



**C. ROKAS SA**



MEMBER OF THE **IBERDROLA** GROUP

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MEMBER OF THE **IBERDROLA** GROUP

DESIGN - PRODUCTION **aca** relate

# Company Profile Annual Report 2006



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# MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

2006 was a very successful year for Rokas Group of Companies in both sectors of its activity, in the traditional sector of Electromechanical Equipment where we were assigned a number of projects in Greece and abroad, as well as in the Energy sector, which has become, today, central to our business goals.

Our Company's constant growth is explicitly depicted in this Annual Report, where the results of our efforts for the establishment of Rokas' leading position in the Greek market, are reflected in its significantly improved financial indicators and enhanced presence.

After forty eight years of successful operation for C. Rokas SA, we would like

to stand particularly at all those values, which have determined our course, have earned our Company competitive advantage and have paved the way for a promising future. Our sense of responsibility for Society and the Environment, the respect for Human Nature, as well as the early adoption of acknowledged mechanisms of Corporate Governance, have guaranteed transparency in the Company's organisation and operations throughout the years. Ready to face any challenge that might accompany the years to come, maintaining our responsibility towards Society, our Associates and our Shareholders, we would like to thank you for your support and your true interest in our Company.

Sincerely Yours,

George C. Rokas

Chairman of the Board of Directors



**COMPANY  
PROFILE**

## ROKAS GROUP OF COMPANIES

Rokas is a leading energy company in Greece specializing in the development, construction and operation of Renewable Energy Projects, mainly wind farms. Since its establishment almost 50 years ago, Rokas has always been profitable in its traditional activity of electromechanical projects, steadily growing and pioneering in new business areas, such as the energy market.

**Rokas entered the Energy Sector in the 1990's by developing wind farms, and has been leading the wind energy market in Greece since then.**

Currently it operates, through its subsidiary companies, 13 wind farms and one photovoltaic station, with a total capacity of 193.5 MW, accounting for approximately 30% of the Greek market. In December 2004, Rokas became a member of the Iberdrola Group, a major Spanish utility and world leader in Renewable Energy Sources with over 100 years of experience, presence in 30 countries, installed capacity

exceeding 30.000 MW and a production capacity of approx. 92.000 GWh annually. Iberdrola's presence in Greece forms an ideal growth canvas for Rokas, further strengthening its position in the energy market in Greece and abroad.

Moreover, Rokas continues its successful activity in the Electromechanical Sector. Its experience, specialization and high productivity rates have sealed its successful presence not only in Greece but also abroad, in a number of countries such as Saudi Arabia, Jordan, Syria, Libya, UAE, India, USA, etc. Over the years the Company's reliability, know-how and highly specialized workforce have secured firm, long lasting partnerships in undertaking highly demanding projects with renown European companies such as MAN, Konecranes, Alstom, Siemens, ABB and Voith. The Company serves a large variety of clients from both the public as well as the private sector. Indicatively, some of Rokas' main clients are major commercial ports in Greece and abroad, utilities, shipyards, steel mills, heavy industries etc.



## Historical Highlights

**1958**

Mr. Christos Rokas, founder of C. Rokas SA, initiates his activity in the industrial sector specialising in the design, construction and installation of lifting and handling equipment.

**1965**

Christos Rokas & Partners Ltd is founded.

**1970's**

The Company is converted into a Societe Anonyme following the completion of a new state-of-the-art production unit in the Industrial Zone of Tripolis, in central Peloponnese.

**1980's**

The Company expands its activity, by supplying electromechanical equipment

to major commercial ports, shipyards and heavy industries in Greece and abroad.

**1990**

The Company is listed in the Athens Stock Exchange.

**1992**

Rokas is assigned by the Public Power Corporation (PPC), the construction of 5 wind farms in five islands in the Aegean Sea.

**1998**

Rokas is awarded the "Best investment of the year" award by the Centre for Renewable Energy Sources for the construction of the first

private wind farm in Greece, in Sitia, Crete, with a capacity of 10.2 MW, paving the way for the development of Renewable Energy Sources in the country.

**2004**

Rokas becomes a member of the Iberdrola Group, a world leader in Renewable Energy Sources, with a considerable international presence in over 30 countries.

**TODAY**

Rokas leads the wind energy market in Greece, currently operating 13 wind farms, of 193.3 MW capacity.



## Energy sector

### Renewable Energy Sources (RES)

In the Energy Sector, Rokas holds a leading position in Greece in the development of Renewable Energy Sources (RES). The Company has constructed a number of wind farms, on behalf of the Public Power Corporation (PPC) and for its own energy subsidiaries, being today the principal RES producer in Greece.

**Rokas subsidiaries operate today 13 wind farms and one photovoltaic station of 193.5 MW total installed capacity, producing over 525 GWh annually.**

RES are gradually becoming a priority issue in the agenda of most developed countries and their importance has over the years become a reality in Greece as well. RES development remains a high priority for the European Union as, according to the 01/77 White Book Directive, Greece must attain 20,1% of its total energy production by RES by year 2010. Following in the footsteps of other European countries, Greece has made adjustments to the legislation on the development of RES. Law 2244/94 was the first attempt to a complete legal framework as it allowed private entities to produce electric energy through

RES up to 50 MW capacity. Rokas was the first private company to realise the provisions of this law as the Company built the first private wind farm in Greece, the wind farm Modi 10.2 MW in Crete. Thereinafter, many Greek and foreign firms invested in RES in Greece.

In 1999, in compliance with the EU Directive 96/92/EK, Law 2773/99 fully deregulated the production of electric energy and set up the HTSO SA (Hellenic Transmission System Operator), as the regulator on electric energy production issues, and RAE (Regulatory Authority of Energy) as the independent supervisory body. Finally, with Law 3468/2006 the EU Directive 2001/7 is embodied into Greek Law and electricity production from RES is prioritised in the Greek energy market through specific rules and principles.

Nevertheless, the Greek RES market is still lagging behind as electricity production generated from renewable energy sources accounts for only 3% of total production in Greece. Rokas owns approximately 30% of the country's total installed capacity, maintaining its leading position since 1998.



## Wind Energy

Rokas entered the energy market in 1995 when the legal framework opened up the RES market in Greece to private investors.

Based on its experience in the construction of wind farms on behalf of PPC, as well as on the favorable market conditions for the development of Renewable Energy projects

**Rokas started its research for suitable wind farm sites in 1994, a process and a commitment which continues unabated up until today.**

The company set up a special Research & Development Department, staffed with specialized engineers who, based on wind measurements, started to carry out

studies and submit applications for wind farm licenses. Since the construction of the first wind farm in Crete, the accurate and lengthy collection and processing of wind data in combination with Rokas' long experience in the construction of wind farms have secured the successful realization of its wind energy projects. All Rokas wind farms have been productive and profitable until today. Rokas was initially engaged in the construction of wind farms in the early 90's. Following an international tender, it was assigned the construction of 5 wind farms for PPC, with a total capacity of 10.2 MW, which have been operating since 1992 on the following Greek islands:

ISLAND	MW
Chios	2.5
Psara	2.1
Samos	2.0
Lesvos	2.0
Andros	1.6
<b>TOTAL</b>	<b>10.2</b>

## Wind Farms in operation

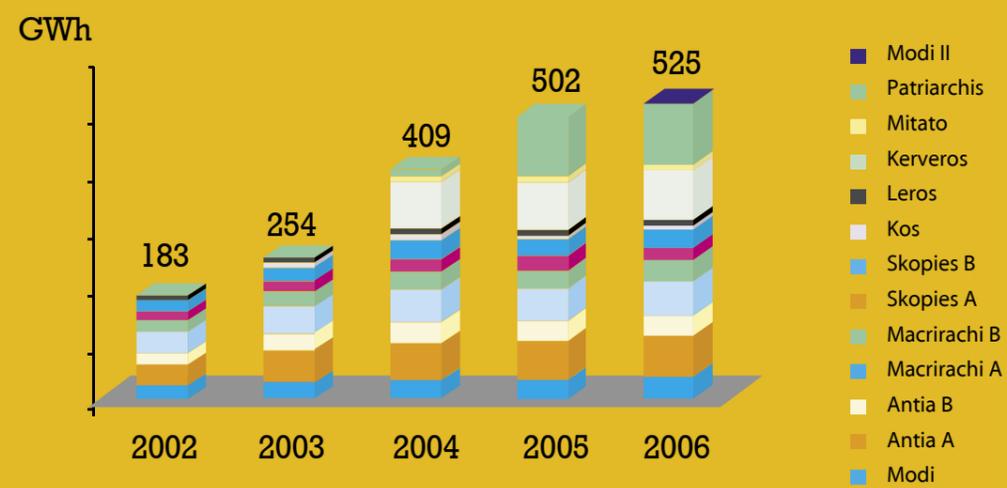
Today, Rokas, through its subsidiaries, has constructed and currently operates 13 wind farms in Thrace, Crete, Evia, Kos and Leros, of 193.3MW total capacity:

WIND FARM	MW	COMPANY	LOCATION	START-UP
Modi	10.2	Rokas Aeoliki S.A.	Sitia Crete	April 1998
Antia A	24.0	Rokas Aeoliki S.A.	Karistia Evia	November 1999
Makrirachi A	24.0	Rokas Aeoliki Evia S.A.	Stira Evia	April 2000
Makrirachi B	11.4	Rokas Aeoliki Evia S.A.	Stira Evia	October 2000
Antia B	12.6	Rokas Aeoliki S.A.	Karistia Evia	December 2000
Skopies A&B	23.4	Rokas Aeoliki Zarakes S.A.	Distos Evia	March 2001
Kos	4.2	PPC Renewables - ROKAS S.A.	Kefalos Kos	February 2002
Leros	4.2	PPC Renewables - ROKAS S.A.	Alinda Leros	February 2002
Kerveros	31.2	Rokas Aeoliki Thraki S.A.	Rodopi Thraki	September 2003
Mitato	3.0	Rokas Aeoliki Crete S.A.	Sitia Crete	December 2003
Patriarchis	40.3	Rokas Aeoliki Thraki II S.A.	Rodopi Thraki	October 2004
Modi II (ext.)	4.8	Rokas Aeoliki S.A.	Sitia Crete	May 2006
<b>TOTAL</b>	<b>193.3</b>			

## Wind Farms under Construction

Currently there are three wind farms under construction of 50.7MW total capacity, namely Kalogiros 3.6MW in Heraklion, Crete, Makrirachi extension 3.4MW on Evia and Ganza 43.7MW on the borders of the prefectures of Viotia and Fthiotida, the latter being considerably delayed due to pending litigation.

Production of electricity per Wind Farm 2002-2006



-  Wind farms in operation
-  Wind farms under construction
-  Wind farms for PPC

## Hydro Energy

Rokas has gained significant experience in the development and construction of hydropower plants (HPPs). To date, the Company has undertaken the construction of generators, turbines, gates, steel pipes, gantry and overhead travelling cranes for small and medium sized HPPs.

The most important HPP projects undertaken by the company are:

- ▶ Gantry and overhead travelling cranes with lifting capacity up to 350T for Hydro Power Plants (HPPs) of PPC.
- ▶ HPP Makrochori in Veria of 3x4 MW installed capacity, as main contractor for PPC.
- ▶ Equipment for the HPPs of Sfikia, Assomata, Stratos, Pigai Aooos, Platanovryssi, Messochora, etc.

Today, through a special department staffed solely for the development of HPPs, Rokas aims at playing a significant role in HPP construction and exploitation.

## Solar Energy

The Company showed an early interest in solar energy and photovoltaic systems. In April 2001, it successfully completed the construction of a Photovoltaic Park with capacity of 171.6 KW in Xerolimni (Lasithi), 10 klm southeast of Sitia (Crete), which was the first project of such scale in Greece.



## Electromechanical Projects

In the Electromechanical Sector, Rokas stands out for its highly specialized know-how in the design, construction and installation of lifting and handling equipment. Owing to its vertical production line, the Company has undertaken complex projects, such as mining and industrial equipment, or complex steel buildings, constructing a considerable number of projects for ports, shipyards and other industries in Greece and abroad, as well as wind farms, hydroelectric projects and thermal power stations.

Rokas is one of the most experienced and specialized companies in Greece in the above-mentioned field. With a long standing presence in the sector, the Company has earned considerable reputation abroad as well.

**In 2006, Rokas carried out the following projects:**

### Lifting Equipment

#### Astakos Terminal SA, Greece

▶ 3 container cranes (Ship-to-Shore Container Cranes) for the first private port in Greece.

#### Halyvourgiki SA Steel Mills, Greece

▶ 4 overhead traveling cranes with rotating trolleys of 15 tons capacity each and one 1 of 20 tons capacity including their peripheral

equipment, as part of the expansion works of Halyvourgiki Warehouse.

- ▶ 2 high standard overhead traveling cranes, with rotating trolleys of 15 tons each, as well as their peripheral equipment, as part of the expansion works of the new rolling mill.
- ▶ 2 high standard overhead traveling cranes, of 10 tons lifting capacity and 62m span, as well as their peripheral systems, for the new Mesh Warehouse.

#### Cooperation with the Finnish company KONECRANES

- ▶ 10 rubber-tyred, container stacking gantry cranes (RTGs) for the Port of Malta.
- ▶ 12 rubber-tyred, container stacking gantry cranes (RTGs) for the Port of Charleston, USA.
- ▶ 6 rail-mounted, container stacking gantry cranes (RMGs) for the Port of Virginia, USA.
- ▶ 8 rubber-tyred, container stacking gantry cranes (RTGs) for the Port of Savannah, Georgia, USA.

#### LARCO SA, Greece

- ▶ 1 overhead traveling crane with grab, of 16 tons capacity, for the raw material Warehouse of its still mill in Larymna.
- ▶ 1 ladle overhead traveling crane of 90/50 tons capacity for the transportation of liquid metal in its still mill in Larymna.



## Energy Projects

### Wind Farm Kalogeros

In 2006, Rokas undertook the construction (on a turn-key basis) of the wind farm Kalogeros, (Prefecture of Heraklion, Crete) which consists of 6 wind turbines, of 600 kW capacity each. The project will be completed in 2007.

### Wind Farm Makrirachi Extention

In 2006, Rokas was also assigned the construction of the wind farm Makrirachi extension (Prefecture of Evia) which consists of four (4) wind turbines, of 850 kW capacity each. The project will be completed in 2007.

### Wind Farm Ganza

The final installation and the full commercial activity of the wind farm Ganza 43.7 MW in the Prefecture of Fthiotida, the construction of which began in 2005, is significantly delayed due to litigation issues, namely a pending decision of the Council of State.



## Research and Development

Rokas has set up a Research & Development Department, which studies and examines the possibilities of applying alternative renewable energy sources as well as energy storage technologies.

**The activities of the Rokas Research Department include the following:**

- ▶ Continuous monitoring of the developments in the energy sector both in Greece and worldwide collecting data on technical issues on renewable energy sources and other similar applications.

- ▶ Cooperation with national and international research organizations that provide important information and data to enable the company to understand and thoroughly examine any specialized issues.

- ▶ Evaluation of proposals from third parties regarding alternative energy technologies aiming at jointly exploiting such technologies.

- ▶ Evaluation of the abundance of each renewable energy source in Greece and the total performance of the source's

conversion into electrical energy or any other form of energy.

Modeling is carried out using both conventional and specialized software.

- ▶ Preliminary market research on the suppliers and technical specifications of specialized equipment and instruments. Designing systems and identifying locations suitable for installation, their necessary size and the suitable installation conditions, in general.

- ▶ Monitoring legislation developments regarding

possibilities of installation, raw material supplies, energy invoicing, environmental or other limitations, subsidies etc. preparing applications and studies and monitoring licensing procedures.

- ▶ Monitoring the funding framework for research and participating in research or pilot projects.

The Company, through its Research Department for Renewable Energy Sources, has participated since 2001

in a research project in the sector of hydrogen technologies, with the abbreviated name RES2H2. Fourteen entities from Greece and abroad participated in the project whose duration was five years with an overall budget amounting to €5.4 million, funded by 50% by the EU within the framework of the ENERGIE program of the 5th Framework Program. The project was inaugurated on 19 November 2005 as the first pilot hydrogen production unit from wind energy in Greece.



## Human Resources

The Rokas Group of Companies regards its workforce as an essential and effective partner in developing and executing organizational strategy. We currently employ 240 people and our corporate values of continuous improvement, teamwork and achieving results are woven into every aspect of our human resource management.

We strive to provide a working environment

that encourages employee empowerment and involvement in the attainment of our business goals. In parallel, professional development opportunities through both in-house and off-site training opportunities are offered to our employees in order to assist them in meeting demanding contemporary workplace standards and in achieving their personal and professional career goals.

Underlying all our activities is the Group's commitment to fostering an atmosphere of personal concern through:

- ▶ Cultivating a team-based environment that is stable and professional
- ▶ Valuing each individual as an important contributor to the overall success of our goals
- ▶ Sustaining a work environment which

attracts, motivates, develops, rewards, and retains the highest calibre people

- ▶ Developing a well-trained workforce, constantly developing new skills and knowledge
- ▶ Providing access to the latest tools, resources and technology to support and enhance the work produced at all levels
- ▶ Implementing quality principles and practices as well as innovations in human resources administration

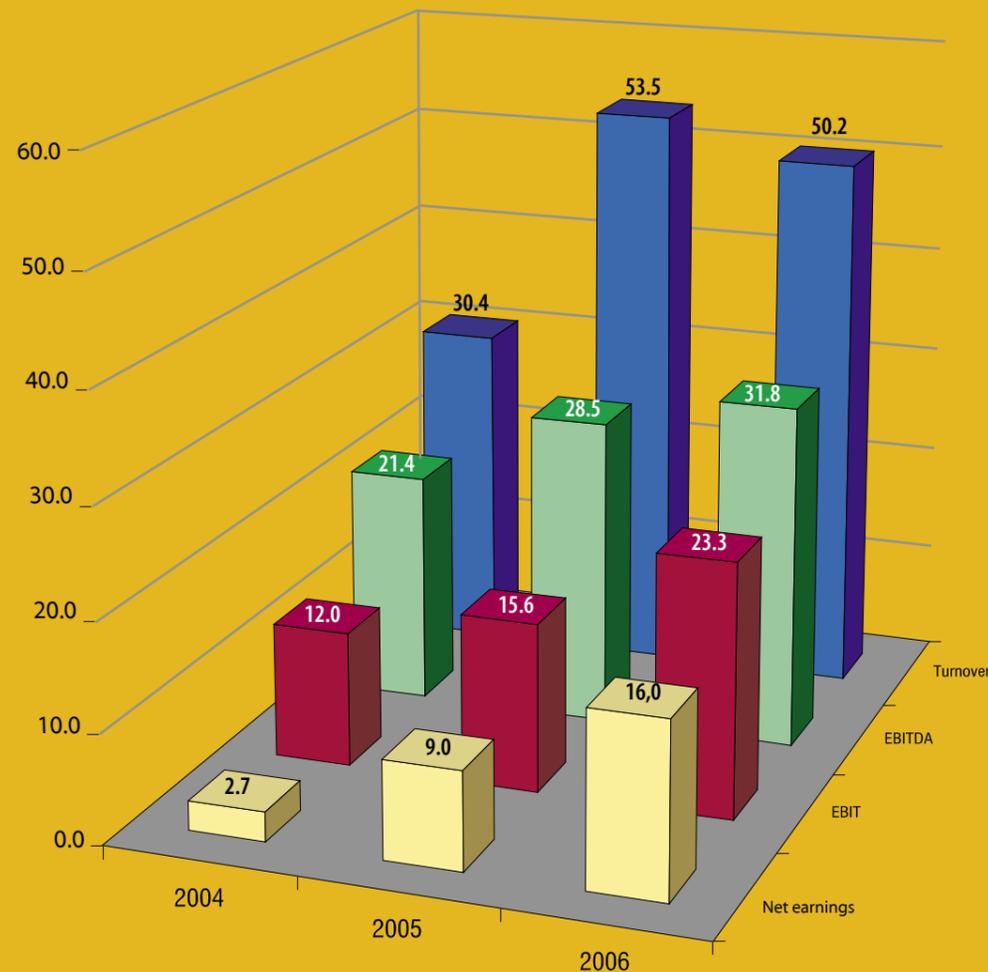


**FINANCIAL  
HIGHLIGHTS**



# FINANCIAL HIGHLIGHTS

## Consolidated Financial Results (M EUR)



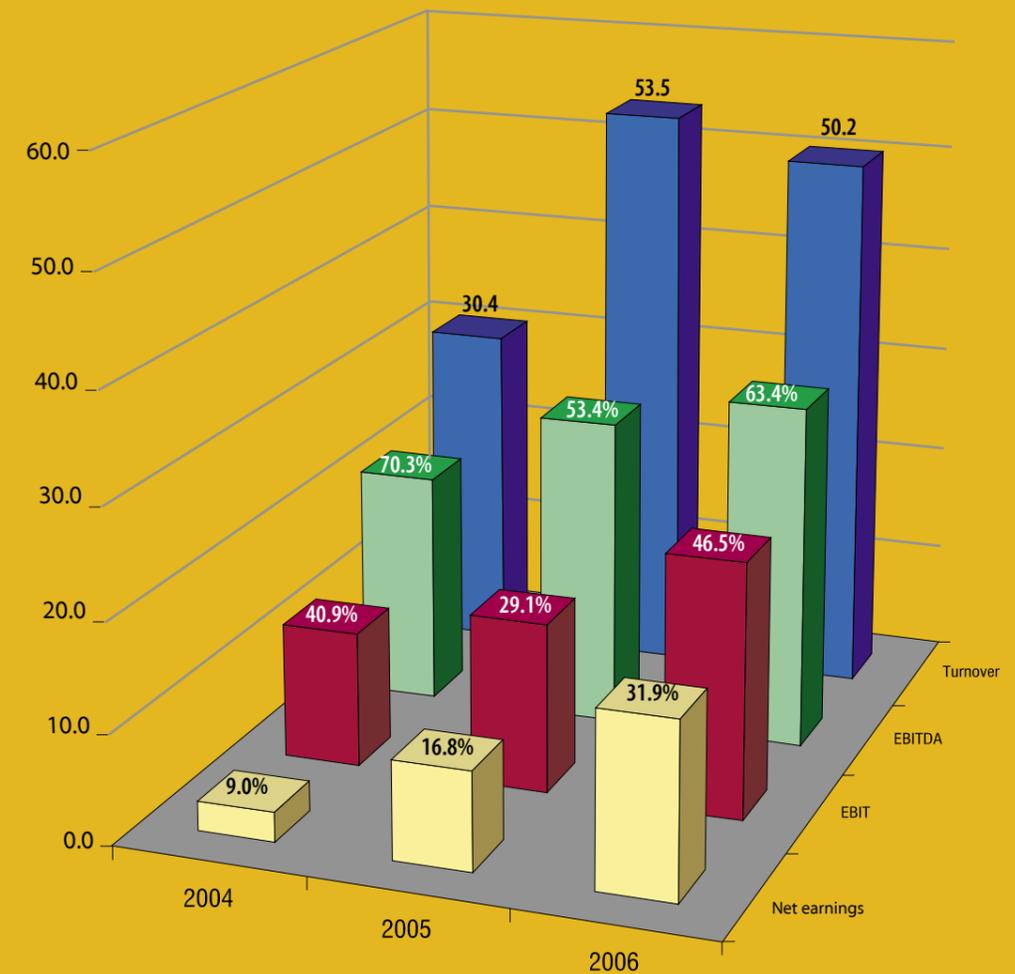
► **Consolidated turnover** reached €50.2m, slightly decreased compared to 2005, mainly due to the reduction of sales in E/M equipment and fisheries. 79% of total sales originated from the energy sector.

► **EBITDA** stood at €31.8m compared to €28.5m in 2005, considerably improved due to the greater contribution of the energy sector, which performed better on a per MW basis.

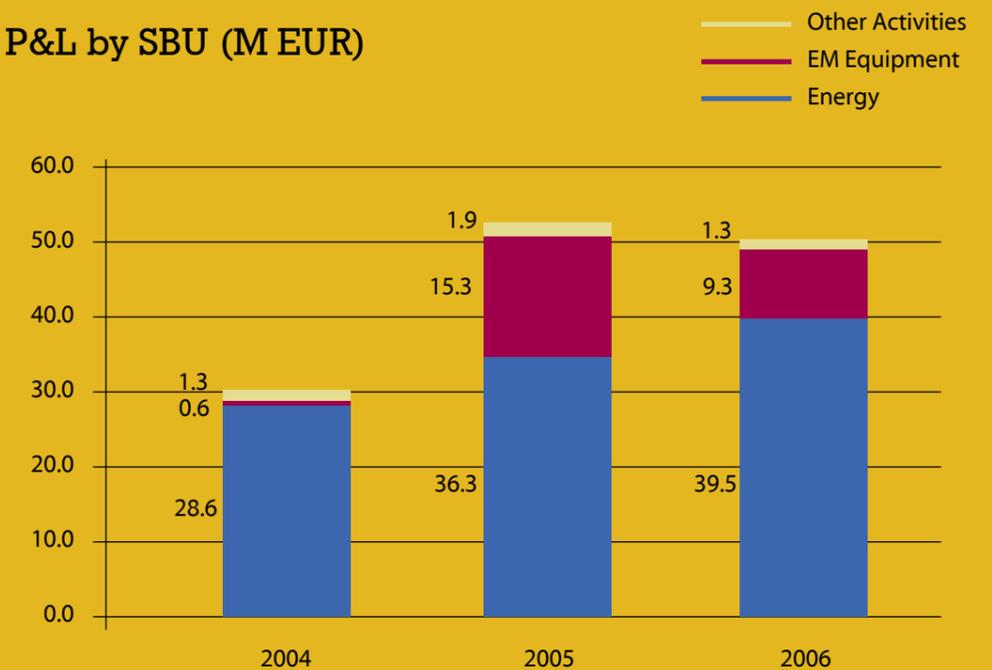
► **EBIT** margins have improved year on year due to lower depreciation, which was the result of fully depreciated assets and a reduction in capitalized long-term environmental provisions.

► **Net Earnings** reached the amount of €16m, an increase of 77.9%, which is partially attributed to exceptional gains from IFRS deferred tax credits as well as to the decrease of net financial expenses.

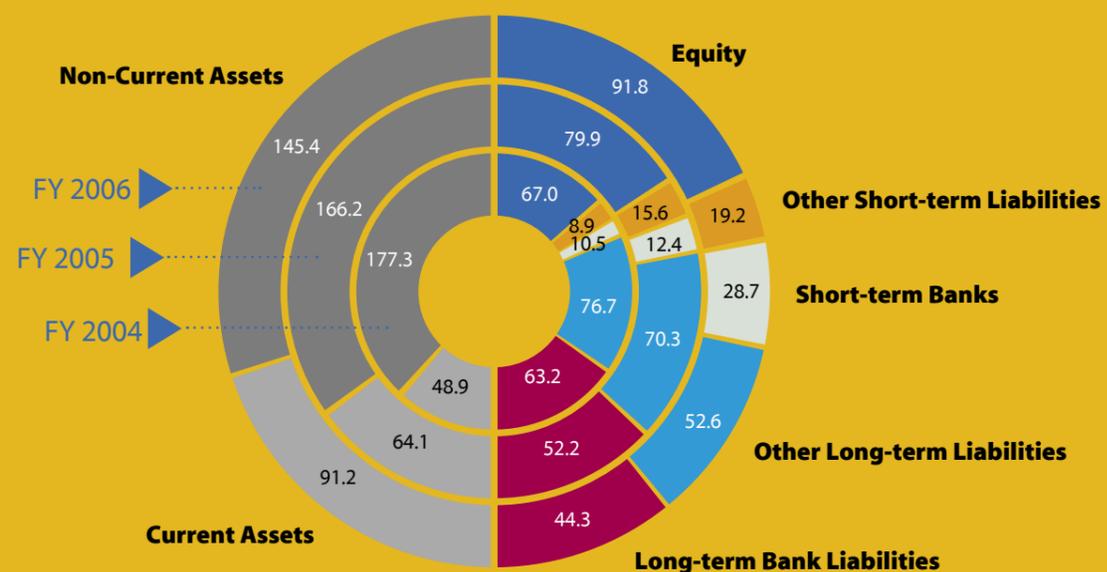
## Profit Margins



## P&L by SBU (M EUR)



## Balance Sheet Highlights (M EUR)



## Concolidated Cash Flow (M EUR)

	2004	2005	2006
Cash Flow from Operating Activities	+24,2	+19,6	+14,6
Cash Flow from Investing Activities	-38,3	+9,7	-19,0
Cash Flow from Financing Activities	-1,4	-12,5	+4,4
<b>Total Cash Flow</b>	<b>-15,5</b>	<b>+16,8</b>	<b>-0,4</b>
Cash at the beginning of the year	+34,3	+18,8	+35,5
Cash at the end of the year	+18,8	+35,6	+35,1

## Financial Ratios

		2004	2005	2006
<b>LIQUIDITY</b>				
CURRENT RATIO	(x)	2.52	2.29	1.91
QUICK RATIO	(x)	2.30	2.05	1.74
<b>VIABILITY</b>				
DEBT TO EQUITY	(x)	2.38	1.88	1.58
TIMES INTEREST EARNED	(x)	2.20	4.14	6.72
<b>RETURN</b>				
R.O.E.	%	4.21	11.61	17.83
R.O.A.	%	1.21	3.91	6.77

## Share Price Evolution & Trading Volume



## ROKAS vs ATHEX



## Investment Ratios

	2004	2005	2006
DIVIDEND PER SHARE	€ 0.150	0.170	0.180
EBITDA/SHARE	€ 0.53	0.67	0.98
DIVIDEND YIELD	% 2.63%	1.88%	1.06%
P/E	(x) 49.50	23.41	25.15
PRICE/BV	(x) 2.08	2.72	4.48
P/SALES	(x) 4.44	3.94	8.02
P/EBITDA	(x) 10.84	13.53	17.25
<b>SHARE DATA</b>			
NUMBER OF SHARES	23,638,000	23,297,000	23,774,000
AVERAGE SHARE PRICE	€ 5.71	9.04	16.93

Number of Shares:  
**23,774,324**

Share symbols:  
**POKPA, POKKA (ATHEX)**  
**ARCm.AT, ARCr.AT (Reuters)**  
**ROKKA GA (Bloomberg)**

Calculations were made taking into account Average Share Price of every year.



**CORPORATE  
GOVERNANCE**

## CORPORATE GOVERNANCE

Corporate governance is central to Rokas' operations, spelling out the rules and procedures for making decisions on its corporate affairs. It also provides the structure through which the company objectives are set, as well as the means of attaining and monitoring the performance of those objectives with honesty, trust, openness, responsibility, accountability, mutual respect and commitment.

Fully understanding the way in which corporate governance directs how policies and processes are implemented and how people are led, Rokas has developed an internal system encompassing policies, processes and people, which serves the needs of all stakeholders by controlling management activity with transparency, objectivity and integrity.

The Principles of Corporate Governance of the Rokas Group of Companies define the rules which protect the interests of shareholders and investors and at that same time the Group itself against anyone, whose intention and/or capacity is to put their personal interests before the Company's. The scope of the Principles of Corporate Governance is to specify the rights and obligations of the stakeholders in the Group's management, as well as the consequences of their actions on the future profitability, efficiency and prospects of the Group



### The Principles of Rokas' Corporate Governance specify:

- ▶ The Group's organizational structure, the responsibilities and duties of employees, the members of the Board of Directors, as well as its partners including all subsidiaries.
- ▶ The Group's management and control procedures and systems.
- ▶ The rules that govern the relationships between the shareholders and the Chief Officers, the minority and the majority shareholders as well as the main suppliers and the main clients.

### The implementation of the Principles of Corporate Governance, aim at:

- ▶ More effective procedures for administrative decision making and administrative control.
- ▶ More efficient and transparent use of the Group's production resources.
- ▶ Promoting Corporate Culture and creating a positive atmosphere between employees and partners.
- ▶ Avoiding interest conflicts between Chief Officers and Members of the Board of Directors and the Group's suppliers, or among groups of suppliers.
- ▶ Improved assessment of the Company and the Group by analysts and/or investors and protection of the share price.
- ▶ Reduction of borrowing costs and therefore of the Group's weighted average cost of capital.
- ▶ Management of mass reactions by shareholders-investors and/or of potential negative image of the Company and the Group.

### Internal Regulations System

The Internal Regulations System is the codification of the Group's Corporate Governance System. Apart from the regulatory guidelines of the Hellenic Capital Market's Committee, the Internal Regulations System includes the circular guidelines of Management for a more effective administration of the Group.

Management gives great emphasis to transparent financial administration, and considers reliability as the main precondition for the maximization of the value of the business and therefore of the share price. The Company has made every possible effort to gradually transform from a family business to a modern corporate governance model, according to international standards and best practices.

### More specifically:

- ▶ The composition of the Board of Directors was amended in order to ensure the flexibility and the objectivity of its decisions.
- ▶ Two out of nine members of the Board of Directors are independent non-executive members.
- ▶ The members of the Board of Directors and the Chief Officers of the Company are evaluated annually via a specialised appraisal system.
- ▶ The management of the parent company's divisions as well as its subsidiaries has been renewed to a great extent, by assigning key positions to experienced officers and independent professionals that are not related to the main shareholders.
- ▶ The remuneration of each member of the Board of Directors and of Chief Officers is determined based on their input and the significance of their position.
- ▶ A detailed description that specifies responsibilities, obligations and power limits exists for every key position.
- ▶ Independent supervising committees have been set up, which support Management in the control of the executive members of the Board of Directors, such as the Internal Audit Committee.
- ▶ The Group's organizational structure is clearly illustrated in the organization chart.
- ▶ The Group's principles and policies specify with detailed procedures the daily operation of individual companies.

## Internal Audit Department

The Internal Audit Department is responsible for the effective operation of the System of Internal Control and for the proper implementation of the Group's Internal Regulations System. More specifically, the Internal Audit Department:

- ▶ Monitors the implementation of and the strict compliance to the Company's Internal Regulations System and Articles of Association as well as any legislation concerning the Group's activities.
- ▶ Reports to the Company's Board of Directors any case of personal interest conflict between members of the BoD or Chief Officers and the interests of the Company.
- ▶ Provides the Board of Directors with written quarterly reports of the audit work carried out.
- ▶ Attends the General Shareholders Meetings.
- ▶ Co-operates with Supervising Authorities, provides any information they request upon approval of the Board of Directors and facilitates in every possible way their monitoring, auditing and supervising work.
- ▶ Evaluates on an ongoing basis the adequacy and function of preventive safety measures and in general the reliability of the System of Internal Control.

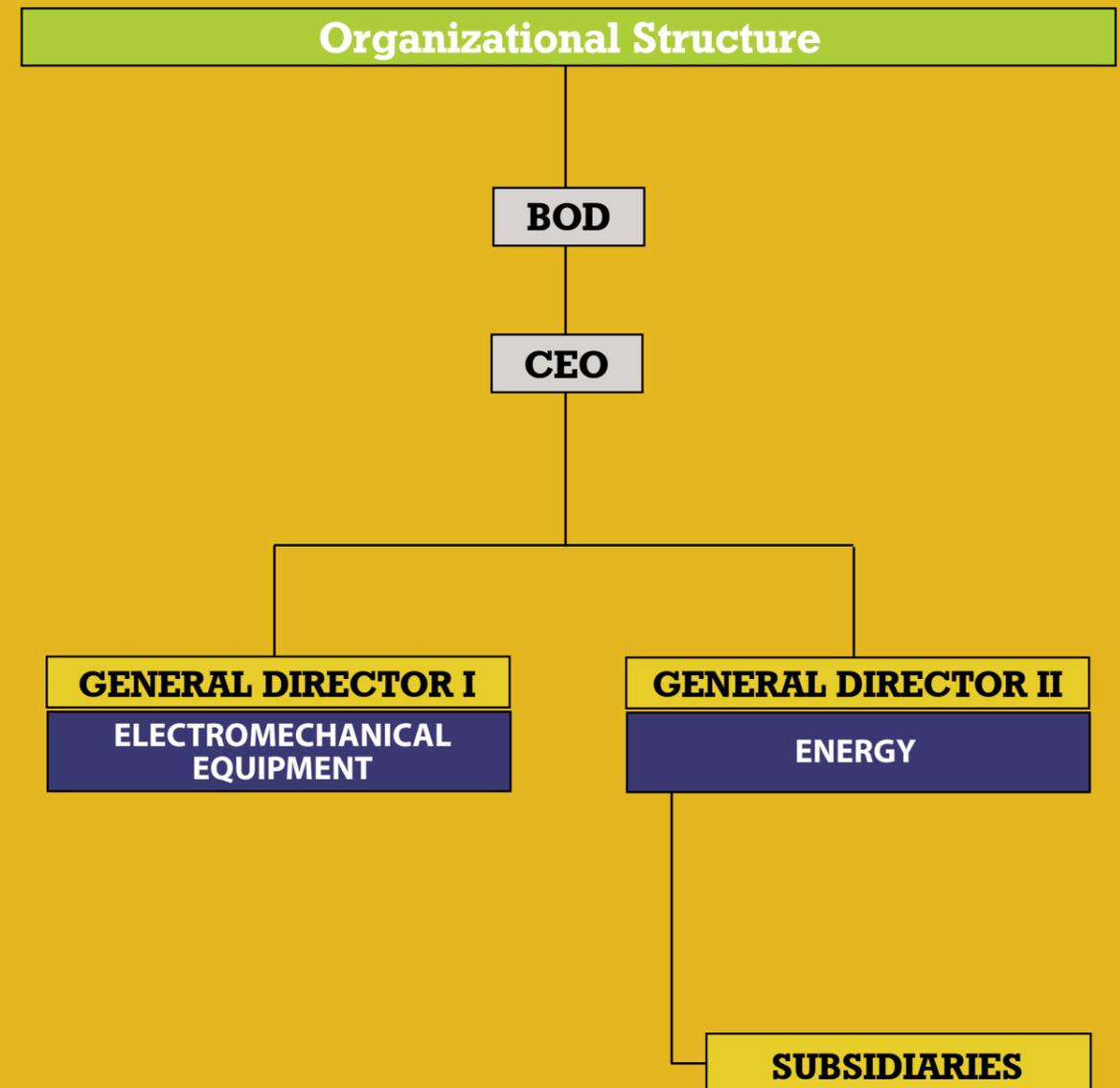
- ▶ Analyzes risk areas of the Group's activities and ensures proper risk management.
- ▶ Conducts audits on financial administration, operation & procedures as well as security checks on the Information Systems (including physical security).
- ▶ Carries out special purpose audits upon request of the Internal Audit Committee, the Chairman of the Board of Directors and the Chief Executive Officer in areas of high risk or in extreme cases of embezzlement/fraud.
- ▶ Audits the accuracy of financial statements, management information reports as well as reports to the Supervising Authorities.
- ▶ Checks and reports on the level of compliance of the Group's Companies with their respective legal and legislative operation framework.
- ▶ Prepares internal audit reports and recommendations.



## Board of Directors

<b>George C. Rokas</b>	Chairman of the Board of Directors
<b>Matthew Troulis</b>	Chief Executive Officer
<b>Vassiliki Christodouloupoulou</b>	Vice-chairman of the Board of Directors
<b>Xabier Viteri Solaun</b>	Executive member
<b>Athanasios Tsantilas</b>	Executive member
<b>Maria Dolores Herrera Pereda</b>	Executive member
<b>Pedro Azagra Blazquez</b>	Non-executive member
<b>Konstantinos Petalas</b>	Independent non-executive member
<b>Maurice Modiano</b>	Independent non-executive member

## Organizational Chart



## Key Management

### Christos Rokas

Honorary Chairman of the Board of Directors, graduate of the University of Karlsruhe (School of Mechanical Engineering). He founded the Company in 1958 and until 2004 held the position of Chief Executive Officer. Today, he is fully occupied with the development of the interconnection project of three islands, of 1.636 MW capacity, in the N. Aegean Sea.

### George C. Rokas

Chairman of the Board of Directors, graduate economist, with experience in financial management and the operation of wind farms.

### Vassiliki Christodouloupoulou

Vice-Chairman, graduate of the National Technical University of Athens (School of Mechanical and Electrical Engineering). She has been with the Company since 1980 and is very experienced in mechanical design and project management.

### Matthew Troulis

Chief Executive Officer, graduate of the Athens University of Economic and Commercial Sciences. He has worked for the Company for 29 years (1968-1993 and 2004-2006) and has also served as Chairman and Chief Executive Officer of PricewaterhouseCoopers Business Solutions for 7 years.

### Athanasios Tsantilas

General Director of Energy, graduate Mechanical Engineer and MBA graduate. He has been with the Company since 1989 and has significant experience in project and commercial management.

### Christian Thomas

Group Finance & Administration Director, BSc in Economics (LSE), Msc Information Systems Development (LSE) and holder of ACA qualification (Institute of Chartered Accountants of England and Wales). He has extended experience in IFRS and is responsible for the strategic financial controlling and reporting aspects of the Group.

### Constantinos Vrettos

Director of Renewable Energy Sources, graduate Mechanical Engineer of the University of Thessaloniki and MBA graduate (Imperial College). He has worked with the Company since 1993 and has significant experience in the development, construction and operation of wind farms.

### Nikolaos Maniatis

Plant Manager, graduate Mechanical Engineer of the University of Patras. He has been with the Company since 1992 and has significant experience in engineering design as Production Manager.

### Simos Camhis

Corporate Finance Director and Investor Relations Officer (IRO), graduate economist and MBA graduate (SDA Bocconi). He joined the Company in 2000 having significant experience in consulting firms in financial planning, corporate funding, budgeting, financial modelling and business planning.

A photograph of several wind turbines silhouetted against a sunset sky. The sun is low on the horizon, creating a warm orange and yellow glow. The sky is filled with soft, wispy clouds. The turbines are arranged in a line, receding into the distance. The foreground is dark, showing the silhouette of the ground and the base of the turbines.

**SOCIAL  
RESPONSIBILITY**

## SOCIAL RESPONSIBILITY

Rokas perceives of its daily practice as a manifestation of its commitment to being a socially responsible corporate citizen. We chart our dynamic growth course, governed by the principles of sustainable development, incorporating the obligation to take into consideration the immediate and long-term social and environmental interests of Customers, Employees, Shareholders and Society into all aspects of our operations.

### Society

Rokas actively supports the work of various non governmental organizations and charitable institutions donating resources towards the realization of initiatives that aim to alleviate the discomfort and improve the quality of life of underprivileged groups of our Society.

### Culture & Education

We enthusiastically support various school activities, providing aid to parents associations, student groups and local community associations for the production of plays, music concerts and other cultural or athletic events.

### Academic Research

Being pioneers in wind energy in Greece we offer our full support to programs in various university departments and other academic institutions or scientific organizations that conduct research concerning wind energy.

### Environment

Concern for the environment is central to our corporate existence. In fact,

our principal pursue, "Green Energy", which is in itself the core of our activity, disperses its benefits to communities all around the country, through continuous research and development of new technologies for further usage of Renewable Energy Sources in order to reduce environmental pollution. Furthermore, we organize visits and offer internships for students of technological institutes at currently operating wind farms and at the Company's headquarters in order to provide "hands on" experience in the development of renewable energy sources. In addition, being open to all Environment friendly groups, we organize day visits for outdoor activity clubs as well as ecological organizations to operating wind farms.

### Frontier Greece

The socially sensitive frontier communities of northern Greece as well as the small islands find in Rokas an alternative way of developing their fragile economies, through job creation in remote and socially sensitive areas of the country (Thrace, Evros, Samos), while at the same time becoming pioneers themselves in showcasing renewable energy sources in action.

### Infrastructures

We sponsor and support the work of many municipalities by providing the means to develop important infrastructure facilities. In addition, a large part of our contribution to infrastructure improvement relates to works in communities, villages and inaccessible areas near our wind farms, for example, road openings, paving of squares, and buildings' maintenance.







# **C. ROKAS SA**

## **ANNUAL REPORT 2006**

In accordance with the Hellenic Capital Market Committee decision 5/204/14.11.2000  
(as amended by decision 7/372/15.2.2006 issued by its Board of Directors)



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## 1. ANNUAL REPORT PREPARATION AND AUDIT OF FINANCIAL STATEMENTS

### Annual Report preparation

The present Annual Report contains all the necessary data and information that will enable investors and their consultants to properly assess the worth, financial status, results, activities and prospects of C. Rokas SA (hereinafter called the “Company”) and its subsidiaries (hereinafter called the “Group”).

This Annual Report has been prepared and distributed pursuant to the provisions of the applicable legislation.

The following persons are responsible for the preparation of the Annual Report and the accuracy of the information contained therein:

1. Mr. Matthew Troulis, Chief Executive Officer, resident of Papagou, tel. 210-8774100
2. Mr. Christian Thomas, Group Finance & Administration Director, resident of Kifissia, tel. 210-8774100.

The Company’s Board of Directors and the authors responsibly state that:

- a) The information and the data contained in the Annual Report are complete and true.
- b) No other information exists and no other events have occurred, which if concealed or omitted, would render the content of the Annual Report misleading.
- c) There are no pending court disputes or arbitrations against the Company, the outcome of which could have a material effect on its financial position.

### Audit of Financial Statements

The audit firm Ernst & Young (Hellas) S.A. has audited the Company and the Group’s subsidiaries for the fiscal year 2006. The audit was carried out by the Certified Auditor Mr. John Mystakidis (Certified Auditors-Accountants Reg. No. 16511) of Ernst & Young (Hellas). The audit reports for the Company and the Group are both unqualified and can be found in the sections 5 and 6 of the present Annual Report, along with the published financial statements.

The audit of the annual financial statements (consolidated and standalone) for the financial years 2005 and 2004 were carried out by the Certified Auditor Mr. Konstantinos Michalatos (Certified Auditors-Accountants Reg. No. 17701) of PricewaterhouseCoopers.



## 2. REPORTS OF THE BOARD OF DIRECTORS ON THE ANNUAL FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE GROUP

### 2.1. Board of Directors Report on the Annual Consolidated Financial Statements of the Group

Dear Shareholders,

2006 was another important year for the Rokas Group, as we ended the year with a significant increase in Group's results.

Analysing the financial information of the Consolidated Financial Statements of 2006 according to IFRS, we mention the following:

#### **Results of 2006**

The Group's turnover amounted €50.2m, as compared to €53.5m in 2005, showing a decrease of 6%.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of the Group rose 22% from €28.5m in 2005 to €31.8m in 2006.

The earnings after tax (EAT) of the Group rose 72% from €9.4m in 2005 to €16.2m in 2006.

The earnings per share (EPS) attributable to the shareholders of the Company came to €0.67 in 2006, as compared to €0.39 in 2005.

#### **Equity as at 31/12/2006**

Total Group Consolidated Equity as at 31 December 2006 amounted to €91.8m, as compared to €79.9m as at 31 December 2005.

#### **Cash Flows for 2006**

The total net cash outflows for the Group for 2006 amounted to €0.4m, while for 2005 the Group showed total net cash inflows amounting to €16.7m.

#### **Approval of 2006 Financial Statements**

Ending this report, we ask the General Assembly to approve the Annual Consolidated Financial Statements for the year ended 31 December 2006, and to dismiss the Board of Directors and the Certified Auditor Accountant of any responsibility relating to the administration of the year ended 31 December 2006.

Athens, 13 March 2007

THE PRESIDENT OF THE BoD  
GEORGE ROKAS

## 2.2. Board of Directors Report on the Annual Financial Statements of the Company

Dear Shareholders,

2006 was another important year for the Company, as we ended the year with a significant increase in Company's results. Analysing the financial information of the Financial Statements of 2006 according to IFRS, we mention the following:

### **Results of 2006**

The Company's turnover amounted €16m, as compared to €25m in 2005, showing a decrease of 36%.

The Company showed losses before interest, tax, depreciation and amortisation (EBITDA) of €0.6m, while in 2005 the earnings before interest, tax, depreciation and amortisation (EBITDA) of the Company amounted €5.1m, showing a decrease of 112%.

The earnings after tax (EAT) of the Company, however, showed a significant increase of 148% and amounted €6.7m, as compared to €2.7m in 2005.

The earnings per share (EPS) attributable to the shareholders of the Company came to €0.28 in 2006, as compared to €0.12 in 2005.

### **Equity as at 31/12/2006**

Total Company Equity as at 31 December 2006 amounted to €96.7m, as compared to €94m as at 31 December 2005.

### **Cash Flows for 2006**

The total net cash outflows for the Company for 2006 amounted to €4.6m, while for 2005 the Company showed total net cash inflows amounting to €3.9m.

### **Proposed Dividend for 2006**

The proposed dividend for the year ended 2006 is €0.18 per share (€4.3m) as opposed to €0.17 per share (€4m) for 2005.

### **Approval of 2006 Financial Statements**

Ending this report, we ask the General Assembly to approve the Annual Financial Statements for the year ended 31 December 2006, and to dismiss the Board of Directors and the Certified Auditor Accountant of any responsibility relating to the administration of the year ended 31 December 2006.

**Athens, 13 March 2007**

**THE PRESIDENT OF THE BoD**

**GEORGE ROKAS**

### **3. EXPLANATORY REPORT TO THE ORDINARY GENERAL SHAREHOLDER MEETING OF “C. ROKAS S.A.” PURSUANT TO ARTICLE 11A OF LAW 3371/2005**

The present explanatory report of the Board of Directors to the Ordinary General Shareholder Meeting contains analytical information regarding the issues of paragraph I, article 11a, of Law 3371/2005.

#### **I. Structure of the Company’s Share Capital**

The Company’s share capital amounts to eleven million, eight hundred eighty seven thousand one hundred and sixty two euro (EUR 11,887,162), divided into twenty three million seven hundred seventy four thousand three hundred and twenty four (23,774,324) registered shares with a nominal value of fifty cents (EUR 0.50) each, of which 20,544,452 are ordinary registered shares and the remaining 3,229,872 are preferred shares without voting rights. The Company’s shares are listed in the Athens Stock Exchange (Large Cap Classification).

(A) Each ordinary share provides all the rights stipulated by law and the Company’s Articles of Association. In particular:

- the right to receive dividend from the Company’s annual profits or liquidation proceeds. A percentage equal to 6% of the paid capital is distributed from each financial year’s profit to the shareholders as interim dividend, whereas the payment of an additional dividend is decided by the General Meeting. Every shareholder listed in the Company’s shareholder register is entitled to receive dividends at the date of determination of dividend beneficiaries. For the financial year ended on 31 December 2006, according to the announced 2007 Company action plan, the dividend will be paid within seven (7) working days from the dividend cut-off date, which has been set for 18 May 2007, namely the day following the Ordinary General Meeting that will approve the financial statements. The process and place of payment will be announced through the Press. The right to dividends is written-off and the respective amount is paid to the State, after the lapse of 5 years from the end of the year, during which the General Meeting approved the distribution of dividends.
- the right to recover the contribution during liquidation, or, similarly, the right to amortisation of the capital corresponding to the share, provided the General Meeting has decided so.
- the pre-emptive right in every Company share capital increase exercised in cash and the acquisition of new shares,
- the right to receive a copy of the financial statements and reports by the chartered accountants/auditors and the Company’s Board of Directors,
- the right to participate in the General Meeting, which is analysed in the following individual rights:  
Attendance in person or through a representative, participation in discussions, submission of proposals on agenda issues, recording of opinions in the minutes of the meeting and voting. Every ordinary share gives the right to one vote.
- The General Meeting of Company shareholders reserves all rights during liquidation (according to article 34 of its Articles of Association). The liability of Company shareholders is limited to the nominal value of the shares they own.

(B) Preferred shares provide the following rights:

- preferred shares are first, compared to ordinary shares, to receive the first dividend of each financial year, which is equal to 6% of the share’s nominal value;
- they are equally entitled, as ordinary shares, to receive additional dividends distributed in any form;
- they are entitled to accumulated dividend. Namely, if during one or several financial years the company does not pay dividend or pays a dividend less than expected (6%), the preferred shares will receive the accumulated dividend of these financial years from the profits of the subsequent financial years.

- during company dissolution or liquidation the preferred shareholders shall be paid preferentially the share capital they have paid into the company and at the same time, they equally participate, along with the owners of ordinary shares, in the liquidation proceeds for the amount exceeding the company's capital.

## II. Limitations in Transferring Company Shares

Transfer of Company shares is carried out according to the provisions of Law, with no limitations stipulated by the Articles of Association, considering that these are intangible shares listed on the Athens Stock Exchange.

## III. Significant Direct or Indirect Participations Pursuant to Presidential Decree 51/1992

Shareholders (physical or legal entities) directly or indirectly owning, as of 31 December 2006, a percentage higher than 5% of the total company shares with voting rights, are listed in the table below.

<b>FULL NAME</b>	<b>SHARES</b>	<b>PERCENTAGE</b>
IBERDROLA ENERGIAS RENOVABLES S.A.	10,251,682	49.90
CHRISTOS ROKAS	1,329,327	6.47

## IV. Shares Granting Special Control Rights

There are no Company shares granting their owners special control rights.

## V. Voting Right Limitations

The Company's Articles of Association do not stipulate limitations pertaining to voting rights during General Meetings.

## VI. Agreements between Company Shareholders

The Company is not aware of any agreement whatsoever between its shareholders, which establishes limitations to the transfer of Company shares or the exercise of voting rights.

## VII. Regulations on Appointing and Replacing BoD Members and Amending the Articles of Association

The regulations provided by the Company's Articles of Association regarding the appointment and replacement of members of the Board of Directors and the amendment of provisions of its Articles of Association are no different than those stipulated in Codified Law 2190/1920.

## VIII. Duties of the BoD Regarding the Issuance of New or the Purchase of Own Shares

A) According to the provisions of article 13, par. 1, sections (b) and (c) of Codified Law 2190/1920, in combination with article 6 of its Articles of Association and upon relevant decision by the General Meeting, being subjected to the publication provisions of article 7b of Codified Law 2190/1920 and being taken in extraordinary quorum and with a majority vote of two thirds (2/3), the Company's Board of Directors has the right to increase the Company's share capital by issuing new shares, by a decision taken by a majority vote of at least eight ninths (8/9). In this case, the share capital can be increased by an amount equal to the capital already paid up on the date the General Meeting granted the said power to the Board of Directors. The General Meeting can renew the above power of the Board of Directors for a term not exceeding five years.

B) During the Financial Year ended on 31 December 2006, the General Meeting of the Company’s Shareholders did not take any decision regarding the enactment of a plan, by which the Company will purchase its own shares, pursuant to the provisions of article 16 of Codified Law 2190/1920.

**IX. Significant Agreements that Come Into Force, are Amended or Terminated in the Event of Change of Control, Following a Takeover Bid**

There are no agreements, which come into force, are amended or terminated in the event of change of Company control, following a takeover bid.

**X. Agreements with Members of the Board of Directors or Company Personnel**

There are no agreements between the Company and members of the Board of Directors or its personnel, which provide for the payment of compensation, especially in the event of resignation or termination of employment without reasonable grounds or termination of term or employment due to a takeover bid.

For the Company’s BoD,

**The Chairman of the BoD**

**Georgios Ch. Rokas**



## 4. SYNOPTIC FINANCIAL DATA AND INFORMATION OF THE PARENT COMPANY AND THE GROUP



### **C. ROKAS SA**

#### **SYNOPTIC FINANCIAL STATEMENTS AND INFORMATION FOR THE FISCAL YEAR from 1 January 2006 to 31 December 2006**

(published according to L. 2190 article 135, for companies that prepare annual financial statements, consolidated and non-consolidated, according to IFRS)

The following facts and information provide a general view of the financial position and the results of the company C. ROKAS SA and of the ROKAS GROUP. Any reader seeking a complete picture of the financial position and results should obtain access to the annual financial statements according to International Financial Reporting Standards, as well as the Independent Auditors' Report. Indicatively, the reader may visit the Company's website ([www.rokasgroup.gr](http://www.rokasgroup.gr)) where such information is posted.

#### **COMPANY'S INFORMATION**

<b>Address of head office:</b>	Rizareiou 3, Halandri 15233
<b>Societe Anonyme Reg. No.:</b>	2971/06/B/86/08
<b>Supervising authority:</b>	Ministry of Commerce & Development
<b>Approval date of the annual financial statements:</b>	13 March 2007
<b>Certified Public Accountant Auditor:</b>	Ioannis Mystakidis (Reg No. 16511)
<b>Auditing company:</b>	Ernst & Young
<b>Type of audit report:</b>	Unqualified
<b>Company's website:</b>	<a href="http://www.rokasgroup.gr">www.rokasgroup.gr</a>

#### **Board of Directors composition:**

George C. Rokas  
Vassiliki I. Christodouloupoulou  
Matthew I. Troulis  
Xabier Viteri Solana  
Athanasios Tsantilas  
Maria Dolores Herrera Pereda  
Pedro Azagra Blazquez  
Konstantinos Petalas  
Maurice Modiano

#### **BALANCE SHEET**

All amounts in € thousands

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2006</b>	<b>31/12/2005</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
<b>ASSETS</b>				
Fixed assets	145,371	166,245	81,676	77,661
Inventories	8,007	6,704	6,330	5,681
Trade accounts receivable	12,267	12,957	12,604	10,412
Other assets	70,910	44,452	8,955	9,041
<b>TOTAL ASSETS</b>	<b>236,555</b>	<b>230,358</b>	<b>109,565</b>	<b>102,795</b>
<b>LIABILITIES</b>				
Long term liabilities	96,955	122,478	2,641	2,339
Short term borrowings liabilities	28,663	12,433	5,142	-
Other short term liabilities	19,151	15,555	5,037	6,394
Total liabilities (a)	144,769	150,466	12,820	8,733
Share capital	11,887	11,887	11,887	11,887
Other Company's shareholders equity	77,864	65,583	84,858	82,175
Company's shareholders equity (b)	89,751	77,470	96,745	94,062
Minority interests (c)	2,035	2,422	-	-
Total equity (d) = (b) + (c)	91,786	79,892	96,745	94,062
<b>TOTAL EQUITY AND LIABILITIES (a) + (d)</b>	<b>236,555</b>	<b>230,358</b>	<b>109,565</b>	<b>102,795</b>

### STATEMENT OF CHANGES IN EQUITY

All amounts in € thousands

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Opening equity (01/01/2006 & 01/01/2005 equivalently)	79,892	66,956	94,062	87,851
Profit for the year after tax	16,241	9,408	6,724	2,683
Increase / (decrease) in share capital	-	-	-	-
Distributed dividends	(4,368)	(3,443)	(4,041)	(3,443)
Income / (expense) recognised directly in equity	21	-	-	-
Sale of treasury shares	-	6,971	-	6,971
<b>Closing equity (31/12/2006 &amp; 31/12/2005 equivalently)</b>	<b>91,786</b>	<b>79,892</b>	<b>96,745</b>	<b>94,062</b>

### INCOME STATEMENT

All amounts in € thousands

	GROUP		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Turnover	50,188	53,479	16,153	25,097
Gross profit	22,133	16,784	2,720	6,995
Earnings before tax, financial and investment results, depreciation and amortisation (EBITDA)	31,812	28,532	(635)	5,149
Earnings before tax, financial and investment results (EBIT)	23,327	15,565	(1,544)	4,241
Profit / (Loss) before tax	20,984	13,049	7,289	3,701
Less: income tax expense	(4,743)	(3,641)	(565)	(1,018)
<b>Profit / (Loss) after tax from continuing operations (a)</b>	<b>16,241</b>	<b>9,408</b>	<b>6,724</b>	<b>2,683</b>
<b>Profit / (Loss) after tax from discontinued operations (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit / (Loss) after tax (continuing &amp; discontinued operations) (a)+(b)</b>	<b>16,241</b>	<b>9,408</b>	<b>6,724</b>	<b>2,683</b>
Attributed to:				
Equity holders of the Company	16,003	8,998	6,724	2,683
Minority interests	238	410	-	-
Profit after tax per share - basic (in €)	0.67	0.39	0.28	0.12
Proposed dividend per share - basic (in €)	-	-	0.18	0.17

**SYNOPTIC FINANCIAL DATA AND INFORMATION OF THE PARENT  
COMPANY AND THE GROUP ▶**

**CASH FLOW STATEMENT**

All amounts in € thousands

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1/1-31/12/2006</b>	<b>1/1-31/12/2005</b>	<b>1/1-31/12/2006</b>	<b>1/1-31/12/2005</b>
<b>Operating activities</b>				
Earnings before tax	20,984	13,049	7,289	3,701
<i>Plus / minus adjustments for:</i>				
Depreciation of fixed assets less amortisation of government grants	8,485	12,967	909	908
Provisions	236	2,522	224	792
Results of investing activity and profit from sale of fixed assets	(1,256)	(1,258)	(9,052)	(806)
Interest expense and relative expenses	3,473	3,764	98	88
<i>Plus / minus adjustments for changes in working capital or such that relate to operating activities:</i>				
(Increase) / decrease in inventories	(1,303)	(2,348)	(649)	(2,615)
(Increase) / decrease in receivables	(8,095)	(2,186)	(6,760)	(1,896)
Increase / (decrease) in liabilities (excl. bank loans)	2,872	1,051	(799)	1,769
Minus:				
Interest expense and relative expenses paid	(3,473)	(3,764)	(98)	(88)
Taxes paid	(7,358)	(4,231)	(975)	(1,278)
<b>Total inflows / (outflows) from operating activities (a)</b>	<b>14,565</b>	<b>19,566</b>	<b>(9,813)</b>	<b>575</b>
<b>Investing activities</b>				
(Purchase) / sale of other investments	(52)	13,071	(3,951)	7,083
Purchase of fixed assets	(24,079)	(5,739)	(1,133)	(1,307)
Proceeds from sale of fixed assets	217	472	217	470
Government grants received	4,767	1,434	-	-
Interest received	140	451	8	131
Dividends received	-	-	8,923	347
<b>Total inflows / (outflows) from investing activities (b)</b>	<b>(19,007)</b>	<b>9,689</b>	<b>4,064</b>	<b>6,724</b>
<b>Financing activities</b>				
Proceeds from increase in share capital	-	-	-	-
Proceeds from loans	54,401	-	11,917	-
Repayments of loans	(43,114)	(5,097)	(6,775)	-
Repayments of finance leases (repayment of capital)	(2,901)	(3,984)	-	-
Dividends paid	(4,368)	(3,443)	(4,041)	(3,443)
<b>Total inflows / (outflows) from financing activities (c)</b>	<b>4,018</b>	<b>(12,524)</b>	<b>1,101</b>	<b>(3,443)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>(424)</b>	<b>16,731</b>	<b>(4,648)</b>	<b>3,856</b>
Cash and cash equivalents at the beginning of the year	35,521	18,790	7,061	3,205
<b>Cash and cash equivalents at the end of the year</b>	<b>35,097</b>	<b>35,521</b>	<b>2,413</b>	<b>7,061</b>

**TRANSACTIONS AND BALANCES WITH RELATED PARTIES AND KEY MANAGEMENT**

All amounts in € thousands

	GROUP		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Sales of goods and services	-	-	6,812	9,774
Purchases of goods and services	-	-	-	-
Receivables	-	-	3,708	2,204
Liabilities	-	-	-	-
Salaries and benefits of the key management	1,359	963	1,359	963
Receivables from key management	-	-	-	-
Liabilities to key management	-	-	-	-

**ADDITIONAL DATA AND INFORMATION:**

I. The Group consists of the following companies, which are included in the consolidated financial statements using the full consolidation method:

Company, domicile	Holding (%)	Open tax years
	Direct&Indirect	
C. ROKAS SA, Halandri	PARENT CO	2004 - 2006
Rokas Aeoliki SA , Halandri	99.00	2005 - 2006
Rokas Aeoliki Evia SA , Halandri	99.13	2003 - 2006
Rokas Aeoliki Zarakes SA , Halandri	99.13	2003 - 2006
Rokas Aeoliki Kriti SA , Halandri	99.62	2003 - 2006
PPC Renewables Rokas SA , Halandri	51.00	2003 - 2006
Rokas Aeoliki Thraki SA , Halandri	99.00	2003 - 2006
Rokas Aeoliki Thraki II SA , Halandri	99.09	2003 - 2006
Rokas Aeoliki Thraki III SA , Halandri	98.97	2003 - 2006
Rokas Aeoliki Komito SA , Halandri	99.99	2003 - 2006
Rokas Aeoliki Thessalia I SA , Halandri	98.97	2003 - 2006
Rokas Aeoliki Thessalia II SA , Halandri	98.97	2003 - 2006
Rokas Aeoliki Viotia SA , Halandri	98.97	2003 - 2006
Rokas Aeoliki Achladotopos SA , Halandri	98.97	2003 - 2006
Rokas Energy SA , Halandri	99.11	2003 - 2006
Rokas Aeolos Ltd , Halandri	100.00	-
Rokas Aeoliki Vorios Ellas I Ltd, Halandri	100.00	-
Rokas Aeoliki Vorios Ellas II Ltd, Halandri	100.00	-
Rokas Aeoliki Kozani I Ltd, Halandri	100.00	-
Rokas Aeoliki Kozani II Ltd, Halandri	100.00	-
Rokas Aeoliki Macedonia I Ltd, Halandri	100.00	-
Rokas Aeoliki Macedonia II Ltd, Halandri	100.00	-
Rokas Aeoliki Macedonia III Ltd, Halandri	100.00	-
Rokas Aeoliki Macedonia IV Ltd, Halandri	100.00	-
Rokas Aeoliki Peloponnisos I Ltd, Halandri	100.00	-
Rokas Aeoliki Peloponnisos II Ltd, Halandri	100.00	-
Rokas Aeoliki Peloponnisos III Ltd, Halandri	100.00	-
Rokas Aeoliki Peloponnisos IV Ltd, Halandri	100.00	-
Rokas Aeoliki Sterea Ellas I Ltd, Halandri	100.00	-
Rokas Aeoliki Sterea Ellas II Ltd, Halandri	100.00	-

**SYNOPTIC FINANCIAL DATA AND INFORMATION OF THE PARENT  
COMPANY AND THE GROUP ▶**

Rokas Aeoliki Cyprus Ltd, Halandri		75.00	-
Hellenic Fish SA , Halandri		90.39	2003 - 2006
Rokas Logistics SA , Halandri	*	100.00	-
Rokas Hydroelectric I Ltd, Halandri	*	100.00	2006
Rokas Hydroelectric II Ltd, Halandri	*	100.00	2006

\* These companies are being consolidated for the first time.

2. The Company's financial statements are included, using the full consolidation method, in the consolidated financial statements of the company IBERDROLA ENERGIAS RENOVABLES SA (subsidiary of the Spanish Group IBERDROLA SA), which is incorporated and domiciled in Spain and as at 31 December 2006 held 49.9% of the common share capital of the Company.
3. The accounting principles that have been applied by the Group are the same with those applied for the 31/12/2005 financial statements.
4. There are no pledges on the fixed assets of the parent company. The pledges on the fixed assets of the Group amount to € 108 million, which relate to guarantees on project finance loans of subsidiaries.
5. There are no contingent liabilities which could have material adverse effects on the financial position of the Group.
6. The number of personnel at the end of the fiscal year is: Group 240, Company 175.  
The number of personnel at the end of the previous year is: Group 236, Company 172.
7. The basic earnings per share have been calculated based on the average number of shares, excluding treasury shares.
8. For simplification purposes, in the above condensed facts and information, certain aggregations and reclassifications has been made.

Athens, 13 March 2007

<b>THE CHAIRMAN OF THE BOD</b>	<b>THE CHIEF EXECUTIVE OFFICER</b>	<b>THE GROUP FINANCE &amp; ADMINISTRATION DIRECTOR</b>	<b>THE GROUP FINANCIAL CONTROLLER</b>
<b>GEORGE ROKAS</b>	<b>MATTHEW TROULIS</b>	<b>CHRISTIAN THOMAS</b>	<b>THE GROUP FINANCIAL CONTROLLER</b>
<b>GREEK ID NO. AB 287690</b>	<b>GREEK ID NO. AB 634497</b>	<b>GREEK ID NO. Π 062606</b>	<b>GREEK ID NO. P 552055</b>



## 5. ANNUAL FINANCIAL STATEMENTS OF THE GROUP (& AUDIT REPORT)

ROKAS GROUP  
CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2006 (IN ACCORDANCE WITH IFRS)



### C. ROKAS SA

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language.

In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

#### Consolidated Financial Statements for the year ended 31/12/2006

It is hereby certified that the presented accounts refer to the Consolidated Financial Statements that were approved by the Board of Directors of the C. Rokas SA on 13/03/2007, that have been publicised by their submission to the Athens Exchange and the Hellenic Capital Markets Committee, and have been posted on the Company's website, at the address [www.rokasgroup.gr](http://www.rokasgroup.gr).

It is noted that the condensed financial facts that have been published in the press are meant to present to the reader several general financial information, yet do not provide a complete picture of the financial position and results of the Company and the Group, according to IFRS.

Furthermore, it is noted that, for simplification purposes, the condensed financial facts that have been published in the press contain certain aggregations and reclassifications.

**George Rokas**  
Chairman of the BoD

## 5.1. Independent Auditors' Report

Translation from Greek original audit report text.

### To the shareholders of "C. Rokas SA"

#### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of C.ROKAS SA and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated 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 consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, 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; 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the 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 consolidated 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 judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 aforementioned consolidated financial statements present fairly, in all material respects, the financial position of 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.

## **Report on Other Legal and Regulatory Requirements**

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

Athens, 13 March 2007

THE CERTIFIED AUDITOR ACCOUNTANT

John Mystakidis  
S.O.E.L. R.N. 16511  
ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.

 **ERNST & YOUNG**

**Consolidated Balance Sheet**

	Note	As at 31 December 2006	As at 31 December 2005
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant, and equipment	5.6	138,508	165,245
Derivative financial instruments	5.8	599	112
Deferred income tax assets	5.16	6,232	855
Other receivables	5.9	32	33
		<b>145,371</b>	<b>166,245</b>
<b>Current assets</b>			
Inventories	5.10	8,007	6,704
Trade and other receivables	5.9	46,535	20,395
Available for sale financial assets	5.7	1,545	1,493
Cash and cash equivalents	5.11	35,097	35,521
		<b>91,184</b>	<b>64,113</b>
<b>Total assets</b>		<b>236,555</b>	<b>230,358</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	5.12	11,887	11,887
Share premium	5.12	49,329	49,329
Other reserves	5.13	15,841	30,362
Retained earnings		12,694	(14,108)
		<b>89,751</b>	<b>77,470</b>
Minority interest		2,035	2,422
<b>Total equity</b>		<b>91,786</b>	<b>79,892</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Borrowings	5.15	44,316	52,161
Derivative financial instruments	5.8	64	567
Deferred income tax liabilities	5.16	3,833	1,794
Retirement benefit obligations	5.17	427	352
Grants	5.18	45,207	45,331
Provisions	5.19	3,108	22,273
		<b>96,955</b>	<b>122,478</b>
<b>Current liabilities</b>			
Borrowings	5.15	28,663	12,433
Trade and other payables	5.14	7,097	4,224
Current income tax liabilities		12,054	11,331
		<b>47,814</b>	<b>27,988</b>
<b>Total liabilities</b>		<b>144,769</b>	<b>150,466</b>
<b>Total equity and liabilities</b>		<b>236,555</b>	<b>230,358</b>

The notes on pages 73 - 98 are an integral part of these consolidated financial statements.

THE CHAIRMAN OF THE  
BOD  
GEORGE ROKAS  
GREEK ID NO. AB 287690

THE CHIEF EXECUTIVE  
OFFICER  
MATTHEW TROULIS  
GREEK ID NO. AB 634497

THE GROUP FINANCE &  
ADMINISTRATION DIRECTOR  
CHRISTIAN THOMAS  
GREEK ID NO. Π 062606

THE GROUP FINANCIAL  
CONTROLLER  
EKATERINI KAPOGLOU  
GREEK ID NO. P 552055

**Consolidated Income Statement**

	<b>Note</b>	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Sales	5.5	50,188	53,479
Cost of goods sold		(28,055)	(36,695)
<b>Gross profit</b>		<b>22,133</b>	<b>16,784</b>
Selling and marketing costs		(618)	(690)
Administrative expenses		(4,860)	(3,897)
Other operating income – net	5.20	6,672	3,368
<b>Operating profit</b>		<b>23,327</b>	<b>15,565</b>
Financial income	5.22	1,130	1,248
Financial expenses	5.22	(3,473)	(3,764)
<b>Profit before income tax</b>		<b>20,984</b>	<b>13,049</b>
Income tax expense	5.23	(4,743)	(3,641)
<b>Profit for the year</b>		<b>16,241</b>	<b>9,408</b>
<b>Attributable to:</b>			
Equity holders of the Company		16,003	8,998
Minorities		238	410
		<b>16,241</b>	<b>9,408</b>
<b>Earnings per share for profit attributable to the equity holders of the Company (€ per share)</b>			
– Basic and diluted	5.24	0.67	0.39

The notes on pages 73 - 98 are an integral part of these consolidated financial statements.

**Consolidated Statement of Changes in Equity**

	<b>Attributable to equity holders of the Company</b>					<b>Minority interest</b>	<b>Total equity</b>
	<b>Share capital</b>	<b>Treasury shares</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Retained earnings</b>		
<b>Balance at 1 January 2005</b>	11,887	(4,369)	49,329	25,625	(17,638)	2,122	66,956
Profit for the year	-	-	-	-	8,998	410	9,408
Sale of treasury shares	-	4,369	-	2,602	-	-	6,971
Distributed dividends	-	-	-	-	(3,333)	(110)	(3,443)
Other movements	-	-	-	2,135	(2,135)	-	-
<b>Balance at 31 December 2005</b>	<b>11,887</b>	<b>-</b>	<b>49,329</b>	<b>30,362</b>	<b>(14,108)</b>	<b>2,422</b>	<b>79,892</b>
<b>Balance at 1 January 2006</b>	<b>11,887</b>	<b>-</b>	<b>49,329</b>	<b>30,362</b>	<b>(14,108)</b>	<b>2,422</b>	<b>79,892</b>
Profit for the year	-	-	-	-	16,003	238	16,241
Distributed dividends	-	-	-	(3,546)	(495)	(327)	(4,368)
Mvnt. from reserves to retained earnings	-	-	-	(12,139)	12,139	-	-
Other movements	-	-	-	1,164	(845)	(298)	21
<b>Balance at 31 December 2006</b>	<b>11,887</b>	<b>-</b>	<b>49,329</b>	<b>15,841</b>	<b>12,694</b>	<b>2,035</b>	<b>91,786</b>

The notes on pages 73 - 98 are an integral part of these consolidated financial statements.

**Consolidated Cash Flow Statement**

	Note	Year ended 31 December 2006	Year ended 31 December 2005
<b>Profit before income tax</b>	5.5	20,984	13,049
Depreciation and amortization	5.20, 5.21	8,485	12,967
Provisions		236	2,522
Results of investing activity and profit from sale of fixed assets		(1,256)	(1,258)
Interest expenses and related expenses	5.22	3,473	3,764
(Increase) / decrease in inventories	5.10	(1,303)	(2,348)
(Increase) / decrease in receivables	5.9	(8,095)	(2,186)
Increase / (decrease) in payables (excluding borrowings)		2,872	1,051
Interest and similar expenses paid	5.22	(3,473)	(3,764)
Income tax paid		(7,358)	(4,231)
<b>Total cash inflows / (outflows) from operating activities</b>		<b>14,565</b>	<b>19,566</b>
Proceeds from sale of investments	5.7	(52)	6,100
Proceeds from sale of treasury shares		-	6,971
Purchases of property, plant and equipment	5.9, 5.6	(24,079)	(5,739)
Proceeds from sale of property, plant and equipment		217	472
Government grants received	5.18	4,767	1,434
Interest received	5.22	140	451
<b>Total cash (outflows) / inflows from investing activities</b>		<b>(19,007)</b>	<b>9,689</b>
Proceeds from borrowings		54,401	-
Repayments of borrowings		(43,114)	(5,097)
Repayments of finance lease borrowings	5.15	(2,901)	(3,984)
Dividends paid	5.25	(4,368)	(3,443)
<b>Total cash (outflows) from financing activities</b>		<b>4,018</b>	<b>(12,524)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(424)</b>	<b>16,731</b>
Cash and cash equivalents at beginning of the year	5.11	35,521	18,790
<b>Cash and cash equivalents at end of the year</b>	5.11	<b>35,097</b>	<b>35,521</b>

The notes on pages 73 - 98 are an integral part of these consolidated financial statements.

## 5.2. Notes to the consolidated financial statements

### 5.2.1. GENERAL INFORMATION

The Rokas Group of Companies (“the Group”) operates mainly in the segments of electromechanical projects and wind energy.

The Group’s activities are mainly in Greece, and its total number of employees is 240 as at 31 December 2006 (236 as at 31 December 2005).

The parent company (“the Company”) of the Group is the C. Rokas SA, which is a societe anonyme (SA) incorporated and domiciled in Greece at the address Rizareiou 3, Halandri 152 33, Athens, Greece.

The Group’s website address is: [www.rokasgroup.gr](http://www.rokasgroup.gr)

The Company is listed on the Athens Exchange.

On 13 March 2007, the Board of Directors of the Company approved these consolidated financial statements for issue, and they are still subject to final approval by the General Assembly of Shareholders.

### 5.2.2. GROUP ACCOUNTING POLICIES

#### 5.2.2.1. Basis of preparation

The consolidated financial statements of C. Rokas SA of 31 December 2006 cover the year ended 31 December 2006 and have been prepared in accordance with International Financial Reporting Standards, as those have been adopted by the European Union.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of specific assets and liabilities (available-for-sale financial assets and derivative financial instruments) to fair value.

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.4: Significant accounting estimates and judgments.

#### 5.2.2.2. Changes in accounting policies

The Group has adopted the following new standards and interpretations during the year 2006:

- IAS 19 (Amendment): Employee benefits
- IAS 21 (Amendment): The effects of changes in foreign exchange rates
- IAS 39 (Amendment): Financial instruments: Recognition and measurement
- IFRIC 4: Determining whether an arrangement contains a lease
- IFRIC 5: Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- IFRIC 6: Liabilities arising from participating in a specific market

The adoption of these standards and interpretations did not have any effect on the financial statements of the Group.

#### 5.2.2.3. Consolidation

These consolidated financial statements consist of the financial statements of the Company, C. Rokas SA and of its subsidiaries. The subsidiary companies that have been included in the consolidation are presented in Note 5.27, together with the relevant percentage holding of the Company and the country of incorporation and domicile of each subsidiary.

#### **Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used, in order to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary, in order to ensure consistency with the policies adopted by the Group.

#### 5.2.2.4. Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments.

#### 5.2.2.5. Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

#### 5.2.2.6. Property, plant and equipment

Property, plant and equipment is presented in these consolidated financial statements at historical cost less subsequent depreciation and potential accumulated provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other fixed assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

<b>Buildings</b>	<b>50</b>	<b>years</b>
<b>Plant and machinery</b>	<b>5–15</b>	<b>years</b>
<b>Equipment, motor vehicles, and furniture</b>	<b>3–8</b>	<b>years</b>

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Own assets constructed include the direct payroll expenses of the personnel involved in the construction, the cost of the used materials, as well as other direct general expenses.

#### 5.2.2.7. Impairment of assets

##### **a) Non financial assets:**

The Group at each balance sheet date examines whether there are indications of impairment for its non financial assets. The carrying values of other non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount is measured as the higher of net selling price and 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 disposal costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**b) Financial assets:**

At each reporting date the Group assesses any potential indicative factor regarding whether a financial asset or group of financial assets has been impaired. The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets stated at cost (investments in subsidiaries and associates in the separate balance sheet), assets measured at amortized cost (non current receivables) and available for sale investments. The recoverable amount of investments in subsidiaries and associates is determined similarly with the non-financial assets. The recoverable amount of the remaining financial assets is generally determined, for the purpose of performing the related impairment tests, based on the estimated future cash flows discounted either at the initial effective interest rate of the financial asset or the group of financial assets, or at the current market rate of return for a similar financial asset. The resulting impairment losses are recognized in the consolidated income statement.

## 5.2.2.8. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted-average method.

The cost of finished goods and work in progress comprises raw materials, direct labour, design costs, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 5.2.2.9. Financial assets

The Group classifies its financial assets depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

**(a) Financial assets at fair value through profit or loss**

This category has two sub-categories: 'financial assets held for trading', and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

*Not applicable to the Group.*

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

See Note 5.2.2.11

**(c) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising, from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category, including interest and dividend income, are presented in the income statement within ‘other (losses)/gains – net’, in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary securities classified as available for sale and non-monetary securities classified as available for sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as ‘gains and losses from investment securities’. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group’s right to receive payments is established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

*Applicable to the Group.*

#### 5.2.2.10. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The full fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

**(a) Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other (losses)/gains – net'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

*Not applicable to the Group.*

**(b) Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other (losses)/gains – net'. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

*Not applicable to the Group*

**(c) Derivatives that do not qualify for hedge accounting**

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

*Applicable to the Group. See Note 5.8.*

## 5.2.2.11. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

## 5.2.2.12. Cash and cash equivalents

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

#### 5.2.2.13. Share capital

Ordinary and preference shares of the Company are classified as equity.

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

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are sold or cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

#### 5.2.2.14. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### 5.2.2.15. Income tax and deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### 5.2.2.16. Grants

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

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

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as other liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

## 5.2.2.17. Employee benefits

**(a) Short term benefits**

Monetary and non-monetary short-term employee benefits (excluding termination benefits) should be recognized as an expense when accrued. Any unpaid amounts should be recognized as a liability.

**(b) Post-employment benefits**

Post-employment benefits include pensions or lump-sum indemnities paid to employees in exchange for their service. Thus, they include both defined contribution plans and defined benefit plans. The accrued cost of defined contribution plans is recognized as an expense in the relevant period.

- **Defined contribution plan**

Based on the defined contribution plan, the Group's obligation (either legal or constructive) is limited to the amount agreed to be contributed to the entity (fund) that manages contributions and pays benefits. Thus the amount of the benefits to be received by an employee is determined based on the amounts paid by the Group (or by the employee too) and the investment performance of the relevant contributions.

The contribution payable by the Group as part of a defined contribution plan will be recognized either as an obligation after deducting the contribution made, or as an expense.

- **Defined benefit plan**

The obligation recorded in the balance sheet for the defined benefit plans is the present value of the obligation for the defined benefit less the fair value of the plan assets (if any) and the valuations resulting from any actuarial gains or losses and the cost of previous service. The defined benefit obligation is calculated on a yearly basis by an independent actuary by the use of the projected unit credit method. For prepayment thereof, the exchange rate of the long-term Greek Government bonds is used.

The actuarial profits or losses are part of both the benefit obligation of the Group and of the cost that will be recognized in the Income Statement. The actuarial profits or losses arise from adjustments based on historical data or a change of estimates for future data. If the accumulated actuarial profits or losses are higher than the 10% margin of the accumulated obligation, they are recorded in the Income Statement within the anticipated average insurance time of the participants to the plan. The cost of previous service is recognized directly in the Income Statement, except for the case where the changes in the plan are dependent upon the remaining time of service of the employees. In the said case, the cost of previous service is recorded in the Income Statement using the straight-line method within the maturity period.

**(c) Employment termination benefits**

The benefits due to termination of the employment relationship are paid when employees leave before their normal retirement date. The Group records such benefits when they are committed, either when it actually terminates current employees based upon a detailed formal plan without possibility of withdrawal, or when it provides the said benefits as an incentive for voluntary redundancy. When such benefits fall due more than twelve months after the balance sheet date, they should be discounted based on the yield return of top quality corporate bonds or government bonds.

When an offer is made to encourage voluntary redundancy, the measurement of the termination benefits should be based on the number of employees expected to accept the offer. When it is impossible to estimate the number of employees who will accept the benefits, no accounting is done, but the relevant costs are acknowledged as a potential obligation.

#### 5.2.2.18. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 5.2.2.19. Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

Revenue is recognized as follows:

##### **(a) Construction contracts**

Revenue from construction contracts is accounted for in the period in which the project is constructed, based on the stage of its completion. The Group uses the method of percentage of completion in order to determine the appropriate income and expense that is to be recognised in a particular period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

##### **(b) Sale of goods**

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

##### **(c) Sales of services**

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

##### **(d) Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

##### **(e) Dividend income**

Dividend income is recognised when the right to receive payment is established.

## 5.2.2.20. Leases

***A Group company is the lessee***

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the period of the lease.

## 5.2.2.21. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 5.2.2.22. New standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2007 or later periods but which the Group has not early adopted, as follows:

- IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective for financial years beginning on or after 1 January 2007)  
IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS.  
The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.
- IFRS 8, Operating Segments (effective for financial years beginning on or after 1 January 2009)  
IFRS 8 replaces IAS 14 Segment Reporting and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Group is in the process of assessing the impact this new standard will have on its financial statements.
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for financial years beginning on or after 1 March 2006)  
IFRIC 7 requires entities to apply IAS 29 Financial Reporting in Hyper-inflationary Economies in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency as if the economy had always been hyperinflationary.  
IFRIC 7 is not relevant to the Group's operations.

- IFRIC 8, Scope of IFRS 2 (effective for financial years beginning on or after 1 May 2006)  
IFRIC 8 clarifies that IFRS 2 Share-based payment will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given.  
IFRIC 8 is not relevant to the Group's operations.
- IFRIC 9, Reassessment of Embedded Derivatives (effective for financial years beginning on or after 1 June 2006)  
IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows.  
IFRIC 9 is not relevant to the Group's operations.
- IFRIC 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 recognised in the interim financial statements in relation to available for sale equity investments, unquoted equity instruments carried at cost and goodwill as these may not be reversed in later interim periods or when preparing the annual financial statements.
- IFRIC 11, IFRS 2-Group and Treasury Share Transactions (effective for financial years beginning on or after 1 March 2007)  
This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent.  
IFRIC 11 is not relevant to the Group's operations.
- IFRIC 12, Service Concession Arrangements (effective for financial years beginning on or after 1 January 2008)  
The interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides for the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and / or an intangible asset.  
IFRIC 12 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

### 5.3. Financial risk management

#### Financial risk factors

The Group's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk, and cash flow interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department, under policies approved by the Board of Directors. The treasury department identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and non-derivative financial instruments, and the investment of excess liquidity.

#### **(a) Foreign exchange risk**

The Group does not operate internationally, neither does it have long-term borrowings in foreign exchange, and therefore is not exposed to foreign exchange risk arising from currency fluctuations.

#### **(b) Interest rate risk**

The operating income and cash flows of the Group are in effect independent from interest rate fluctuations. The Group does not hold significant interest earning investments.

The danger of interest rate fluctuations relates mainly to long-term borrowings. It is Group policy to maintain the majority of its borrowings under floating rates, and to manage this danger via derivative financial instruments.

#### **(c) Credit risk**

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

#### **(d) Liquidity risk**

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business. The Group manages liquidity risk by proper management of working capital and cash flows. This is done by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Group has sufficient undrawn call/demand borrowing facilities that could be utilized to fund any potential shortfall in cash resources.

## 5.4. Significant accounting estimates and judgements

Management makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

### (a) Decommissioning provisions

The Group, based on current domestic legislation as well as on Group practices, has a future obligation to dismantle its wind parks and to restore the land on which they are situated. Against such obligation, the Group establishes a provision, reflecting the present value (based on a relevant discount rate) of the future decommissioning expense. For more information, see Note 5.19.

### (b) Provision for income tax

According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities, and includes the current income tax for each fiscal year, as well as a provision for extra taxes which may arise from future tax audits. The final clearance of income taxes may be different (but not materially) from the relevant amounts which are included in these financial statements. For more information, see Note 5.23.

## 5.5. Segment reporting

### Primary reporting format - business segments

The Group is organised mainly into the following segments:

1. Electromechanical projects: Study, construction and installation of lifting and transportation equipment, as well as metal constructions for the wind park subsidiaries.
2. Wind energy: Production of electricity via wind energy.

The segment results of the Group are as follows:

<b>For the year ended 31 December 2006</b>	<b>E/M projects</b>	<b>Wind energy</b>	<b>Other</b>	<b>Group</b>
Total gross segment sales	16,154	39,995	1,297	<b>57,446</b>
Inter-segment sales	(6,812)	(446)	-	<b>(7,258)</b>
<b>Net sales</b>	<b>9,342</b>	<b>39,549</b>	<b>1,297</b>	<b>50,188</b>
Operating profit / (loss)	1,293	22,268	(234)	<b>23,327</b>
Finance (expenses) / income – net	(89)	(2,236)	(18)	<b>(2,343)</b>
<b>Profit / (loss) before income tax</b>	<b>1,204</b>	<b>20,032</b>	<b>(252)</b>	<b>20,984</b>
Income tax expense				<b>(4,743)</b>
<b>Profit / (loss) for the year</b>				<b>16,241</b>
<b>For the year ended 31 December 2005</b>	<b>E/M projects</b>	<b>Wind energy</b>	<b>Other</b>	<b>Group</b>
Total gross segment sales	25,097	36,266	1,890	<b>63,253</b>
Inter-segment sales	(9,774)	-	-	<b>(9,774)</b>
<b>Net sales</b>	<b>15,323</b>	<b>36,266</b>	<b>1,890</b>	<b>53,479</b>
Operating profit / (loss)	4,241	11,419	(95)	<b>15,565</b>
Finance (expenses) / income – net	(540)	(1,964)	(12)	<b>(2,516)</b>
<b>Profit / (loss) before income tax</b>	<b>3,701</b>	<b>9,455</b>	<b>(107)</b>	<b>13,049</b>
Income tax expense				<b>(3,641)</b>
<b>Profit / (loss) for the year</b>				<b>9,408</b>

The segment assets and liabilities of the Group are as follows:

<b>As at 31 December 2006</b>	<b>E/M projects</b>	<b>Wind energy</b>	<b>Other</b>	<b>Group</b>
Total assets	109,565	124,864	2,126	<b>236,555</b>
Total liabilities	12,820	130,246	1,703	<b>144,769</b>
Depreciation	980	12,243	153	<b>13,376</b>
Capital expenditure	1,157	12,721	8	<b>13,886</b>

<b>As at 31 December 2005</b>	<b>E/M projects</b>	<b>Wind energy</b>	<b>Other</b>	<b>Group</b>
Total assets	102,795	125,442	2,121	<b>230,358</b>
Total liabilities	8,734	140,287	1,445	<b>150,466</b>
Depreciation	919	16,287	174	<b>17,380</b>
Capital expenditure	3,293	4,824	69	<b>8,186</b>

Inter-segment transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

#### **Secondary reporting format – geographical segments**

The Group operates in Greece, which is the country of incorporation and domicile of the parent Company and its subsidiaries, except for the subsidiary company Rokas Aeoliki Cyprus Ltd, which is domiciled in Cyprus, but has no significant activity yet.

## **5.6. Property, plant, and equipment**

	<b>Land and buildings</b>	<b>Plant, machinery, equipment, and vehicles</b>	<b>Machinery under finance leases</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost</b>					
As at 1 January 2005	42,460	158,491	19,473	198	<b>220,622</b>
Additions	1,377	2,685	-	4,124	<b>8,186</b>
Sales / Destructions / Reductions	(2,915)	(347)	-	(179)	<b>(3,441)</b>
<b>As at 31 December 2005</b>	<b>40,922</b>	<b>160,829</b>	<b>19,473</b>	<b>4,143</b>	<b>225,367</b>
<b>Accumulated depreciation</b>					
As at 1 January 2005	(4,096)	(38,017)	(1,623)	-	<b>(43,736)</b>
Sales / Destructions / Reductions	994	-	-	-	<b>994</b>
Depreciation (Note 5.21)	(2,663)	(13,354)	(1,363)	-	<b>(17,380)</b>
<b>As at 31 December 2005</b>	<b>(5,765)</b>	<b>(51,371)</b>	<b>(2,986)</b>	<b>-</b>	<b>(60,122)</b>
<b>Cost</b>					
As at 1 January 2006	40,922	160,829	19,473	4,143	<b>225,367</b>
Additions	37	2,211	-	3,787	<b>6,035</b>
Mvnt. of decommissioning (Note 5.19)	-	(24,877)	-	-	<b>(24,877)</b>
Transfer from assets under construction	-	5,279	-	(5,279)	<b>-</b>
Sales / Destructions / Reductions	(77)	(121)	-	-	<b>(198)</b>
Movements / Adjustments	(3,880)	2,045	-	932	<b>(903)</b>
<b>As at 31 December 2006</b>	<b>37,002</b>	<b>145,366</b>	<b>19,473</b>	<b>3,583</b>	<b>205,424</b>

**Accumulated depreciation**

As at 1 January 2006	(5,765)	(51,371)	(2,986)	-	(60,122)
Mvnt. of decommissioning (Note 5.19)	-	5,592	-	-	5,592
Sales / Destructions / Reductions	8	79	-	-	87
Depreciation (Note 5.21)	(2,125)	(9,888)	(1,363)	-	(13,376)
Movements / Adjustments	(4,158)	5,029	32	-	903
<b>As at 31 December 2006</b>	<b>(12,040)</b>	<b>(50,559)</b>	<b>(4,317)</b>	<b>-</b>	<b>(66,916)</b>

**Net book value**

<b>As at 31 December 2005</b>	<b>35,157</b>	<b>109,458</b>	<b>16,487</b>	<b>4,143</b>	<b>165,245</b>
<b>As at 31 December 2006</b>	<b>24,962</b>	<b>94,807</b>	<b>15,156</b>	<b>3,583</b>	<b>138,508</b>

On the property, plant, and equipment of the Group, there are pledges worth €108 million, relating to guarantees on project finance loans of the energy subsidiaries of the Group.

Machinery under finance leases relate to wind park equipment, which will come under the ownership of the Group, once the lease period ends in April 2009.

Depreciation expense has been charged as follows:

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Cost of goods sold	12,919	17,025
Selling and marketing costs	18	12
Administrative expenses	439	343
	<b>13,376</b>	<b>17,380</b>

## 5.7. Available - for - sale financial assets

The available - for - sale financial assets of the Group are as follows:

	<b>Listed equities</b>	<b>Shares in mutual funds</b>	<b>Debt securities</b>	<b>Total</b>
<b>As at 31 December 2005</b>	-	-	1,493	1,493
Additions	-	-	52	52
<b>As at 31 December 2006</b>	-	-	1,545	1,545

## 5.8. Derivative financial instruments

	<b>As at 31 December 2006</b>		<b>As at 31 December 2005</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Interest rate swaps	599	(64)	112	(567)
	<b>599</b>	<b>(64)</b>	<b>112</b>	<b>(567)</b>

The fair values of derivative financial instruments are based on marked to market valuations, which are confirmed by the financial institutions with which the Group has contracted them.

The notional principal amounts of the outstanding interest rate swap contracts, as at 31 December 2006, were €38,503 thousands (31 December 2005: €45,982 thousands).

At 31 December 2006, the fixed interest rates vary from 2.83% to 4.40% (31 December 2005: 2.83% to 4.40%) and the main floating rate is the 6-month EURIBOR.

The income statement credit of the movement in the fair values of derivative financial instruments during the year ended 31 December 2006 amounts to €990 thousands (31 December 2005: credit €797 thousands).

## 5.9. Trade and other receivables

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Trade receivables	12,267	12,957
Committed bank accounts	1,474	251
Other receivables	13,944	5,153
Prepaid expenses and accrued income	806	2,034
Prepayments	18,044	-
<b>Total current receivables</b>	<b>46,535</b>	<b>20,395</b>
<b>Total long term guarantees &amp; other non-current receivables</b>	<b>32</b>	<b>33</b>

A series of committed bank accounts are held by the subsidiaries companies of the Group within the framework of their financing, aiming at serving the liabilities/receivables connected with the assignment of contracts for constructing the project, equipment procurement, insurance, sale of electricity to the National Grid, etc., which have been given to the banks as a guarantee for their loans.

Prepayments relate to payments to suppliers for the purchase of electromechanical equipment for the Group's wind parks.

Group management estimates that there is no further credit risk than for which provision has already been made in the receivables of the Group.

The values stated above reflect the fair values of the receivables.

All non-current receivables expire within 5 years of the balance sheet date.

## 5.10. Inventories

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Raw materials	3,966	3,103
Work in progress	3,513	3,509
Finished goods	528	92
	<b>8,007</b>	<b>6,704</b>

The cost of inventories recognized as expense in "cost of goods sold" amounted to €4,622 thousands (31 December 2005: €4,666 thousands).

### 5.11. Cash and cash equivalents

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Cash in hand	59	25
Short-term bank deposits	35,038	35,496
	<b>35,097</b>	<b>35,521</b>

The effective interest rate on short-term bank deposits of the Group was approximately 2% and their average maturity is 15 days.

### 5.12. Share capital & share premium

	<b>Number of shares</b>	<b>Number of treasury shares</b>	<b>Ordinary shares</b>	<b>Share premium</b>	<b>Treasury shares</b>	<b>Total</b>
At 1 January 2005	23,774.324	(818,350)	11,887	49,329	(4,369)	56,847
Sale of treasury shares	-	818,350	-	-	4,369	4,369
<b>At 31 December 2005</b>	<b>23,774.324</b>	<b>-</b>	<b>11,887</b>	<b>49,329</b>	<b>-</b>	<b>61,216</b>
<b>At 31 December 2006</b>	<b>23,774.324</b>	<b>-</b>	<b>11,887</b>	<b>49,329</b>	<b>-</b>	<b>61,216</b>

The total authorised number of ordinary shares is 23,774,324 shares with a par value of €0.50 per share, of which 3,229,872 are preference shares, also with a par value of €0.50 per share.

All issued shares are fully paid.

All treasury shares (800,260 common and 18,090 preference), which had been purchased by the Company in November 2004, were sold during 2005, yielding a profit of € 2,602 thousands that had been transferred directly to Group reserves in the year 2005.

The non-voting preference shares have the following privileges:

- The first dividend - from the fiscal year's earnings, amounting to 6% of the nominal value of the share, is first distributed to preference shares and then to common shares.
- As with common shares, they are entitled to additional dividends distributed in any form.
- They are entitled to a cumulative dividend. If the Company in one or more fiscal years cannot distribute a dividend or if it distributes a dividend which is less than the specified dividend (6%) of the nominal value of the share, then preference shareholders may collect the dividend of those years cumulatively out of the earnings of the following fiscal years.
- Upon wind-up or liquidation of the Company, preference shareholders shall have priority in receiving the share capital they have paid and at the same time they shall participate equally with common shareholders in the liquidation proceeds, by the amount exceeding the total capital of the Company.

### 5.13. Other reserves

	<b>Statutory reserves</b>	<b>Special reserves</b>	<b>Tax-free reserves</b>	<b>Extraordinary &amp; Other reserves</b>	<b>Total</b>
<b>At 1 December 2005</b>	<b>3,044</b>	<b>316</b>	<b>4,737</b>	<b>17,528</b>	<b>25,625</b>
Movements during the year	569	-	-	1,566	2,135
Profit from sale of treasury shares	-	2,602	-	-	2,602
<b>At 31 December 2005</b>	<b>3,613</b>	<b>2,918</b>	<b>4,737</b>	<b>19,094</b>	<b>30,362</b>
Movements during the year	1,179	(2,602)	(1,810)	(11,288)	(14,521)
<b>At 31 December 2006</b>	<b>4,792</b>	<b>316</b>	<b>2,927</b>	<b>7,806</b>	<b>15,841</b>

During the year 2006, based on a relevant decision of the Company's Management, reserves totaling €12,139 thousands of the parent company, for which tax had been already paid, were transferred to retained earnings. This is included in the above movements.

#### **Legal Reserve**

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

#### **Tax-free and Special Reserves**

These reserves are not distributed to the shareholders based on the special provisions of laws (under the condition that there are enough profits for their formation). These reserves relate mainly to investments and are exempt from income tax, provided they are not distributed to shareholders. At this phase, the Group has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax.

#### **Extraordinary and Other Reserves**

Specially taxed reserves represent interest income and are non taxable or have been specially taxed at source. These reserves, excluding any prepaid taxes, are subject to income tax in case of distribution to shareholders. At this phase, the Group has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax.

### 5.14. Trade and other payables

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Trade payables	3,217	1,227
Social security and other taxes	330	352
Accrued expenses and deferred income	596	949
Other liabilities	2,954	1,696
	<b>7,097</b>	<b>4,224</b>

### 5.15. Borrowings

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Bank borrowings	38,401	43,145
Finance lease liabilities	6,217	9,640
Less: future finance charges on finance leases	(302)	(624)
<b>Non-current borrowings</b>	<b>44,316</b>	<b>52,161</b>

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Bank borrowings	24,985	8,955
Finance lease liabilities	4,152	3,998
Less: future finance charges on finance leases	(474)	(520)
<b>Current borrowings</b>	<b>28,663</b>	<b>12,433</b>

The maturity of the Group's borrowings is as follows:

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Less than 1 year	28,663	12,433
Between 1 and 5 years	40,316	43,888
Over 5 years	4,000	8,273
<b>Total borrowings</b>	<b>72,979</b>	<b>64,594</b>

The finance lease liabilities are as follows:

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Less than 1 year	(474)	(520)
Between 1 and 5 years	(302)	(624)
Over 5 years	-	-
	<b>(776)</b>	<b>(1,144)</b>
Less: future finance charges on finance leases	72,979	64,594
<b>Present value of finance lease liabilities</b>	<b>72,203</b>	<b>63,450</b>

The present value of finance lease liabilities is as follows:

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Less than 1 year	28,189	11,913
Between 1 and 5 years	44,014	51,537
Over 5 years	-	-
<b>Present value of finance lease liabilities</b>	<b>72,203</b>	<b>63,450</b>

The Group's borrowings consist mainly of project finance loans. No guarantee is required by the parent company, but the bank receives as a guarantee the contracts for constructing the project, for equipment procurement, insurance, sale of electricity to the National Grid, etc. Within this framework, the subsidiaries hold a series of committed bank accounts so as to service the above matters.

The above values of the Group's borrowings also approximate their fair values.

The effective borrowing interest rate of the Group at the balance sheet date is approximately 4% variable.

All Group borrowings have been contracted and denominated in Euro.

On the property, plant, and equipment of the Group, there are pledges worth €108 million, relating to guarantees on project finance loans of the energy subsidiaries of the Group.

## 5.16. Deferred income tax

Deferred income tax is provided in total on temporary differences, with the method of the contingent liability, using a standard tax rate of 25%. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax assets and liabilities are presented as follows:

	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 December 2006</b>	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2005</b>
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Intangible assets	438	(225)	3,428	(3,652)
Property, plant, equipment	6,360	(5,160)	4,568	(6,795)
Grants	1,683	-	1,690	-
Provisions	209	-	426	(54)
Finance leases	-	(960)	422	(1,339)
Other	163	(109)	539	(172)
<b>Total before offsetting</b>	<b>8,853</b>	<b>(6,454)</b>	<b>11,073</b>	<b>(12,012)</b>
Offsetting of balances	(2,621)	2,621	(10,218)	10,218
<b>Total after offsetting</b>	<b>6,232</b>	<b>(3,833)</b>	<b>855</b>	<b>(1,794)</b>

All deferred tax assets and liabilities of the Group are to be recovered after more than 12 months from the balance sheet date.

As at 31 December 2006, the Group had €1,870 thousands worth of tax losses for which no deferred tax asset was calculated, because of the uncertainty regarding their tax usage. Based on fiscal legislation, the Group has the right to make usage of the aforementioned tax losses for a period of five years after the year they were created.

The movement on the deferred income tax account has been (charged) or credited in the income statement as follows:

	<b>As at</b>	<b>As at</b>
	<b>31 December 2006</b>	<b>31 December 2005</b>
Intangible assets	437	(1,439)
Property, plant, equipment	3,427	3,386
Grants	(7)	7
Provisions	(163)	170
Finance leases	(43)	(654)
Other	(313)	95
	<b>3,338</b>	<b>1,565</b>

## 5.17. Retirement benefit obligations

Under Greek labour law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that pension plans are not funded. In accordance with this practice, the Company does not fund these plans. The Company charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.

The retirement benefit obligations were estimated through an actuarial report.

The provision for retirement benefits which was recognised in the balance sheet and charged in the income statement for the years 2006 and 2005 is as follows:

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Present value of obligations	690	586
Unrecognised traditional asset	-	-
Immediate recognition of obligation at transition	-	-
Unrecognised net loss	(187)	(152)
Unrecognised past service cost	(76)	(82)
<b>Net liability in balance sheet</b>	<b>427</b>	<b>352</b>
<b>Components of income statement charge</b>		
Service cost	49	38
Interest cost	22	21
Amortisation of net obligation at transition	-	-
Amortisation of unrecognised net loss	8	4
Recognition of past service cost	6	6
<b>Regular income statement charge</b>	<b>85</b>	<b>69</b>
Additional cost of extra benefits	39	48
Restructuring expenses	-	-
Other expenses	-	-
<b>Total income statement charge</b>	<b>124</b>	<b>117</b>
<b>Movements in net liability in balance sheet</b>		
Net liability at beginning of year	352	303
Contributions paid by the Group	-	-
Benefits paid directly by the Group	(49)	(68)
Total expense recognised in income statement	124	117
<b>Net liability in balance sheet before adjustment</b>	<b>427</b>	<b>352</b>
Adjustment	-	-
<b>Net liability in balance sheet</b>	<b>427</b>	<b>352</b>
<b>Reconciliation of benefit obligation</b>		
DBO at beginning of year	587	498
Service cost	49	38
Interest cost	22	21
Employee contributions	-	-
Benefits paid directly by the Group	(49)	(68)
Expenses	-	-
Extra payments or expenses	39	48
Past service cost arising over last year	-	-
Actuarial loss	42	50
<b>DBO at end of the year</b>	<b>690</b>	<b>587</b>
<b>Actuarial assumptions</b>		
Discount rate	4.00%	4.00%
Rate of compensation increase	4.00%	4.00%
Average future working life	10.9 - 17.18	10.5 - 18.29

## 5.18. Grants

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
At beginning of year	45,331	48,310
Additions	4,767	1,434
Credited to income statement during the year	(4,891)	(4,413)
<b>At end of year</b>	<b>45,207</b>	<b>45,331</b>

## 5.19. Provisions

	<b>Legal</b>	<b>Decommissioning</b>	<b>Other</b>	<b>Total</b>
<b>At 31 December 2005</b>	<b>409</b>	<b>21,833</b>	<b>31</b>	<b>22,273</b>
Additions / (reductions)	161	(19,295)	(31)	(19,165)
<b>At 31 December 2006</b>	<b>570</b>	<b>2,538</b>	<b>-</b>	<b>3,108</b>

### **Legal**

According to Group management, and following legal advisor consultations, it is estimated that the results of open legal cases shall not affect the Group further than for what has already been provided for.

### **Decommissioning**

These provisions relate to the cost of dismantling wind parks and restoration of the land on which they currently operate, once the license period ends, and have been based on third party estimations, which are conducted every two years in order to determine more accurately the future expense.

The Group, based on the current domestic legislation, has the obligation to dismantle the wind parks and to restore the land on which they are situated upon the end of their license and if the latter are not extended. Against such obligation the Group had established a respective provision which as at 31 December 2005 amounted to € 21.8 million while the debit side of the respective entries is reflected in PPE and these amounts are depreciated based on the useful lives of the respective items of PPE (wind parks). This provision was initially assessed on the basis of a brief study performed in 2005 by an external firm.

During the last quarter of 2006 the Group based on:

- a) Its review of ongoing proposals for changes in the Environmental Conditions for Renewable Energy Sources by the Hellenic Ministry of Environment and Public Works, and
- b) Its policy to reassess periodically its estimation and forecasting processes, aiming also to further align its IFRS estimation processes with those of its parent in Spain,

conducted new research which allowed a more precise re-assessment of the provisions relating to the future decommissioning of its privately owned wind parks.

Based on this research the cumulative nominal balance of the respective provision was redetermined to €3.2 million (€2.5 million after the effect of discounting). The provision has been estimated using current prices, it was projected using an inflation rate of 3.5% and discounted using a discount rate of 6% (the Group's WACC).

The above issue was considered as a change in accounting estimates and the accounting amendments were made accordingly, on the basis of the provisions of “IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities”. In that respect, the reduction in the amount of the provision (€19.3 millions) was credited against the carrying amount of the related items of PPE (wind parks).

As a result of the above, the adjusted depreciable amount of the related wind parks will be depreciated over their remaining useful operating lives and such wind parks will be depreciated up to their residual values (i.e. the steel scrap values).

The above accounting amendments did not have any effect on the Group’s Net Equity or Income Statement at 31 December 2006.

## 5.20. Other operating income / (expenses)

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Amortisation of grants	4,891	4,413
Other income	2,078	2,479
<b>Other operating income</b>	<b>6,969</b>	<b>6,892</b>
<b>Other operating expenses</b>	<b>(297)</b>	<b>(3,524)</b>

## 5.21. Expenses by nature

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Cost of inventories recognised as expense	4,622	4,666
Depreciation expense	13,376	17,380
Personnel cost *	7,353	6,986
Third party fees and expenses	2,431	6,137
Third party charges	2,385	2,344
Taxes and tariffs	1,178	954
Other expenses	2,188	2,815
<b>Total cost of goods sold, selling&amp;marketing, and administration expenses</b>	<b>33,533</b>	<b>41,282</b>

\* Personnel cost is analyzed as follows:

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Wages and salaries	5,831	5,534
Social security costs	1,349	1,267
Compensations (see Note 5.17)	49	68
Other employee benefit costs (see Note 5.17)	124	117
	<b>7,353</b>	<b>6,986</b>

## 5.22. Financial income & expenses

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Income from investments	69	382
Other interest received	71	69
Credits from valuation of derivative financial instruments	990	797
<b>Interest received and similar financial income</b>	<b>1,130</b>	<b>1,248</b>
Interest paid	(2,907)	(3,201)
Finance lease interest expenses	(566)	(563)
<b>Interest paid and similar financial expenses</b>	<b>(3,473)</b>	<b>(3,764)</b>

## 5.23. Income tax expense

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Current income tax (29% and 32% equivalently)	(8,081)	(5,206)
Deferred income tax (Note 5.16)	3,338	1,565
<b>Income tax expense</b>	<b>(4,743)</b>	<b>(3,641)</b>
<b>Profit before income tax</b>	<b>20,984</b>	<b>13,049</b>
Tax rate	29%	32%
<b>Anticipated tax charge</b>	<b>(6,085)</b>	<b>(4,176)</b>
Non-deductible expenses	(164)	(1,294)
Income tax provisions	(2,851)	-
Recognition of def. income tax from intercompany profits	4,235	1,829
Tax losses for which no def. income tax is recognised	(542)	-
Use of prior year tax losses	510	-
Other adjustments	154	-
<b>Actual tax charge</b>	<b>(4,743)</b>	<b>(3,641)</b>

Greek tax legislation and related regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

During 2006 the Group, based on new facts that occurred and which allowed a more precise review of the Group tax position, re-assessed the relevant provisions for open tax years and also reconsidered the recognition of a deferred tax asset with regards to eliminations of intercompany profits from the sale of fixed assets from the parent company to its subsidiaries.

As result of the above:

- An extra provision worth €2,851 thousands was made for open tax years of certain companies.
- An extra deferred tax asset (worth €4,235 thousands) was recognized with regards to the eliminations of intercompany profits from the sale of fixed assets from the parent company to its subsidiaries.

The re-assessment of the above matters resulted in a net gain of €1,384 thousands, which reduced the income tax charge shown in the consolidated income statement, according to the principles of IFRS with regards to changes in accounting estimates.

## 5.24. Earnings per share

The basic earnings per share were calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary share purchased by the Company and held as treasury shares (only for year 2005).

	Year ended 31 December 2006	Year ended 31 December 2005
Profit attrib. to equity holders of the Co (€ thousands)	16,003	8,998
Weighted average no. of shares in issue (thousands)	23,774	23,297
<b>Basic and diluted earnings per share (€ per share)</b>	<b>0.67</b>	<b>0.39</b>

## 5.25. Dividends per share

The dividends approved by the parent company for the years 2005 and 2004 (which were subsequently paid in the years 2006 and 2005) amounted to €4,041 thousands and €3,443 thousands.

At the Annual General Meeting of the Shareholders of C. Rokas SA, which is expected to take place in May 2007, a dividend of € 0.18 per share (€4,279 thousands) shall be proposed for the year ended 31 December 2006. These financial statements do not reflect this dividend as payable, as it will be charged directly to equity in the year ended 31 December 2007, once approved by the AGM.

## 5.26. Contingencies

Further to those for which provision has been made in these financial statements, there are no other cases that may have significant negative effect on the financial position or operation of the Group.

## 5.27. Subsidiary companies

The Rokas Group consists of the parent Company C. Rokas SA, as well as 34 further subsidiary companies, the details of which are as follows:

Name	% Holding Direct & Indirect	% Holding Direct & Indirect	Incorporation	Open tax years
	31 December 2006	31 December 2005		
C. Rokas SA (parent)	-	-	Greece	2004 - 2006
Rokas Aeoliki SA	99.00	99.00	Greece	2005 - 2006
Rokas Aeoliki Evia SA	99.13	99.13	Greece	2003 - 2006
Rokas Aeoliki Zarakes SA	99.13	99.13	Greece	2003 - 2006
Rokas Aeoliki Kriti SA	99.62	99.04	Greece	2003 - 2006
PPC Renewables Rokas SA	51.00	51.00	Greece	2003 - 2006
Rokas Aeoliki Thraki SA	99.00	99.00	Greece	2003 - 2006
Rokas Aeoliki Thraki II SA	99.09	99.00	Greece	2003 - 2006
Rokas Aeoliki Thraki III SA	98.97	98.97	Greece	2003 - 2006
Rokas Aeoliki Komito SA	99.99	98.97	Greece	2003 - 2006
Rokas Aeoliki Thessalia I SA	98.97	98.97	Greece	2003 - 2006
Rokas Aeoliki Thessalia II SA	98.97	98.97	Greece	2003 - 2006
Rokas Aeoliki Viotia SA	98.97	98.97	Greece	2003 - 2006

Rokas Aeoliki Achladotopos SA	98.97	98.97	Greece	2003 - 2006
Rokas Energy SA	99.11	99.11	Greece	2003 - 2006
Rokas Aeolos Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Vorios Ellas I Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Vorios Ellas II Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Kozani I Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Kozani II Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Macedonia I Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Macedonia II Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Macedonia III Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Macedonia IV Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Peloponnisos I Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Peloponnisos II Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Peloponnisos III Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Peloponnisos IV Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Sterea Ellas I Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Sterea Ellas II Ltd	100.00	100.00	Greece	-
Rokas Aeoliki Cyprus Ltd	75.00	70.00	Cyprus	-
Hellenic Fish SA	90.39	90.39	Greece	2003 - 2006
Rokas Logistics SA	100.00	-	Greece	-
Rokas Hydroelectric I Ltd	100.00	-	Greece	2006
Rokas Hydroelectric II Ltd	100.00	-	Greece	2006

## 5.28. Related party transactions

### (a) Main shareholder

The main shareholder of the Company is IBERDROLA ENERGIAS RENOVABLES SA (subsidiary of the Spanish Group IBERDROLA SA), which, as at 31 December 2006, held 49.9% of the common share capital of the Company. Mr. C. Rokas held 6.5% and Mr. G. Rokas held 3.4%. The rest of the shares are widely held by individual investors.

### (b) Transactions and balances with related parties and key management

	Year ended 31 December 2006	Year ended 31 December 2005
Sales of goods and services	-	-
Purchases of goods and services	-	-
Receivables	-	-
Liabilities	-	-
Salaries and benefits of the key management	1,359	963
Receivables from key management	-	-
Liabilities to key management	-	-

The transactions that were carried out between the companies of the Group, as well as the balances that resulted from these transaction, have been fully eliminated from these consolidated financial statements.

## 5.29. Post balance sheet events

There are no post balance sheet events which could have material adverse effects on the financial position of the Group.

## 6. ANNUAL FINANCIAL STATEMENTS OF THE PARENT COMPANY (& AUDIT REPORT)



### **C. ROKAS SA**

#### FINANCIAL STATEMENTS 31 DECEMBER 2006 (IN ACCORDANCE WITH IFRS)

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language.

In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

#### **Financial Statements for the year ended 31/12/2006**

It is hereby certified that the presented accounts refer to the Financial Statements that were approved by the Board of Directors of the “C. Rokas SA” on 13/03/2007, that have been publicized by their submission to the Athens Exchange and the Hellenic Capital Markets Committee, and have been posted on the Company’s website, at the address [www.rokasgroup.gr](http://www.rokasgroup.gr)

It is noted that the condensed financial facts that have been published in the press are meant to present to the reader several general financial information, yet do not provide a complete picture of the financial position and results of the Company, according to IFRS.

Furthermore, it is noted that, for simplification purposes, the condensed financial facts that have been published in the press contain certain aggregations and reclassifications.

**George Rokas**  
Chairman of the BoD

## 6.1. Independent Auditors' Report

Translation from Greek original audit report text

**To the shareholders of "C. Rokas SA"**

### Report on the Financial Statements

We have audited the accompanying financial statements of C. ROKAS ABEE (the "Company"), which comprise the balance sheet as at 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. This responsibility includes designing, 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; 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 the 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 judgment, 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 aforementioned financial statements present fairly, in all material respects, the financial position of the Company 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.

### Report on Other Legal and Regulatory Requirements

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

Athens, 13 March 2007

THE CERTIFIED AUDITOR ACCOUNTANT

John Mystakidis

S.O.E.L. R.N. 16511

ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.

 **ERNST & YOUNG**

**Balance Sheet**

	Note	As at 31 December 2006	As at 31 December 2005
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant, and equipment	6.5	16,429	16,371
Investments and other non current receivables	6.6, 6.22	65,247	61,290
		<b>81,676</b>	<b>77,661</b>
<b>Current assets</b>			
Inventories	6.7	6,330	5,681
Trade and other receivables	6.6	19,146	12,392
Cash and cash equivalents	6.8	2,413	7,061
		<b>27,889</b>	<b>25,134</b>
<b>Total assets</b>		<b>109,565</b>	<b>102,795</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	6.9	11,887	11,887
Share premium	6.9	49,329	49,329
Other reserves	6.10	11,956	27,101
Retained earnings		23,573	5,745
<b>Total equity</b>		<b>96,745</b>	<b>94,062</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Deferred income tax liabilities	6.12	1,470	1,321
Retirement benefit obligations	6.13	374	311
Grants		227	298
Provisions	6.14	570	409
		<b>2,641</b>	<b>2,339</b>
<b>Current liabilities</b>			
Borrowings		5,142	-
Trade and other payables	6.11	4,330	5,128
Current income tax liabilities		707	1,266
		<b>10,179</b>	<b>6,394</b>
<b>Total liabilities</b>		<b>12,820</b>	<b>8,733</b>
<b>Total equity and liabilities</b>		<b>109,565</b>	<b>102,795</b>

The notes on pages 104 - 123 are an integral part of these financial statements.

THE CHAIRMAN OF THE  
BOD

GEORGE ROKAS  
GREEK ID NO. AB 287690

THE CHIEF EXECUTIVE  
OFFICER

MATTHEW TROULIS  
GREEK ID NO. AB 634497

THE FINANCE & ADMINISTRATION  
DIRECTOR

CHRISTIAN THOMAS  
GREEK ID NO. Π 062606

THE FINANCIAL  
CONTROLLER

EKATERINI KAPOGLOU  
GREEK ID NO. P 552055

**Income Statement**

	Note	Year ended 31 December 2006	Year ended 31 December 2005
Sales		16,153	25,097
Cost of goods sold		(13,433)	(18,102)
<b>Gross profit</b>		<b>2,720</b>	<b>6,995</b>
Selling and marketing costs		(506)	(497)
Administrative expenses		(4,307)	(3,569)
Other operating income – net	6.15	549	1,312
<b>Operating profit</b>		<b>(1,544)</b>	<b>4,241</b>
Financial income	6.17	8,931	478
Financial expenses	6.17	(98)	(1,018)
<b>Profit before income tax</b>		<b>7,289</b>	<b>3,701</b>
Income tax expense	6.18	(565)	(1,018)
<b>Profit for the year</b>		<b>6,724</b>	<b>2,683</b>
<b>Earnings per share for profit attributable to the equity holders of the Company (€ per share)</b>			
– Basic and diluted	6.19	0.28	0.12

The notes on pages 104 - 123 are an integral part of these financial statements.

**Statement of Changes in Equity**

	Attributable to equity holders of the Company					Total equity
	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	
<b>Balance at 1 January 2005</b>	<b>11,887</b>	<b>(4,369)</b>	<b>49,329</b>	<b>24,380</b>	<b>6,624</b>	<b>87,851</b>
Profit for the year	-	-	-	-	2,683	2,683
Sale of treasury shares	-	4,369	-	2,602	-	6,971
Distributed dividends	-	-	-	-	(3,443)	(3,443)
Other movements	-	-	-	119	(119)	-
<b>Balance at 31 December 2005</b>	<b>11,887</b>	<b>-</b>	<b>49,329</b>	<b>27,101</b>	<b>5,745</b>	<b>94,062</b>
<b>Balance at 1 January 2006</b>	<b>11,887</b>	<b>-</b>	<b>49,329</b>	<b>27,101</b>	<b>5,745</b>	<b>94,062</b>
Profit for the year	-	-	-	-	6,724	6,724
Distributed dividends	-	-	-	(3,546)	(495)	(4,041)
Mvnt. from reserves to retained earnings	-	-	-	(12,139)	12,139	-
Other movements	-	-	-	540	(540)	-
<b>Balance at 31 December 2006</b>	<b>11,887</b>	<b>-</b>	<b>49,329</b>	<b>11,956</b>	<b>23,573</b>	<b>96,745</b>

The notes on pages 104 - 123 are an integral part of these financial statements.

**Cash Flow Statement**

	Note	Year ended 31 December 2006	Year ended 31 December 2005
<b>Profit before income tax</b>		<b>7,289</b>	<b>3,701</b>
Depreciation and amortization		909	908
Provisions		224	792
Results of investing activity and profit from sale of fixed assets		(9,052)	(806)
Interest expenses and related expenses		98	88
(Increase) / decrease in inventories	6.7	(649)	(2,615)
(Increase) / decrease in receivables		(6,760)	(1,896)
Increase / (decrease) in payables (excluding borrowings)		(799)	1,769
Interest and similar expenses paid		(98)	(88)
Income tax paid		(975)	(1,278)
<b>Total cash inflows / (outflows) from operating activities</b>		<b>(9,813)</b>	<b>575</b>
Investment in subsidiaries	6.22	(3,951)	-
Proceeds from sale of investments		-	112
Proceeds from sale of treasury shares		-	6,971
Purchases of property, plant and equipment		(1,133)	(1,307)
Proceeds from sale of property, plant and equipment		217	470
Interest received		8	131
Dividends received	6.17	8,923	347
<b>Total cash inflow / (outflow) from investing activities</b>		<b>4,064</b>	<b>6,724</b>
Proceeds from borrowings		11,917	-
Repayments of borrowings		(6,775)	-
Dividends paid	6.20	(4,041)	(3,443)
<b>Total cash inflow / (outflow) from financing activities</b>		<b>1,101</b>	<b>(3,443)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(4,648)</b>	<b>3,856</b>
Cash and cash equivalents at beginning of the year	6.8	7,061	3,205
<b>Cash and cash equivalents at end of the year</b>	6.8	<b>2,413</b>	<b>7,061</b>

The notes on pages 104 - 123 are an integral part of these financial statements.

## **6.2. Notes to the financial statements**

### **6.2.1. GENERAL INFORMATION**

The C. Rokas SA (“the Company”) operates in the segment of electromechanical projects.

The Company’s activities are in Greece, and its total number of employees is 175 as at 31 December 2006 (172 as at 31 December 2005).

The Company is a societe anonyme (SA) incorporated and domiciled in Greece at the address Rizareiou 3, Halandri 152 33, Athens, Greece.

The Company’s website address is: [www.rokasgroup.gr](http://www.rokasgroup.gr)

The Company is listed on the Athens Exchange.

On 13 March 2007, the Board of Directors of the Company approved these financial statements for issue, and they are still subject to final approval by the General Assembly of Shareholders.

### **6.2.2. ACCOUNTING POLICIES**

#### **6.2.2.1. Basis of preparation**

The financial statements of C. Rokas SA of 31 December 2006 cover the year ended 31 December 2006 and have been prepared in accordance with International Financial Reporting Standards, as those have been adopted by the European Union.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of specific assets and liabilities (available-for-sale financial assets and derivative financial instruments) to fair value.

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.4: Significant accounting estimates and judgments.

#### **6.2.2.2. Changes in accounting policies**

The Company has adopted the following new standards and interpretations during the year 2006:

- IAS 19 (Amendment): Employee benefits
- IAS 21 (Amendment): The effects of changes in foreign exchange rates
- IAS 39 (Amendment): Financial instruments: Recognition and measurement
- IFRIC 4: Determining whether an arrangement contains a lease
- IFRIC 5: Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- IFRIC 6: Liabilities arising from participating in a specific market

The adoption of these standards and interpretations did not have any effect on the financial statements of the Company.

#### 6.2.2.3. Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

#### 6.2.2.4. Property, plant and equipment

Property, plant and equipment is presented in these consolidated financial statements at historical cost less subsequent depreciation and potential accumulated provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

<b>Buildings</b>	<b>50</b>	<b>years</b>
<b>Plant and machinery</b>	<b>5–15</b>	<b>years</b>
<b>Equipment, motor vehicles, and furniture</b>	<b>3–8</b>	<b>years</b>

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Own assets constructed include the direct payroll expenses of the personnel involved in the construction, the cost of the used materials, as well as other direct general expenses.

## 6.2.2.5. Impairment of assets

**a) Non financial assets:**

The Company at each balance sheet date examines whether there are indications of impairment for its non financial assets. The carrying values of other non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount is measured as the higher of net selling price and 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 disposal costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**b) Financial assets:**

At each reporting date the Company assesses any potential indicative factor regarding whether a financial asset or group of financial assets has been impaired. The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets stated at cost (investments in subsidiaries and associates in the separate balance sheet), assets measured at amortized cost (non current receivables) and available for sale investments. The recoverable amount of investments in subsidiaries and associates is determined similarly with the non-financial assets. The recoverable amount of the remaining financial assets is generally determined, for the purpose of performing the related impairment tests, based on the estimated future cash flows discounted either at the initial effective interest rate of the financial asset or the group of financial assets, or at the current market rate of return for a similar financial asset. The resulting impairment losses are recognized in the consolidated income statement.

## 6.2.2.6. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted-average method.

The cost of finished goods and work in progress comprises raw materials, direct labour, design costs, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 6.2.2.7. Financial assets

The Company classifies its financial assets depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

**(a) Financial assets at fair value through profit or loss**

This category has two sub-categories: 'financial assets held for trading', and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

*Not applicable to the Company.*

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

See Note 6.2.2.8

**(c) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within 'other (losses)/gains – net', in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary securities classified as available for sale and non-monetary securities classified as available for sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payments is established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

*Not applicable to the Company.*

#### 6.2.2.8. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

#### 6.2.2.9. Cash and cash equivalents

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

#### 6.2.2.10. Share capital

Ordinary and preference shares of the Company are classified as equity.

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

Where the Company purchases part of its own equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are sold or cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

#### 6.2.2.11. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### 6.2.2.12. Income tax and deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### 6.2.2.13. Grants

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

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

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as other liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

#### 6.2.2.14. Employee benefits

##### **(a) Short term benefits**

Monetary and non-monetary short-term employee benefits (excluding termination benefits) should be recognized as an expense when accrued. Any unpaid amounts should be recognized as a liability.

##### **(b) Post-employment benefits**

Post-employment benefits include pensions or lump-sum indemnities paid to employees in exchange for their service. Thus, they include both defined contribution plans and defined benefit plans. The accrued cost of defined contribution plans is recognized as an expense in the relevant period.

##### • **Defined contribution plan**

Based on the defined contribution plan, the Company's obligation (either legal or constructive) is limited to the amount agreed to be contributed to the entity (fund) that manages contributions and pays benefits. Thus the amount of the benefits to be received by an employee is determined based on the amounts paid by the Company (or by the employee too) and the investment performance of the relevant contributions.

The contribution payable by the Company as part of a defined contribution plan will be recognized either as an obligation after deducting the contribution made, or as an expense.

##### • **Defined benefit plan**

The obligation recorded in the balance sheet for the defined benefit plans is the present value of the obligation for the defined benefit less the fair value of the plan assets (if any) and the valuations resulting from any actuarial gains or losses and the cost of previous service. The defined benefit obligation is calculated on a yearly basis by an independent actuary by the use of the projected unit credit method. For prepayment thereof, the exchange rate of the long-term Greek Government bonds is used.

The actuarial profits or losses are part of both the benefit obligation of the Company and of the cost that will be recognized in the Income Statement. The actuarial profits or losses arise from adjustments based on historical data or a change of estimates for future data. If the accumulated actuarial profits or losses are higher than the 10% margin of the accumulated obligation, they are recorded in the Income Statement within the anticipated average insurance time of the participants to the plan. The cost of previous service is recognized directly in the Income Statement, except for the case where the changes in the plan are dependent upon the remaining time of service of the employees. In the said case, the cost of previous service is recorded in the Income Statement using the straight-line method within the maturity period.

**(c) Employment termination benefits**

The benefits due to termination of the employment relationship are paid when employees leave before their normal retirement date. The Company records such benefits when they are committed, either when it actually terminates current employees based upon a detailed formal plan without possibility of withdrawal, or when it provides the said benefits as an incentive for voluntary redundancy. When such benefits fall due more than twelve months after the balance sheet date, they should be discounted based on the yield return of top quality corporate bonds or government bonds.

When an offer is made to encourage voluntary redundancy, the measurement of the termination benefits should be based on the number of employees expected to accept the offer. When it is impossible to estimate the number of employees who will accept the benefits, no accounting is done, but the relevant costs are acknowledged as a potential obligation.

6.2.2.15. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

6.2.2.16. Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates and discounts.

Revenue is recognized as follows:

**(a) Construction contracts**

Revenue from construction contracts is accounted for in the period in which the project is constructed, based on the stage of its completion. The Company uses the method of percentage of completion in order to determine the appropriate income and expense that is to be recognised in a particular period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**(b) Sale of goods**

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

**(c) Sales of services**

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

**(d) Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

**(e) Dividend income**

Dividend income is recognised when the right to receive payment is established.

6.2.2.17. Leases

**The Company is the lessee**

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the period of the lease.

6.2.2.18. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

6.2.2.19. New standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2007 or later periods but which the Company has not early adopted, as follows:

- IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective for financial years beginning on or after 1 January 2007)  
IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures

about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

- IFRS 8, Operating Segments (effective for financial years beginning on or after 1 January 2009)  
IFRS 8 replaces IAS 14 Segment Reporting and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Company is in the process of assessing the impact this new standard will have on its financial statements.
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for financial years beginning on or after 1 March 2006)  
IFRIC 7 requires entities to apply IAS 29 Financial Reporting in Hyper-inflationary Economies in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency as if the economy had always been hyperinflationary.  
IFRIC 7 is not relevant to the Company's operations.
- IFRIC 8, Scope of IFRS 2 (effective for financial years beginning on or after 1 May 2006)  
IFRIC 8 clarifies that IFRS 2 Share-based payment will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given.  
IFRIC 8 is not relevant to the Company's operations.
- IFRIC 9, Reassessment of Embedded Derivatives (effective for financial years beginning on or after 1 June 2006)  
IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows.  
IFRIC 9 is not relevant to the Company's operations.
- IFRIC 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 recognised in the interim financial statements in relation to available for sale equity investments, unquoted equity instruments carried at cost and goodwill as these may not be reversed in later interim periods or when preparing the annual financial statements.
- IFRIC 11, IFRS 2-Group and Treasury Share Transactions (effective for financial years beginning on or after 1 March 2007)  
This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent.  
IFRIC 11 is not relevant to the Company's operations.

- IFRIC 12, Service Concession Arrangements (effective for financial years beginning on or after 1 January 2008)  
The interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides for the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and / or an intangible asset.  
IFRIC 12 is not relevant to the Company's operations. This Interpretation has not yet been endorsed by the EU.

## 6.3. Financial risk management

### Financial risk factors

The Company's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk, and cash flow interest-rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department, under policies approved by the Board of Directors. The treasury department identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and non-derivative financial instruments, and the investment of excess liquidity.

#### **(a) Foreign exchange risk**

The Company does not operate internationally, neither does it have long-term borrowings in foreign exchange, and therefore is not exposed to foreign exchange risk arising from currency fluctuations.

#### **(b) Interest rate risk**

The operating income and cash flows of the Company are in effect independent from interest rate fluctuations. The Company does not hold significant interest earning investments.

#### **(c) Credit risk**

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

#### **(d) Liquidity risk**

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business. The Group manages liquidity risk by proper management of working capital and cash flows. This is done by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Company has sufficient undrawn call/demand borrowing facilities that could be utilized to fund any potential shortfall in cash resources.

## 6.4. Significant accounting estimates and judgements

Management makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

### *Provision for income tax*

According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities, and includes the current income tax for each fiscal year, as well as a provision for extra taxes which may arise from future tax audits. The final clearance of income taxes may be different (but not materially) from the relevant amounts which are included in these financial statements. For more information, see Note 6.18.

## 6.5. Property, plant, and equipment

	<b>Land and buildings</b>	<b>Plant, machinery, equipment, and vehicles</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost</b>				
As at 1 January 2005	10,980	9,340	198	20,518
Additions	433	1,439	1,163	3,035
Sales / Destructions / Reductions	(228)	(1,786)	(1,342)	(3,356)
<b>As at 31 December 2005</b>	<b>11,185</b>	<b>8,993</b>	<b>19</b>	<b>20,197</b>
<b>Accumulated depreciation</b>				
As at 1 January 2005	(406)	(4,129)	-	(4,535)
Sales / Destructions / Reductions	161	1,467	-	1,628
Depreciation	(162)	(757)	-	(919)
<b>As at 31 December 2005</b>	<b>(407)</b>	<b>(3,419)</b>	<b>-</b>	<b>(3,826)</b>
<b>Cost</b>				
As at 1 January 2006	11,185	8,993	19	20,197
Additions	35	981	117	1,133
Sales / Destructions / Reductions	(77)	(122)	-	(199)
<b>As at 31 December 2006</b>	<b>11,143</b>	<b>9,852</b>	<b>136</b>	<b>21,131</b>
<b>Accumulated depreciation</b>				
As at 1 January 2006	(407)	(3,419)	-	(3,826)
Sales / Destructions / Reductions	8	96	-	104
Depreciation	(204)	(776)	-	(980)
<b>As at 31 December 2006</b>	<b>(603)</b>	<b>(4,099)</b>	<b>-</b>	<b>(4,702)</b>
<b>Net book value</b>				
<b>As at 31 December 2005</b>	<b>10,778</b>	<b>5,574</b>	<b>19</b>	<b>16,371</b>
<b>As at 31 December 2006</b>	<b>10,540</b>	<b>5,753</b>	<b>136</b>	<b>16,429</b>

There are no pledges on the property, plant, and equipment of the Company.

Depreciation expense has been charged as follows:

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Cost of goods sold	542	553
Selling and marketing costs	-	-
Administrative expenses	438	366
	<b>980</b>	<b>919</b>

## 6.6. Trade and other receivables

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Trade receivables	12,604	10,412
Other receivables	5,444	898
Prepaid expenses and accrued income	393	1,082
Prepayments	705	-
<b>Total current receivables</b>	<b>19,146</b>	<b>12,392</b>
Long term guarantees	10	5
<b>Total non-current receivables</b>	<b>10</b>	<b>5</b>

The values stated above reflect the fair values of the receivables.

All non-current receivables expire within 5 years of the balance sheet date.

## 6.7. Inventories

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Raw materials	2,725	3,058
Work in progress	3,514	2,531
Finished goods	91	92
	<b>6,330</b>	<b>5,681</b>

The cost of inventories recognized as expense in “cost of goods sold” amounted to €5,087 thousands (31 December 2005: €8,965 thousands).

## 6.8. Cash and cash equivalents

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Cash in hand	23	12
Short-term bank deposits	2,390	7,049
	<b>2,413</b>	<b>7,061</b>

The effective interest rate on short-term bank deposits of the Company is approximately 2% and their average maturity is 15 days.

## 6.9. Share capital & share premium

	Number of shares	Number of treasury shares	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2005	23,774.324	(818,350)	11,887	49,329	(4,369)	56,847
Sale of treasury shares	-	818,350	-	-	4,369	4,369
<b>At 31 December 2005</b>	<b>23,774.324</b>	<b>-</b>	<b>11,887</b>	<b>49,329</b>	<b>-</b>	<b>61,216</b>
<b>At 31 December 2006</b>	<b>23,774.324</b>	<b>-</b>	<b>11,887</b>	<b>49,329</b>	<b>-</b>	<b>61,216</b>

The total authorised number of ordinary shares is 23,774,324 shares with a par value of €0.50 per share, of which 3,229,872 are preference shares, also with a par value of €0.50 per share.

All issued shares are fully paid.

All treasury shares (800,260 common and 18,090 preference), which had been purchased by the Company in November 2004, were sold during 2005, yielding a profit of € 2,602 thousands that had been transferred directly to Company's reserves in the year 2005.

The non-voting preference shares have the following privileges:

- The first dividend - from the fiscal year's earnings, amounting to 6% of the nominal value of the share, is first distributed to preference shares and then to common shares.
- As with common shares, they are entitled to additional dividends distributed in any form.
- They are entitled to a cumulative dividend. If the Company in one or more fiscal years cannot distribute a dividend or if it distributes a dividend which is less than the specified dividend (6%) of the nominal value of the share, then preference shareholders may collect the dividend of those years cumulatively out of the earnings of the following fiscal years.
- Upon wind-up or liquidation of the Company, preference shareholders shall have priority in receiving the share capital they have paid and at the same time they shall participate equally with common shareholders in the liquidation proceeds, by the amount exceeding the total capital of the Company.

## 6.10. Other reserves

	Statutory reserves	Special reserves	Tax-free reserves	Extraordinary & Other reserves	Total
<b>At 1 December 2005</b>	<b>2,241</b>	<b>316</b>	<b>4,418</b>	<b>17,405</b>	<b>24,380</b>
Movements during the year	119	-	-	-	119
Profit from sale of treasury shares	-	2,602	-	-	2,602
<b>At 31 December 2005</b>	<b>2,360</b>	<b>2,918</b>	<b>4,418</b>	<b>17,405</b>	<b>27,101</b>
Movements during the year	540	(2,602)	(1,650)	(11,433)	(15,145)
<b>At 31 December 2006</b>	<b>2,900</b>	<b>316</b>	<b>2,768</b>	<b>5,972</b>	<b>11,956</b>

During the year 2006, based on a relevant decision of the Company's Management, reserves totaling €12,139 thousands of the parent company, for which tax had been already paid, were transferred to retained earnings. This is included in the above movements.

### Legal Reserve

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

**Tax-free and Special Reserves**

These reserves are not distributed to the shareholders based on the special provisions of laws (under the condition that there are enough profits for their formation). These reserves relate mainly to investments and are exempt from income tax, provided they are not distributed to shareholders. At this phase, the Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax.

**Extraordinary and Other Reserves**

Specially taxed reserves represent interest income and are non taxable or have been specially taxed at source. These reserves, excluding any prepaid taxes, are subject to income tax in case of distribution to shareholders. At this phase, the Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax.

**6.11. Trade and other payables**

	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>
Trade payables	2,051	1,270
Social security and other taxes	251	279
Accrued expenses and deferred income	123	241
Liabilities from rates and duties	318	3,064
Other liabilities	1,587	274
	<b>4,330</b>	<b>5,128</b>

**6.12. Deferred income tax**

Deferred income tax is provided in total on temporary differences, with the method of the contingent liability, using a standard tax rate of 25%. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax assets and liabilities are presented as follows:

	<b>As at 31 December 2006</b>	<b>As at 31 December 2006</b>	<b>As at 31 December 2005</b>	<b>As at 31 December 2005</b>
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Intangible assets	174	-	779	(595)
Property, plant, equipment	-	(1,940)	978	(2,771)
Grants	-	-	8	-
Provisions	196	-	234	(54)
Finance leases	-	-	-	-
Other	100	-	100	-
<b>Total before offsetting</b>	<b>470</b>	<b>(1,940)</b>	<b>2,099</b>	<b>(3,420)</b>
Offsetting of balances	(470)	470	(2,099)	2,099
<b>Total after offsetting</b>	<b>-</b>	<b>(1,470)</b>	<b>-</b>	<b>(1,321)</b>

All deferred tax assets and liabilities of the Company are to be recovered after more than 12 months from the balance sheet date.

As at 31 December 2006, the Company had €1,870 thousands worth of tax losses for which no deferred tax asset was calculated, because of the uncertainty regarding their tax usage. Based on fiscal legislation, the Company has the right to make usage of the aforementioned tax losses for a period of five years after the year they were created.

The movement on the deferred income tax account has been (charged) or credited in the income statement of the year ended 31 December 2006 as follows:

	<b>As at</b> <b>31 December 2006</b>	<b>As at</b> <b>31 December 2005</b>
Intangible assets	(10)	(2)
Property, plant, equipment	(147)	(39)
Grants	(8)	8
Provisions	16	78
Finance leases	-	-
Other	-	(67)
	<b>(149)</b>	<b>(22)</b>

### 6.13. Retirement benefit obligations

Under Greek labour law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that pension plans are not funded. In accordance with this practice, the Company does not fund these plans. The Company charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.

The retirement benefit obligations were estimated through an actuarial report.

The provision for retirement benefits which was recognised in the balance sheet and charged in the income statement for the years 2006 and 2005 is as follows:

	<b>As at</b> <b>31 December 2006</b>	<b>As at</b> <b>31 December 2005</b>
Present value of obligations	614	532
Unrecognised traditional asset	-	-
Immediate recognition of obligation at transition	-	-
Unrecognised net loss	(163)	(139)
Unrecognised past service cost	(77)	(82)
<b>Net liability in balance sheet</b>	<b>374</b>	<b>311</b>

#### *Components of income statement charge*

Service cost	40	29
Interest cost	20	19
Amortisation of net obligation at transition	-	-
Amortisation of unrecognised net loss	7	4

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Recognition of past service cost	6	6
<b>Regular income statement charge</b>	<b>73</b>	<b>58</b>
Additional cost of extra benefits	39	46
Restructuring expenses	-	-
Other expenses	-	3
<b>Total income statement charge</b>	<b>112</b>	<b>107</b>
<b>Movements in net liability in balance sheet</b>		
Net liability at beginning of year	311	269
Contributions paid by the Company	-	-
Benefits paid directly by the Company	(49)	(66)
Total expense recognised in income statement	112	108
<b>Net liability in balance sheet before adjustment</b>	<b>374</b>	<b>311</b>
Adjustment	-	-
<b>Net liability in balance sheet</b>	<b>374</b>	<b>311</b>
<b>Reconciliation of benefit obligation</b>		
DBO at beginning of year	532	455
Service cost	40	29
Interest cost	20	19
Employee contributions	-	-
Benefits paid directly by the Company	(49)	(66)
Expenses	-	-
Extra payments or expenses	40	49
Past service cost arising over last year	-	-
Actuarial loss	31	46
<b>DBO at end of the year</b>	<b>614</b>	<b>532</b>
<b>Actuarial assumptions</b>		
Discount rate	4.00%	4.00%
Rate of compensation increase	4.00%	4.00%
Average future working life	12.34	12.34

## 6.14. Provisions

	<b>Legal</b>	<b>Other</b>	<b>Total</b>
<b>At 31 December 2005</b>	<b>409</b>	-	<b>409</b>
Movements	161	-	161
<b>At 31 December 2006</b>	<b>570</b>	-	<b>570</b>

### **Legal**

According to Company management, and following legal advisor consultations, it is estimated that the results of open legal cases shall not affect the Company further than for what has already been provided for.

## 6.15. Other operating income / (expenses)

	Year ended 31 December 2006	Year ended 31 December 2005
Various sales income	15	140
Income from other activities	35	2
Other income	792	1,667
<b>Other operating income</b>	<b>842</b>	<b>1,809</b>
<b>Other operating expenses</b>	<b>(293)</b>	<b>(497)</b>

## 6.16. Expenses by nature

	Year ended 31 December 2006	Year ended 31 December 2005
Cost of inventories recognised as expense	5,087	8,965
Depreciation expense	980	919
Personnel cost *	6,167	5,647
Third party fees and expenses	2,078	3,638
Third party charges	851	585
Taxes and tariffs	147	154
Other expenses	2,936	2,260
<b>Total cost of goods sold, selling&amp;marketing, and administration expenses</b>	<b>18,246</b>	<b>22,168</b>

\*Personnel cost is analyzed as follows:

	Year ended 31 December 2006	Year ended 31 December 2005
Wages and salaries	4,966	4,501
Social security costs	1,040	973
Compensations (see Note 6.13)	49	66
Other employee benefit costs (see Note 6.13)	112	107
	<b>6,167</b>	<b>5,647</b>

## 6.17. Financial income &amp; expenses

	Year ended 31 December 2006	Year ended 31 December 2005
Dividend income from investments in subsidiaries	8,923	347
Income from investments	-	107
Other interest received	8	24
Credits from valuation of derivative financial instruments	-	-
<b>Interest received and similar financial income</b>	<b>8,931</b>	<b>478</b>
<b>Interest paid and similar financial expenses</b>	<b>(98)</b>	<b>(1,018)</b>

## 6.18. Income tax expense

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Current income tax (29% and 32% equivalently)	(416)	(996)
Deferred income tax	(149)	(22)
<b>Income tax expense</b>	<b>(565)</b>	<b>(1,018)</b>
<b>Profit before income tax</b>	<b>7,289</b>	<b>3,701</b>
Tax rate	29%	32%
<b>Anticipated tax charge</b>	<b>(2,114)</b>	<b>(1,184)</b>
Income not subject to tax	2,588	166
Non-deductible expenses	(81)	-
Income tax provisions	(416)	-
Tax losses for which no def. income tax is recognised	(542)	-
<b>Actual tax charge</b>	<b>(565)</b>	<b>(1,018)</b>

Greek tax legislation and related regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

## 6.19. Earnings per share

The basic earnings per share are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary share purchased by the Company and held as treasury shares (only for year 2005).

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Profit attrib. to equity holders of the Co (€ thousands)	6,724	2,683
Weighted average no. of ordinary shares in issue (thousands)	23,774	23,297
<b>Basic and diluted earning per share (€ per share)</b>	<b>0.28</b>	<b>0.12</b>

## 6.20. Dividends per share

The dividends approved for the years 2005 and 2004 (which were subsequently paid in the years 2006 and 2005) amounted to €4,041 thousands and €3,443 thousands. At the Annual General Meeting of the Shareholders of the Company, which is expected to take place in May 2007, a dividend of € 0.18 per share (€4,279 thousands) shall be proposed for the year ended 31 December 2006. These financial statements do not reflect this dividend as payable, as it will be charged directly to equity in the year ended 31 December 2007, once approved by the AGM.

## 6.21. Contingencies

There are no contingent liabilities, which could have material adverse effects on the financial position of the Company.

The Company's open tax years are 2004-2006.

## 6.22. Subsidiary companies

The Company has a majority holding in 34 subsidiary companies, the details of which are as follows:

Name	% Holding	% Holding	Incorporation	Investment
	31 December 2006	31 December 2005		value in euro thousands at 31 Dec. 2006
Rokas Aeoliki SA	99.00	99.00	Greece	19,292
Rokas Aeoliki Evia SA	99.13	99.13	Greece	11,352
Rokas Aeoliki Zarakas SA	99.13	99.13	Greece	11,637
Rokas Aeoliki Kriti SA	99.62	99.04	Greece	2,130
PPC Renewables-Rokas SA	51.00	51.00	Greece	838
Rokas Aeoliki Thraki SA	99.00	99.00	Greece	6,247
Rokas Aeoliki Thraki II SA	51.09	51.00	Greece	5,875
Rokas Aeoliki Thraki III SA	98.97	98.97	Greece	60
Rokas Aeoliki Komito SA	99.99	98.97	Greece	6,880
Rokas Aeoliki Thessalia I SA	98.97	98.97	Greece	60
Rokas Aeoliki Thessalia II SA	98.97	98.97	Greece	60
Rokas Aeoliki Viotia SA	98.97	98.97	Greece	60
Rokas Aeoliki Achladotopos SA	98.97	98.97	Greece	60
Rokas Energy SA	99.11	99.11	Greece	60
Rokas Aeolos Ltd	100.00	100.00	Greece	51
Rokas Aeoliki Vorios Ellas I Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Vorios Ellas II Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Kozani I Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Kozani II Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Macedonia I Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Macedonia II Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Macedonia III Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Macedonia IV Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Peloponnisos I Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Peloponnisos II Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Peloponnisos III Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Peloponnisos IV Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Sterea Ellas I Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Sterea Ellas II Ltd	98.00	98.00	Greece	18
Rokas Aeoliki Cyprus Ltd	75.00	70.00	Cyprus	-
Hellenic Fish SA	90.39	90.39	Greece	-
Rokas Logistics SA	98.00	-	Greece	294
Rokas Hydroelectric I Ltd	98.00	-	Greece	18
Rokas Hydroelectric II Ltd	98.00	-	Greece	18
				<b>65,237</b>

During 2006 the Company participated with €3,951 thousands in share capital increases of subsidiaries.

## 6.23. Related party transactions

### (a) Main shareholder

The main shareholder of the Company is IBERDROLA ENERGIAS RENOVABLES SA (subsidiary of the Spanish Group IBERDROLA SA), which, as at 31 December 2006, held 49.9% of the common share capital of the Company. Mr. C. Rokas held 6.5% and Mr. G. Rokas held 3.4%. The rest of the shares are widely held by individual investors.

### (b) Transactions and balances with related parties and key management

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Sales of goods and services	6,812	9,774
Purchases of goods and services	-	-
Receivables	3,708	2,204
Liabilities	-	-
Salaries and benefits of the key management	1,359	963
Receivables from key management	-	-
Liabilities to key management	-	-

## 6.24. Post balance sheet events

There are no post balance sheet events which could have material adverse effects on the financial position of the Company.



## 7. REPORT ON THE TRANSACTIONS OF THE COMPANY WITH ITS RELATED PARTIES

In application of Article 2, par. 4 of Law 3016/2002 on Corporate Governance, the following table presents the transactions between C. Rokas SA and its related parties during the year 2006, as defined by Article 42, par. 5 of Law 2190/1920.

The total sales of C. Rokas SA to its subsidiaries, during 2006, amounted to € 6,812 thousands and related to metal construction sales, as well as sales of services, as follows:

<b>INTERCOMPANY SALES 2006</b>		(in € thousands)
<b>PURCHASING COMPANY</b>	<b>SELLING COMPANY</b>	
	<b>C. ROKAS SA</b>	
ROKAS AEOLIKI SA	1,929	
ROKAS AEOLIKI EVIA SA	566	
ROKAS AEOLIKI ZARAKES SA	374	
ROKAS AEOLIKI CRETE SA	48	
PPC Renewables - Rokas SA	25	
ROKAS AEOLIKI THRAKI I SA	499	
ROKAS AEOLIKI TRAKI II SA	645	
ROKAS AEOLIKI KOMITO SA	2,726	
<b>Total</b>	<b>6,812</b>	

Furthermore, inter company balances for the fiscal year 2006 amount to:

<b>INTERCOMPANY BALANCES/ RECEIVABLES AS AT 31/12/2006</b>		(in € thousands)
<b>DEBTOR COMPANY</b>	<b>CREDITOR COMPANY</b>	
	<b>C. ROKAS SA</b>	
ROKAS AEOLIKI SA	33	
ROKAS AEOLIKI KOMITO SA	3,674	

Finally, it should be noted that during 2006, C. Rokas SA did not proceed to any purchases from any of its related parties.

Athens, 13 March, 2007

**CHAIRMAN OF THE BoD**

GIORGIOS ROKAS  
ID No. AB 287690

**FINANCE & ADMINISTRATION DIRECTOR**

CHRISTIAN THOMAS  
ID No. Π 062606

**CHIEF EXECUTIVE OFFICER**

MATTHEW TROULIS  
ID No. AB 634497

**FINANCIAL CONTROLLER**

EKATERINI KAPOGLOU  
ID No. P 552055



## 8. COMPANY ANNOUNCEMENTS (IN ACCORDANCE WITH ARTICLE 10 OF LAW 3401/2005)

During the financial year 2006, C. Rokas SA published and made available to the public the following information (titles only) based on article 10 of Law 3401/2005.

For more information, please visit our website [www.rokasgroup.gr](http://www.rokasgroup.gr), as well as the website of the Athens Stock Exchange [www.athex.gr](http://www.athex.gr) (Announcements in the Daily Official List).

	<b>Date</b>	<b>Announcement</b>
1	15/12/2006	Announcement of President's resignation
2	30/11/2006	Announcement (Clarification for the financial statements)
3	24/11/2006	Announcement (Schedule of Intended Corporate Actions – Change)
4	20/11/2006	Announcement (Comment on press articles for the collaboration with PPC Renewables SA)
5	17/11/2006	Press Release (Intention of submission of Mr. Christos G. Rokas resignation)
6	26/10/2006	Comment on press articles
7	27/9/2006	Presentation of C. ROKAS SA at the Association of Greek Institutional Investors
8	25/9/2006	Presentation to the foreign institutional investors in the 1st Annual Greek Roadshow in London
9	21/9/2006	Comment on article by newspaper "Simvoulos"
10	31/8/2006	Announcement of the resignation of the Internal Auditor
11	04/8/2006	Intention of attendance in undertaking of work and supplies of the Public Sector
12	20/7/2006	Change of member of BOD
13	11/7/2006	Extention of the conversion of shares
14	6/6/2006	Announcement for the conversion of shares
15	2/6/2006	Announcement for the distribution of dividend for the year 2005
16	29/5/2006	Change of the corporate name of the company after the approval from the management of the Athens Stock Exchange
17	24/5/2006	Comments on a published article
18	19/5/2006	Announcement ( Amendment of By-Law)
19	19/5/2006	Application for the interconnection of three islands in the Aegean Sea and the installation of 44 wind farms of 1.636MW total capacity
20	12/5/2006	Announcement of C. ROKAS SA relating to DELTA PROJECT SA
21	10/5/2006	Announcement of C. ROKAS SA relating to DELTA PROJECT SA
22	9/5/2006	Participation in tender
23	8/5/2006	Announcement of changes of senior company officers
24	3/5/2006	Resolutions of the Ordinary General Assembly of Shareholders (Correct Repetition)
25	2/5/2006	Resolutions of the Ordinary General Assembly of Shareholders
26	27/4/2006	Announcement of change of Investor Relations Officer
27	12/4/2006	Announcement: Annual Report 2005
28	5/4/2006	Invitation to the Annual General Meeting
29	23/3/2006	Presentation to the financial analysts (Press release)
30	16/3/2006	Presentation to the financial analysts
31	10/3/2006	Press Release: Results 2005
32	10/3/2006	Press release (Fire incident in Tripoli plant)
33	28/2/2006	Press release (Completion of New Wind Park in Crete)
34	28/2/2006	The ROKAS GROUP announces the Schedule of Intended Corporate Actions and the 2006 Financial Calendar



## 9. DEPARTMENTS OF INVESTOR RELATIONS AND SHAREHOLDER RELATIONS

One of the Company's main concerns is to inform its shareholders promptly and accurately and to provide them with effective services. For this reason, the following departments operate with competent staff:

### ***Investor Relations Department***

This department is responsible for liaising with institutional investors and financial analysts in Greece and abroad. Head of the department is Mr. Simos Camhis, 3 Rizareiou Str., Halandri 15233, tel. +30210 - 877 4100.

### ***Shareholder Relations Department***

This department is responsible for informing the shareholders of the Company promptly and fairly as well as for assisting them when exercising their rights. More specifically, this department is responsible for the distribution of dividends, the issue of new shares, the provision of information regarding the General Assemblies and their resolutions, the maintenance and update of the Company's share register and the communication with supervising authorities. Head of the department is Mr. Iosif Michailidis, 3 Rizareiou Str., Halandri 15233, tel. +30210 - 877 4100.



## **10. SYNOPTIC FINANCIAL DATA AND INFORMATION FOR EACH OF THE GROUP'S SUBSIDIARIES**

The financial statements (synoptic and complete) of the Group's subsidiaries, as well as the reports of the auditors and the reports of the Board of Directors have been posted on the company's website, [www.rokasgroup.gr](http://www.rokasgroup.gr)