ELMEC SPORT S.A.

ANNUAL BULLETIN & REPORT 2006

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

ATHENS, MAY 2007

CONTENTS

CONTENTS

1. INTRODUCTION

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

Elmec Sport S.A. is the parent company of a Group of companies (from now on the “Group”) which operates mainly in the countries of South-eastern Europe, and in particular in Greece, in Romania and in Bulgaria.

The purpose of this Annual Bulletin is to provide the shareholders of the Company, and other investors, with all the necessary information for the Company. It was elaborated pursuant to the provisions of applicable laws (resolution 5/204/14.11.2000 of Capital Market Commission, as applies today).

Responsible for the preparation of the bulletin and for the accuracy of its data are Mrs Lucy Fais, Chairperson of the Company’s Board of Directors, Mr. Christos Hatziyakoumis, CFO and Member of the Company’s Board of Directors and Mr. Nikos Zacharatos, Head of Finance.

Responsible for giving away explanations on this bulletin are Mr. Nikos Zacharatos and Mr. Antonis Avgerinos. Those interested may contact the above persons during the working days and hours at the offices of the Company in 96 Vouliagmenis Avenue, 16674 Glyfada, Athens, GREECE, or call them at +30.210.9699.362.

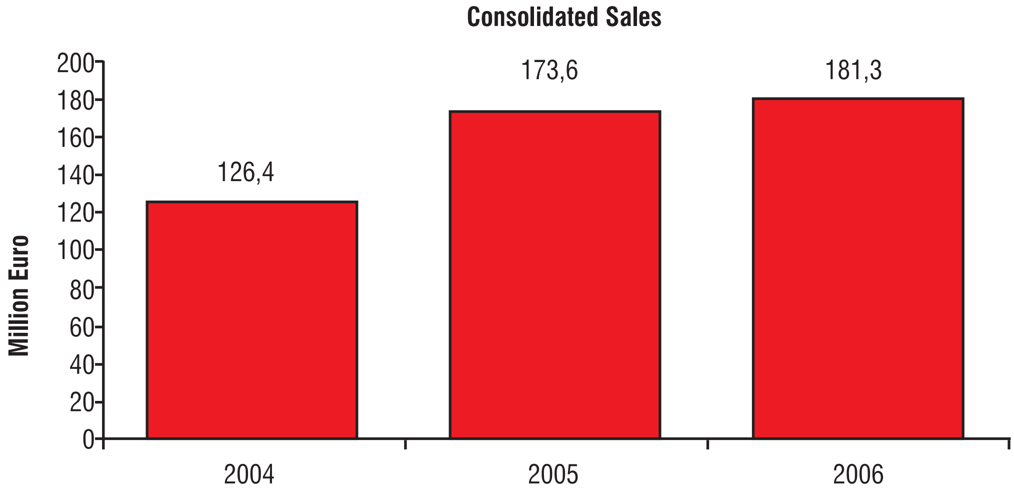
This bulletin is available only in electronic means, both in Greek and in English, from the website of the Company, www.elmec.gr, or via e-mail after the submission of an application by the interested party. The relevant applications should be mailed to the above postal address or sent to the fax no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

2. THE PRESENT STATUS AND FUTURE PROSPECTS OF ELMEC SPORT

2.1. Elmec Sport today

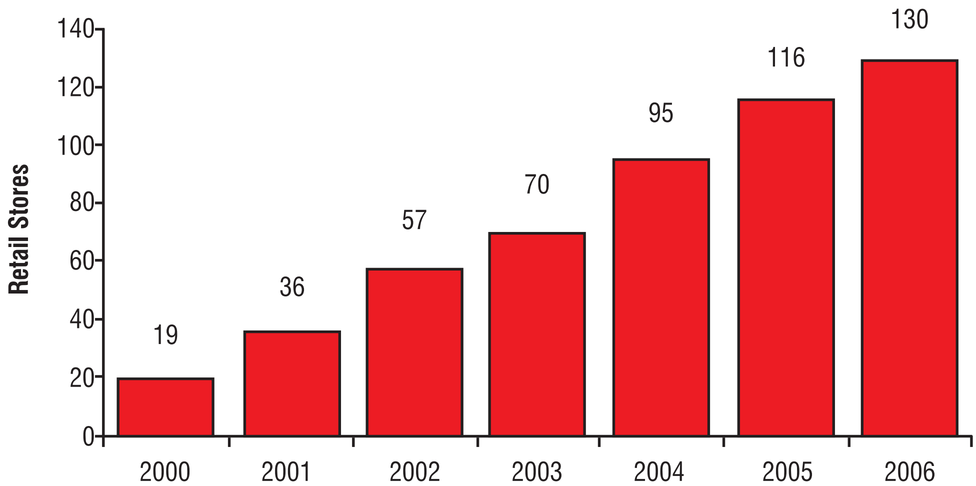
Elmec Sport Group of Companies is one of the major and most rapidly expanding commercial Hellenic groups of companies, with consolidated sales exceeding 181 million euro in 2006.

Consolidated sales have been growing rapidly during the last years, as depicted in the following chart:

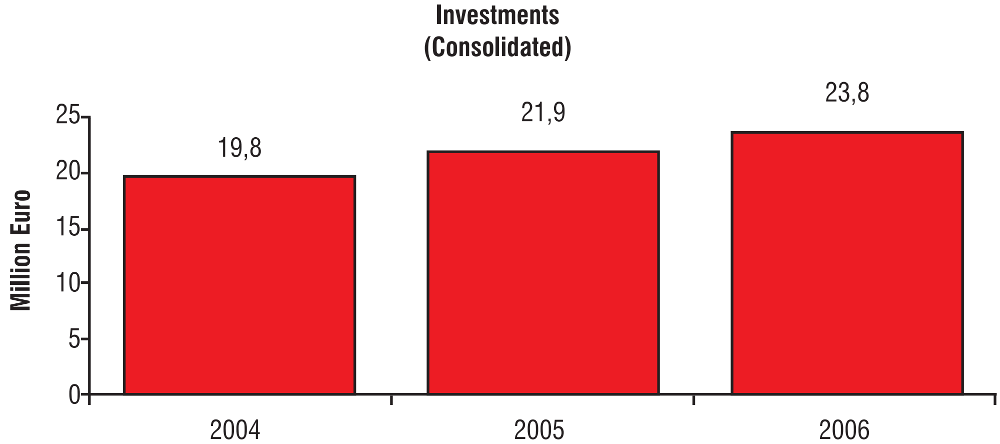


During the recent past the Group focused on retail sales. Today, the Group is operating "attica, the department store", the greatest and largest department store in South-eastern Europe, with a total surface area of 25.000 m^2, the "Factory Outlet" discount department stores in Neo Faliro and in the commercial park of Athens International Airport, with 26.000 m^2 total surface area. Concurrently, the Group is reconstructing for commercial use two more buildings, one in Athens and one in Bucharest of 27.000 m^2 total surface area, and has entered into an agreement with LAMDA Development, the construction company, for the creation of a new department store with an area of 10.000 m^2 approximately at the International Broadcasting Centre (IBC). Additionally, the Group is operating a network of 130 points of sale covering a total area of over 25.000 m^2, which stretches in 3 countries: Greece, Romania and Bulgaria. Overall, then, the Group controls around 110.000 m^2 in commercial retail points of sale, having already become one of the most important retailers in South-eastern Europe.

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



The high investments of the Group in real property and other fixed assets support the commitment of the Group's Administration to the Group's further growth and development within South-eastern Europe's retail sector. The evolution of the fixed assets during the last three years is illustrated in the following table:



2.2. The next day for Elmec Sport

On May 8, 2007, the main shareholders of Elmec Sport SA, Sam Fais and Lucy Fais, agreed to sell 28.713.620 Company shares, that is 51,82% of the share capital, to "Homeric Department Stores Holdings S.A." (from now on "Homeric DS"), a company controlled by Laskarides business group. Additionally, Sam and Lucy Fais decided to acquire 24% of the share capital of Homeric DS.

The completion of the agreement is to be finalised with the respective approvals by the authorities. After this procedure is over, Elmec Sport SA will also acquire the minority interests of its subsidiaries Factory Outlet SA, Factory Outlet Airport SA and Ipirotiki SA.

The main shareholders and the management of Elmec Sport expect that this agreement will bring together the experience of the Fais Family with the business potentials of Laskarides Group of Companies and that the new corporate scheme will add new momentum and benefits for the shareholders, the employees and the customers of the Group.

The goal of both the new and old main shareholders, as well as the management of Elmec Sport, is to maintain the successful course of our Group and to establish it as one of the greatest commercial groups of companies in South-eastern Europe.

3. ACTIVITIES & MAIN FACILITIES

3.1. Brief description of the Group

The Elmec Sport Group of Companies, apart from the parent company Elmec Sport SA, comprises the following companies:

Company	Registered offices	% of interest		
		Direct	Indirect	Total
Factory Outlet SA	Greece	60,24%		60,24%
Factory Outlet Airport SA	Greece	89,99%	0,55%	90,54%
Elmec Romania Srl	Romania	100,00%		100,00%
Elmec Sport Bulgaria EOOD	Bulgaria	100,00%		100,00%
Chronosport SA	Greece	50,00%		50,00%
Moustakis SA	Greece	100,00%		100,00%
Logistics Express SA	Greece	99,99%	0,01%	100,00%
Attica Department Stores SA	Greece	25,00%	21,07%	46,07%
Ipirotiki SA	Greece	84,29%		84,29%

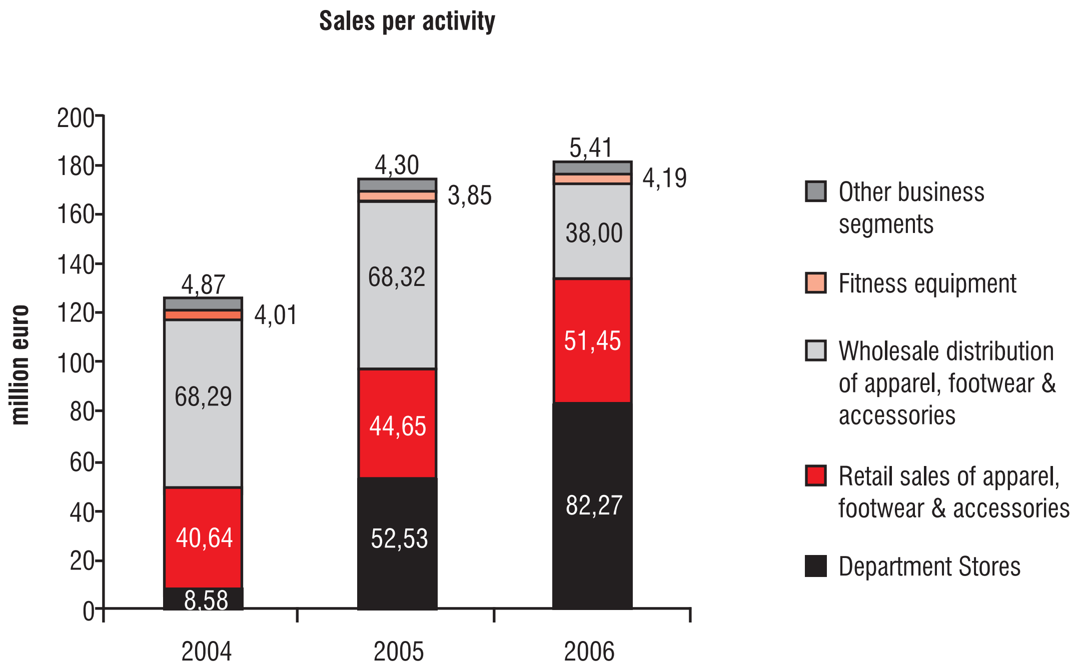
For more information regarding the activities, share composition and the administration of the above affiliates of Elmec Sport, as well as the web site hosting their annual financial statements, please consult chapter 5 "Affiliated Companies".

3.2. Business segments

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

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

The sales per business segment are depicted in the following graph, while detailed financial data for the above mentioned business segments are illustrated in note number 12 of the annual financial statements, which are included in this bulletin (chapter 7).



The five business segments of the Group have no common starting point. A brief historic background of the activities of our Group follows, before explaining in full detail the activities of each business segment. This will enable our reader to fully comprehend the current structure of our Groups' activities.

3.2.1. Brief background

◎ Elmec Sport S.A. was founded in 1981 by the Fais family to undertake the exclusive distribution in Greece and Cyprus of NIKE sportswear, which up to that point were distributed by the family company Elmec Ino Fais S.A.

In 1988 Elmec Sport established a department of fitness equipment for fitness centres and household use, initially dealing with the representation of famous American brands. Since 1995 this department distributes exclusively the products of the Italian firm Technogym in Greece.

In December 1994 Elmec Sport acquired and merged with Smash S.A., thus undertaking the representation of the American company Harley-Davidson (motorcycles, accessories and related apparel).

In 1996 Elmec Sport obtained the exclusive distribution rights of Nike in Bulgaria, and founded to this end an affiliated company in Bulgaria which now has the corporate name Elmec Sport Bulgaria EOOD. Three years later, Elmec Sport assumed the exclusive representation of Nike in Romania and founded to this end an affiliated company in Romania under the corporate name Elmec Romania SRL.

So, up to 1999, the Group was almost entirely counting on the activity of exclusive representation and distribution, primarily of Nike sportswear and secondly of Technogym fitness equipment and Harley-Davidson products.

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

As far as the network of retail stores is concerned, the Group chose to develop a network of stores that itself controlled (i.e., without franchisees) stores of small and medium size and shops-in-a-shop (corners) within large department stores, initially in Greece and Romania and later on in Bulgaria. The evolution of the network is already depicted in the second chart of chapter 2.1.

Coming to the segment of the department stores, the Group entered this market in 1999, by operating Factory Outlet in Neo Faliro, the first discount department store in Greece, that today has a total surface area of approximately 13.000 m^2.

In the summer of 2000, Elmec Sport acquired the company Ipirotiki Emporiki Ktimatiki S.A., owner of part of the buildings that used to host the famous department store "Minion", at Patission street, in the centre of Athens. Ipirotiki was used as a vehicle for the acquisition of additional properties in the same building complex, thus the Group owns today almost all buildings used by "Minion" in the past expanding to 21.000 m^2 approximately.

In 2002 Elmec Romania SRL purchased a multi-storey (5.000 m^2) building on the main commercial road of Bucharest. Recently, the same company acquired the building right next to it and has already begun the refurbishment of these two buildings with a total surface area over 6.000 m^2 in order to convert them to a modern department store.

In December 2003 Elmec Sport, together with a team of efficient entrepreneurs from the apparel sector, undertook the exploitation of 25.000 m^2 in 8 levels within the Army's Pension Fund Building in Panepistimiou street. The Group operates since April 2005 in these premises "attica, the department store", the biggest and most comprehensive department store in the Greek market. For the operation of "attica", Elmec Sport and its associates founded the company "Attica Department Store SA".

In September 2004 the Group entered into an agreement with the company "Athens International Airport SA" to build and operate the second discount department store "Factory Outlet", in the Commercial Park of Eleftherios Venizelos Airport, which has already commenced operations since December 2006 with a total surface area of 13.000 m^2. For the operation of the new discount department store, Elmec Sport founded a subsidiary company with the name "Factory Outlet Airport S.A.".

The latest news regarding the department stores of the Group, is the Company's decision in the beginning of 2007 to participate as a founding member in the company (under establishment) Landmark SA, which will build and operate a new department store with total surface area of 10.000 m^2 approximately, in the commercial centre of Lamda Development, within the premises of the International Broadcasting Centre (IBC) at Marousi.

◎ From May 2006 the Company ceased to distribute via the wholesale channel the Nike products in the markets of Greece and Cyprus, as this activity was assigned directly from the supplier Nike European Operations Netherlands BV to its Greek affiliate Nike Hellas Ltd. The Group reserves the exclusive distribution of these products in the markets of Romania and Bulgaria until May 2009.

However, from January 2007 on Elmec Sport SA assumed the exclusive distribution of the products of Converse, affiliate of Nike, in the markets of Greece and Cyprus, thus starting a new era in the Groups' activity of representation and distribution. Two years earlier, a similar agreement was signed between our Company and Converse for the distribution of the products of the latter in Romania and Bulgaria. Additionally, our Group acquired the production rights for sportswear bearing the name and trademarks of Converse and their distribution in the above four markets.

3.2.2. Description of activities per business segment

3.2.2.1. Department Stores

In 1999, the Group entered the department stores' sector by opening the "Factory Outlet" at Pireos street, Neo Faliro, the first discount department store in Greece. Since April 2005 the Group operates "attica, the department store", the largest department store of the Greek market and since December 2006 the second "Factory Outlet" in the commercial park of Athens International Airport.

Attica, the department store

"Attica, the department store", the largest department store of the Greek market.

Located at a privileged site besides Syntagma square, with major historical importance, within the Military Pension Fund Mall, this new department store extends over 25.000 m^2 on eight levels, characterized by modern aesthetics and unique architectural elements. It has been constructed with the most modern engineering specifications (rolling stairs, five elevators, air-conditioning, lighting system, fire safety system and security systems) and the most modern materials, creating an exceptionally pleasant shopping environment, equal to the best European department stores. Attica occupies more than 1000 employees and includes departments of women, men and children fashion, house equipment, sports goods, accessories and cosmetics, restaurant and cafeteria, and offers - among others – purchases with interest-free instalments, free shipping at home, free modification of clothes, lockers to keep objects for more comfortable shopping and a special VIP services room with the help of a personal shopper.

The organisation that implemented this unique Greek project is Attica Department Stores SA. The founders and major shareholders of Attica Department Stores SA are, besides Elmec Sport, five more well-known entrepreneurs from the apparel and department stores sectors of the market. The new department store operates mainly under the shops-in-a-shop system. More than 300 corners, hosting more than 850 brands, cover fully the needs of today's consumers.

Factory Outlet

It is the ninth year of successful operations for the famous discount department store "Factory Outlet" situated in Neo Faliro.

Factory Outlet has a surface area of 13.000 m^2 approximately and accommodates about 100 enterprises representing approximately 140 firms that manufacture or trade branded apparel for men, women and children, footwear, sports goods and accessories. These firms sell within Factory Outlet's premises, seasoned stock at prices at least 30% lower than the retail ones.

Factory Outlet Airport

The second "Factory Outlet" discount department store is operating in a 13.000 m^2 building constructed by the Group in the Commercial Park of Athens International Airport.

Operating the second department store, in a crucial point in Attica, the Group serves more consumers seeking low priced branded apparel and footwear.

Three more department stores are under construction:

Bucharest

The Group is already constructing a modern department store within the premises of a privately-owned building covering an area of 6.000 m^2 approximately in the main commercial road of Bucharest.

Omonoia

With stable pace goes on the reconstruction of the buildings which hosted in the past the "Minion" department store in Patission street expanding to 21.000 m^2 approximately and belong now almost in total to the Group.

Marousi

Our Group will operate a new up-scale 10.000 m^2 department store in the commercial centre to be created by Lamda Development within the premises of the International Broadcasting Centre (IBC) at Marousi.

3.2.2.2. Retail sales of apparel, footwear and accessories

This sector constitutes the second main pole (the first is the department stores) of the strategic development plan of the Group since 1999 (see also paragraph 3.2.1).

"Flagship" of this segment is the chain of retail stores called "exclusive sports", which sell exclusively products of Nike. This chain as of December 31st, 2006 counted 58 stores, 33 in Greece, 20 in Romania and 5 in Bulgaria. In addition, in the last months of 2006, the Group created 3 points of sale selling products of Converse, 2 in Greece and 1 in Romania.

Concurrently, our Group operates 58 mono-brand and multi-brand retail stores, 37 shops in Greece, 20 in Romania and 1 in Bulgaria, selling the casual apparel and footwear distributed by our Group (see next chapter).

Moreover, Elmec Sport develops from 2002 the "Ice Cube" stores which belong to the class of super-trendy women fashion boutiques, with apparel, jewellery and accessories of renowned Greek and international designers. Today, there are three points of sale under the "ice cube" model in operation.

Lastly, the Group develops in Greece and Bulgaria a chain of retail stores selling the famous women underwear and accessories "Women'Secret" in compliance to the franchise contract signed with the homonym fashion house. Already the Group operates 5 stores, 4 in Greece and 1 in Bulgaria.

3.2.2.3. Wholesale distribution of apparel, footwear and accessories

This sector deals with the wholesale distribution of sport and casual apparel, footwear and accessories.

Today, the Group distributes exclusively the products of Nike and Converse in Romania and Bulgaria, while in Greece and Cyprus distributes exclusively only the products of Converse. Additionally, the Group holds the right to produce and trade apparel with the name and trademarks of Converse in the above mentioned four markets.

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

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

In addition, the Group undertook the distribution of the high-end women apparel Patrizia Pepe and Joseph (in Greece), and the children apparel and footwear of Levi's, Cacao, Papermoon, MonnaLisa and Lego.

Finally, the activities of this sector comprise also the wholesale distribution of the Nike watches collection in Greece. This collection is sold in jewellery shops and relevant shops through Chronosport SA.

3.2.2.4. Fitness equipment

Having a long-term tradition in fitness equipment, Elmec Sport represents, in Greece and Romania, the Italian firm TechnoGym, the world's top manufacturer of fitness equipment. Employing specialised salesmen and technicians, Elmec Sport instigates studies and fully equips, with conventional and electronic devices, modern fitness, cosmetic and training centres, hotels, hospitals, physiotherapy centres and private training & fitness rooms. In addition, the company provides technical support and maintenance services to its clients.

3.2.2.5. Other activities

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

<u>Motorcycles</u>

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

<u>All-terrain vehicles</u>

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

<u>Surveillance & Security Systems</u>

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

<u>Electronic devices</u>

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

3.3. Main facilities and real estate

The main facilities and real estate property of the Group are given by the following table:

Facility	Owned / Rented	Address	Area (m^2)
Plots of land	Owned	Koropi, Attica	14.100
		Pireos 76, N. Faliro, Attica	9.500
		49, Ifestou St., Koropi, Attica	8.000
		123 Megaridos St., Aspropirgos, Attica	8.000
		Comuna Giroc, Timisoara Romania	2.600
		Soseaua Odaii 157-163, Otopeni, Bucharest	12.600
Warehouses	Owned	Ifestou 49, Koropi, Attica	12.000
		123 Megaridos St., Aspropirgos, Attica	5.000
	Rented	Soseaua de Centura 28-35, Bucharest	2.000
Offices & show rooms	Owned	96, Vouliagmenis Av, Glyfada, Attica	1.150
		43, October 26th St., Thessaloniki	300
	Rented	96, Vouliagmenis Av, Glyfada, Attica	6.800
		Progresului 130-144, Bucharest	1.600
		Zlaten Rog 22, Sofia	450
Retail Stores	Owned	Pireos 76, N. Faliro, Attica	13.000
		Patission 13-15, Satovriandou, Dorou & Veranzerou, Athens	19.000
		Magheru & Campineanu 2-4, Bucharest	6.000
		268, Kifissias Avenue, Psychiko, Attica	1.250
		54, Ermou St. & Kapnikarea Sq., Athens	100
		421, Aharnon St. & Kourtidou St., Athens	350
		Calea Mosilor 284, Bucharest	200
		Take Ionescu 8 & Magheru, Bucharest	200
		Vasile Parvan 14, Timisoara	1.150
	Rented	Panepistimiou 9, Athens	25.000
		Commercial Park, Athens International Airport	13.000
		79 points of sale in Greece	13.000
		38 points of sale in Romania	9.000
		7 points of sale in Bulgaria	1.100

4. ADMINISTRATION & AUDITORS

4.1. Board of Directors

The Board of Directors of the Company, which was elected for a 6-year period of service by the Ordinary General Meeting of Shareholders on June 28th, 2002, consists of the following persons:

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

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

4.2. Internal audit

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

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

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

Mr. Elias Dimitrakopoulos is the supervisor of Internal Audit Service, holding a postgraduate degree (MSc) in Finance, from Strathclyde University, Scotland, and is a Certified Internal Auditor (CIA), certified from the Institute of Internal Auditors (USA). He is also a member of the Hellenic Institute of Internal Auditors.

4.3. Audit of the financial statements

The financial statements of the Company, plain and consolidated, are audited by the company BDO Protypos Hellenic Auditing Company S.A., 81 Patission str. & Heyden str., Athens, and more specifically by the chartered auditors Mr. Grigoris Koutras with registration number ICAA (Greek) 13601 (regular auditor) and Mr. Andreas Tsamakis, with registration number ICAA (Greek), 17101 (substitute auditor).

5. SUBSIDIARY COMPANIES

5.1. Activities, main facilities and administration of the subsidiary companies

This section presents in summary the activities, the shareholders and the administration of Elmec Sport's subsidiary companies included in the consolidated financial statements of 31/12/2006.

These companies are the following:

Company	Registered offices	% of interest		
		Direct	Indirect	Total
Factory Outlet SA	Greece	60,24%		60,24%
Factory Outlet Airport SA	Greece	89,99%	0,55%	90,54%
Elmec Romania SRL	Romania	100,00%		100,00%
Elmec Sport Bulgaria EOOD	Bulgaria	100,00%		100,00%
Chronosport SA	Greece	50,00%		50,00%
Moustakis SA	Greece	100,00%		100,00%
Logistics Express SA	Greece	99,99%	0,01%	100,00%
Attica Department Stores SA	Greece	25,00%	21,07%	46,07%
Ipirotiki SA	Greece	84,29%		84,29%

5.1.1. Factory Outlet S.A.

Factory Outlet SA was founded in 1961 under the name Elmec Ino Fais SA, with scope to trade electrical products, to represent foreign and domestic firms and to execute technical projects. In 1998, Elmec Ino Fais SA, that was dormant since 1992, was renamed to "Factory Outlet S.A." and changed its scope of operation. Today, Factory Outlet's activity is the operation of discount department stores and the trading of products sold in department stores. Elmec Sport controls 60,24% of Factory Outlet S.A and intends to acquire the minority holdings after the conclusion of the transaction mentioned in chapter 2.2.

Factory Outlet owns a four-level building with a total surface area of 13.000 m^2, built on a plot of 9.525 m^2 at 76 Pireos street in Neo Faliro. The company's registered offices are at the above-mentioned address and its personnel numbers 47 employees. The chairman of the company is Mr Elias Koukoutsas.

The annual financial statements of Factory Outlet SA for the fiscal year 2006 (1/1-31/12/2006) and the report of the Board of Directors and the Auditors are hosted in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.1.2. Factory Outlet Airport S.A.

Factory Outlet Airport S.A. was founded in 9/2/2005. Its scope is the operation of discount department stores and the commerce of goods sold in department stores. The registered offices are in the Commercial park of Athens International Airport in Spata. The company employs 33 employees. Chairman of the company is Mr. Elias Koukoutsas. Elmec Sport S.A. controls 90,54% of the company and intends to acquire the minority holdings after the conclusion of the transaction mentioned in chapter 2.2.

Factory Outlet Airport S.A. manages the new discount department store in the Commercial park of Athens International Airport "El. Venizelos" extending to 13.000 m^2 and operating within the standards of the already successful "Factory Outlet" discount department store in Pireos str.

Factory Outlet Airport S.A. has completed the first fiscal year (over-12month period). The financial statements of Factory Outlet Airport S.A. for this period (9/2/05-31/12/06) are hosted in the website of Elmec Sport (www.elmec.gr) at the same position as mentioned above.

5.1.3. Elmec Romania SRL

Elmec Romania SRL was founded by Elmec Sport in 1999. The company's registered offices are at 8 Take Ionescu street, Bucharest, Romania. Elmec Romania employs 548 persons. Administrator of the company is Mr. Pavlos Kalamarides and General Manager is Mr. Solomon Mordehae. Elmec Sport holds the 100% of the shares of Elmec Romania SRL.

Elmec Romania's main activity is the retail sales of footwear and apparel through its 20 "exclusive sports" shops and the 20 mono-brand and multi-brand stores with casual apparel operating in Bucharest and other cities of Romania.

In addition, the company distributes the collections of the brands Nike, Converse, Dockers, Miss Sixty, Energie, Calvin Klein, Marlboro Classics and Ralph Lauren Polo and operates a gym centre under the name "Wellness Club".

The annual financial statements of Elmec Romania SRL for the fiscal year 2006 (1/1-31/12/2006) and the report of the Auditors are hosted in the website of Elmec Sport (www.elmec.gr) at the same position as mentioned above.

5.1.4. Elmec Sport Bulgaria EOOD

This company was founded by Elmec Sport, in 1997, under the name Balkan ES Team Ltd, and was renamed to Elmec Sport Bulgaria EOOD in September 2005. The company's registered offices are at Sofia, Bulgaria, 22 Zlaten Rog street. Elmec Sport Bulgaria EOOD employs 56 persons, its Administrator is Mr. Pavlos Kalamarides and the General Manager is Mr. Michalis Katsimpiris. Elmec Sport S.A. holds the 100% of its shares.

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

The annual financial statements of Elmec Sport Bulgaria EOOD for the fiscal year 2006 (1/1-31/12/2006) and the report of the Auditors are hosted in the website of Elmec Sport (www.elmec.gr) at the same position as mentioned above.

5.1.5. Chronosport S.A.

Chronosport S.A. was founded in 2001 with its registered offices at Athens, 48 Stadiou street. The company's scope is to import and trade any kind and type of watches and related products. Its main activity is the wholesale of NIKE's collection of watches. Chronosport's Chairperson and Managing Director is Mr Pavlos Mosse. Elmec Sport owns 50% of Chronosport's capital. Diachroniki SA owns the remaining 50%.

The annual financial statements of Chronosport S.A. for the fiscal year 2006 (1/1-31/12/2006) and the report of the Board of Directors and the Auditors are hosted in the website of Elmec Sport (www.elmec.gr) at the same position as mentioned above.

5.1.6. Moustakis S.A.

Moustakis S.A. was founded in 1962 and its registered offices are at 24 Agiou Nikolaou street, at Patra. The company's scope is to sell apparel, footwear and household products, as well as general trading activities. Moustakis' Chairperson and Managing Director is Mr. Christos Hatziyakoumis.

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

The annual financial statements of Moustakis S.A. for the fiscal year 2006 (1/1-31/12/2006) and the report of the Board of Directors and the Auditors are hosted in the website of Elmec Sport (www.elmec.gr) at the same position as mentioned above.

5.1.7. Logistics Express S.A.

Logistics Express S.A. was founded in 28/4/06 by Elmec Sport S.A. by 99,99% and Factory Outlet S.A. by 0,01%. The registered address of the company is 49 Ifestou Str., Koropi, and its Chairperson is Mr. Christos Hatziyakoumis. As of 31/12/06 Logistics Express S.A. employed 4 persons.

The company's activity is to provide logistics services.

The company has not completed its first fiscal year. Brief financial data for the period 28/4 – 31/12/06 are hosted in the website of Elmec Sport (www.elmec.gr) at the same position as mentioned above.

5.1.8. Ipirotiki S.A.

Ipirotiki Emporiki Ktimatiki SA was founded in 1962 under the name Ipirotiki Emporiki S.A. Its scope is the exploitation of department stores, commercial and entertainment centres. It possesses real estate of considerable value in the centre of Athens, in the block surrounded by Patission, Veranzerou, Dorou and Satovriandou streets. Ipirotiki's registered offices are at 61a Katehaki street, Athens. At present, Ipirotiki is inactive. Chairperson and Managing Director of the company is Mr. Elias Koukoutsas.

Elmec Sport bought off 50% of Ipirotiki's share capital in June 2000. Through successive increases of Share Capital, Elmec Sport came to own 84,29% of Ipirotiki's share capital on 31/12/2006 and intends to acquire the minority holdings (15,71%) after the conclusion of the transaction mentioned in chapter 2.2.

The annual financial statements of Ipirotiki S.A. for the fiscal year 2006 (1/1-31/12/2006) and the report of the Board of Directors and the Auditors are hosted in the website of Elmec Sport (www.elmec.gr) at the same position as mentioned above.

5.1.9. Attica Department Stores S.A.

Attica Department Stores was founded in February 2004, having as a scope the management and exploitation of department stores. Its registered offices are at 9 Panepistimiou street, Athens. The Chairperson of the company is Mr. Sam Fais and the Managing Director is Mr. Konstantinos Lambropoulos.

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

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

The annual financial statements of Ipirotiki S.A. for the fiscal year 2006 (1/1-31/12/2006) and the reports of the Board of Directors and the Auditors are hosted in the website of Elmec Sport (www.elmec.gr) at the same position as mentioned above.

5.2. Report of transactions with affiliated companies

ANNUAL REPORT OF THE TRANSACTIONS OF ELMEC SPORT S.A. WITH ITS SUBSIDIARY COMPANIES FOR THE FISCAL YEAR 2006 (1/1 - 31/12/2006) IN COMPLIANCE WITH ARTICLE 2 L. 3016/2002

Ladies and Gentlemen,

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

These companies are affiliated to Elmec Sport S.A. under the provisions of paragraph 5, Article 42e of Law 2190/1920, "on Societe Anonymes". On 31/12/2006, there are no other, apart from the below mentioned, companies affiliated to Elmec Sport, under the provisions of the above mentioned clause.

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

TRANSACTIONS WITH AFFILIATED COMPANIES

(amounts in Euro)

Affiliated Company	Head Offices	Purchases/ Reception of Services		Sales/ Rendering of Services	
		2006	2005	2006	2005
Factory Outlet SA	Greece	561.446	684.297	261.092	271.884
Factory Outlet Airport SA	Greece	97.035	-	758.238	-
Elmec Romania SRL	Romania	-	-	8.674.909	7.925.106
Elmec Sport Bulgaria EOOD	Bulgaria	-	-	1.931.572	1.481.458
Chronosport SA	Greece	27.151	23.097	642.362	137.975
Moustakis SA	Greece	-	-	842.878	926.267
Elmel Emporiki LTD	Greece	-	-	-	48.646
Logistics Express SA	Greece	-	-	-	-
Ipirotiki SA	Greece	-	-	-	-
Attica Dept. Stores SA	Greece	98.379	386.638	2.902.566	2.537.999
		784.011	1.094.032	16.013.617	13.329.335

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

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

[Elmel E Ltd is currently not an affiliated company any longer, because it was sold to third parties at November 18th, 2005.]

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

Factory Outlet S.A. and Factory Outlet Airport SA receive income from their parent company Elmec Sport S.A. in return for the facilities provided by the formers to the latter, to sell seasoned stock within the Factory Outlet discount department store in Neo Faliro and in the Commercial Park of Athens International Airport respectively.

5 Subsidiary Companies

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

With respect to their commercial transactions, the Company treats Elmec Sport Bulgaria and Elmec Romania as major foreign wholesale clients; for them, Elmec Sport follows a particular invoicing policy, decided by Elmec Sport's Board of Directors. The terms governing Elmec Sport's commercial transactions with the remaining companies (Moustakis, Elmel, Chronosport, Factory Outlet, Factory Outlet Airport SA, Logistics Express SA and Attica Department Stores) are regulated via bilateral private agreements.

Glyfada, May 14, 2007
The Board Of Directors of Elmec Sport S.A.

6. REPORT OF THE BOARD OF DIRECTORS

We have the honour to present you the report of the activities of Elmec Sport SA and its subsidiaries for its 24th fiscal year, which covers the period from January 1 until December 31, 2006.

Our report examines the following topics that are interconnected:

Operating activities

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

Department stores

The Group operates

- From April 2005 on "Attica, the department store", the largest department store in the Greek market, that extends 25.000 square metres at 9 Panepistimiou Street, in the centre of Athens.
- From 1999 "Factory Outlet", the first discount department store in Greece at 76 Piraeus Street in Neo Faliro.
- From December 2006, discount department store at the commercial park of International Airport of Athens.

Moreover, the Group has a reconstruction program in two groups of buildings, a privately-owned building of 6 thousands of m^2 at the centre of Bucharest in Romania, and finally the buildings that have accommodated in the past the department stores "Minion" at Patission street, at the centre of Athens.

Wholesale of apparel and footwear

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

Retail sales of apparel and footwear

This sector deals with the operation of mono-brand and multi-brand shops of casual apparel and underwear. By the end of 2006, 130 shops were in operation.

Gym equipment

This sector deals with sale of gym equipment to gyms, training centres etc, in Greece and Romania, with "TechnoGym" machines.

Remaining Sectors

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

Buildings

The main buildings of the Group are:

- The offices of the Administration of the Company at 96 Vouliagmenis Avenue in Glyfada, where also most of the show rooms is accommodated, which cover a total area 6.775 m^2. The 1.142 m^2 are privately owned whereby the rest are leased.
- The central warehouse of the Company at 49 Ifestou Street in Koropi, an area of 12.000 m^2, built by the Company in privately owned land and then sold and leased back.

- The privately owned department store Factory Outlet at 76 Piraeus street in N. Faliro, covering an area of 13.000 m^2.
- The building of the homonym discount department store in the Commercial Park of the Institutional Airport of Athens, an extend of about 13 thousand m^2 was constructed by the Group in a land assigned on the basis of a long-term convention with 'International Airport Athens SA'.
- The department store "Attica", at 9 Panepistimiou street in Athens, assigned to the Group at the basis of a contract of services, by the trustee company of the Army Pension Fund.
- The privately-owned buildings of roughly 21.000 m^2 in the block encompassed by Patission, Satovriandou, Dorou and Veranzerou streets in the Omonia Square, which used to accommodate the "Minion" department store.
- The privately owned buildings at the junction of Magheru and Campineanu street in Bucharest, with an area of more than 6.000 m^2, which is being reconstructed to a modern commercial department store, the first in the Romanian market.
- The privately-owned ground-floor real estate of roughly 284 m^2 in the commercial centre 'Port' in Thessalonica, which is used as show rooms.
- Warehouse in Aspropirgos of Attica with an area of roughly 5 thousand m^2.
- 130 retail shops in Greece, Romania and Bulgaria, from which the privately owned ones are the shops at 54 Ermou street and at 421 Aharnon street in Athens, at 268 Kifisias Avenue in Psyhikon, as well as three shops in Romania.

Personnel

The personnel of the Group totalled 1.687 employees on 31/12/2006, as opposed to 1.556 employees on 31/12/2005. This important increase is mainly due to the commencement of operations of discount department store Factory Outlet in the Commercial Park of International Airport of Athens, but also due to the expansion of network of shops of retail sales in Greece and Romania

Market conditions during the fiscal year under examination

The European tendency of retail concentration and the creation of large spaces that provide the consumer with a wide range of products and services has continued became obvious in our country at the examined period. This tendency that affected positively the turnover of the Group's department store at the examined period and is expected to be continued in the current as well as in the next years, given that in Greece the retail continues to present a small degree of concentration.

Generally, the moderate records of Greek economy affected negatively the turnover of the Group. However, promising is the data from Romania, where the intense rate of growth and integration of this country in the European Union reinforced and will reinforce more and more in the future the Group's revenues from this country.

Administrative and financial review of the examined fiscal year

2006 was a year of growth and restructuring for our Group because of the interruption of wholesale disposal of Nike's products in Greece and Cyprus on May 31st 2006.

The basic Group's growth activities at the examined period were the following:

- The completion of the construction and the opening of the Group's discount department store which also bears the trade name Factory Outlet and extends about nearly 13 thousand m^2 in the Commercial Park of the International Airport of Athens.
- The agreement for the representation in Greece and in Cyprus of the historical and worldwide successful company of Athletic items of Converse was completed (two years ago had preceded the resumption of representation of Converse in Romania and Bulgaria). Thus, from 1/1/2007 our Group will distribute exclusively the items of Converse in Greece, Romania, Bulgaria and Cyprus. In addition, it will have the right to produce and allocate athletic items in these countries with Converse trade name and trademarks.
- The addition of 34 new points of sale, 20 in Greece, 10 in Romania and 4 in Bulgaria in the network of retail stores.

With the revenue overcoming 181 million euro towards 173,6 euro in 2005 and earnings before tax overcoming 12,5 million euro towards 18,5 euro in 2005, Elmec Sport Group of companies maintains its steady course and position among the largest and most profitable Greek Group of Companies operating in trade market.

The net after-tax earnings and minority rights came up to 5,9 million euro versus 10,1 million euro in 2005.

The profitability ratios are as follows:

	2006	2005
Gross Profit Margin	42,7%	45,0%
EBITDA margin	10,6%	13,7%
EBIT margin	8,3%	11,8%
EBT margin	6,9%	10,7%

Lower gross margins are mainly due to the greater contribution of "attica" in consolidated turnover, as "attica" operates on a 32% gross margin, which is significantly lower than the Group's average.

EBIT declined mainly due to the reduction of gross profits and the reduction of earnings from secondary operations (4,2million euro in 2006 versus 6,1 million euro in 2005).

Lastly, It should be noted that the Group made additional investments in fixed assets and software arising of about 23,8 million euro during 2006 versus 21,9 million in 2005.

Proposed distribution of profits

The net profit after taxes of the parent Company was 2,9 million Euros in 2006, as opposed to 10,8 million Euros in 2005.

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

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

Risk management

Credit Risk exposure

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

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

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

Fair value

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

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

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

Exchange risk

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

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

Liquidity Risk

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

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

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

Objectives and strategies

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

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

Department stores

The first place in our Groups plans in relation to the sector of the department store is the renovation of the discount department store Factory Outlet of N.Faliro in order to acquire the appropriate appearance, function and quality of the provided services equal to the homonym department store opened last December in the International Airport of Athens.

At the same time, the Management of the Group will back up its venture and will examine the possibility of creating a third homonym discount department store. Moreover, it will strengthen the variety of items and the quality of services which are provided by the department store 'Attica", the biggest and most complete department store that has ever existed in Greece, with a total surface of 25 thousand square metres, that started its operations in April 2005 and has all the pledges in order to become not only the first store of this type in both sales and profitability, but also a reference point for the department stores in South-eastern Europe and not only.

Immediate plans also include:

- The completion of the department store that our group constructs in a privately-owned exceptionally beautiful building, covering a 6.000 m^2 in the most central commercial street of Bucharest.
- The exploitation of the buildings that accommodated in the past the "Minion" department store at Patission street, which cover a total surface of roughly 21 thousand square metres.
- Participation in the creation of a modern department store the extent of which will be about 10 thousand m^2 in the area of the Olympic Centre Press in Marousi of Attica via the Landmark company.
- Participation in the construction of a commercial centre in Craiova in Romania via the Microcom DOI Company the extent of which will be 122 thousand m^2.

Retail sales network

Our group possesses one of the biggest networks of retail stores in South-eastern Europe with 130 points of sale at the end of 2006.

Our Group intends to increase the stores of the "exclusive sports" chain, which bear the labels of Nike and are spread over Greece, Romania and Bulgaria, from 58 at the end of 2006 to roughly 70 until 2008.

At the same time, it intends to increase the number of shops which contain Women' Secret's underwear from 5 that was in the end of 2006 to 10 until the year 2009.

Commercial portfolio

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

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

With its 25-year experience, its reliable network of customers, its powerful capital structure, its commercial and financing reliability, and its network of 130 points of retail sales and a total area of retail sale (in operation or under construction) that exceeds 100 thousand m^2, the Group negotiates to undertake the representation and distribution of other brands in the countries that it operates.

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

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

Conclusion

After the interruption of the wholesale distribution of Nike products in Greece and Cyprus last May, our Group entered successfully a new era, achieving rise of turnover and high profitability.

The constant expansion of the Group’s activities and the undertaking of activities of high profitability, such as the production and distribution of Converse products, will ensure long-term growth and profitability for the Group.

Athens, March 20th, 2007

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

7. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2006

Independent Auditor's Report

To the Shareholders of "ELMEC SPORT SA"

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: 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 Greek Standards on Auditing which are in compliance with International Standards on 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 accompanying corporate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2006 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union

Report on Other Legal and Regulatory Requirements

In our opinion the content of Board of Directors' Report, is consistent with the accompanying financial statements.

Athens, 26 March 2007

The Certified Auditor-Accountant
Gregory E. Koutras

S.O.E.L. Registration Number 13601

BDO **Protypos Hellenic Auditing Company AE**
Certified & Registered Auditors

Consolidated Income Statement

	Note	1/1 - 31/12/2006	1/1 - 31/12/2005
Turnover	5	181.307.043	173.564.644
Cost of sales	6	(103.974.033)	(95.460.027)
Gross profits		**77.333.010**	**78.104.617**
Other income	8	4.252.385	6.056.385
Administrative expenses	9,10	(12.429.012)	(8.800.173)
Sale & distribution expenses	9,10	(49.909.361)	(51.615.156)
EBITDA		**19.247.022**	**23.745.673**
Depreciation & amortisation	7	(4.017.696)	(3.337.330)
EBIT		**15.229.326**	**20.408.343**
Financial income	11	2.082.507	2.321.959
Financial expenses	11	(4.630.226)	(4.228.796)
EBT		**12.681.607**	**18.501.506**
Income tax	13	(5.057.712)	(6.966.951)
Net earnings		**7.623.895**	**11.534.555**
Minority interest	33	(1.753.178)	(1.408.672)
Parent company interest		**5.870.717**	**10.125.883**
Earnings per share - basic	14	0,11	0,18

Income Statement of the Company

	Note	1/1 - 31/12/2006	1/1 - 31/12/2005
Turnover	5	84.127.599	114.659.536
Cost of sales	6	(48.930.423)	(61.913.960)
Gross profits		**35.197.176**	**52.745.576**
Other income	8	1.012.839	982.834
Administrative expenses	9,10	(4.809.740)	(4.593.103)
Sale & distribution expenses	9,10	(21.846.374)	(30.122.716)
EBITDA		**9.553.901**	**19.012.591**
Depreciation & amortisation	7	(2.174.554)	(2.096.804)
EBIT		**7.379.347**	**16.915.787**
Financial income	11	889.212	2.102.432
Financial expenses	11	(2.598.793)	(2.723.448)
EBT		**5.669.766**	**16.294.771**
Income tax	13	(2.767.293)	(5.466.086)
Net earnings		**2.902.473**	**10.828.685**
Earnings per share - basic	14	0,05	0,20

The Notes on pages 33 to 80 form an integral part of the financial statements

Consolidated Balance Sheet

	Note	31/12/2006	31/12/2005
ASSETS			
Non-current assets			
Tangible fixed assets	15	106.168.332	88.165.452
Intangible assets	16	2.906.591	2.393.026
Goodwill	17	10.502.554	10.502.554
Investments available for sale	27	570.537	570.537
Deferred tax assets	13	861.224	631.461
Guarantees paid	18	905.400	762.728
		121.914.638	103.025.758
Current assets			
Inventory	19	60.402.946	52.300.417
Clients and other current debtors	20	56.071.748	75.068.217
Investments at fair value through p&l	28	3.347.652	3.158.966
Derivative financial assets	29		75.003
Cash and equivalents	21	19.615.531	20.149.364
		139.437.877	150.751.967
TOTAL ASSETS		**261.352.515**	**253.777.725**
EQUITY & LIABILITIES			
Equity			
Share capital	30	33.240.000	33.240.000
Share premiums	26	317.490	11.730
Reserves	31	18.024.939	17.537.386
Translation differences	32	(281.430)	(497.239)
Retained earnings	34	49.349.592	47.487.265
		100.650.591	97.779.142
Minority interest	33	14.626.249	15.015.862
		115.276.840	112.795.004
Non-current liabilities			
Loans and financial leases	22	27.056.150	24.351.727
Deferred tax liabilities	13	1.717.636	997.828
Employee benefits	10	835.291	722.602
Provisions for additional taxes	13	601.000	441.800
		30.210.077	26.513.957
Current liabilities			
Loans and financial leases	22	42.970.798	46.096.876
Suppliers and other current creditors	24	64.813.803	59.715.136
Current tax liabilities	23	5.416.622	5.611.652
Provisions	25	2.664.375	3.045.100
		115.865.598	114.468.764
TOTAL EQUITY & LIABILITIES		**261.352.515**	**253.777.725**

The Notes on pages 33 to 80 form an integral part of the financial statements

Balance Sheet of the Company

	Note	31/12/2006	31/12/2005
ASSETS			
Non-current assets			
Tangible fixed assets	15	28.112.358	27.614.209
Intangible assets	16	2.358.942	2.043.372
Investments in subsidiaries	26	44.183.666	44.488.432
Investments available for sale	27	486.795	486.795
Guarantees paid	18	568.980	517.601
		75.710.741	75.150.409
Current assets			
Inventory	19	23.595.517	24.236.922
Clients and other current debtors	20	36.363.019	64.913.332
Investments at fair value through p&l	28	3.347.652	3.158.966
Derivative financial assets	29		75.003
Cash and equivalents	21	5.832.804	6.536.023
		69.138.992	98.920.246
TOTAL ASSETS		**144.849.733**	**174.070.655**
EQUITY & LIABILITIES			
Equity			
Share capital	30	33.240.000	33.240.000
Share premiums	26	11.730	11.730
Reserves	31	15.909.336	15.764.204
Retained earnings	34	47.124.332	47.967.991
		96.285.398	96.983.925
Non-current liabilities			
Loans and financial leases	22	11.218.218	11.817.330
Deferred tax liabilities	13	1.549.276	641.113
Employee benefits	10	580.750	565.719
Provisions for additional taxes	13	400.000	400.000
		13.748.244	13.424.162
Current liabilities			
Loans and financial leases	22	22.418.093	40.006.535
Suppliers and other current creditors	24	8.402.148	17.159.499
Current tax liabilities	23	1.845.850	3.965.809
Provisions	25	2.150.000	2.530.725
		34.816.091	63.662.568
TOTAL EQUITY & LIABILITIES		**144.849.733**	**174.070.655**

The Notes on pages 33 to 80 form an integral part of the financial statements

Consolidated Statement of Changes in Equity

	Note	Share capital	Share premiums	Reserves	Translation differences	Retained earnings	Minority interest	Total
Balance at 31/12/2004		33.240.000	11.730	16.191.052	(677.446)	43.188.822	12.775.646	104.729.804
IAS 32 & 39 1st adoption adjustments						(392.892)		(392.892)
Balance at 1/1/2005		33.240.000	11.730	16.191.052	(677.446)	42.795.930	12.775.646	104.336.912
Deferred taxation recorded in equity	13					99.596	(8.171)	91.425
Cost of new share issues						(85.664)	(9.862)	(95.526)
FX differences				4.120	180.207	49.163		233.490
Various income/(expenses) in equity						(429)		(429)
Total profits/(losses) in equity				4.120	180.207	62.666	(18.033)	228.960
Period net profits						10.125.883	1.408.672	11.534.555
Total profits/(losses) for the period				4.120	180.207	10.188.549	1.390.639	11.763.515
New issues							884.350	884.350
Dividends declared						(4.155.000)	(34.773)	(4.189.773)
Formation of reserve	31			1.583.002		(1.583.002)		
Dissolution of reserve	31			(240.788)		240.788		
Balance at 31/12/2005		33.240.000	11.730	17.537.386	(497.239)	47.487.265	15.015.862	112.795.004
Deferred taxation recorded in equity	13					9.117	140	9.257
Cost of new share issues	26					(65.937)	(19.275)	(85.212)
FX differences					215.809			215.809
Various income/(expenses) in equity						(105.702)	(91.582)	(197.284)
Total profits/(losses) in equity					215.809	(162.522)	(110.717)	(57.430)
Period net profits						5.870.717	1.753.178	7.623.895
Total profits/(losses) for the period					215.809	5.708.195	1.642.461	7.566.465
New issues	26		305.760			5.400	541.284	852.444
Dividends declared	34					(3.601.000)	(34.700)	(3.635.700)
Formation of reserve	31			487.553		(487.553)		
Dissolution of subsidiary	26					237.285	(2.538.658)	(2.301.373)
Balance at 31/12/2006		33.240.000	317.490	18.024.939	(281.430)	49.349.592	14.626.249	115.276.840

The Notes on pages 33 to 80 form an integral part of the financial statements

Statement of Changes in Equity of the Company

	Note	Share capital	Share premiums	Reserves	Retained earnings	Total
Balance at 31/12/2004		33.240.000	11.730	15.463.556	41.889.619	90.604.905
IAS 32 & 39 1st adoption adjustments					(392.892)	(392.892)
Balance at 1/1/2005		33.240.000	11.730	15.463.556	41.496.727	90.212.013
Deferred taxation recorded in equity	13				98.227	98.227
Total profits/(losses) in equity					98.227	98.227
Period net profits					10.828.685	10.828.685
Total profits/(losses) for the period					10.926.912	10.926.912
Dividends declared					(4.155.000)	(4.155.000)
Formation of reserve	31			541.436	(541.436)	
Dissolution of reserve	31			(240.788)	240.788	
Balance at 31/12/2005		33.240.000	11.730	15.764.204	47.967.991	96.983.925
Period net profits					2.902.473	2.902.473
Total profits/(losses) for the period					2.902.473	2.902.473
Dividends declared	34				(3.601.000)	(3.601.000)
Formation of reserve	31			145.132	(145.132)	
Balance at 31/12/2006		33.240.000	11.730	15.909.336	47.124.332	96.285.398

The Notes on pages 33 to 80 form an integral part of the financial statements

Consolidated Cash Flow Statement

	1/1 - 31/12/2006	1/1 - 31/12/2005
Operating activities		
Earnings before taxes (EBT)	12.681.607	18.501.506
Plus adjustments for:		
Depreciation & amortisation	4.017.696	3.337.330
Provisions	113.702	1.835.799
Losses on the sale of fixed assets	140.404	95.135
Impairment losses on investments	76.163	31.415
Losses on the sale of financial assets		600
Financial expenses	4.238.656	3.096.879
Foreign exchange rate differences	226.225	233.487
Income/(expenses) recognised in equity	(197.284)	
Less adjustments for:		
Income from provisions	(700.609)	
Gains on the sale of fixed assets	(146.737)	(63.708)
Revaluation of financial assets	(189.846)	(789.801)
Gains on the sale of financial assets		(57.064)
Financial income	(610.485)	(446.696)
Plus changes in working capital:		
Decrease/(increase) in inventories	(8.102.529)	(22.634.622)
Decrease/(increase) in receivables	19.172.669	(19.440.598)
Increase/(decrease) in liabilities (except loans)	5.213.138	35.419.168
Less:		
Interest and other bank expenses paid	(4.238.656)	(3.094.812)
Taxes paid	(4.604.656)	(11.650.450)
Net cash provided by operating activities (a)	27.089.458	4.373.568
Investing Activities		
Proceeds from sold financial assets		350.604
Proceeds from sold tangible fixed assets	1.242.610	1.666.257
Interest received	378.355	299.039
Dividends received	203.876	147.657
Other investment inflows (net)	28.254	(2.067)
Less:		
Purchase of financial assets		(81.248)
Purchase of tangible fixed assets	(22.887.153)	(20.836.982)
Purchase of intangible assets	(883.266)	(1.060.720)
Net cash provided by investing activities (b)	(21.917.324)	(19.517.460)
Financing activities		
Inflow from capital issues	852.444	926.362
Less:		
Dissolution of subsidiary	(2.301.373)	
Capital issue costs	(85.212)	(95.526)
Increase/(decrease) in borrowings	1.078.706	4.476.535
Increase/(decrease) in financial leases	(1.500.361)	11.848.968
Dividends paid	(3.750.171)	(4.181.680)
Net cash provided by financing activities (c)	(5.705.967)	12.974.659
Cash and equivalents at the beginning of the year	20.149.364	22.318.597
Plus: Net cash inflows/(outflows) (a+b+c)	(533.833)	(2.169.233)
Cash and equivalents at the end of the period	19.615.531	20.149.364

The Notes on pages 33 to 80 form an integral part of the financial statements

Cash Flow Statement of the Company

	1/1 - 31/12/2006	1/1 - 31/12/2005
Operating activities		
Earnings before taxes (EBT)	5.669.766	16.294.771
Plus adjustments for:		
Depreciation & amortisation	2.174.554	2.096.804
Provisions	15.031	1.223.751
Losses on the sale of fixed assets	52.519	47.034
Impairment losses on investments	76.163	5.000
Losses on the sale of financial assets		600
Financial expenses	2.212.390	1.745.369
Less adjustments for:		
Income from provisions	(700.609)	
Gains on the sale of fixed assets	(57.876)	(63.559)
Revaluation of financial assets	(189.846)	(864.462)
Financial income	(490.344)	(341.094)
Plus changes in working capital:		
Decrease/(increase) in inventories	641.405	(721.908)
Decrease/(increase) in receivables	28.818.820	(8.992.601)
Increase/(decrease) in liabilities (except loans)	(8.692.942)	(1.232.485)
Less:		
Interest and other bank expenses paid	(2.212.390)	(1.743.302)
Taxes paid	(3.979.089)	(9.610.738)
Net cash provided by operating activities (a)	23.337.552	(2.156.820)
Investing Activities		
Proceeds from sold financial assets	10.654.319	481.800
Proceeds from sold tangible fixed assets	340.556	655.789
Interest received	272.576	192.414
Dividends received	217.768	148.680
Other investment inflows (net)		(2.067)
Less:		
Purchase of financial assets	(10.349.553)	(7.774.221)
Purchase of tangible fixed assets	(2.703.788)	(6.900.533)
Purchase of intangible assets	(619.686)	(993.469)
Net cash provided by investing activities (b)	(2.187.808)	(14.191.607)
Financing activities		
Less:		
Increase/(decrease) in borrowings	(17.564.381)	3.460.311
Increase/(decrease) in financial leases	(623.173)	11.875.462
Dividends paid	(3.665.409)	(4.141.479)
Net cash provided by financing activities (c)	(21.852.963)	11.194.294
Cash and equivalents at the beginning of the year	6.536.023	11.690.156
Plus: Net cash inflows/(outflows) (a+b+c)	(703.219)	(5.154.133)
Cash and equivalents at the end of the period	5.832.804	6.536.023

The Notes on pages 33 to 80 form an integral part of the financial statements

1. DESCRIPTION OF THE COMPANY

1.1. General information of the company

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

Elmec Sport S.A is the parent company of a group of enterprises (henceforth the "Group") active in the countries of Southeastern Europe, and more specifically in Greece, Cyprus, Romania and Bulgaria.

The Company is listed in the Athens Stock Exchange since 1991 and its stock included in the FTSE/Athex 140, FTSE/Athex International, FTSE/Athex Personal - Household Goods and Eurobank Mid Cap Private Sector 50 Index.

1.2. Activities

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

1.2.1. Department Stores

The Group operates:

-From April 2005 on "Attica, the department store", the largest department store in the Greek market, that extends 25.000 square metres at 9 Panepistimiou Street, in the centre of Athens.

-From 1999 "Factory Outlet", the first discount department store in Greece at 76 Piraeus Street in Neo Faliron.

-From December 2006, discount department store at the commercial park of International Airport of Athens.

Moreover, the Group has a reconstruction program in two groups of buildings, a privately owned building of 6 thousands of m2 at the centre of Bucharest in Romania, and finally the buildings that have accommodated in the past the department stores "Minion" at Patision street, at the centre of Athens.

1.2.2. Wholesale of apparel and footwear

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

1.2.3. Retail sales of apparel and footwear

This sector deals with the operation of mono-brand and multi-brand shops of casual apparel and underwear.

1.2.4. Gym equipment

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

1.2.5. Remaining sectors

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

1.3. Publicity

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

2. BASIS OF PREPARATION

The attached financial statements include the corporate ("plain") financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries, reported at the 24th fiscal year, which covers the period from 1st of January 2006 until 31st of December 2006.

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

The Board of Directors of the Company approved the attached financial statements at its meeting on Monday of March 20, 2007.

All the revised or newly issued standards and SICs which become operative from January 1st 2006 on and concern the Group's activities have been taken into account by the Group for the preparation of the attached financial statements. However, their application had no effect on the Group's figures.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Basis of consolidation

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

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

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

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

All the following companies are consolidated by means of the total consolidation method.

Company	Registered Offices	Participation Percentage		
		Direct	Indirect	Total
A&A Holdings SA	Luxemburg	61,16%		61,16%
Factory Outlet SA	Greece	60,24%		60,24%
Factory Outlet Airport SA	Greece	89,99%	0,55%	90,54%
Elmec Romania Srl	Romania	100,00%		100,00%
Elmec Sport Bulgaria EOOD	Bulgaria	100,00%		100,00%
Chronosport SA	Greece	50,00%		50,00%
Moustakis SA	Greece	100,00%		100,00%
Logistics Express SA	Greece	99,99%	0,01%	100,00%
Attica Department Stores SA	Greece	25,00%	21,07%	46,07%
Ipirotiki SA	Greece	84,29%		84,29%

Elmel Com Ltd is not included in the consolidated financial statements of the fiscal year, while it was included in the previous fiscal year, because it was sold to third parties at November 18th, 2005. For the period 1/1-31/12/2005 Elmel Com Ltd contributed 0,07% of Group's turnover. Consequently, the disposal of that company does not influence significantly the figures and results of Group.

On June 16th 2006, the Company set into liquidation process its subsidiary A&A Holdings SA, with the ultimate objective to fully distribute to the A&A shareholders the only asset of the company, namely the 98,5% of the Factory Outlet SA shares. By December 2006 the liquidation was completed. From 31/12/2006 the Parent Company controls Factory Outlet directly by 60,24%. A&A Holdings SA is included only in the consolidated Income Statement for the period from 1/1/2006 until its liquidation date.

Logistics Express SA was founded at 28/4/2006 and is consolidated for the first time. For the examined period, Logistics Express represents 0,04% of the Group's turnover and 0,07% of the Group's total assets. The company provides services of loading, discharging and warehousing of goods.

The examined fiscal year of Factory Outlet Airport S.A lasts over twelve months (9/2/2005 - 31/12/2006). The income of the company that relates to the period 9/2 - 31/12/2005 has already been included in the consolidated income of fiscal year 2005, consequently the results of period 1/1 - 31/12/2006 have been included in the consolidated income of fiscal year 2006.

3.2. Participations in subsidiaries

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

3.3. Participations in associates

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

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

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

3.4. Other investments

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

The "other investments", that is to say the investments minus the participations in subsidiaries, affiliated and joint ventures, are categorized and valued based on IAS 32 and IAS 39.

3.5. Foreign currency

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

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

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

3.6. Intangible Assets

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

3.7. Revenue

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

Goods Sold

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

Income from services supply and interest

Income from services supply and interest is recognized on the accrual basis.

3.8. Property, Plant and Equipment

The fixed assets of the Company and its subsidiaries are stated at historical cost minus the accumulated depreciation and their probable impairment loss.

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

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

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

The relevant percentages that were used are the following:

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

3.9. Goodwill

Goodwill in the acquisitions was initially recorded at cost, that is the positive difference between the acquisition cost and the fair value of assets, equity and liabilities and potential obligations of the target company. After the initial record, Goodwill is stated at cost minus any probable accumulated impairment losses. Goodwill is not tested in amortisation. Goodwill is tested annually or more often if any events or changes in the conditions imply that the accounting value might have been impaired.

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

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

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3.10. Impairment

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

3.11. Inventories

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

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

3.12. Trade receivables and credit policy

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

3.13. Cash and Cash Equivalents

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

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

3.14. Long-term Debt

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

3.15. Cost of Debt

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

3.16. Compensation provision for employees retirement

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

3.17. Government social security programs

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

3.18. Income Tax

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

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

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

-Except if the liability for deferred taxes results from the amortization of goodwill or the initial recognition of an asset or a liability in a transaction which is not a merger of companies and at the time of the transaction it does not influence neither the accounting profit nor the taxable profit or loss, and

-Regarding the temporary tax differences that are related to investments in subsidiary companies, related companies and participations in joint ventures, except where the time of reversion of temporary differences can be checked and it is likely that the temporary differences will not be reversed in the forecasted future.

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

-Except for the case where the receivable from deferred income tax is related to the recognized temporary differences results from the initial recognition of elements of asset or liabilities in a transaction that does not constitute merger of companies and at the moment of transaction has not influenced neither the accounting profit nor the taxable profit or loss, and

-In regard to the recognized temporary differences that are related to investments in subsidiary companies, related and participations in joint ventures, there is a recognized receivable from deferred income tax to the extent it is likely that the provisional differences will be reversed in the forecasted future and an available taxable profit will exist, which will be used against the provisional differences.

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

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

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

3.19. Leases

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

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

3.20. Government subsidies

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

3.21. Provisions

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

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

3.22. Earnings per Share

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

3.23. Segment Reporting

Firstly the business segmentation and secondly the geographical one are the distin guishing components of the Group. The operating activities are organised and are managed separately depending on the nature of products and services they concern, with each sector constituting a strategic business unit which provides different products and operations in different markets.
The Group has four major distinguishable sectors, as well as a fifth that includes various activities, which are the following:

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

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

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

With regard to the geographic segment, the biggest part, in which the Group is activate, includes Greece and Romania, which are presented as discernible geographical segment. The revenues and fixed assets that relate different countries are presented in a third part described as ‘other countries’ This segment includes mainly revenues and fixed assets from Bulgaria, Cyprus and Italy, as well as secondarily revenues from various European countries and Middle East.

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

3.24. Derivative Financial Instruments

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

3.25. Investments

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

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

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

4. FINANCIAL RISK MANAGEMENT

4.1. Credit Risk exposure

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

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

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

4.2. Fair value

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

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

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

4.3. Foreign Exchange risk

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

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

4.4. Liquidity Risk

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

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

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

5. TURNOVER (SALES)

The turnover in the consolidated income statement is analyzed as follows:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Sale of merchandise	172.260.472	165.534.931
Sale of products	146.063	1.156.093
Sale of other goods	264.570	302.855
Sale of services	8.635.938	6.570.765
	181.307.043	173.564.644

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

	1/1 - 31/12/2006	1/1 - 31/12/2005
Sale of merchandise	83.427.476	112.853.169
Sale of products	146.063	1.156.093
Sale of other goods	132.442	302.855
Sale of services	421.618	347.419
	84.127.599	114.659.536

6. COST OF SALES

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

	1/1 - 31/12/2006	1/1 - 31/12/2005
Beginning inventory	52.300.417	29.665.795
Additions	126.133.606	117.603.153
Inventories of sold subsidiary		(93.754)
Ending inventory	(76.453.737)	(53.672.206)
Internally consumed	(808.966)	(1.083.357)
Inventory deficits	(248.640)	
Cost of goods sold	100.922.680	92.419.631
Inventory impairment		1.371.789
Cost of services sold	3.051.353	1.668.607
Total cost of sales	103.974.033	95.460.027

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

	1/1 - 31/12/2006	1/1 - 31/12/2005
Beginning inventory	24.236.922	3.515.014
Additions	48.879.584	63.694.498
Ending inventory	(23.595.517)	(25.608.711)
Internally consumed	(590.566)	(1.058.630)
Cost of goods sold	48.930.423	60.542.171
Inventory impairment		1.371.789
Total cost of sales	48.930.423	61.913.960

7. DEPRECIATION

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

7.1. Allocation of Depreciation Expenses of the Group:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Cost of sales	127.753	91.244
Administrative expenses	1.154.245	452.503
Distribution expenses	2.735.698	2.793.583
	4.017.696	3.337.330

7.2. Allocation of Depreciation Expense of the Company:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Administrative expenses	884.252	289.704
Distribution expenses	1.290.302	1.807.100
	2.174.554	2.096.804

8. OTHER INCOME

The account includes non-financial income, which are not included in the Revenues.

Concerning the Group this account can be analysed as follows:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Revenues from non-primary activities	3.087.814	5.411.748
Income from rents	274.785	98.554
Subsidies	81.293	28.872
Compensations	41.939	116.938
Expenses charged to customers	15.606	87.215
Gains on the sale of fixed assets	146.737	63.708
Income from provisions	359.173	
Other operating income	245.038	249.350
	4.252.385	6.056.385

The account "Income from other activities", is mainly (2.500.936 euro) due to "Attica, the Department Store" operations. It includes services and expenses the aforementioned subsidiary charges to the companies that operate inside the Department store area, i.e. area decoration expenses, telephone charges, sales persons charges, common advertising campaigns etc.

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

	1/1 - 31/12/2006	1/1 - 31/12/2005
Revenues from non-primary activities	80.162	442.402
Income from rents	249.262	3.245
Subsidies	64.333	28.096
Compensations	40.235	116.938
Expenses charged to customers	15.606	87.215
Gains on the sale of fixed assets	57.876	63.559
Income from provisions	359.173	
Other operating income	146.192	241.379
	1.012.839	982.834

9. OPERATING EXPENSES

The total of the Administration and Distribution Expenses of the Group is analysed under the following expenses category:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Personnel expenses	23.840.190	21.561.867
Associates' fees & expenses	16.624.879	12.922.740
Marketing expenses	6.376.612	7.169.016
Transportation & travel expenses	1.665.686	1.824.036
Rents	7.528.000	5.885.664
Electricity, water, heating, cleaning	1.748.056	1.386.950
Repair & maintenance	1.750.168	1.103.737
Telephone & post	671.705	617.067
Insurance fees	816.719	785.994
Stationery & consumables	1.958.392	1.941.837
Taxes, duties & fines	1.132.577	2.944.091
Losses on the sale of fixed assets	140.404	95.135
Inventory losses	248.640	
Bad debts		982.158
Provisions for doubtful accounts	1.013	1.107.247
Provisions for risks and expenses		514.375
Other expenses	886.685	1.242.022
Expenses transferred to cost of sales	(3.051.353)	(1.668.607)
	62.338.373	60.415.329

Correspondingly the item “Operating expenses” of the income statement of the Company is analysed as follows:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Personnel expenses	12.877.368	14.491.246
Associates’ fees & expenses	3.135.266	4.045.782
Marketing expenses	2.300.853	4.722.065
Transportation & travel expenses	1.141.610	1.450.932
Rents	3.254.989	2.669.766
Electricity, water, heating, cleaning	630.484	488.316
Repair & maintenance	719.144	701.198
Telephone & post	404.430	428.205
Insurance fees	482.908	577.767
Stationery & consumables	528.405	724.740
Taxes, duties & fines	814.540	2.630.254
Losses on the sale of fixed assets	52.519	47.034
Provisions for doubtful accounts		1.107.247
Other expenses	313.598	631.267
	26.656.114	34.715.819

10. SALARIES, WAGES AND CONTRIBUTIONS TO DEFINED BENEFIT PLANS

At 31/12/2006 the Group had 1.687 employees as opposed to 1.556 employees at 31/12/2005. The corresponding figures for the Company are 592 as opposed to 674 employees.

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

	1/1 - 31/12/2006	1/1 - 31/12/2005
Wages and salaries	18.582.997	16.645.735
Social security contributions	4.871.013	4.247.878
Employee compensations	89.280	210.174
Employee retirement obligations	112.689	214.177
Other personnel expenses	184.211	243.903
	23.840.190	21.561.867
Allocated to cost of sales	657.379	515.887
Allocated to administrative expenses	5.154.062	3.298.175
Allocated to sales expenses	18.028.749	17.747.805
	23.840.190	21.561.867

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

	1/1 - 31/12/2006	1/1 - 31/12/2005
Wages and salaries	10.179.168	11.194.394
Social security contributions	2.561.421	2.778.296
Employee compensations		186.338
Employee retirement obligations	15.031	116.504
Other personnel expenses	121.748	215.714
	12.877.368	14.491.246
Allocated to administrative expenses	2.472.322	2.151.557
Allocated to sales expenses	10.405.046	12.339.689
	12.877.368	14.491.246

10.1. Social security contributions

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

10.2. Provision of contributions to defined benefit plans

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

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

The transition of the liability is presented to the following table. All the amounts on the table have been recorded in the consolidated financial statements.

Balance at 31/12/2004	508.425
Current service costs	194.297
Interest on obligation	22.461
Actuarial losses	(2.581)
Total recognised expense	214.177
Balance at 31/12/2005	722.602
Current service costs	180.452
Interest on obligation	38.234
Actuarial losses	(105.997)
Total recognised expense	112.689
Balance at 31/12/2006	835.291

The changes of this liability of the Company's balance sheet are as follows:

Balance at 31/12/2004	449.215
Current service costs	96.624
Interest on obligation	22.461
Actuarial losses	(2.581)
Total recognised expense	116.504
Balance at 31/12/2005	565.719
Current service costs	100.745
Interest on obligation	29.038
Actuarial losses	(114.752)
Total recognised expense	15.031
Balance at 31/12/2006	580.750

11. FINANCIAL INCOME AND EXPENSES

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

11.1. Financial income of the Group:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Gains on the sale of subsidiaries		57.064
Gains from FX derivatives	185.972	531.305
Revaluation of fair value investments	189.846	396.567
Revaluation of derivatives		467.895
Dividends from fair value investments	168.752	147.658
Dividends from other investments	35.124	
Interest income	375.427	299.039
Interest charged to customers	2.928	
Income from payments in cash	28.254	
Exchange rate gains	1.096.204	422.431
	2.082.507	2.321.959

11.2. Financial income of the Company:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Gains from FX derivatives	152.257	478.441
Revaluation of fair value investments	189.846	396.567
Revaluation of derivatives		467.895
Dividends from subsidiaries	14.000	1.022
Dividends from fair value investments	168.752	147.658
Dividends from other investments	35.016	
Interest income	272.576	192.414
Exchange rate gains	56.765	418.435
	889.212	2.102.432

11.3. Financial expenses of the Group:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Losses on the sale of fair value investments		600
Losses from FX derivatives	8.499	177.723
Devaluation of fair value investments	600	5.000
Devaluation of other investments		26.415
Devaluation of derivatives	75.003	
Expenses on the purchase/sale of fin. assets		2.067
Interest on bonds and non-current loans	21.666	
Interest on current loans	1.951.874	1.935.740
Interest on financial leases	1.065.871	426.829
Credit card commisions	752.700	
Bank commissions and taxes	446.545	732.243
Exchange rate losses	307.468	922.179
	4.630.226	4.228.796

11.4. Financial expense of the Company:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Losses on the sale of fair value investments		600
Losses from FX derivatives	8.499	177.723
Devaluation of fair value investments	600	5.000
Devaluation of derivatives	75.003	
Expenses on the purchase/sale of fin. assets		2.067
Interest on current loans	1.258.811	1.449.924
Interest on financial leases	514.968	21.272
Credit card commisions	153.953	170.985
Bank commissions and taxes	284.658	101.121
Exchange rate losses	302.301	794.756
	2.598.793	2.723.448

12. SEGMENT REPORTING

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

12.1. Segment results

The tables of the next two pages presented in the consolidated income statement per business segments for 2006 and 2005 respectively.

12.1.1. Examined Fiscal year (1/1 - 31/12/2006):

	Department stores	Apparel & footwear wholesale	Apparel & footwear retail	Gym equipment	Other segments	intra-group transactions	Total
Sales to other segments	756.860	8.674.909	3.921.896			(13.353.665)	
Other intra-group sales	539.021	2.601.085	842.878			(3.982.984)	
Sales to third parties	82.265.211	38.003.756	51.446.355	4.185.392	5.406.329		181.307.043
Total sales	83.561.092	49.279.750	56.211.129	4.185.392	5.406.329	(17.336.649)	181.307.043
Segment gross profits	28.702.013	18.339.974	28.066.903	1.169.595	2.172.204	(1.117.679)	77.333.010
Segment profits	29.501.405	9.527.513	8.296.004	42.931	17.161	236.792	47.621.806
Unallocated income/(expenses)							(28.374.784)
EBITDA							19.247.022
Financial income/(expenses)							(2.547.719)
Depreciation & amortisation							(4.017.696)
Income taxes							(5.057.712)
Net profits							7.623.895

12.1.2. Previous fiscal year (1/1 - 31/12/2005):

	Department stores	Apparel & footwear wholesale	Apparel & footwear retail	Gym equipment	Other segments	intra-group transactions	Total
Sales to other segments	1.070.935	8.196.990	3.512.912			(12.780.837)	
Other intra-group sales		1.642.530	150.000			(1.792.530)	
Sales to third parties	52.525.018	68.234.019	44.652.893	3.852.388	4.300.326		173.564.644
Total sales	53.595.953	78.073.539	48.315.805	3.852.388	4.300.326	(14.573.367)	173.564.644
Segment gross profits	19.360.867	32.243.209	26.344.552	1.408.693	1.356.030	(2.608.734)	78.104.617
Segment profits	9.391.430	22.429.928	11.595.183	162.638	39.914	1.537.799	45.156.892
Unallocated income/(expenses)							(21.411.219)
EBITDA							23.745.673
Financial income/(expenses)							(1.906.837)
Depreciation & amortisation							(3.337.330)
Income taxes							(6.966.951)
Minority rights							(1.408.672)
Net profits							10.125.883

12.2. Assets and liabilities per business segment

The two tables of the next page present the allocation of the assets and the liabilities of the Group per business segment for the years 2006 and 2005 respectively.

	Department stores	Apparel & footwear wholesale	Apparel & footwear retail	Gym equipment	Other segments	Non-allocated items	Total
Non-current assets	34.535.340	1.318.966	19.851.140	139.333	3.762.584	62.307.275	121.914.638
Current assets	59.436.292	13.083.438	38.001.198	3.104.411	4.978.446	20.834.092	139.437.877
Total assets	103.971.632	14.402.404	57.852.338	3.243.744	5.241.030	76.641.367	261.352.515
Fixed assets additions	13.956.912	499.171	4.347.147	18.261	297.088	4.651.840	23.770.419
Current liabilities	58.094.050	5.735.237	12.223.373	670.915	27.864	33.697.537	110.448.976

	Department stores	Apparel & footwear wholesale	Apparel & footwear retail	Gym equipment	Other segments	Non-allocated items	Total
Non-current assets	19.070.762	1.047.500	19.687.309	180.632	3.135.899	59.903.656	103.025.758
Current assets	39.764.673	34.422.005	48.885.979	5.509.981	4.746.987	17.422.341	150.751.967
Total assets	58.835.435	35.469.505	68.573.288	5.690.613	7.882.886	77.325.997	253.777.725
Fixed assets additions	4.911.493	445.177	5.685.379	54.496	741.769	10.140.636	21.978.950
Current liabilities	46.229.936	10.813.501	2.683.410	659.574	302.123	53.780.220	114.468.764

12.3. Geographical segments

The next two tables present the allocation of revenues and the assets of the Group per geographical segment for the years 2006 and 2005 respectively.

	Greece	Romania	Other countries	Intra-group transactions	Total
Turnover (sales)	155.144.204	33.971.670	9.527.818	(17.336.649)	181.307.043
Assets	271.773.794	34.528.121	10.907.757	(55.857.157)	261.352.515
Fixed assets additions	22.899.485	2.830.031	1.995.051	(3.954.148)	23.770.419

	Greece	Romania	Other countries	Intra-group transactions	Total
Turnover (sales)	154.092.559	15.302.095	18.743.357	(14.573.367)	173.564.644
Assets	285.157.573	29.710.718	3.167.071	(64.257.637)	253.777.725
Fixed assets additions	25.969.373	3.520.741	213.497	(7.724.661)	21.978.950

13. INCOME TAX EXPENSE

13.1. Elements that compose the annual taxes

The income tax included in the consolidated income statement is analyzed as follows::

	1/1 - 31/12/2006	1/1 - 31/12/2005
Current tax	2.763.460	5.748.618
Deferred taxes	488.886	638.870
Additional taxes for previous years	1.204.366	137.663
Provisions for additional taxes	601.000	441.800
	5.057.712	6.966.951

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

	1/1 - 31/12/2006	1/1 - 31/12/2005
Current tax	578.594	4.504.471
Deferred taxes	908.163	561.615
Additional taxes for previous years	880.536	
Provisions for additional taxes	400.000	400.000
	2.767.293	5.466.086

In the above two tables a positive amount in the item "deferred tax" produces a deferred tax liability, whereas a negative one produces a deferred tax assetт.

13.2. Reconciliation of effective tax rate

The income tax rate for the Group's companies based in Greece is 29% for the year 2006 and 32% for 2005. By exception, "Factory Outlet Airport SA" is subject to a 32% tax rate for 2006 income, due to the fact that it had a first accounting year greater than 12 months – from February 9, 2005 to December 31, 2006. The tax rate that will be applied to 2007 income will be 25%.

The corresponding rates for Romania are 16% and 25%, whereas for Bulgaria they are 15% and 19,5%. A&A Holdings SA, which is based in Luxembourg, does not have any income tax obligations.

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

13.2.1. Reconciliation of income tax in the consolidated income statement

	1/1 - 31/12/2006	1/1 - 31/12/2005
EBT	12.681.607	18.501.506
Current tax rate	29%	32%
Resulting tax	3.677.666	5.920.482
Non-reversible tax differences	17.435	100.010
Non-recognised deferred taxes (2)	(49.759)	373.925
Effect of different deferred tax rate (1)	(2.463)	(199.790)
Effect of different tax rate in subsidiaries	(324.579)	180.214
Other annual taxes	8.604	12.647
Tax reductions	(74.558)	
Additional taxes for previous years	1.204.366	137.663
Provisions for additional taxes	601.000	441.800
	5.057.712	6.966.951

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

	1/1 - 31/12/2006	1/1 - 31/12/2005
EBT	5.669.766	16.294.771
Current tax rate	29%	32%
Resulting tax	1.644.232	5.214.327
Non-reversible tax differences	(27.236)	1.325
Effect of different deferred tax rate (1)	(145.306)	(157.252)
Other annual taxes	15.067	7.686
Additional taxes for previous years	880.536	
Provisions for additional taxes	400.000	400.000
	2.767.293	5.466.086

Explanations:

(1) Given the fact that from the 2007 period onwards the tax rate applied on profits of the Greek based companies is less than the current tax rate, the resulting deferred tax is less than the one that would result if the reduction of tax rates had not been announced.

(2) Tax losses may be utilized for tax reduction purposes for the five periods after the period when these losses occurred. At the end of each fiscal year ending with losses a respective deferred tax receivable is formed. This receivable is not formed unless it is certain that the Company will produce within the coming 5-year period enough earnings to counter balance the losses (prudence principle).

The total tax-based losses of the Group's Companies during 2006 for which no such receivable was recorded amounted to 221.505 euro and corresponds to non-record tax of 55.376.

It is mentioned that the cumulative total of tax based of the companies of the Group and for which no such deferred tax receivable was formed amounts to 1.639.505 euro (as of 31/12/2005 amounted to 3.711.495 euro).

13.3. Deferred tax expense

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

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

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

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

	DT from fixed assets	DT from financial leases	DT from asset valuation	DT from provisions	DT from accruals principle	DT from tax base losses	Total
Balance at 31/12/2004	(1.085.797)	(330.076)	817.977	925.589	(130.404)		197.289
Recognised in the p&l	(514.597)	(261.183)	(208.262)	281.995	45.149	18.028	(638.870)
Recognised in equity	(6.791)		98.223				91.432
Disposal of subsidiary	(8.987)						(8.987)
FX differences	(7.231)						(7.231)
Balance at 31/12/2005	(1.623.403)	(591.259)	707.938	1.207.584	(85.255)	18.028	(366.367)
Recognised in the p&l	7.514	(327.382)	(28.669)	(322.229)	(65.338)	247.218	(488.886)
Recognised in equity	9.257						9.257
FX differences	(9.776)		(640)				(10.416)
Balance at 31/12/2006	(1.616.408)	(918.641)	678.629	885.355	(150.593)	265.246	(856.412)

Respectively, the changes of the deferred taxes of the company are the following:

	DT from fixed assets	DT from financial leases	DT from asset valuation	DT from provisions	DT from accruals principle	Total
Balance at 31/12/2004	(1.701.572)	(15.534)	817.976	851.813	(130.404)	(177.721)
Recognised in the p&l	(643.146)	(28.652)	(214.866)	194.697	130.352	(561.615)
Recognised in equity			98.223			98.223
Balance at 31/12/2005	(2.344.718)	(44.186)	701.333	1.046.510	(52)	(641.113)
Recognised in the p&l	(259.438)	(120.749)	(28.561)	(346.898)	(152.517)	(908.163)
Balance at 31/12/2006	(2.604.156)	(164.935)	672.772	699.612	(152.569)	(1.549.276)

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

In the Company's balance sheet the deferred tax assets are totally offset with the deferred tax liabilities and the net amount is included in the balance sheet.

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

13.4. Tax audit

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

The Company's Tax Audit for fiscal years 2004 and 2005, which was completed in the current year, has as a result the imposition of additional taxes and additions of 1.280.536 euro, against a respective provision of 400.000 euro formed on 31/12/2005. Therefore, the results of the period under examination were charged with the amount of 880.536 euro and the above provision was fully utilised (debited).

The additional taxes applied to Factory from the tax audit for 2004 and 2005 amounted to 232.854 euro, versus 20.000 euro provisioned and recorded at 31/12/2005. Thus the consolidated earnings of the current fiscal year were aggravated by 212.845 euro using (netting) the provision.

Lastly, from the audit of the first over-twelve month fiscal year of the subsidiary “Attica” additional taxes were raised from 132.776 euro, versus 21.800 euro provisioned and recorded at 31/12/2005. Thus the consolidated earnings of the current fiscal year were aggravated by 110.976 euro using (netting) the provision.

The additional taxes arising from the completed fiscal audits are included in the item ‘Taxes’ of the attached financial statement and specifically in the item ‘Additional Taxes Provision Years’ of the tables of the first unit of this note.

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

Company	Country	% of interest	Non audited periods
Factory Outlet SA	Greece	60,24%	2006
Factory Outlet Airport SA	Greece	90,54%	2006
Elmec Romania Srl	Romania	100,00%	2005 - 2006
Elmec Sport Bulgaria EOOD	Bulgaria	100,00%	2001 - 2006
Chronosport SA	Greece	50,00%	2003 - 2006
Moustakis SA	Greece	100,00%	2002 - 2006
Logistics Express SA	Greece	100,00%	--------
Attica Department Stores SA	Greece	46,07%	2006
Ipirotiki SA	Greece	84,29%	2003 - 2006

The tax audit of the Elmec Romania Srl for the financial year 2005 and 2006 is in progress.

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

In detail, the changes in the “Provisions” account are as presented below:

	Group	Company
Balance at 31/12/2004	0	0
Formation of provision	441.800	400.000
Balance at 31/12/2005	441.800	400.000
Tax audit	(441.800)	(400.000)
Formation of provision	601.000	400.000
Balance at 31/12/2006	601.000	400.000

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is performed based on the average number of issued shares, which is 55.400.000, both for the year 2006 and 2005.

15. TANGIBLE ASSETS

15.1. Tangible assets of the Group

The tangible assets of the Group, their depreciation, and changes during the current and the previous periods, are presented in the following page:

	Land	Leased land	Buildings	Leased buildings	Machinery	Vehicles	Other assets	On-going assets	On-going leased assets	Total
(a) AT COST										
Balance at 31/12/2004	8.456.588	3.792.319	26.609.806	496.511	480.849	796.476	9.742.111	19.363.334	10.970.536	80.708.530
Additions	575.825		6.124.767	909.000	436.038	274.666	5.471.217	7.045.469		20.836.982
Disposals			(127.747)		(7.627)	(135.190)	(495.901)	(1.056.087)		(1.822.552)
Transfers	(537.051)	537.051	482.683	6.512.379				(6.995.062)		
Disposal of subsidiary			(146.670)				(62.236)			(208.906)
Balance at 31/12/2005	8.495.362	4.329.370	32.942.839	7.917.890	909.260	935.952	14.655.191	18.357.654	10.970.536	99.514.054
Additions	101.991		14.475.217		282.498	124.716	2.853.496	5.049.235		22.887.153
Disposals	(60.264)		(60.877)		(15.040)	(134.111)	(480.702)	(726.354)		(1.477.348)
Transfers	1.073.079		3.422.015				411.683	(4.906.777)		
Balance at 31/12/2006	9.610.168	4.329.370	50.779.194	7.917.890	1.176.718	926.557	17.439.668	17.773.758	10.970.536	120.923.859

	Land	Leased land	Buildings	Leased buildings	Machinery	Vehicles	Other assets	On-going assets	On-going leased assets	Total
(b) DEPRECIATION										
Balance at 31/12/2004			(4.048.619)	(23.479)	(277.768)	(392.744)	(3.697.743)			(8.440.353)
Additions			(1.588.056)	(39.578)	(62.002)	(122.190)	(1.265.196)			(3.077.022)
Disposals			4.923		3.787	39.780	76.378			124.868
Transfers			547.783	(547.783)						
Disposal of subsidiary			28.771				15.134			43.905
Balance at 31/12/2005			(5.055.198)	(610.840)	(335.983)	(475.154)	(4.871.427)			(11.348.602)
Additions			(1.530.309)	(183.464)	(104.118)	(134.089)	(1.696.016)			(3.647.996)
Disposals			4.112		2.672	54.979	179.308			241.071
Balance at 31/12/2006			(6.581.395)	(794.304)	(437.429)	(554.264)	(6.388.135)			(14.755.527)

	Land	Leased land	Buildings	Leased buildings	Machinery	Vehicles	Other assets	On-going assets	On-going leased assets	Total
(c) NET VALUES										
Balance at 31/12/2004	8.456.588	3.792.319	22.561.187	473.032	203.081	403.732	6.044.368	19.363.334	10.970.536	72.268.177
Balance at 31/12/2005	8.495.362	4.329.370	27.887.641	7.307.050	573.277	460.798	9.783.764	18.357.654	10.970.536	88.165.452
Balance at 31/12/2006	9.610.168	4.329.370	44.197.799	7.123.586	739.289	372.293	11.051.533	17.773.758	10.970.536	106.168.332

15.2. Tangible assets of the Company

The tangible assets of the Company, their depreciation, and changes during the current and the previous periods, are presented in the following page:

	Land	Leased land	Buildings	Leased buildings	Machinery	Vehicles	Other assets	Total
(a) AT COST								
Balance at 31/12/2004	2.476.686	177.854	18.407.256	496.511	313.487	599.071	7.621.447	30.092.312
Additions	514.398		4.087.787		60.343	186.935	2.051.070	6.900.533
Disposals			(126.797)		(7.627)	(135.190)	(466.139)	(735.753)
Transfers	(537.051)	537.051	(6.512.379)	6.512.379				
Balance at 31/12/2005	2.454.033	714.905	15.855.867	7.008.890	366.203	650.816	9.206.378	36.257.092
Additions			1.306.670		96.730	47.312	1.253.076	2.703.788
Disposals			(11.017)		(1.940)	(80.999)	(423.825)	(517.781)
Balance at 31/12/2006	2.454.033	714.905	17.151.520	7.008.890	460.993	617.129	10.035.629	38.443.099
	Land	**Leased land**	**Buildings**	**Leased buildings**	**Machinery**	**Vehicles**	**Other assets**	**Total**
(b) DEPRECIATION								
Balance at 31/12/2004			(3.219.067)	(23.479)	(231.582)	(316.908)	(3.080.142)	(6.871.178)
Additions			(966.533)	(9.930)	(28.157)	(46.927)	(816.647)	(1.868.194)
Disposals			4.910		3.787	39.780	48.012	96.489
Transfers			547.783	(547.783)				
Balance at 31/12/2005			(3.632.907)	(581.192)	(255.952)	(324.055)	(3.848.777)	(8.642.883)
Additions			(743.636)	(140.178)	(31.967)	(47.516)	(907.143)	(1.870.440)
Disposals			456		1.480	11.317	169.329	182.582
Balance at 31/12/2006			(4.376.087)	(721.370)	(286.439)	(360.254)	(4.586.591)	(10.330.741)
	Land	**Leased land**	**Buildings**	**Leased buildings**	**Machinery**	**Vehicles**	**Other assets**	**Total**
(c) NET VALUES								
Balance at 31/12/2004	2.476.686	177.854	15.188.189	473.032	81.905	282.163	4.541.305	23.221.134
Balance at 31/12/2005	2.454.033	714.905	12.222.960	6.427.698	110.251	326.761	5.357.601	27.614.209
Balance at 31/12/2006	2.454.033	714.905	12.775.433	6.287.520	174.554	256.875	5.449.038	28.112.358

15.3. Pledges

There is a mortgage charge for the amount of 700.000 euro on the 4.800 m^2 building at the junction of Magheru and Campineanu streets in Bucharest, owned by Elmec Romania SRL, to the benefit of Bankpost of the EFG Eurobank Group for securing the obligations of Elmec Romania SRL to the bank result from a short-term credit line of 12.000.000 euro.

There are no other pledges, apart from the above-mentioned, imposed on the fixed assets of the Group. Fixed assets acquired through financial leases remain in the ownership of others until the lease contract expires and the relevant liability is settled.

16. INTANGIBLE ASSETS

16.1. Intangible assets of the Group

The intangible assets of the group, their amortization, as well as their changes during the current period are as follows: The tangible assets of the Group, their depreciation, and changes during the current and the previous periods, are presented below:

	Software	Lease rights	Trademarks & licences	Total
(a) AT COST				
Balance at 31/12/2004	794.889	1.720.965	6.192	2.522.046
Additions	145.245	914.995	480	1.060.720
Disposal of subsidiary	(900)			(900)
Balance at 31/12/2005	939.234	2.635.960	6.672	3.581.866
Additions	350.555	492.711	40.000	883.266
Balance at 31/12/2006	1.289.789	3.128.671	46.672	4.465.132
	Software	**Lease rights**	**Trademarks & licences**	**Total**
(b) AMORTISATION				
Balance at 31/12/2004	(455.460)	(472.400)	(877)	(928.737)
Additions	(110.216)	(149.768)	(321)	(260.305)
Disposal of subsidiary	202			202
Balance at 31/12/2005	(565.474)	(622.168)	(1.198)	(1.188.840)
Additions	(120.810)	(241.290)	(7.601)	(369.701)
Balance at 31/12/2006	(686.284)	(863.458)	(8.799)	(1.558.541)
	Software	**Lease rights**	**Trademarks & licences**	**Total**
(c) NET VALUES				
Balance at 31/12/2004	339.429	1.248.565	5.315	1.593.309
Balance at 31/12/2005	373.760	2.013.792	5.474	2.393.026
Balance at 31/12/2006	603.505	2.265.213	37.873	2.906.591

16.2. Intangible assets of the Group

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

	Software	Lease rights	Trademarks & licences	Total
(a) AT COST				
Balance at 31/12/2004	683.676	1.489.715		2.173.391
Additions	77.994	914.995	480	993.469
Balance at 31/12/2005	761.670	2.404.710	480	3.166.860
Additions	257.186	362.500		619.686
Balance at 31/12/2006	1.018.856	2.767.210	480	3.786.546
	Software	**Lease rights**	**Trademarks & licences**	**Total**
(b) AMORTISATION				
Balance at 31/12/2004	(431.182)	(463.696)		(894.878)
Additions	(89.245)	(139.351)	(14)	(228.610)
Balance at 31/12/2005	(520.427)	(603.047)	(14)	(1.123.488)
Additions	(88.372)	(215.704)	(40)	(304.116)
Balance at 31/12/2006	(608.799)	(818.751)	(54)	(1.427.604)
	Software	**Lease rights**	**Trademarks & licences**	**Total**
(c) NET VALUES				
Balance at 31/12/2004	252.494	1.026.019		1.278.513
Balance at 31/12/2005	241.243	1.801.663	466	2.043.372
Balance at 31/12/2006	410.057	1.948.459	426	2.358.942

17. GOODWILL

Per subsidiary company the goodwill is as follows:

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

The goodwill did not change neither in the closing year nor during the precedent year.

On the balances of goodwill impairment tests were performed according to IAS 36 The fair value of the above subsidiaries justifies the presented goodwill.

The fair value of the subsidiaries was estimated on the basis of projected cash flows extending to five years. The pretax rate at which these cash flows were discounted to their present value was 12,48-11,42 % (2005: 12,2-11,5 %) and the projected cash flows beyond the five year period (terminal value) were estimated with a 2,0 % (2005: 2,0 %).

The basic assumptions adopted for this calculation were the following:

Projected profit margins

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

Capital expenditures

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

Risk free rate

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

More details on the amount of goodwill per company are presented below as well as their changes during the current period:

17.1. Factory Outlet SA

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

By December 2006 the holding company 'A&A Holdings SA' was liquidated, whose only activity was possession of 98,5% of Factory Outlet, thus 60,24% of the share capital of Factory Outlet is directly owned by Elmec Sport SA.

17.2. Moustakis SA

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

17.3. Ipirotiki SA

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

18. OTHER LONG TERM RECEIVABLES

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

19. INVENTORIES

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

	31/12/2006	31/12/2005
Merchandise	59.443.152	51.274.541
Products	168.309	252.416
Raw materials & consumables	791.485	773.460
	60.402.946	52.300.417

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

	31/12/2006	31/12/2005
Merchandise	22.745.726	23.269.086
Products	168.309	252.416
Raw materials & consumables	681.482	715.420
	23.595.517	24.236.922

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

(a) at 31/12/2006:

	Cost	Fair value	Difference
Merchandise	946.188	491.291	454.897
Raw materials & consumables	1.632.311	715.419	916.892
	2.578.499	1.206.710	1.371.789

b) At 31/12/2005:

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

The above net amount difference between the cost and the realizable value of these inventories has affected negatively the results of operations for 2005 by 1.371.789

As of 31/12/2005 apart from these merchandisers in the inventory of the company were also included merchandise (mainly samples) of old seasons of acquired acquisition cost of 3.510.075 euro and net realizable value of 2.808.060 euro. The difference between the cost and the realizable value of these inventories has affected negatively the results of operations for 2005 by 702.015 euro. As of 31/12/2006 this inventory had been already sold to third parties apart from the inter-Group companies.

20. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

This account is analyzed as follows:

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

	31/12/2006	31/12/2005
Wholesale trade receivables	14.030.136	17.862.019
Notes receivable	2.469.013	2.056.198
Cheques receivable	6.341.904	29.300.305
Receivables from sales through credit cards	15.660.693	11.080.048
Retail trade receivables	34.729	
Provision for doubtful accounts	(456.226)	(1.096.087)
Receivables from the State	10.857.996	9.187.345
Advances for new investments	1.087.619	30.000
Dividends receivable	32.465	32.465
Guarantees paid	985	985
Advances to suppliers	3.369.577	3.378.307
Advances to employees	88.450	114.493
Other receivables	1.802.017	1.923.774
Purchases to be settled	4.992	
Pre-paid expenses	747.398	1.198.365
	56.071.748	75.068.217

20.2. Accounts receivable and other current assets of the Company:

This account is analyzed as follows:

	31/12/2006	31/12/2005
Wholesale trade receivables	22.299.099	29.479.739
Notes receivable	2.426.315	2.044.779
Cheques receivable	5.220.479	28.069.105
Receivables from sales through credit cards	1.849.716	1.386.848
Retail trade receivables	32.772	
Provision for doubtful accounts	(456.226)	(1.092.008)
Receivables from the State	2.894.581	2.931.904
Dividends receivable	14.000	30.313
Guarantees paid	985	985
Advances to suppliers	1.393.189	863.131
Advances to employees	79.497	113.077
Other receivables	398.101	567.486
Purchases to be settled	4.992	
Pre-paid expenses	205.519	517.973
	36.363.019	64.913.332

“Receivables from the State” consist mainly of prepaid taxes.

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

21. CASH AND CASH EQUIVALENTS

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

	31/12/2006	31/12/2005
Cash	1.330.440	1.204.011
Bank deposits	18.285.091	18.945.353
	19.615.531	20.149.364

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

	31/12/2006	31/12/2005
Cash	508.569	299.547
Bank deposits	5.324.235	6.236.476
	5.832.804	6.536.023

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

22. INTEREST-BEARING LOANS AND FINANCIAL LEASES

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

	31/12/2006	31/12/2005
Bonds	4.200.000	
Bank loans	41.550.050	44.671.344
Financial leases	24.276.898	25.777.259
	70.026.948	70.448.603
Allocated to non-current liabilities	27.056.150	24.351.727
Allocated to current liabilities	42.970.798	46.096.876
	70.026.948	70.448.603

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

	31/12/2006	31/12/2005
Bank loans	21.795.271	39.359.652
Financial leases	11.841.040	12.464.213
	33.636.311	51.823.865
Allocated to non-current liabilities	11.218.218	11.817.330
Allocated to current liabilities	22.418.093	40.006.535
	33.636.311	51.823.865

The obligations of the financial lease concern five long financial lease contracts that the Group has signed for the acquisition of the buildings and equipment. Two of them concern the Company. The lease payments made by the Group on these leases are calculated with a floating interest rate tied to the Euribor.

It has not been supplied any warranty for the Group's grants, except the one that is mentioned to the notation 15.3.

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

	31/12/2006	31/12/2005
Over 5 years	16.026.583	17.433.999
From 1 to 5 years	6.718.251	6.787.860
Up to 1 year	1.532.064	1.555.400
	24.276.898	25.777.259

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

	31/12/2006	31/12/2005
Over 5 years	8.402.731	8.973.807
From 1 to 5 years	2.815.487	2.843.523
Up to 1 year	622.822	646.883
	11.841.040	12.464.213

23. CURRENT TAX LIABILITIES

The current tax liabilities of the Group are not due and are analyzed as follows:

	31/12/2006	31/12/2005
Income taxes	2.645.737	4.731.451
Tax from tax audits	1.415.408	69.066
Value added tax	939.152	376.276
Withholding taxes	325.133	369.074
Taxes on advertisments	60.977	48.522
Other taxes & duties	30.215	17.263
	5.416.622	5.611.652

The current tax liabilities of the Company are not due and are analyzed as follows:

	31/12/2006	31/12/2005
Income taxes		3.571.781
Tax from tax audits	1.076.334	
Value added tax	582.045	126.245
Withholding taxes	143.820	226.202
Taxes on advertisments	20.230	26.728
Other taxes & duties	23.421	14.853
	1.845.850	3.965.809

24. OTHER CURRENT LIABILITIES

The other current liabilities (non- financial liabilities) that appear in the consolidated balance sheet are analyzed as follows:

	31/12/2006	31/12/2005
Suppliers	45.467.034	35.989.964
Notes payable	72.433	119.434
Cheques payable	14.301.431	12.199.366
Advances from customers	1.638.165	9.027.289
Dividends payable	201.366	315.837
Guarantees received	556.882	249.351
Wages and salaries payable	15.793	35.935
Payables to shareholders & directors	(5.363.819)	
Social security contributions payable	1.279.353	992.907
Other liabilities	7.049.824	651.981
Accrued expenses	389.816	423.017
Deferred income	168	
Purchases to be settled	(794.643)	(289.945)
	64.813.803	59.715.136

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

	31/12/2006	31/12/2005
Suppliers	5.426.911	5.103.986
Notes payable	72.433	119.434
Cheques payable	1.021.224	2.256.987
Advances from customers	1.423.648	8.679.444
Dividends payable	187.366	251.775
Guarantees received	107.312	
Wages and salaries payable	4.864	16.859
Social security contributions payable	612.121	662.007
Other liabilities	83.862	57.306
Accrued expenses	75.771	11.701
Purchases to be settled	(613.364)	
	8.402.148	17.159.499

25. PROVISIONS

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

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

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

	Litigation provision	Restructuring provisions	Provision for forfeiture of penalties	Total
Balance at 31/12/2004	2.150.000	380.725		2.530.725
Formation			514.375	514.375
Balance at 31/12/2005	2.150.000	380.725	514.375	3.045.100
Utilisation		(341.436)		(341.436)
Reversal		(39.289)		(39.289)
Balance at 31/12/2006	2.150.000	0	514.375	2.664.375

In detail, the changes in the "Provisions" account of the Company are as presented below:

	Litigation provision	Restructuring provisions	Total
Balance at 31/12/2004	2.150.000	380.725	2.530.725
Balance at 31/12/2005	2.150.000	380.725	2.530.725
Utilisation		(341.436)	(341.436)
Reversal		(39.289)	(39.289)
Balance at 31/12/2006	2.150.000	0	2.150.000

More details of the "Provisions" are presented below:

25.1. Provisions of litigation provision

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

25.2. Restructuring provisions

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

During the closing year the Company used the greater part of this provision and reversed the accounting entry for the remaining taking into account that completed with success the procedure of reorganization.

25.3. Forfeiture of penalties provision

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

26. INTEREST IN SUBSIDIARY COMPANIES

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

Company's subsidiaries at 31/12/2006 is analyzed as follows:

Company	Headquarters	Activity
Factory Outlet SA	Greece	Department stores' management
Factory Outlet Airport SA	Greece	Department stores' management
Elmec Romania Srl	Romania	Apparel & footwear retail & wholesale
Elmec Sport Bulgaria EOOD	Bulgaria	Apparel & footwear wholesale & retail
Chronosport SA	Greece	Watches wholesale
Moustakis SA	Greece	Apparel & footwear retail
Logistics Express SA	Greece	Logistics services
Attica Department Stores SA	Greece	Department stores' management
Ipirotiki SA	Greece	Department stores' management

The percentage of participation to each company were mentioned to the Note No 3.1.

All the above companies are valued at their acquisition cost.

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

The detailed changes in this account are presented in the following pages:

	A&A Holdings SA	Factory Outlet SA	Factory Outlet Airport SA	Elmec Romania SRL	Elmec Sport Bulgaria	Chronos port SA	Mous-takis SA	Logistics Express	Elmel Commer-cial Ltd.	Attica Dept. Stores SA	Ipirotiki SA	Total
Balance at 31/12/2004	10.654.319			2.968.803	44.021	117.392	943.650		91.800	2.500.000	19.486.026	36.806.011
Additions			3.029.400								4.744.821	7.774.221
Disposals									(91.800)			(91.800)
Balance at 31/12/2005	10.654.319	0	3.029.400	2.968.803	44.021	117.392	943.650	0	0	2.500.000	24.230.847	44.488.432
Additions		6.419.497	2.370.060		1.500.002			59.994				10.349.553
Disposals	(10.654.319)											(10.654.319)
Balance at 31/12/2006	0	6.419.497	5.399.460	2.968.803	1.544.023	117.392	943.650	59.994	0	2.500.000	24.230.847	44.183.666

A&A Holdings SA was liquidated on December 2006 with uncut distribution of its unique asset that is the 98,5% of the shares of Factory Outlet SA to the shareholders. Thus, in 31/12/2006 Factory Outlet is controlled directly by the Company with 60,24%.

Moreover, the Company received dividends from previous years amounting to 4.234.822 euro which were due from Factory Outlet SA to A&A Holdings SA resulting to the decrease of the accounting value of the participation of the Company to Factory Outlet SA.

During the closing year:

-Factory Outlet Airport SA has proceeded to an increase of its share capital at the amount of 2.394.000 euro with preference right to the existing shareholders. The Company has paid the respective amount, namely 2.370.060 euro, maintaining its controlling percentage at 99%. The expenses of the share capital increase were 26.344 euro and were directly debited to the Equity of Factory Outlet Airport SA.

-The company performed an increase of the share capital amounting to 546.000 euro in which the Company did not take part with result to the decrease of the participation to 90,54%. The new shareholders paid the difference amounting to the 305.760 euro.

-Elmec Sport Bulgaria EOOD has increased its share capital by 1.500.002 euro, which was covered in full by the Company.

-Logistics Express SA was incorporated in April 2006 with initial share capital of 60.000 euro, which was covered at a 99,99% or 59.994 euro by the Company. The issue expenses of the initial capital were directly debited to the Equity.

27. INVESTMENTS AVAILABLE FOR SALE

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

27.1. Investments of the Group

	Internet Store SA	Evenis SA	MicroCom DOI	Petros Stathis & Co Inc.	Leto SA	Other Companies	Total
Balance at την 31/12/2004	147.000	26.415			338.328	3.961	515.704
Additions			1.088	80.160			81.248
Devaluations		(26.415)					(26.415)
Balance at 31/12/2005	147.000	0	1.088	80.160	338.328	3.961	570.537
Balance at 31/12/2006	147.000	0	1.088	80.160	338.328	3.961	570.537

27.2. Investments of the Company

	Internet Store SA	Leto SA	Other Companies	Total
Balance at 31/12/2004	147.000	338.328	1.467	486.795
Balance at 31/12/2005	147.000	338.328	1.467	486.795
Balance at 31/12/2006	147.000	338.328	1.467	486.795

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

The companies mentioned above are valued at their fair values on the balance sheet date, with the use of models assigning the net future cash flows that correspond to the Group's interest, and the gain or loss is directly transferred to equity. Everything mentioned in note 17 regarding valuation methods applies also here.

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

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

28. INVESTMENTS AT FAIR VALUE THROUGH PROFIT & LOSS

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

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

The detailed changes in this account are the following:

	HDFS	Various securities	Total
Balance at 31/12/2004	3.137.039	20.960	3.157.999
Disposals	(390.600)		(390.600)
Revaluations	396.567		396.567
Devaluations		(5.000)	(5.000)
Balance at 31/12/2005	3.143.006	15.960	3.158.966
Revaluations	189.846		189.846
Devaluations		(1.160)	(1.160)
Balance at 31/12/2006	3.332.852	14.800	3.347.652

29. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

On 31/12/2006 the Group did not hold any derivative while in 31/12/2005 had written from derivatives 75.003 euro in its assets according to IAS 31 and IAS 39.

30. SHARE CAPITAL

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

31. RESERVES

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

31.1. Regular reserves

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

31.2. Tax exempt reserves

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

31.3. Reserves for extraordinary purposes

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

31.4. Own-stock reserve

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

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

	Regular reserve	Special reserves	Tax-exempt reserves	Own-stock reserve	Total
Balance at 31/12/2004	4.752.254	198.387	10.999.623	240.788	16.191.052
Formation of reserve	1.583.002				1.583.002
Dissolution of reserve				(240.788)	(240.788)
FX differences	4.120				4.120
Balance at 31/12/2005	6.339.376	198.387	10.999.623	0	17.537.386
Formation of reserve	487.553				487.553
Balance at 31/12/2006	6.826.929	198.387	10.999.623	0	18.024.939

Following are the changes in the reserves of the Company:

	Regular reserve	Tax-exempt reserves	Own-stock reserve	Total
Balance at 31/12/2004	4.244.556	10.978.212	240.788	15.463.556
Formation of reserve	541.436			541.436
Dissolution of reserve			(240.788)	(240.788)
Balance at 31/12/2005	4.785.992	10.978.212	0	15.764.204
Formation of reserve	145.132			145.132
Balance at 31/12/2006	4.931.124	10.978.212	0	15.909.336

32. TRANSLATION DIFFERENCE

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

33. MINORITY RIGHTS

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

	A&A Holdings SA	Factory Outlet SA	Factory Outlet Airport SA	Chrono sport SA	Elmel Com Ltd	Attica Dept. Stores SA	Ipirotiki SA	Intragroup balances	Total
Balance at 31/12/2004	3.391.666	4.115.418		122.359	44.951	5.047.246	2.569.835	(2.515.829)	12.775.646
Deferred taxation recorded in equity			33			(8.191)			(8.158)
Cost of new share issues			(134)				(9.728)		(9.862)
Various income/(expenses) in equity		(57)							(57)
Period net profits	781.448	741.183	(205)	15.695	(44.951)	855.695	(96.423)	(843.770)	1.408.672
New issues			12.167				884.394	(12.167)	884.394
Dividends distribution		(894.542)		(1.024)				860.793	(34.773)
Balance at 31/12/2005	4.173.114	3.962.002	11.861	137.030	0	5.894.750	3.348.078	(2.510.973)	15.015.862
Deferred taxation recorded in equity		108	32						140
Cost of new share issues	(18.714)	(431)	(130)				(19.275)		
Various income/(expenses) in equity		(77.948)						(13.634)	(91.582)
Period net profits	507.336	1.109.572	(15.923)	25.909		786.007	(131.765)	(527.952)	1.753.178
New issues		684	553.504					(12.906)	541.284
Dividends distribution		(548.652)		(14.000)				527.952	(34.700)
Dissolution of subsidiary	(4.661.736)							2.123.078	(2.538.658)
Balance at 31/12/2006		4.445.335	549.344	148.939	0	6.680.757	3.216.313	(414.435)	14.626.249

34. DIVIDENDS

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

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

On March 2006, the Board of Directors of the Company from the earnings of the period 1/1 – 31/12/2005 proposed a dividend of a 3.601.000 euro (0,065 euro per share). This proposal was approved by the Annual General Meeting of the Shareholders that took place on June 23, 2006. The distribution of the dividend to the shareholders began on August 23, 2006.

During the Board Meeting when the financial statements presented here were approved, the Board of Directors decided unanimously to propose to the Annual General Meeting of the Shareholders a dividend distribution of 3.601.000 euro (0,065 euro per share) from the earnings of this period (1/1 – 31/12/2006).

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

35. RELATED PARTIES

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

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

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

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

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

The sale of merchandise and services from the Group to related parties are as follows: (transactions between consolidated companies have been eliminated):

	1/1 - 31/12/2006	1/1 - 31/12/2005
Concept One SA	427.444	431.507
Evenis SA	1.902	
Petros Stathis & Co Inc.	211.427	
Leto SA	47.768	
Directors	142.407	148.846
	830.948	580.353

The sale of merchandise and services from the Company to related parties are as follows:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Factory Outlet SA	261.092	271.884
Factory Outlet Airport SA	758.238	
Elmec Romania SRL	8.674.909	7.925.106
Elmec Sport Bulgaria EOOD	1.931.572	1.481.458
Chronosport SA	642.362	137.975
Moustakis SA	842.878	926.267
Elmel Commercial Ltd.		48.646
Attica Dept. Stores SA	2.902.566	2.537.999
Concept One SA	427.444	431.507
Evenis SA	1.902	
Petros Stathis & Co Inc.	744	
Leto SA	47.768	
Directors	142.407	148.846
	16.617.326	13.909.688

Purchases of merchandise by the Group from related parties is as follows (transactions between consolidated companies have been eliminated):

	1/1 - 31/12/2006	1/1 - 31/12/2005
Concept One SA	279	
Petros Stathis & Co Inc.	804	
Directors	197.789	376.347
	198.872	376.347

Services received by the Group from related parties is as follows (transactions between consolidated companies have been eliminated):

	1/1 - 31/12/2006	1/1 - 31/12/2005
Petros Stathis & Co Inc.	16.543	
Directors	409.998	
	426.541	

Purchases of merchandise by the Company from related parties are as follows:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Concept One SA	279	
Petros Stathis & Co Inc.	804	
Directors	14.942	14.589
	16.025	14.589

Services received by the Company from related parties are as follows:

	1/1 - 31/12/2006	1/1 - 31/12/2005
Factory Outlet SA	561.446	684.297
Factory Outlet Airport SA	97.035	
Chronosport SA	27.151	23.097
Attica Dept. Stores SA	98.379	386.638
Directors	371.938	340.340
	1.155.949	1.434.372

The receivables of the Group from related parties are as follows (balances between consolidated companies have been eliminated):

	31/12/2006	31/12/2005
Concept One SA	431.408	404.038
Evenis SA	34.617	41.388
MicroCom DOI	1.057.019	
Petros Stathis & Co Inc.	161.163	
Leto SA	30.476	
Directors	225.273	248.777
	1.939.956	694.203

Payables of the Group to related parties are as follows (balances between consoli dated companies have been eliminated):

	1/1 - 31/12/2006	1/1 - 31/12/2005
Concept One SA	331	
Internet Store SA	24.573	24.573
Petros Stathis & Co Inc.	14.253	
Directors	154.254	324.941
	193.411	349.514

The receivables of the Company from related parties are depicted here:

	31/12/2006	31/12/2005
Factory Outlet Airport SA	838.188	
Elmec Romania SRL	8.769.054	8.450.043
Elmec Sport Bulgaria EOOD	1.108.332	1.565.942
Chronosport SA	278.749	93.003
Moustakis SA	856.916	1.291.478
Logistics Express SA	240.917	
Attica Dept. Stores SA	2.646.040	2.068.545
Concept One SA	431.408	404.038
Evenis SA	2.152	
Petros Stathis & Co Inc.	3.841	
Leto SA	30.476	
Directors	197.553	242.734
	15.441.705	14.115.783

Payables of the Company from related parties are depicted here:

	31/12/2006	31/12/2005
Factory Outlet SA	464.571	41.919
Factory Outlet Airport SA	320.902	
Elmec Romania SRL		2.814
Elmec Sport Bulgaria EOOD		840
Chronosport SA		19.160
Logistics Express SA	25.000	
Attica Dept. Stores SA	130.580	79.530
Concept One SA	331	
Internet Store SA	24.573	24.573
Petros Stathis & Co Inc.	14.253	
Directors	69.241	324.941
	1.054.002	493.777

36. PARTIAL INTERRUPTION OF DISTRIBUTION AGREEMENT

From June 1st 2006 onwards, the Group does not wholesale distribute Nike products in Greece and Cyprus. On the contrary, the Group will continue to wholesale distribute the above products in Romania and Bulgaria at least until the 31st of May 2009, when the negotiations with the supplier company Nike European Operations Netherlands BV for further renewal will be repeated, according to a relevant announcement of the company on the 26th of June 2006. In addition, the Group will continue to develop the chain of retail shops “exclusive sports”, which sell exclusively Nike products, in Greece, Romania and Bulgaria.

The wholesale distribution of Nike products in Greece and Cyprus corresponds to 11,3% of the consolidated turnover for the examined period 1/1 - 31/12/2006 and it is included in the sector of activity “Apparel-Footwear Wholesale”.

The Management of the Group has already taken care for the substitution of the above loss of the turnover with new activities of the Group that are described extensively in the Report of the Company’s Board of Directors.

37. CONTINGENT LIABILITIES

The Group’s companies have provided third parties with letters of guarantee amounting to 21.997.006 euro (2005: 18.346.393 euro) to ensure those parties on the liabilities of the Group towards them. These liabilities are the result of contractual agreements and do not appear in the consolidated balance sheet.

The corresponding amount for the parent company is 11.668.740 euro (2005: 9.142.393 euro).

38. EVENTS AFTER THE BALANCE SHEET DATE

There are no post balance sheet events that would influence the financial position and the results of the Company and the Group as at December 31st, 2006.

Glyfada, March 20th, 2007

The Chairperson of the BoD	The Managing Director	The Chief Accountant
Lucy Fais	**Sam Fais**	**Theodora kalopastou**
Identification Number	Identification Number	Identification Number
X 091336	X 091240	T 542192

8. APPENDIX

8.1. Brief financial figures for the year 2006

In March 31st 2007, according to the clauses of paragraph 4 of article 135 of Law 2190/1920 and the relevant resolution of the Ministers of Finance and Commerce, the Company published the following brief financial figures in two nation-wide newspapers and one local newspaper. These figures stem from the annual financial statements of the Company for the fiscal year 2006 (1/1 - 31/12/2006) which are presented in chapter 7.

ELMEC SPORT SA

BRIEF FINANCIAL FIGURES AND INFORMATION FOR THE FISCAL YEAR FROM JANUARY 1st, 2006 UNTIL DECEMBER 31st, 2006

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

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

COMPANY DETAILS	
Address of registered office:	96 Vouliagmenis Avenue, 16674 Glyfada
Registered No of S.A.:	6357/06/B/86/59
Competent prefecture:	Ministry of development
Board of Directors:	Lucy Fais, Chairperson Sam Fais, Managing Director Pavlos Kalamarides, Executive Director Christos Hatziyakoumis, Executive Director Lila Mordohae, Independent non-executive Director Ilias Mordehae, Independent non-executive Director
Date of approval of the financial statements from which the brief figures have been drawn out:	March 20th, 2007
Independent auditor:	Grigoris Koutras, Register No 13601
Audit company:	BDO Protypos Hellenic Auditing Company AE
Type of auditors' report :	Un-qualified opinion
Website of the company:	www.elmec.gr

CONDENSED BALANCE SHEET – Amounts in Euro (€)

	Consolidated		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
ASSETS				
Non-current assets	121.914.638	103.025.758	75.710.741	75.150.409
Inventories	60.402.946	52.300.417	23.595.517	24.236.922
Trade and other receivables	38.080.249	59.202.483	31.372.155	59.888.463
Other assets	40.954.682	39.249.067	14.171.320	14.794.861
TOTAL ASSETS	261.352.515	253.777.725	144.849.733	174.070.655
EQUITY & LIABILITIES				
Non-current liabilities	30.210.077	26.513.957	13.748.244	13.424.162
Loans and financial leases	42.970.798	46.096.876	22.418.093	40.006.535
Other current liabilities	72.894.800	68.371.888	12.397.998	23.656.033
Total obligation (a)	146.075.675	140.982.721	48.564.335	77.086.730
Share Capital	33.240.000	33.240.000	33.240.000	33.240.000
Other amounts in Net Equity	67.410.591	64.539.142	63.045.398	63.743.925
Total Net Equity (b)	100.650.591	97.779.142	96.285.398	96.983.925
Minority rights (c)	14.626.249	15.015.862		
Total Shareholders equity (d)=(b)+(c)	115.276.840	112.795.004	96.285.398	96.983.925
TOTAL EQUITY & LIABILITIES (a+d)	261.352.515	253.777.725	144.849.733	174.070.655

CONDENSED INCOME STATEMENT – Amounts in euro

	Consolidated		Company	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Turnover (Sales)	181.307.043	173.564.644	84.127.599	114.659.536
Gross Profit	77.333.010	78.104.617	35.197.176	52.745.576
EBITDA	19.247.022	23.745.673	9.553.901	19.012.591
EBIT	15.229.326	20.408.343	7.379.347	16.915.787
Earnings before taxes (EBT)	12.681.607	18.501.506	5.669.766	16.294.771
Income tax expense	(5.057.712)	(6.966.951)	(2.767.293)	(5.466.086)
Net Earnings	7.623.895	11.534.555	2.902.473	10.828.685
Distributed to:				
Shareholders company	5.870.717	10.125.883		
Minority shareholders	1.753.178	1.408.672		
Earnings per share - basic	0,11	0,18	0,05	0,20
Proposed Dividend per share	0,065	0,065	0,065	0,065

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

	Consolidated		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Equity on (1/1/2006 and 1/1/2005 respectively)	112.795.004	104.336.912	96.983.925	90.212.013
Net earnings	7.623.895	11.534.555	2.902.473	10.828.685
Equity Capital Increase / (Decrease)	852.444	884.350		
Dissolution of Subsidiary	(2.301.373)			
Dividend payment	(3.635.700)	(4.189.773)	(3.601.000)	(4.155.000)
Total profits/(losses) recognised in equity	(57.430)	228.960		98.227
Equity on (31/12/2006 and 31/12/2005 respectively)	115.276.840	112.795.004	96.285.398	96.983.925

CONDENSED CASH FLOW STATEMENT – Amounts in euro (€)

	Consolidated		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Operating activity				
Earnings before taxes (EBT)	12.681.607	18.501.506	5.669.766	16.294.771
Plus/Less adjustments for:				
Depreciation and Amortisation	4.017.696	3.337.330	2.174.554	2.096.804
Provisions	(586.907)	1.835.799	(685.578)	1.223.751
Foreign exchange differences	226.225	233.487		
Results from Investing Activity	(927.785)	(1.228.052)	(609.384)	(1.139.411)
Financial expenses	4.238.656	3.094.812	2.212.390	1.743.302
Plus changes in working capital:				
Decrease/(increase) in inventories	(8.102.529)	(22.634.622)	641.405	(721.908)
Decrease/(increase) in receivables	19.172.669	(19.440.598)	28.818.820	(9.067.604)
Increase/(decrease) in liabilities (except loans)	5.213.138	35.419.168	(8.692.942)	(1.232.485)
Less:				
Interest and other bank expenses paid	(4.238.656)	(3.094.812)	(2.212.390)	(1.743.302)
Taxes paid	(4.604.656)	(11.650.450)	(3.979.089)	(9.610.738)
Net cash provided by operating activities (a)	27.089.458	4.373.568	23.337.552	(2.156.820)
Investing Activity				
Purchase of subsidiaries and other investments	0	269.356	(10.349.553)	(7.774.221)
Purchase of fixed assets	(23.770.419)	(21.897.702)	(3.323.474)	(7.894.002)
Proceeds from sold tangible assets	1.242.610	1.666.257	340.556	655.789
Proceeds from sold investment assets			10.654.319	481.800
Interest received	378.355	299.039	272.576	192.414
Dividends received	203.876	147.657	217.768	148.680
Other investment inflows (net)	28.254	(2.067)	0	(2.067)
Net cash provided by investing activities (b)	(21.917.324)	(19.517.460)	(2.187.808)	(14.191.607)
Financing activity				
Inflows from Equity Capital Increase	852.444	830.836		
Dissolution of Subsidiary	(2.301.373)	0		
Capital issue costs	(85.212)			
Increase/(decrease) in borrowings	1.078.706	4.476.535	(17.564.381)	3.460.311
Increase/(decrease) in financial leases	(1.500.361)	11.848.968	(623.173)	11.875.462
Dividends paid	(3.750.171)	(4.181.680)	(3.665.409)	(4.141.479)
Net cash provided by financing activities (c)	(5.705.967)	12.974.659	(21.852.963)	11.194.294
Net cash inflows/(outflows) (a+b+c)	(533.833)	(2.169.233)	(703.219)	(5.154.133)
Cash and equivalents at the beginning of the year	20.149.364	22.318.597	6.536.023	11.690.156
Cash and equivalents at the end of the period	19.615.531	20.149.364	5.832.804	6.536.023

Additional figures and information

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

Company	Registered offices	% of interest			Non-tax-audited periods
		Direct	Indirect	Total	
A&A Holdings SA	Luxemburg	61,16%		61,16%	--------
Factory Outlet SA	Greece	60,24%		60,24%	2006
Factory Outlet Airport SA	Greece	89,99%	0,55%	90,54%	2006
Elmec Romania Srl	Romania	100,00%		100,00%	2005 - 2006
Elmec Sport Bulgaria EOOD	Bulgaria	100,00%		100,00%	2001 - 2006
Chronosport SA	Greece	50,00%		50,00%	2003 - 2006
Moustakis SA	Greece	100,00%		100,00%	2002 - 2006
Logistics Express SA	Greece	99,99%	0,01%	100,00%	--------
Attica Department Stores SA	Greece	25,00%	21,07%	46,07%	2006
Ipirotiki SA	Greece	84,29%		84,29%	2003 - 2006

2. Elmel Com Ltd is not included in the consolidated financial statements of the period under examination, while it was included in the previous years' respective statements, as it was sold to third parties on November 18th, 2005.

3. As of June 16, 2006, the Company set into liquidation process its subsidiary A&A Holdings SA. The subsidiary was liquidated on December 2006 and the 60,24% of the share capital of Factory Outlet SA were transferred to the Company. A&A Holdings SA is included in the consolidated financial statements only for the expenses and revenues until its liquidation date.

4. Logistics Express SA was founded in 28/04/2006 and is consolidated for the first time.

5. The company has undergone a regular tax audit for all the fiscal years up to 31.12.2005. The fiscal years for which the other companies of the Group have not undergone a regular tax audit appear in the right column of the above table. Elmec Romania SRL is currently under regular tax audit for the fiscal years 2005 and 2006. The companies of the Group have formed the necessary allowances for additional taxes to arise from the tax audit of the above fiscal years.

6. There is a mortgage charge for the amount of 700.000 € on the 4.800 m^2 building at the junction of Magheru and Campineanu streets in Bucharest, owned by Elmec Romania SRL, to the benefit of Bankpost, of the EFG Eurobank Group, for securing the obligations of Elmec Romania SRL to the bank resulting from a short-term credit line of 12.000.000 €. There are no other pledges on the fixed assets of the Group.

7. The Company has legal disputes with the State. The possible impact of those cases on the financial figures of the Company has been recognised in the above financial statements.

8. The Company employed 592 employees at 31.12.2006 while the whole Group employed 1.687. The relevant figures for 31.12.2005 were 674 and 1.556 employees.

9. Ipirotiki Emporiki Ktimatiki SA had no revenues from commercial activities neither during the examined fiscal year nor during the previous one.

10. From the 1st of June 2006, the Group does not distribute wholesale Nike products in Greece and Cyprus. On the contrary, the Group will continue to wholesale distribute the above products in Romania and Bulgaria at least until the 31st of May 2009, when the negotiations with the supplier company Nike European Operations Netherlands BV for further renewal will be repeated, according to a corresponding announcement of the company published on the 26th of June 2006. In addition, the Group will continue to develop the chain of retail stores "exclusive sports", which sell exclusively Nike products in Greece, Romania and Bulgaria. The wholesale distribution of Nike products in Greece and Cyprus corresponds to 11,3% of the consolidated turnover for the examined fiscal year. The Management of the Group has already taken care for the substitution of the above loss of turnover with new activities of the Group, which are described extensively in the Report of the Company's Board of Directors.

11. The transactions with related parties according to IAS 24, during the examined fiscal year, are as follows:

	Consolidated	Company
Sales of merchandise and services	688.541	16.491.475
Purchases of merchandise and services	17.626	785.094
Receivables	1.714.683	15.206.073
Payables	39.157	980.210
Transactions and compensations of the BoD	944.594	723.687
Receivables to the members of the BoD	225.273	197.553
Payables from the members of the BoD	154.254	69.241

Glyfada, March 20th, 2007

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

8.2. Corporate Announcements for fiscal year 2006

During 2006 (1/1 - 31/12/2006) the company made 19 announcements. Their titles are presented in the following table. These announcements are available from the Company's website, www.elmec.gr, in the unit "Financial section - Announcements", and more specifically at the positions appearing in the right column of the table. They were also submitted to Athens Stock Exchange, in accordance to the relevant legislation.

Corporate Announcements

Publication Date	Announcement	Internet Address
16/2/2006	Agreement between Elmec Sport and Women'secret	http://www.elmec.gr/displayITM1.asp?ITMID=147
25/4/2006	Corporate Schedule 2006	http://www.elmec.gr/displayITM1.asp?ITMID=148
22/5/2006	Attica the department store - first year of operations	http://www.elmec.gr/displayITM1.asp?ITMID=149
29/5/2006	Briefing to analysts	http://www.elmec.gr/displayITM1.asp?ITMID=150
31/5/2006	Presentation to analysts	http://www.elmec.gr/displayITM1.asp?ITMID=151
1/6/2006	Invitation to Annual General Meeting on 23/6/2006	http://www.elmec.gr/displayITM1.asp?ITMID=153
8/6/2006	The annual report 2005 is now available	http://www.elmec.gr/displayITM1.asp?ITMID=155
13/6/2006	Disclosure of Trading	http://www.elmec.gr/displayITM1.asp?ITMID=158
16/6/2006	Disclosure of Trading	http://www.elmec.gr/displayITM1.asp?ITMID=159
26/6/2006	Decisions of A.G.M. 23/6/2006	http://www.elmec.gr/displayITM1.asp?ITMID=160
26/6/2006	Agreement with NIKE for the markets of Romania and Bulgaria	http://www.elmec.gr/displayITM1.asp?ITMID=161
26/6/2006	Dividend Announcement	http://www.elmec.gr/displayITM1.asp?ITMID=162
30/6/2006	Announcement in reply to the Athens Exchange SA	http://www.elmec.gr/displayITM1.asp?ITMID=163
3/7/2006	Announcement in reply to the Athens Exchange SA	http://www.elmec.gr/displayITM1.asp?ITMID=164
9/8/2006	Dividend announcement	http://www.elmec.gr/displayITM1.asp?ITMID=165
17/8/2006	Regular tax audit for the financial years 2004 and 2005 has been completed	http://www.elmec.gr/displayITM1.asp?ITMID=166
10/11/2006	Comments on Daily Press	http://www.elmec.gr/displayITM1.asp?ITMID=167
19/12/2006	Dividend announcement	http://www.elmec.gr/displayITM1.asp?ITMID=168

In addition, during the same year, the Company submitted to the supervisory authorities, and published to the Press and to the website its interim and annual financial statements. These statements are available from the Company's website, www.elmec.gr, in the unit "Financial section - Financial statements", and more specifically at the addresses appearing in the right column of the next table:

Financial Statements' Announcements

Publication Date	Announcement	Internet Address
31/3/2006	Annual Financial Statements 31/12/05	http://www.elmec.gr/pdfs/EK-2005-FY-EN.pdf
31/5/2006	Interim Financial Statements 1/1/ - 31/3/06	http://www.elmec.gr/pdfs/ELMEC_SetOfAccounts_2006_Q1_EN.pdf
30/8/2006	Interim Financial Statements 1/1/ - 30/6/06	http://www.elmec.gr/pdfs/ELMEC_SetofAccounts_2006_Q2_EN.pdf
30/8/2006	Financial Data and Information 1/1/ - 30/6/06	http://www.elmec.gr/pdfs/ELMEC_Elements_2006_Q2_EN.pdf
30/11/2006	Interim Financial Statements 1/1/ - 30/9/06	http://www.elmec.gr/pdfs/SetofAccounts2006_Q3_EN.pdf
30/11/2006	Financial Data and Information 1/1/ - 30/9/06	http://www.elmec.gr/pdfs/ELMEC_2006_Q3_EN.pdf

8.3. Supplementary report of the Board of Directors

Elmec Sport SA

Supplementary report of the Board of Directors in compliance with article 11a of Law 3371/2005

This report of the Board of Directors of Elmec Sport S.A. to the Annual General Shareholders Meeting includes information according to the provisions of Law 3371/2005, para 1, article 11a.

a. The share capital of the company amounts to 33.240.000 Euro and is divided into 55.400.000 common ordinary shares, each of 60 cents (0,60 Euro) nominal value. All the shares of the Company are publicly traded in the Athens Stock Exchange.
b. The shares are traded and transferred without any restrictions.
c. The significant direct or indirect investments, according to the provisions of PD 51/1992 are the following: Sam Fais: 27,51%, Lucy Fais: 24,32%.
d. No shareholder has special rights according to the articles of association of the Company.
e. There exist no limitations in the voting rights of the shareholders in the articles of association of the Company. All shareholders are entitled to participate in the General Meetings of the Shareholders of Elmec Sport SA, either in person or via a proxy. In order for share holders to participate in a General Meeting, they must bind all or part of the shares they own through their broker, if their shares are not held in the Special Account, or through the Central Securities Depository, if they are held in the Special Account, and they should deposit such attestation binding their shares and any representation documents at the offices of Elmec Sport, at 96, Vouliagmenis Avenue, Glyfada, at least five days before the date set for the General Meeting.
f. There are no shareholder agreements known to the Company that result to limitations in the transfer of shares or to the voting rights.
g. The assignment and replacement of the members of the Board of Directors and the amendment of the articles of association take place according to the relevant legislation (Law 2190/1920).
h. The Board of Directors is allowed to acquire treasury shares and may proceed to issue new shares only after a relevant decision of the Annual General Meeting. This decision is governed by the relevant legislation (Law 2190/1920). Currently, no such decision is valid, therefore, the Board of Directors has no authority neither to acquire treasury stock nor to issue new shares.
i. Elmec Sport SA has not signed any agreements that come to effect, are amended or cease to exist in case a public offering changes the control of the Company.
j. Elmec Sport SA has not signed any agreements with the members of the Board of Directors or with the personnel, that result in compensation in case they quit or are fired without justifiable reasons or cease their service as a result of a public offering.