loan liabilities	<u>86.987</u>	<u>56.511</u>	<u>80.903</u>	<u>43.324</u>

	COMPANY			
	31/12/2006		31/12/2005	
Bank	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
NATIONAL BANK	15.021	0	14.935	0
GENERAL BANK	1.065	0	1.468	0
Total loan liabilities	<u>16.086</u>	<u>0</u>	<u>16.403</u>	<u>0</u>

On the 5/6/2006, the subsidiary Company of the Group EUROMEDICA S.A. issued a common mortgaged bond loan of a total amount of € 21.500 with initial bond-holders the banks NATIONAL BANK of GREECE S.A., COMMERCIAL BANK of GREECE S.A., EFG EUROBANK ERGASIAS S.A., NOVA BANK S.A. AND BANK OF PIRAEUS S.A. The purpose of the loan was the financing of the investment program and the refinancing of long-term banking liabilities of the Group. The net proceeds from the issuing of the 430.000 common anonymous bonds of nominal value € 50,00 each, minus the relative expenses of the issue equal to € 194, totalled to € 21.306. The interest rate of the loan is floating connected to euribor in euro of six months duration. The settlement of the loan, was agreed to be made in ten semi-annual partial payments of the amount of € 2.150 each, the first held twenty four months after the loan's publication date. As guarantee for the loan in question mortgages on real estates of Group amounting to € 24.000 were registered and 1.405.177 shares of the subsidiary company of the Group GENERAL CLINIC of THESSALONICA S.A. were pledged.

On the 28/3/2006 the subsidiary company GENERAL CLINIC of DODEKANISA S.A. proceeded to the issue of a mortgaged bond loan of a total amount of € 13.000 with initial bond-holders the bank NATIONAL BANK of GREECE S.A. The purpose of the loan was the construction and equipment of the privately owned clinic exploited by the Company in Rhodes. The net product from the issuing of the 24.000 common anonymous bonds of nominal value € 500,00 each, minus the relative expenses of the issue equal to € 108, totalled to € 12.892. The interest rate of the loan is floating connected to the six-month euribor. The settlement of the loan, was agreed to be made in twenty seven semi-annual partial payments, the first held twenty four months after the loan's publication date. As guarantee for the loan in question mortgages on the privately owned real estate of the clinic amounting to € 12.000 were registered and 169.045 shares of the subsidiary company held by the other subsidiary company EUROMEDICA S.A. were pledged.

The Group forms provisions for the accrued loan interest payments and charges the income statement of each year.

As guarantee for the previously mentioned bank liabilities prenotes of a total amount of € 85.305 have been registered on the fixed assets of the Group and 997.830 shares of the Company as well as 20.845.325 shares of the subsidiary company EUROMEDICA S.A. are under pledge.

Finance leases liabilities refer to the lease of mechanical and other equipment and are analyzed as follows:

A. Finance lease liabilities –Minimum lease payments:				
	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Within one year	5.969	5.403	0	0
Between two and five years	11.018	12.811	0	0
More than five years	282	7	0	0
	17.269	18.221	0	0
Future financial cost charges in finance leases	(1.656)	(1.872)	0	0
	<u>15.613</u>	<u>16.348</u>	<u>0</u>	<u>0</u>

B. Present value of lease payments liabilities				
	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Within one year	5.252	4.623	0	0
Between two and five years	10.088	11.718	0	0
More than five years	273	7	0	0
	<u>15.613</u>	<u>16.348</u>	<u>0</u>	<u>0</u>

There is a withholding of ownership on the leased assets, which remains in power until the end of the lease period and the full repayment of the owed lease payments.

31. Provision for staff retirement indemnities

The liability of both the Group and the Company towards employees working in Greece for the future grant of benefits relative to the length of service of each one, is accounted for and represented on the basis of the expected earned benefit to be paid of every employee, at the balance sheet date, discounted at its present value, relative to its foreseen time of payment. The earned benefits of every period are charged to the income statement with a respective increase of the pension liability. The payment of benefits towards retiring employees decreases the pension liability respectively.

The number of employees of the Group and the Company and their compensation expenses, have as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Number of employees:				
Salaries	1.848	1.541	4	4
Wages	51	116	0	0
Total	<u>1.899</u>	<u>1.657</u>	<u>4</u>	<u>4</u>
Employee cost analysis:				
Salary and wage expenses	44.179	32.167	199	218
Provision for staff retirement indemnities	817	476	8	6
Total cost	<u>44.996</u>	<u>32.643</u>	<u>208</u>	<u>224</u>

The movement of the net pension liability has as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Net liability at beginning of the period	3.341	3.075	43	37
Total granted benefits	(484)	(250)	0	0
Expenses realized in the Income Statement	961	576	8	6
Net liability at the end of the period	<u>3.818</u>	<u>3.401</u>	<u>51</u>	<u>43</u>

The company's liability for compensation payment to its retiring personnel was calculated on the basis of an actuarial study which was conducted by an independent company of actuaries. The basic economic data and assumptions of this study on the 31st of December 2006 have as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Present value of liability	4.275	3.585	62	59
Unrecognized actuarial profits (losses)	(457)	(184)	(11)	(17)
Net liability in the Balance Sheet	<u>3.818</u>	<u>3.401</u>	<u>51</u>	<u>43</u>
Pension Cost Analysis in the Income statement:				
Service Cost	629	298	5	4
Financial cost	154	112	2	1
Actuarial profits (losses)	66	66	1	0
Cost from extra benefits	112	101	0	0
Total charge in the Income statement	<u>961</u>	<u>576</u>	<u>8</u>	<u>6</u>
Liabilities from personnel benefits changed during the period as follows:				
Net liability at start of the period	3.341	3.075	43	37
Service Cost	625	298	5	3
Financial cost	154	112	2	1
Actuarial profits (losses)	69	66	1	0
Total granted benefits	(484)	(250)	0	0
Cost from extra benefits	112	101	0	1
Net liability at the end of the period	<u>3.818</u>	<u>3.401</u>	<u>51</u>	<u>43</u>

Basic assumptions of the actuarial study				
Actuarial method of valuation	Projected Credited Unit Method			
Annual average of long-term inflation increase	2,0%			
Annual average long-term GDP increase	3,0%			
Annual average long-term salary maturing	6,0%			
Discounting Rate	4,1%			
Property assets for compensation of L. 2112/20	zero			

The cost of extra benefits is related mainly to benefits paid to employees who became redundant. The larger part of those was not anticipated in frame of the existing pension program so the payments for the extra benefits were accounted for as additional pension charge. The additional pension charge for the year ended in the 31st of December 2006 was € 112 (2005: 101).

32. Income from grants for investments in fixed assets

Government grants are related to investments in fixed assets and are recognized as income simultaneously with the fixed assets' depreciation—mechanical equipment at most—that were subsidized. The sum of grant that was transported in the income statement during the year amounted in € 29 (2005: € 29). In relation to the law constitutions, in frame of which the grant occurred, several restrictions exist in relation to the transfer of the subsidized machinery and to the legal existence of the

subsidied company. During the audits performed by proper authorities, a situation of non compliance with these restrictions has not yet been identified.

33. Other non current liabilities

Other non current liabilities of both the Group and Company are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Non current liabilities owed to affiliated entities	1.099	1.101	0	0
Non current notes payable	857	0	0	0
Other non current liabilities	1.253	970	0	0
Balance	<u>3.209</u>	<u>1.868</u>	<u>0</u>	<u>0</u>

34. Suppliers and other current liabilities

The total obligations of both Group and Company towards suppliers and others creditors are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Suppliers	56.690	47.998	129	82
Notes payable	19.229	20.036	0	0
Cheques payable	9.656	12.313	6	0
Customers' advances	89.152	97.782	0	0
Social security payable	6.283	5.068	6	6
Liabilities owed to associated companies	2.158	187	4.523	2.315
Liabilities owed to other affiliated companies	3.225	24	27	17
Dividends payable	1.261	1.406	1.261	1.406
Other creditors	5.104	7.772	12	78
Deferred income	5	307	0	0
Accrued expenses	1.230	521	0	0
Other accruals	49	0	0	0
Balance	<u>194.043</u>	<u>193.414</u>	<u>5.966</u>	<u>3.904</u>

35. Related party transactions and balances

The Company considers as related parties the members of the Board of Directors (including their related parties) as well as the shareholders holding a percentage larger than 5% of its share capital. The Group's and Company's transactions and balances, during the year of 2006 and at 31st of December 2006, respectively, are the following:

	GROUP				COMPANY			
	During the year 1/1-31/12/2006		At 31/12/2006		During the year 1/1-31/12/2006		At 31/12/2006	
ASSOCIATED PARTIES	Sales towards related parties	Purchases from related parties	Claims from related parties	Liabilities towards related parties	Sales towards related parties	Purchases from related parties	Claims from related parties	Liabilities towards related parties
<i>All amounts in thousands of Euro €</i>								
EUROMEDICA S.A.	0	0	0	0	345	0	1.807	4.145
OBSTRETIC GYNECOLOGICAL CLINIC THS/NIKIS S.A.	0	0	0	0	0	0	284	0
SONAK S.A.	0	0	0	0	0	0	521	523
AXON A.H.E.	0	4	0	0	0	4	0	2
DATA DESIGN S.A.	0	0	0	0	0	0	0	4
PRISMA TECHNOLOGICAL S.A..	0	0	0	0	0	0	121	5
INSTITUTE OF ADVANCED TECHNOLOGY CRETE S.A.	0	0	0	0	0	0	0	4
NEW EGKEFALOS S.A.	0	0	0	0	0	0	1.055	0
GENERAL CLINIC OF GAVRILAKI S.A.	0	59	1	120	0	0	0	0
EGKEFALOS OF PELOPONNISOS S.A	0	0	633	0	0	0	0	0
AXON S.A.	6	0	32.018	27	0	0	9	27
EUROMEDICA HEART S.A.	0	0	18	1.099	0	0	0	0
EUROTHERAPY S.A.	0	0	7	89	0	0	0	0
LITO MONOPROSOPI L.T.D.	0	0	25	0	0	0	0	0

KERDOS EDITORIAL S.A.	0	84	0	527		15	0	339
MYSTRAS S.A.	0	0	0	33	0	0	0	13
NURSING S.A.	0	0	31	0	0	0	0	0
ASTERION CONSTRUCTIONS S.A.	0	0	3	3.059	0	0	0	0
AXON DEVELOPMENT S.A.	1	360	90	277	0	0	26	153
SUKOS S.A.	0	0	0	5.000	0	0	0	0
KIFISSIA CONSTRUCTIONS S.A.	0	0	0	3	0	0	0	3
AXON PROPERTY S.A.	0	0	10	0	0	0	0	0
Total	<u>940</u>	<u>507</u>	<u>32.837</u>	<u>10.442</u>	<u>345</u>	<u>19</u>	<u>3.824</u>	<u>5.224</u>

The above mentioned companies are directly or indirectly controlled by the parent company AXON HOLDINGS S.A. or by its principle shareholders.

Remunerations of all nature of Members of the Management and Managerial Executives of both Group and Company during the year 1/1-31/12/2006 amounted in € 2.570 thousands and € 0 thousands respectively.

36. Commitments and contingent liabilities

36.1. Contingent liabilities from lawsuits and under arbitration proceedings

At 31/12/2006 there are lawsuits and in general future claims against Companies of the Group of a total amount of € 45.227. Also, in the closing year, acts of VAT determination were imposed on the subsidiary company of the Group, SONAK A.E.V.E., for a total amount of € 11.461. Against these acts appeals were made, the hearing of which is pending before the Administrative First Degree Court of Athens. The Group's legal advisors estimate that all lawsuits are expected to be settled without any material adverse effect on the Group's financial position and results of operations.

36.2. Commitments from operating leases

On the 31/12/2006 the Group had contracted agreements on the operating lease of stores and transportation equipment which expire in various dates up to the year 2010.

The lease expenses from the operating lease of stores and transportation means included in the income statement of the year 2006 amounted to € 11.214 (2005: € 13.543).

The future minimum operating lease payments from the operating lease of stores and transportation equipment on the basis of non cancelable operating lease contracts have as follows:

	At 31/12/2006	At 31/12/2005
Up to 1 year	11.728	11.918
Between 2 and 5 years	30.554	37.622
Over 5 years	21.952	26.611
	<u>64.233</u>	<u>76.152</u>

36.3. Other commitments

The companies of the Group have not been audited by tax authorities for the following years:

COMPANY	FROM	TO
AXON HOLDINGS S.A.	2005	2006
<i>I. Subsidiary companies:</i>		
EUROMEDICA S.A	2006	2006
HELLENIC OPHTHALMOLOGICAL CENTRE ORASIS S.A.	2006	2006
MEDICAL INSTITUTE OF HIGH TECHNOLOGY OF W. MACEDONIA S.A.	2004	2006
IPPOKRATIS CENTER OF NUCLEAR MEDICINE S.A.	2005	2006
PRIVATE OBSTETRIC REA S.A.	2006	2006
MEDICAL DIAGNOSTIC CENTER 'YGEIA VOLOU' S.A.	2004	2006
MELAMBUS MEDICINE S.A.	2004	2006
OBSTETRIC GYNECOLOGICAL THEOTOKOS S.A.	2004	2006
EUROMEDICA MULTIDIAGNOSTIC CENTER OF LARISA S.A	2004	2006
APOLLONIO DIAGNOSTIC S.A.	2003	2006
OBSTETRIC GYNECOLOGICAL CLINIC OF THESSALONIKI S.A.	2000	2006
ALEKSADREIO CARDIOLOGICAL CENTER.	2003	2006
GENERAL CLINIC OF DODEKANISA S.A.	2003	2006
GENERAL CLINIC OF THESSALONIKI S.A.	2005	2006
EUROPROCUREMENT S.A.	2004	2006
SONAK S.A.	2005	2006
AXON A.H.E.	2005	2006
ELSON S.A.	2003	2006
DATA DESIGN S.A.	2003	2006
MURLOCH S.A.	2001	2006
PRISMA TECH S.A.	2005	2006
MEDICAL INSTITUTE OF HIGH TECHNOLOGY CRETE S.A.	2006	2006
NEW EGKEFALOS S.A.	2004	2006
MAGNETIC TOMOGRAPHY VOLOS S.A.	2003	2006
AXIAL TOMOGRAPHY .OF SERRES S.A	2003	2006
PREVENTING MEDICINE OF P. FALIROU L.T.D	2002	2006

The companies of the Group recognize the tax obligations resulting from the tax audit of their unaudited financial years by the tax authorities, after the completion of the audit and the finalization of the relative tax amounts.

In the closing year the tax obligations of the following companies were finalized:

COMPANY TAX AUDITED	AUDITED YEARS	ADDED TAXES AND INCREMENTS THAT EMERGED
AXON HOLDINGS S.A.	2000-2004	3.347
EUROMEDICA S.A.	2001-2005	987
HELLENIC OPHTHALMOLOGICAL CENTRE ORASIS S.A.	2004-2005	39
SONAK S.A.	2001-2004	1.741
AXON A.H.E.	2001-2004	768
MEDICAL INSTITUTE OF HIGH TECHNOLOGY CRETE S.A.	2001-2005	1.738
NEW EGKEFALOS S.A.	1999-2002	165
Total taxes from previous periods recognized in the income statement		<u>8.784</u>

37. After balance sheet events

Except of the previously mentioned facts, there are no events after Balance Sheet date of the 31st of December 2006, concerning the Group, for which a relative disclosure is imperative according to the I.F.R.S..

38. INDEPENDENT AUDITOR'S REPORT To the Shareholders of AXON HOLDINGS S.A.

Report on the financial statements

We have audited the accompanying financial statements of "AXON HOLDINGS S.A." (the "Company") as well as the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the balance sheet as of 31 December 2006 and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes planning, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards, which are based on International Standards of Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Without qualifying our opinion, we draw attention to the following topics:

1. To Note 36.1, included in the notes to the financial statements, where it is referred that companies of the Group have been sued by third parties for a total amount of € 45,23 mil. and that an appeal by a subsidiary company exists for resolution of tax differences of a total amount of € 11,46 mil.

2. To Note 36.3, included in the notes to the financial statements, where it is referred that the parent company has not been audited by the tax authorities for the years 2005 and 2006 as well as the subsidiaries companies of the Group for the years mentioned in Note 36.3, resulting in a possibility of additional taxes and penalties being assessed on such examination of these financial years.

At this stage, it is unfeasible to predict the outcome of the above topics and as a consequence, no provision has been made in the financial statements concerning these respects.

Report on Other Legal and Regulatory Requirements

The Board of Directors' Report is consistent with the aforementioned financial statements.

Athens, 29 March 2007

Gregory H. Koutras
Certified Auditor Accountant
Reg. No. 13601



39. MANAGEMENT REPORT FOR THE YEAR 1.1.2006 – 31.12.2006 OF THE BOARD OF DIRECTORS OF AXON HOLDINGS S.A. TO THE ANNUAL REGULAR GENERAL MEETING OF SHAREHOLDERS

Dear shareholders,

In compliance with the specific provisions of the C.L. 2190/1920, as amended by the L.3229/2004, we submit for approval the Financial Statements for the year 1.1.2006-31.12.2006, prepared in accordance with International Financial Reporting Standards (I.F.R.S.), stating the following:

A. FINANCIAL STATEMENTS OF THE GROUP

The analysis of the financial statements of the Group has as follows:

The consolidated sales totalled to € 201.895 thousands, showing significant increase by 81,4% , while the EBITDA results totalled to € 48.495 thousands, increasing by 55,6 % as compared to the corresponding figures of 2005.

The formulation of the results of the significant consolidated companies has as follows (amounts in thousands of €):

COMPANY	SALES 2006	EBITDA 2006	RESULTS BEFORE TAXES 2006
SONAK S.A.	22.073	11.672	9.851
ELSON S.A.	2.615	314	290
PRISMA TECHNOLOGICAL S.A.	15.347	11.346	11.329
DATA DESIGN S.A.	971	202	199
AXON AHE	3.766	1.139	298
EUROMEDICA S.A.	84.301	11.162	3.432
GENERAL CLINIC OF THES/NIKI S.A.	43.223	6.884	4.648
EUROPROCUREMENT S.A.	19.133	2.378	2.376
OBSTETRIC GYNAECOLOGIC CLINIC THES/NIKIS S.A.	11.950	2.922	742
HELLENIC OPHTHALMOLOGICAL CENTER ORASIS S.A.	2.200	177	-53
MULTI - DIAGNOSTIC CENTER LARISA S.A.	1.974	978	857
IPPOKRATIS S.A.	2.066	921	852
MEDICAL DIAGNOSTIC CENTRE HYGEIA VOLOU S.A	781	314	254
EUROMEDICA W. MACEDONIA S.A.	4.138	383	191
MELAMBUS MEDICAL S.A.	2.023	-62	-118

EUROMEDICA THEOTOKOS S.A	1.221	124	66
GENERAL CLINIC PILI AKSIOU S.A	946	361	145
GENERAL CLINIC DODEKENISA S.A.	151	-901	-1.480
MAGNETIC TOMOGRAPHY VOLOY S.A.	363	261	211
MEDICAL CENTER KRITI S.A.	2.404	554	479
AXIAL TOMOGRAPHY SERRES S.A	155	100	91

For the year of 2006 the following remarks are noted:

- o The great performances of:
 1. The PRISMA TECHNOLOGICAL S.A. which showed increase of sales 936% and EBITDA profit by 1061% as compared to the 2005 figures.
 2. The GENERAL CLINIC OF THES/NIKI S.A., which showed increase of sales by 17% and EBITDA profit by 61% as compared to the 2005 figures.
 3. The EUROPROCUREMENT S.A., which is activated in supplying consumables and prosthetic materials of the Group and started its operation in 2005. This subsidiary showed impressive increase of sales and EBITDA as compared to the 2005 figures.
 4. The OBSTETRIC GYNAECOLOGIC CLINIC THES/NIKIS S.A., which showed increase of sales by 33% and EBITDA profit by 46% as compared to the 2005 figures.
 5. The EUROMEDICA THEOTOKOS S.A., which showed increase of sales by 13% and EBITDA profit by 49% as compared to the 2005 figures.
 6. The SONAK S.A. which showed increase of sales 44% as compared to the 2005 figures.

B. FINANCIAL STATEMENTS OF THE COMPANY

The analysis of the financial statements of the Company has as follows:

	AXON HOLDINGS S.A.		
	(amounts in thousands of €)		
	2006	2005	%
SALES	0	0	0%
EBITDA	3.063	811	278%
DEBIT INTEREST	925	860	8%
DEPRECIATION OF ASSETS	5	1	238%
PROFIT BEFORE TAXES	2.133	-51	4302%

The EBITDA profit increased by 278 %, totalling to € 3.063 th., while the profit before taxes amounted to € 2.133 th.

C. IMPORTANT EVENTS THAT OCCURRED DURING THE YEAR 1.1.2006 – 31.12.2006.

The subsidiary companies of the Group AXON HOLDINGS are mainly activated in the following 3 areas of activity: a) The introduction, organization and operation of clinics and scientific centers equipped with advanced technology devices as well as offering medical services of every nature, b) the production and trade of defensive technology informative systems, and c) stock exchange financial services. Notwithstanding the intense competition in all the previously mentioned three areas, great efforts were elaborated in the closing year by the companies of our Group so as to maintain our position in the market.

The main events of 2006 in the medical sector are summarized as below:

- ✓ The new modern General Clinic of Dodekanisa started to operate in Rhodes. It is a modern clinic, according to the Law 517/1991, with capacity of 133 beds and total budget of € 22 millions approximately.
- ✓ Acquisition of a 40% share of the experimental centre of research and applications of Molecular Biology, Genetics and Biotechnology EUROGENETIKI S.A.
- ✓ Incorporation of the company EUROMEDICA OF EAST ATTICA S.A., where Euromedica has a participation interest of 49 %. It is about a diagnostic centre with complete illustrative department (Magnetic and Axial Tomographer, Ray, Mastographer, Measurement of Bone Density), department of nuclear medicine, bacteriological and biochemical laboratory as well as cardiological department. Its is expected to operate during the 2007.
- ✓ Acquisition of a 47% share of the diagnostic centre Axial Tomography Serres, which is accommodated in a building in the centre of Serres, privately-owned at 50% and has a network of 200 cooperative doctors. The diagnostic has an axial tomographer, magnetic tomographer 1 tesla, coloured supersonic triplex, measurement of bone density, digital x –ray, mastographer and orthopantographer.
- ✓ Acquisition of a 49% share of the diagnostic centre PREVENTIVE MEDICINE PALAIO FALIRO-EUROMED. The diagnostic centre has operation licence for a depictions diagnostic laboratory and axial tomographer, unique operation licence for nuclear medicine diagnostic laboratory of in the Municipality of Palaio Faliro and diagnostic laboratory of biological materials (microbiological). The centre is going to operate within 2007.
- ✓ The Central Clinic started to operate. This is the former Obstetrical clinical Tatiana, which was recently renovated and now it operates as a General Clinic. The capacity of the unit is 72 beds and the cost of investment totalled to € 1 million approximately.

In the sector of defensive technology informative systems the most important developments were the following:

- In 2006, after its successful merger with TEKSON S.A. & AXON TEC S.A., the company SONAK S.A. proceeded in investigating its field of operation and in the achievement of

economy scales as well as in better utilization of its human resources. Already in the closing year revenues from sales totalled to € 22.073 th. compared to € 15.320 th. in 2005 while its profits totalled to € 9.851 th. compared to € 3.357 th. in 2005. Finally on the 31/12/2006 the liabilities of the company towards banks were amounted to € 17.750 th. compared to € 19.779 th. in 2005, showing a decrease by € 2.029 th.

- In 2006 the company ELSON S.A. increased its revenues from sales to € 2.615 th. compared to € 817 th. in 2005 and its profits totalled to € 290 th. from € 130 th. in 2005, while the accumulated deficit was decreased to € 55 th. compared to € 266 th. in 2005.
- In 2006 the company PRISMA TECHNOLOGICAL S.A. achieved total revenues of € 15.347 th. and profits of € 11.329 th. showing a large increase relative to 2005. Also, the company acquired profit of € 636 th. from the sale of 200.000 shares of EUROMEDICA S.A.. It has to be noted that in the process of its productive activity the contracts with the companies INTRACOM S.A. and BYRON INCORPORATED were realized and part of the contract with the company KRAUSS MAFFEI WEGMAN GMBH CO KG (subcontractor of SONAK S.A.), of total value € 14.334.745,60 was also realized. Finally the company was audited by the tax authorities for the years 1999 to 2004 and reached an agreement to pay a total amount (added taxes – fines – VAT –stamp duties and other taxes) of € 1.737.582,17.

D. IMPORTANT AFTER BALANCE SHEET EVENTS

- ✓ Acquisition of the 90% of the company TOURISTIC ENTERPRISES OF WESTERN MACEDONIA of the family Yannis Mpoutaris interests. The company operates a model hostel La Moara, in a privately-owned real estate in the traditional settlement of Nymfaio Florina and exploits the hostel La Soare. The total capacity of the two hostels totals today to 40 beds. Studies of evolution of the hostel La Moare in a centre of Hygiene, Well Being and Convalescence are already worked out.
- ✓ Acquisition of 49% with preliminary contract agreement of the diagnostic centre Health Magnetic Diagnosis in Ptolemaida. It is about a general diagnostic centre operates in Ptolemaida and affords a magnetic tomographer, digital mastographer, digital orthopantographer and bone density measurement.
- ✓ Further development and extension of the network of primary health care in various areas of Greece.
- ✓ Development of EUROMEDICA network in the neighbour Balkan countries of Bulgaria, Romania and F.Y.R.O.M..

Apostolos Terzopoulos

President of the Board of Directors

40. SUMMARY SEPARATE AND CONSOLIDATED ANNUAL FINANCIALS AND INFORMATION

AXON HOLDINGS S.A SUMMARY FINANCIALS AND INFORMATION FOR THE ACCOUNTING PERIOD From 1 January 2006 to 31 December 2006

(Published on the basis of Article 135 of Law 2190 for enterprises preparing annual financial statements in line with the IAS)

This data and information below seeks to provide a general overview of the financial status and results of AXON HOLDINGS S.A. and its Group. Readers wishing to obtain a full picture of the financial position and results should ensure access to the annual financial statements prepared in line with the International Financial Reporting Standards (IFRS) and the report prepared by the certified auditor-accountant. This information may be obtained from the company website <http://www.axonholdings.gr>) to which it has been uploaded.

PARTICULARS OF ENTERPRISE

Registered Offices:	2-Ermou Ave., Athens
Main activity:	HOLDINGS COMPANY S.A
Companies Register No.:	16226/06/B/87/17
Supervisory Authority:	Ministry of Development, Companies & Credit Directorate
Tax Registration Number:	094221435
Accounting period:	12 months
Type of financial statements (from which summary data was obtained):	Annual
Date of approval of periodic financial statements by Board of Directors:	22 March 2007
Certified Auditor - Accountant:	Grigoris Koutros
Auditing Firm:	BDO Protypos Hellenic Auditing Company S.A.
Type of audit review report:	Consensual – certain issues emphasised
Line-up of the Board of Directors	Apostolos Terzopoulos,(Chairman) Basiliki Stamataki (Managing Director) Dimitrios Nanopoulos,(Member) Petros Nikolaidis (Member) Paraskevi Paka(Member)

BALANCE SHEET ITEMS dated 31 December 2006

(amounts expressed in € '000)

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
ASSETS				
Non-current assets				
Fixed assets	325.770	311.784	85.720	83.703
Inventories	27.223	16.957	0	0
Receivables from customers	83.832	82.245	0	0
Other assets	85.707	66.426	3.702	3.073
Total assets	<u>522.532</u>	<u>477.412</u>	<u>89.422</u>	<u>86.776</u>
LIABILITIES				
Long-term liabilities	79.250	61.598	1.189	694
Short-term bank liabilities	86.987	80.903	16.086	16.403
Other short-term liabilities	214.785	208.325	8.416	3.932
Total liabilities (a)	381.292	350.826	25.691	21.029
Share Capital	19.222	18.907	19.222	18.907
Other information on Company share equity	33.848	33.076	44.509	46.840
Total company equity (b)	53.070	51.983	63.731	65.747
Minority interest (c)	88.170	74.603	0	0
Total Equity (d) = (b) + (c)	141.240	126.586	63.731	65.747
TOTAL LIABILITIES (e) = (a) + (d)	<u>522.532</u>	<u>477.412</u>	<u>89.422</u>	<u>86.776</u>

INCOME STATEMENT FOR THE PERIOD

(amounts expressed in € '000)

	THE GROUP		THE COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Total Turnover	201.895	164.295	0	0
Gross Profit (losses)	61.542	37.869	0	0
Earnings / (losses) before taxes, financial and investment results and depreciation	48.495	26.956	1.844	(28)
Earnings / (losses) before taxes, financial and investment results	38.665	18.113	1.843	(30)
Total earnings / (losses) before tax	31.151	10.437	2.133	(51)
Less taxes	(15.384)	(5.273)	(3.834)	(20)
Profits / (losses) net of tax from continuing operations (a)	15.767	5.164	(1.701)	(71)
Profits / (losses) net of tax from discontinued operations (b)	0	0	0	0
Profits / (losses) net of tax (continuing and discontinued operations) (a) + (b)	15.767	5.164	(1.701)	(71)
<u>Allocated among:</u>				
Company shareholders	3.294	2.225	(1.701)	(71)
Minority shareholders	12.473	2.939	0	0

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

(amounts expressed in € '000)

	THE GROUP		THE COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Equity at start of period (01.01.06 and 01.01.05 respectively)	126.586	132.084	65.747	67.079
Period profits / (losses) net of tax	15.767	5.164	(1.701)	(71)
Share capital increase / (decrease)	0	0	0	0
Dividends distributed	(1706)	(3176)	(315)	(1.261)
Net income assigned directly to equity	0	0	0	0
Purchase/(sale) of own shares	(56)	(509)	0	0
Other changes	649	(6977)	0	0
Equity at end of period (31.12.06 and 31.12.05 respectively)	<u>141.240</u>	<u>126.586</u>	<u>63.731</u>	<u>65.747</u>

41. INFORMATION REQUIRED UNDER ARTICLE 10 OF LAW 3401/2005

The following Announcements / Communications have been sent to the Daily Official List of Announcements of the Athens Stock Exchange and have been posted on both the website of the Athens Stock Exchange and the company's website (www.axonholdings.gr).

DATE	TITLE
13 January 2006	Announcement of Transactions
13 January 2006	Announcement regarding change in the Board of Directors or senior executives
31 March 2006	Figures of the Financial Statements in accordance with the IAS
31 March 2006	Announcement regarding remarks on the financial / accounting statements
31 March 2006	Figures of the Financial Statements in accordance with the IAS
5 May 2006	Announcement of Transactions
30 May 2006	Figures of the Financial Statements in accordance with the IAS
30 May 2006	Figures of the Financial Statements in accordance with the IAS
30 May 2006	Announcement regarding remarks on the financial / accounting statements of 31 March 2006
6 June 2006	Preliminary announcement of the General Meeting
9 June 2006	Announcement of Transactions
13 June 2006	Announcement of Transactions
14 June 2006	Submission of Depository Certificates for dematerialisation
21 June 2006	Figures of the Financial Statements in accordance with the IAS
30 June 2006	Resolutions of the General Meeting of 30 June 2006
30 June 2006	Announcement of ex-dividend / payment dividend date - reminder
21 August 2006	Announcement of ex-dividend / payment dividend date - reminder
21 August 2006	Announcement of ex-dividend / payment dividend date - reminder
30 August 2006	Figures of the Financial Statements in accordance with the IAS
31 August 2006	Figures of the Financial Statements in accordance with the IAS
18 September 2006	Figures of the Financial Statements in accordance with the IAS
20 October 2006	Announcement of Transactions
7 November 2006	Figures of the Financial Statements in accordance with the IAS
7 November 2006	Correction of Financial Statements
10 November 2006	Announcement of the company's business developments
23 November 2006	Figures of the Financial Statements in accordance with the IAS
23 November 2006	Figures of the Financial Statements in accordance with the IAS
24 November 2006	Announcement regarding remarks on the financial / accounting statements of 30 September 2006
7 December 2006	Announcement of Transactions
18 December 2006	Announcement of Transactions

42. WEBSITE

The annual financial statements, the Auditor's Reports and the reports prepared by the Board of Directors of the companies that are included in the Company's consolidated financial statements have been posted on the company's website <http://www.axonholdings.gr>.