



**MICHANIKI S.A.**

**FISCAL YEAR 2006 ANNUAL REPORT**

(according to the Hellenic Capital Market Commission Board of Directors  
Decision 7/372/15.02.2006)



June 2006

**ANNUAL REPORT TABLE OF CONTENTS**

1. YEARLY FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP ACCORDING TO THE INTERNATIONAL ACCOUNTING STANDARDS	3
2. CONCISE YEARLY DATA AND INFORMATION OF THE COMPANY AND THE GROUP SET BY THE JOINT DECISION OF THE ECONOMY AND FINANCE MINISTER AND THE MINISTER OF DEVELOPMENT PROVIDED IN ARTICLE 135 PAR. 4 OF THE C.L. 2190/1920 IN EFFECT	89
3. BOARD OF DIRECTORS REPORT UPON THE YEARLY FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP PROVIDED IN ARTICLE 136 OF C.L. 2190/1920 AND EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL ASSEMBLY OF ITS SHAREHOLDERS INCLUDING INFORMATION ACCORDING TO THE ORDINANCES OF PARAGRAPH 1 OF ARTICLE 11A OF L. 3371/2005	90
4. AUDITORS REPORT FOR THE COMPANY AND THE GROUP	96
5. TRANSACTION REPORT OF THE COMPANY WITH AFFILIATED COMPANIES PROVIDED IN ARTICLE 2 PAR. 4 OF L. 3016/2002, IN EFFECT	98
6. INFORMATION OF ARTICLE 10 OF L. 3401/2005 FOR FISCAL YEAR 2006	104
7. AVAILABILITY OF FINANCIAL STATEMENTS, AUDITOR REPORTS AND BOARD OF DIRECTOR REPORTS OF THE COMPANIES THAT ARE INCORPORATED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY.	106
8. ADDITIONAL INFORMATIONAL DATA OF ARTICLE 8 CASE 3 OF DECISION 7/372/15.02.2006 OF THE HELLENIC CAPITAL MARKET COMMISSION BOARD OF DIRECTORS	107
9. INVITATION TO THE ORDINARY GENERAL ASSEMBLY OF THE SHAREHOLDERS FOR FISCAL YEAR-END 2006	108



## **1. YEARLY FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP ACCORDING TO THE INTERNATIONAL ACCOUNTING STANDARDS**

### **MICHANIKI S.A. GROUP OF COMPANIES**

#### **Year-End Financial Statements for the period from January 1<sup>st</sup> up to and December 31<sup>st</sup>, 2006**

It is certified that the attached re-disclosed Year-End Financial Statements, are those approved by the Board of Directors of "MICHANIKI S.A." at 18/3/2007 and have been published with their disclosure through the internet, at the website address [www.michaniki.gr](http://www.michaniki.gr). It is noted that the published in the Press concise financial data and information, aim at providing to the reader certain general financial information but they do not provide the comprehensive view of the Company's and Group's financial position and results, in accordance with the International Accounting Standards. It is also noted that, for simplification purposes, the concise financial data published in the press have had certain item abridgements and reclassifications.

Prodromos Emfietzoglou  
Chairman  
MICHANIKI S.A.



**TABLE OF CONTENTS REGARDING THE YEARLY FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP ACCORDING TO THE INTERNATIONAL ACCOUNTING STANDARDS**

1	Financial Statements .....	6
1.1	Balance Sheet – Income Statement .....	6
1.2	Profit & Loss Account.....	8
1.3	Statement of Changes in Equity.....	10
1.4	Cash flow statement (Indirect method) .....	13
2	INDEPENDENT AUDITORS REPORT .....	15
	Management’s Responsibility for the Financial Statements.....	15
	Auditor’s Responsibility.....	15
	Opinion .....	16
3	Reclassification of published financial statements.....	17
4	Company Information .....	18
4.1	General Information.....	18
4.2	Nature of Activities .....	21
5	Financial statements form framework.....	22
6	Basic Accounting Principles.....	22
6.1	New accounting standards, amendments and interpretations of IFRIC effective from 2006 that relate to the Group’s activities.....	23
6.2	Standards, amendments and interpretations with a mandatory effect in 2006 that have no relevance to the Group’s activities.....	24
6.3	Standards, amendments and interpretations to existing standards with a later application date (and for which the group has not proceeded with an optional application).....	25
6.4	Significant accounting judgments, estimates and assumptions.....	26
6.4.1	Judgments .....	27
6.4.2	Estimates and assumptions .....	27
6.5	Segment reporting.....	29
6.6	Consolidation.....	29
6.7	Group Structure.....	32
6.8	Foreign currency conversion.....	33
6.9	Tangible Assets .....	34
6.10	Non current items occupied for sale .....	34
6.11	Property Investments .....	36
6.12	Intangible Assets.....	37
6.13	Impairment of Assets .....	37
6.14	Financial Instruments .....	37
6.15	Inventories .....	40
6.16	Trade receivables.....	40
6.17	Cash and cash equivalents.....	40
6.18	Non-current assets classified as held for sale .....	40
6.19	Share capital.....	40
6.20	Income tax & deferred tax.....	40
6.21	Employee benefits.....	42
6.22	Grants .....	43
6.23	Provisions .....	43
6.24	Recognition of income and expenses.....	44
6.25	Leases.....	45



6.26	Construction contracts .....	45
6.27	Dividend distribution.....	46
6.28	Risk management .....	46
7	Financial Information by Segment.....	48
8	Financial Statement Notes .....	51
8.1	Tangible Assets .....	51
8.2	Non current asset items occupied for sale and terminated utilizations .....	54
8.3	Intangible asset items – Expenditures for the exploration and evaluation of mineral resources .....	55
8.4	Investments .....	57
8.5	Property Investments.....	58
8.6	Other long-term receivables .....	58
8.7	Inventories.....	59
8.8	Construction contracts .....	59
8.9	Trade and Other commercial receivables.....	61
8.10	Joint Ventures/Consortiums .....	61
8.11	Other Short-term receivables and Prepayments.....	64
8.12	Fair value Financial Items though results .....	64
8.13	Receivables from affiliated and other participation/investment interest Companies.....	64
8.14	Cash and cash equivalents.....	64
8.15	Equity.....	65
8.16	Deferred tax receivable and liability and tax agreement.....	67
8.17	Employee Benefit Liabilities and Other provisions .....	69
8.18	Loan liabilities-Leases .....	73
8.19	Commercial Liabilities and prepayments.....	76
8.20	Tax liabilities .....	77
8.21	Other long-term liabilities .....	78
8.22	Other short-term liabilities .....	78
8.23	Turnover .....	79
8.24	Cost of sales .....	79
8.25	Administrative expenses .....	79
8.26	Selling expenses.....	80
8.27	Depreciation .....	80
8.28	Other operating revenues/ expenses .....	81
8.29	Financial revenues/expenses – Other financial results.....	82
8.30	Transactions with associated parties.....	83
8.31	Profits per share.....	86
8.32	Potential receivables-liabilities .....	86
8.33	Engagements.....	86
8.34	Dividends.....	87
8.35	Employed personnel .....	87
8.36	Management grants .....	87
8.37	Change in accounting estimations .....	88
8.38	Events after the date of the balance sheet.....	88

## 1 Financial Statements

### 1.1 Balance Sheet – Income Statement

BALANCE SHEET	Note	THE GROUP		THE COMPANY	
		31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Non Current Assets</b>					
Tangible Assets	8.1	68.695	66.076	42.670	38.132
Property Investment	8.5	42.833	43.255	-	-
Other Intangible Assets	8.3	88	11	46	5
Expenditures for exploration and evaluation of mineral resources	8.3	529	587	-	-
Investments in Subsidiaries	8.4	(0)	-	131.171	128.386
Investments in Affiliates	8.4	-	13	-	-
Investments in Joint Ventures/Consortiums	8.10	14.977	14.425	14.321	13.473
Financial assets valued at fair value	8.4	9	24	3	18
Less: Provisions for devaluations	8.4	(3)	(3)	(24.558)	(39.050)
Other Long-term Receivables	8.6	3.059	3.618	2.881	3.459
Deferred tax receivables	8.16	10.340	6.787	7.853	5.563
		<b>140.526</b>	<b>134.794</b>	<b>174.386</b>	<b>149.986</b>
<b>Current assets</b>					
Inventories	8.7	92.677	81.892	37.462	35.401
Commercial receivables	8.9	88.111	72.801	46.989	41.861
Receivables from Affiliated and other investment interest Companies	8.13	39.963	35.136	39.730	35.129
Other Receivables	8.9	1.775	3.612	3.812	3.112
Financial assets valued at their fair value with changes in results	8.12	56	545	51	540
Other Current item Assets	8.11	2.343	2.410	1.646	466
Prepayments	8.11	29.716	13.779	3.868	4.375
Cash and cash equivalent	8.14	34.692	38.192	9.725	19.774
		<b>289.334</b>	<b>248.367</b>	<b>143.283</b>	<b>140.658</b>
<b>Total Assets</b>		<b>429.860</b>	<b>383.161</b>	<b>317.669</b>	<b>290.644</b>

*Possible differences in totals are due to number rounding*

<b>Shareholders Equity &amp; Liabilities</b>					
<b>Equity Capital</b>					
Share Capital	8.15	137.502	137.502	137.502	137.502
Less: Capital Owed	8.15	-	-	-	-
Share Premium	8.15	129.629	129.629	129.629	129.629
Own Shares	8.15	(1.088)	(3.745)	(1.088)	(3.136)
Financial means fair value differences	8.15	(0)	-	12.653	-
Foreign Exchange Differences	8.15	(1.022)	(882)	-	-
Statutory Legal Reserve	8.15	4.022	3.152	3.368	2.616
Other Reserves	8.15	29.317	34.518	15.177	20.386
Retained Earnings	8.15	(80.790)	(98.607)	(90.491)	(92.777)
<b>Equity Attributable to Parent</b>		<b>217.569</b>	<b>201.566</b>	<b>206.748</b>	<b>194.219</b>
<b>Company Shareholders</b>		<b>19.609</b>	<b>20.964</b>	-	-
<b>Minority Rights</b>		-	-	-	-
<b>Total Equity</b>		<b>237.178</b>	<b>222.529</b>	<b>206.748</b>	<b>194.219</b>
<b>LIABILITIES</b>					
<b>Long-term Liabilities</b>					
Other financial liabilities	8.18	7.584	7.120	(0)	(0)
Bank Loans	8.18	14.115	8.392	-	-
Provisions for employee retirement benefits and other long-term grants	8.17	1.865	1.919	803	866
Deferred tax liabilities	8.16	22.265	18.409	13.967	12.944
Other Long-term Liabilities	8.21	3.497	3.613	2.664	2.730
Other Provisions	8.17	1.936	3.507	1.336	3.303
<b>Total Long-term Liabilities</b>		<b>51.261</b>	<b>42.960</b>	<b>18.771</b>	<b>19.843</b>
<b>Short-term Liabilities</b>					
Bank Loans	8.18	38.034	36.892	29.003	22.000
Short-term part of other long-term liabilities	8.18	566	2.502	0	692
Comercial Liabilities (trade creditors etc)	8.19	53.563	39.546	25.869	22.975
Taxes	8.20	655	264	-	-
Other liabilities	8.22	11.273	15.020	6.014	8.547
Advances	8.19	16.494	2.929	10.820	2.238
Liabilities to affiliated and other investment interest companies	8.22	20.835	20.520	20.445	20.129
<b>Total Short-term Liabilities</b>		<b>141.420</b>	<b>117.672</b>	<b>92.150</b>	<b>76.582</b>
<b>Total Liabilities</b>		<b>192.682</b>	<b>160.632</b>	<b>110.921</b>	<b>96.425</b>
<b>Total Shareholders Equity and Liabilities</b>		<b>429.860</b>	<b>383.161</b>	<b>317.669</b>	<b>290.644</b>

*Possible differences in totals are due to number rounding*

## 1.2 Profit & Loss Account

	Note	THE GROUP					
		Continued activities		Discontinued activities		Total activities	
		1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005
<b>Sales Turnover</b>	8.23	166.710	116.216	0	720	166.710	116.935
Cost of Sales	8.24	(132.823)	(87.150)	0	(3.313)	(132.823)	(90.463)
<b>Gross Profit</b>		<b>33.887</b>	<b>29.066</b>	<b>0</b>	<b>(2.593)</b>	<b>33.887</b>	<b>26.472</b>
Other Operating Income	8.28	12.507	16.786	0	3.532	12.507	20.318
Selling Expenses	8.26	(4.068)	(1.606)	0	0	(4.068)	(1.606)
Administrative Expenses	8.25	(8.389)	(8.351)	0	(771)	(8.389)	(9.122)
Other Operating Expenses	8.28	(2.135)	(3.970)	0	(67)	(2.135)	(4.036)
<b>Profit before Interest, Financial and Investment Results</b>		<b>31.802</b>	<b>31.925</b>	<b>0</b>	<b>101</b>	<b>31.802</b>	<b>32.026</b>
Depreciation	8.1,8.3, 8.24-8.28	6.432	5.964	0	236	6.432	6.200
<b>Profit before Interest, Financial and Investment Results and depreciation</b>		<b>38.234</b>	<b>37.889</b>	<b>0</b>	<b>336</b>	<b>38.234</b>	<b>38.225</b>
Financial Income	8.29	6.864	3.546	0	9	6.864	3.555
Financial Expenses	8.29	(5.610)	(13.152)	0	(90)	(5.610)	(13.242)
Other Financial Results	8.29	0	0	0	0	0	0
Share of profit from associate companies	8.29	787	4.329	0	(0)	787	4.329
<b>Financial Result</b>	8.29	<b>2.041</b>	<b>(5.276)</b>	<b>0</b>	<b>(81)</b>	<b>2.041</b>	<b>(5.358)</b>
Depreciation	8.1,8.3, 8.24-8.28	(6.432)	(5.964)	0	(236)	(6.432)	(6.200)
<b>Profit before Tax</b>		<b>33.842</b>	<b>26.649</b>	<b>0</b>	<b>20</b>	<b>33.842</b>	<b>26.668</b>
Income Tax	8.16	(7.896)	(7.557)	0	370	(7.896)	(7.187)
<b>Profit after tax</b>		<b>25.946</b>	<b>19.091</b>	<b>0</b>	<b>391</b>	<b>25.946</b>	<b>19.481</b>
<b>Attributable to:</b>							
<i>Equity shareholders of the parent company</i>		25.287	19.241	0	391	25.287	19.632
<i>Minority Rights</i>		660	(150)	0	0	660	(150)
Profit after tax per share - basic (in €)		0,2747	0,2128	0,0000	0,0043	0,2747	0,2171

	Note	THE COMPANY					
		Continued activities		Discontinued activities		Total activities	
		1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005
<b>Sales Turnover</b>	8.23	66.072	83.579	0	720	66.072	84.299
Cost of Sales	8.24	(52.429)	(57.545)	0	(3.313)	(52.429)	(60.858)
<b>Gross Profit</b>		<b>13.644</b>	<b>26.034</b>	<b>0</b>	<b>(2.593)</b>	<b>13.644</b>	<b>23.441</b>
Other Operating Income	8.28	806	5.576	0	3.532	806	9.108
Selling Expenses	8.26	(44)	(57)	0	(0)	(44)	(57)
Administrative Expenses	8.25	(5.830)	(6.250)	0	(771)	(5.830)	(7.021)
Other Operating Expenses	8.28	(540)	(1.499)	0	(67)	(540)	(1.566)
<b>Profit before Interest, Financial and Investment Results</b>		<b>8.036</b>	<b>23.805</b>	<b>0</b>	<b>101</b>	<b>8.036</b>	<b>23.906</b>
Depreciation	8.1,8.3, 8.24-8.28	3.229	2.807	0	236	3.229	3.043
<b>Profit before Interest, Financial and Investment Results and depreciation</b>		<b>11.265</b>	<b>26.612</b>	<b>0</b>	<b>337</b>	<b>11.265</b>	<b>26.949</b>
Financial Income	8.29	7.027	3.510	0	9	7.027	3.519
Financial Expenses	8.29	(3.792)	(10.073)	0	(90)	(3.792)	(10.163)
Other Financial Results	8.29	0	0	0	0	0	0
Share of profit from associate companies	8.29	523	3.540	0	0	523	3.540
<b>Financial Result</b>	8.29	<b>3.758</b>	<b>(3.022)</b>	<b>0</b>	<b>(81)</b>	<b>3.758</b>	<b>(3.104)</b>
Depreciation	8.1,8.3, 8.24-8.28	(3.229)	(2.807)	0	(236)	(3.229)	(3.043)
<b>Profit before Tax</b>		<b>11.793</b>	<b>20.781</b>	<b>0</b>	<b>20</b>	<b>11.793</b>	<b>20.801</b>
Income Tax	8.16	(3.244)	(6.129)	0	370	(3.244)	(5.759)
<b>Profit after tax</b>		<b>8.549</b>	<b>14.653</b>	<b>0</b>	<b>391</b>	<b>8.549</b>	<b>15.043</b>
Profit after tax per share - basic (in €)		0,0929	0,1621	0,0000	0,0043	0,0929	0,1664

*Possible differences in totals are due to number rounding*

The attached notes constitute an integral part of these financial statements.

### 1.3 Statement of Changes in Equity Group

	Share Capital	Share Premium	Fair Value Property Investment Reserves	Fair Value Assets Reserves	Foreign Exchange Differences Conversion Reserve	Fair value financial means reserves	Other Reserves	Retained Earnings	Total before minority rights	Minority Rights	Total
<b>Balance at 1/1/2005, according to IFRS</b>	<b>137.502</b>	<b>129.629</b>	<b>2.678</b>	<b>0</b>	<b>(150)</b>	<b>0</b>	<b>19.218</b>	<b>(101.377)</b>	<b>187.500</b>	<b>21.454</b>	<b>208.954</b>
Purchases / (sales) Own Shares	-	-	-	-	-	-	14.705	-	14.705	-	14.705
Profits / (losses) of Own Shares sales	-	-	-	-	-	-	-	(9.232)	(9.232)	-	(9.232)
Foreign Exchange Differences Conversion Reserve Change	-	-	-	-	(732)	-	-	-	(732)	389	(343)
<b>Net profit / loss recorded directly to the net equity</b>					<b>(732)</b>		<b>14.705</b>	<b>(9.232)</b>	<b>4.740</b>	<b>389</b>	<b>5.129</b>
Distributable Dividends	-	-	-	-	-	-	(10.859)	-	(10.859)	-	(10.859)
Own shares stocking dividends	-	-	-	-	-	-	602	-	602	-	602
Effect from change of investment percentage in subsidiary company	-	-	-	-	-	-	-	(49)	(49)	(729)	(778)
Net Period Results 1/1-31/12/2005	-	-	7.749	-	-	-	(169)	12.051	19.631	(150)	19.481
<b>Period Equity Total Change</b>	<b>-</b>	<b>-</b>	<b>7.749</b>	<b>-</b>	<b>(732)</b>	<b>-</b>	<b>4.279</b>	<b>2.770</b>	<b>14.066</b>	<b>(490)</b>	<b>13.575</b>
<b>Equity balance at 31/12/2005</b>	<b>137.502</b>	<b>129.629</b>	<b>10.427</b>	<b>-</b>	<b>(882)</b>	<b>-</b>	<b>23.497</b>	<b>(98.607)</b>	<b>201.566</b>	<b>20.964</b>	<b>222.529</b>
<b>Balance at 1/1/2006, according to IFRS</b>	<b>137.502</b>	<b>129.629</b>	<b>10.427</b>	<b>-</b>	<b>(882)</b>	<b>-</b>	<b>23.497</b>	<b>(98.607)</b>	<b>201.566</b>	<b>20.964</b>	<b>222.529</b>
Equity capital change for the period 1/1-31/12/2006											
Purchases / (sales) Own Shares	-	-	-	-	-	-	2.656	-	2.656	-	2.656
Profits / (losses) of Own Shares sales	-	-	-	-	-	-	-	2.287	2.287	-	2.287
Valuation of cash and cash equivalents for sale of financial means	-	-	-	-	-	(0)	-	-	(0)	-	(0)
Foreign Exchange Differences Conversion Reserve Change	-	-	-	-	(140)	-	-	-	(140)	-	(140)
<b>Net profit / loss recorded directly to the net equity</b>					<b>(140)</b>	<b>(0)</b>	<b>2.656</b>	<b>2.287</b>	<b>4.804</b>	<b>-</b>	<b>4.804</b>
Distributable Dividends	-	-	-	-	-	-	(4.457)	(8.550)	(13.007)	-	(13.007)
Effect from change of investment percentage in subsidiary company	-	-	-	-	-	-	-	(1.080)	(1.080)	(1.997)	(3.077)
Minority rights from change of foreign exchange differences conversion reser	-	-	-	-	-	-	-	-	-	(17)	(17)
Effect from share capital increase of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Net Period Results 1/1-31/12/2006	-	-	(102)	-	-	-	229	25.160	25.287	660	25.946
<b>Period Equity Total Change</b>	<b>-</b>	<b>-</b>	<b>(102)</b>	<b>-</b>	<b>(140)</b>	<b>(0)</b>	<b>(1.572)</b>	<b>17.817</b>	<b>16.004</b>	<b>(1.355)</b>	<b>14.649</b>
<b>Equity balance at December 31st, 2006</b>	<b>137.502</b>	<b>129.629</b>	<b>10.325</b>	<b>-</b>	<b>(1.022)</b>	<b>(0)</b>	<b>21.926</b>	<b>(80.790)</b>	<b>217.569</b>	<b>19.609</b>	<b>237.178</b>

*Possible differences in totals are due to number rounding*



From the subsidiary companies, "BALKAN EXPORT S.A.", "THOLOS S.A." and "ELVIX S.A.", which based upon the IFRS application were subject to the ordinances of article 47 of the C.L. 2190/1920 at 31/12/2005, "BALKAN EXPORT S.A." and "ELVIX S.A." have already, through the A' Repetitive Extraordinary General Assembly dated 16.05.2006 and the Extraordinary General Assembly dated 30.06.2006, respectively, engaged in the taking of appropriate measures and have settled their equity capital, whereas "THOLOS S.A." through the decision of the Extraordinary General Assembly dated 28.06.2006 has engaged in the taking of appropriate measures and has settled its Equity Capital at 04.08.2006.



## Company

	Share Capital	Share Premium	Fair value financial means reserves	Other Reserves	Retained Earnings	Total
<b>Balance at 1/1/2005, according to IFRS</b>	137.502	129.629	-	28.777	(-107.852)	188.055
Equity capital change for the period 1/1-31/12/2005						
Purchases / (sales) Own Shares	-	-	-	1.658	-	1.658
Profits / (losses) of Own Shares sales	-	-	-	-	32	32
<b>Net profit / loss recorded directly to the net equity</b>	-	-	-	<b>1.658</b>	<b>32</b>	<b>1.689</b>
Distributable Dividends	-	-	-	(-10.859)	-	(-10.859)
Own shares stocking dividends	-	-	-	290	-	290
Net Period Results 1/1-31/12/2005	-	-	-	-	15.043	15.043
<b>Period Equity Total Change</b>	-	-	-	<b>(-8.911)</b>	<b>15.074</b>	<b>6.163</b>
<b>Equity Balance at 31/12/2005</b>	<b>137.502</b>	<b>129.629</b>	-	<b>19.866</b>	<b>(-92.777)</b>	<b>194.219</b>
<b>Balance at 1/1/2006, according to IFRS</b>	<b>137.502</b>	<b>129.629</b>	-	<b>19.866</b>	<b>(-92.777)</b>	<b>194.219</b>
Equity capital change for the period 1/1-31/12/2006						
Purchases / (sales) Own Shares	-	-	-	2.048	-	2.048
Profits / (losses) of Own Shares sales	-	-	-	-	2.287	2.287
Valuation of cash and cash equivalents for sale of financial means	-	-	12.653	-	-	12.653
<b>Net profit / loss recorded directly to the net equity</b>	-	-	<b>12.653</b>	<b>2.048</b>	<b>2.287</b>	<b>16.987</b>
Distributable Dividends	-	-	-	(-4.457)	(-8.550)	(-13.007)
Net Period Results 1/1-31/12/2006	-	-	-	-	8.549	8.549
<b>Period Equity Total Change</b>	-	-	<b>12.653</b>	<b>(-2.410)</b>	<b>2.286</b>	<b>12.530</b>
<b>Equity balance at December 31st, 2006</b>	<b>137.502</b>	<b>129.629</b>	<b>12.653</b>	<b>17.456</b>	<b>(-90.491)</b>	<b>206.748</b>

*Possible differences in totals are due to number rounding*

The attached notes constitute an integral part of these financial statements.

#### 1.4 Cash flow statement (Indirect method)

The cash flow statement on a group basis and analyzed by continuing and terminated activities is depicted below:

	GROUP Cash Flows		GROUP Cash Flows from		Cash Flows from terminated	
	1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005
<b>Operating activities</b>						
Profit before tax	33.842	26.668	33.842	26.647	-	21
<i>Plus / less adjustments for:</i>						
Depreciation	6.432	6.200	6.432	5.964	-	236
Depreciation / (depreciation of grants)	(116)	(115)	(116)	(115)	-	-
Losses / (Profits) from asset sale	(2.112)	(2.907)	(2.112)	(709)	-	(2.198)
Provisions / (Revenues from unused provisions of previous year-ends)	252	(4.859)	252	(4.859)	-	-
Losses / (Profits) of fair value property investments	(7.352)	(8.022)	(7.352)	(8.022)	-	-
Foreign exchange differences	(302)	73	(302)	73	-	-
Results (income, expenses, profits and losses) from investment activity	(3.290)	7.090	(3.290)	7.090	-	-
Joint venture valuation with the net equity method	(787)	(4.329)	(787)	(4.329)	-	-
Credit interest and similar income	(678)	(155)	(678)	(155)	-	-
Debit interest and similar charges	5.504	1.891	5.504	1.810	-	81
<i>Plus/less adjustments for changes of working capital accounts or accounts related with operating activities:</i>						
Decrease / (increase) of inventories	(10.303)	(12.689)	(10.303)	(17.144)	-	4.455
Decrease / (increase) of receivables	(50.095)	(33.874)	(50.095)	(15.789)	-	(18.085)
(Decrease) / increase of liabilities (except banks)	36.226	17.032	36.226	19.546	-	(2.514)
<i>Less:</i>						
Paid up Debit interest and similar charges	(5.498)	(1.887)	(5.498)	(1.835)	-	(52)
Paid up taxes	(3.807)	(3.450)	(3.807)	(3.450)	-	-
<b>Total inflows / (outflows) from operating activities (a)</b>	<b>(2.083)</b>	<b>(13.334)</b>	<b>(2.083)</b>	<b>4.722</b>	-	<b>(18.056)</b>
<b>Investment activities</b>						
Disposal (Acquirement) of subsidiaries, associates, joint ventures and other investments	(10)	(391)	(10)	(391)	-	-
Purchases of tangible and intangible assets	(10.676)	(3.857)	(10.676)	(3.857)	-	-
Collections from sales of tangible and intangible assets	2.309	17.864	2.309	1.597	-	16.267
Acquirement from property investments	-	(1.215)	-	(1.215)	-	-
Collection from property investment sales	11.000	-	11.000	-	-	-
Loans provided to affiliated parties	(4.688)	(6.653)	(4.688)	(6.653)	-	-
Share capital decrease of subsidiary	-	-	-	-	-	-
Interest received	351	36	351	36	-	-
Collections from Government grants	62	-	62	-	-	-
Settlement of Derivative Financial Items	2.761	(5.360)	2.761	(5.360)	-	-
Collected dividends	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total inflows / (outflows) from investment activities (b)</b>	<b>1.109</b>	<b>424</b>	<b>1.109</b>	<b>(15.843)</b>	-	<b>16.267</b>
<b>Financial Activities</b>						
Collections from share capital increase	-	-	-	-	-	-
Collections from issued / undertaken loans	47.408	43.965	47.408	43.965	-	-
Sales / (Purchases) of own shares	4.334	5.441	4.334	5.441	-	-
Dividends paid to the parent company shareholders	-	-	-	-	-	-
Loan settlements	(39.671)	(16.752)	(39.671)	(16.752)	-	-
Liability settlements from financial leases (amortization)	(1.471)	(2.904)	(1.471)	(2.073)	-	(831)
Paid dividends	(13.126)	(10.613)	(13.126)	(10.613)	-	-
<b>Total inflows / (outflows) from financial activities (c)</b>	<b>(2.526)</b>	<b>19.136</b>	<b>(2.526)</b>	<b>19.967</b>	-	<b>(831)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>(3.500)</b>	<b>6.227</b>	<b>(3.500)</b>	<b>8.847</b>	-	<b>(2.620)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>38.192</b>	<b>31.965</b>	<b>38.192</b>	<b>31.948</b>	-	<b>17</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>34.692</b>	<b>38.192</b>	<b>34.692</b>	<b>40.794</b>	-	<b>(2.602)</b>

The negative operating flows of the group, amounting to € 2.083 thousand are caused mainly due to the cash outflow from an international subsidiary company against advances from the acquisition of assets.



For the company the cash flow statement with an analysis on continuing-terminated utilizations is depicted below:

	Company Cash Flow		Continued Activities		Discontinued Activities	
	1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005
<b>Operating activities</b>						
Profit before tax	11.793	20.801	11.793	20.780	-	21
Plus / less adjustments for:						
Depreciation	3.229	3.043	3.229	2.807	-	236
(Depreciation of grants)	(66)	(66)	(66)	(66)	-	-
Losses / (Profits) from asset sales	72	(2.158)	72	(2.158)	-	-
Provisions / (Revenues from unused provisions of previous year-ends)	219	(4.632)	219	(4.632)	-	-
Losses / (Profits) of fair value property investments	-	-	-	-	-	-
Foreign Exchange Differences	-	(0)	-	(0)	-	-
Results (income, expenses, profits and losses) from investment activity	(3.290)	7.544	(3.290)	7.544	-	-
Joint venture valuation with the net equity method	(523)	(3.540)	(523)	(3.540)	-	-
Credit interest and similar income	(148)	(60)	(148)	(60)	-	-
Debit interest and similar charges	3.188	893	3.188	812	-	81
<i>Plus/ less adjustments for changes of working capital accounts or accounts related with operating activities:</i>						
Decrease / (increase) of inventories	(2.061)	(5.161)	(2.061)	(9.616)	-	4.455
Decrease / (increase) of receivables	(11.348)	(27.489)	(11.348)	(9.404)	-	(18.085)
(Decrease) / increase of liabilities (except banks)	5.757	7.539	5.757	10.053	-	(2.514)
Less:						
Paid up Debit interest and similar charges	(3.188)	(893)	(3.188)	(841)	-	(52)
Paid up taxes	(3.043)	(2.959)	(3.043)	(2.959)	-	-
<b>Total inflows / (outflows) from operating activities (a)</b>	<b>593</b>	<b>(7.139)</b>	<b>593</b>	<b>8.719</b>	-	<b>(15.858)</b>
<b>Investment activities</b>						
<i>Disposal (Acquirement) of subsidiaries, associates, joint ventures and other investments</i>						
	(2.037)	(6.920)	(2.037)	(6.920)	-	-
Purchases of tangible and intangible assets	(9.235)	(3.055)	(9.235)	(3.055)	-	-
Collections from sales of tangible and intangible assets	2.223	16.322	2.223	55	-	16.267
Acquirement from property investments	-	-	-	-	-	-
Collections from sales of property investments	-	-	-	-	-	-
Loans provided to affiliated parties	(4.602)	(6.653)	(4.602)	(6.653)	-	-
Reduction of subsidiary share capital	1.787	-	1.787	-	-	-
Interest received	58	-	58	-	-	-
State grant collections	-	-	-	-	-	-
Settlement of Derivative Financial Items	2.761	(5.360)	2.761	(5.360)	-	-
Dividends collected	883	147	883	147	-	-
Other	-	-	-	-	-	-
<b>Total inflows / (outflows) from investment activities (b)</b>	<b>(8.162)</b>	<b>(5.518)</b>	<b>(8.162)</b>	<b>(21.785)</b>	-	<b>16.267</b>
<b>Financial Activities</b>						
Collections from share capital increase	-	-	-	-	-	-
Collections from issued / undertaken loans	29.303	30.000	29.303	30.000	-	-
Sales / (Purchases) of own shares	4.334	1.689	4.334	1.689	-	-
Dividends payable to parent company shareholders	-	-	-	-	-	-
Loan settlements	(22.300)	(8.000)	(22.300)	(8.000)	-	-
Liability settlements from financial leases (amortization)	(692)	(2.147)	(692)	(1.316)	-	(831)
Paid dividends	(13.126)	(10.925)	(13.126)	(10.925)	-	-
<b>Total inflows / (outflows) from financial activities (c)</b>	<b>(2.480)</b>	<b>10.618</b>	<b>(2.480)</b>	<b>11.449</b>	-	<b>(831)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>(10.049)</b>	<b>(2.040)</b>	<b>(10.049)</b>	<b>(1.618)</b>	-	<b>(422)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>19.774</b>	<b>21.814</b>	<b>19.774</b>	<b>21.797</b>	-	<b>17</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9.725</b>	<b>19.774</b>	<b>9.725</b>	<b>20.178</b>	-	<b>(404)</b>

*Possible differences in totals are due to number rounding*

The attached notes constitute an integral part of these financial statements.



## **2 INDEPENDENT AUDITORS REPORT**

To the Shareholders of Societe Anonyme "MICHANIKI S.A."

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Societe Anonyme "MICHANIKI S.A." (the "Company") in addition to the Consolidated Financial Statements of the company (the "Group"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in 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 (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on the 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 financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Without stipulating reservation subject to the conclusion of our audit, we call upon your attention that no provisions have been made for potential tax liabilities regarding the un-audited, tax wise, fiscal year ends of the Joint Ventures/Consortiums, as relevantly mentioned in note 8.20 which is cited in the Financial Statements Addendum, regarding the current tax position of the Company and the Group. The outcome of the Joint Venture/Consortiums tax audits can not be forecasted at this current stage and therefore no provision whatsoever has been made upon the Financial Statements relevant to this matter.

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

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

**Amarousio, 18 March 2007**  
**THE CERTIFIED AUDITOR PUBLIC ACCOUNTANT**

**GEORGIOS ATH. SKABAVIRIAS**  
**REG. NO. (ICPA (GR)) 14661**  
**S.O.L. S.A.**

### 3 Reclassification of published financial statements

A reclassification of balance sheet items and the comparative period cash flow statement in order to be comparative with the ones of the current period.

The reclassifications are analyzed in the table below:

#### Reclassification of 31/12/2005 balance sheet items

	<b>Group</b>	<b>Company</b>
Other Receivables	217	144
Prepayments	102	(144)
	319	0
<b>Total Assets</b>	<b>319</b>	<b>0</b>
Other financial liabilities	(7.120)	0
Other Long-term Liabilities	3.507	(2.730)
<b>Total Long-term Liabilities</b>	<b>(3.613)</b>	<b>(2.730)</b>
Taxes and Social Security	4.057	2.815
Other Liabilities	(125)	(85)
<b>Total Short-term Liabilities</b>	<b>3.932</b>	<b>2.730</b>
<b>Total Liabilities</b>	<b>319</b>	<b>0</b>
<b>Total Equity and Liabilities</b>	<b>319</b>	<b>0</b>

#### Reclassification of 31/12/2005 cash flow items

Depreciation	(116)	(66)
(Depreciation of assets grants)	115	66
(Decrease) / increase of liabilities (except banks)	8.964	6.097
Paid up taxes	(9.111)	(6.097)
<b>Total inflows / (outflows) from operating activities (a)</b>	<b>(147)</b>	<b>0</b>
Collected dividends	147	0
<b>Total inflows / (outflows) from investment activities (b)</b>	<b>147</b>	<b>0</b>

From these reclassifications no change resulted in the groups and the company's equity and results.



## **4 Company Information**

### **4.1 General Information**

MICHANIKI S.A. was established in 1974 (Official Legal Notice Issue 2160/31.12.1974), its registered office since January 1<sup>st</sup>, 1997 is in the Municipality of Marousi and its S.A. Registration No. is 8440/06/B86/16 (Ministry of Development, General Secretariat of Commerce). The Company's T.I.N. is 094047453. The Company's duration was set to 50 years (that is up to 2024) and its initial share capital amounted to Grd 20.000.000, paid-up in full and divided in 20.000 shares of Grd 1.000 face value each.

According to article 3 of the Company's statute, as amended by the Company's B' Repetitive Extraordinary General Assembly decision dated June 9<sup>th</sup>, 2000, the Company's scope is:

- The resumption and construction of technical works, public or private, through any method, including the assumption of technical projects through the "Study-Construction-Self Financed-Utilization" system.
- The elaboration of studies regarding the construction of technical projects, public or private.
- Investments for the development of civil and non civil real estate (indicatively: buildings, apartments, offices, commercial malls, hotels) and the construction of large residence units.
- The organization, utilization and management of commercial, industrial, tourist or agricultural establishments.
- The reclamation, management and utilization of civil and non civil buildings that belong to the Company or to third parties.
- The resumption of construction works, the building and utilization of real estate complexes and establishments upon privately owned plots or upon plots owned by third parties through the turnkey consideration system and with the scope to resale them with profit.
- The rendering of technical services and advice for the reclamation of real estate and the control of investment costs, through the elaboration of any kind of studies and technical reports.
- The rendering of technical support for bids regarding the assignment of technical projects.
- The utilization of hotel units and in general tourist complexes and establishments, in addition to the performance of all kinds of tourist businesses (indicatively: hotel accommodations, hostels, establishments of specific tourist infrastructure, including the lease, purchase, sale, erection of the equipment and the utilization of hotel units and tourist establishments of any kind and form and the tourist reclamation of stretches or buildings either owned by the Company or belonging to third parties, in addition to their utilization).
- The participation in any way either through contribution or through the acquirement of company securities, in other companies, that exist or will be established, domestic or foreign, in addition to the participation through a share capital increase of the above companies. The above companies include companies of the general financial sector, indicatively such as, banks, portfolio investment companies, financial services companies, abiding to the occasional legal framework in effect.



- Investments for the study, construction, development and utilization of energy works and mainly thermoelectric, hydroelectric and works arising from renewable sources of energy.
- The establishment and utilization of quarrying units and quarry production products and building materials in general.
- The industrial production, disposal and marketing of building and in general construction materials.
- The study, construction and assembly of any kind of industrial equipment and industrial installation.
- The construction of any kind of equipment and in general metallic, wood and all kinds of structures.
- The construction, complete or partial, and marketing of cars, tractors, agricultural machinery and in general vehicles of every type and use, in addition to their components and spare parts.
- The industrial processing of wood, up to the production, disposal and marketing of wood structures.
- The industrial production, disposal and marketing of metallurgy products of any kind, including iron pipes, and in general piping and plating products.
- The resumption of works related to factory equipment and buildings structures.
- The domestic representation of domestic or foreign houses and in general of corporations that pursue the same or similar activities with the ones previously mentioned.
- The participation in companies, which have the same or similar scope, up to real estate investment companies.

In order to achieve its scope the Company can:

- Participate in any company with a same or similar scope, of any legal entity type.
- Participate either through contributions or through the acquisition of company shares upon establishment and establish companies and consortiums/joint ventures, acquire companies of any legal entity type and in any way, in addition to cooperate with any physical or legal entity in any way domestically or abroad.
- Incur loan contracts with affiliated companies, banks and financial institutions.
- Participate in Mutual Funds with the scope to incur profits in addition to invest its cash in stocks of other companies listed or non listed in the Athens Exchange.
- Establish anywhere branches, agencies or offices according to article 2, render guarantees in favor of companies and general businesses or consortiums/joint ventures, in which the Company participates or with which it cooperates in any way, rendering all kinds of securities, personal and collateral.
- Proceed in order to merge with other companies of any legal entity type or to assimilate other companies, up to levying one or more sectors to existing or constituted companies.
- Realize through appropriate investments all of the scopes and activities mentioned.

The Company operates in the construction sector and according to the analysis of the N.S.S. of Greece (STAKOD/03), it is accessed in the following categories:

<b>Information based upon decision 58/28.12.2000 of the A.E. Board of Directors (Official Legal Notice Issue 129/B'/08.02.2001), case b): STAKOD/03-Codes</b>	
28.11	Metallic frameworks and parts of metallic frameworks construction
40.11	Electricity production
45.21	Building and technical construction works civil engineering
45.23	Road, street, airport and sport facilities construction
45.24	Hydraulic works construction
45.39	Other building installations
51.53	Wholesale of timber products, construction material and sanitary products
70.11	Real estate development and sale
70.20	Real estate lease
70.32	Real estate management against fees or based upon a contract agreement
71.21	Lease of other ground transportation means
71.32	Lease of machinery/equipment for construction & civil engineer works
74.12	Accounting, auditing and tax consulting services
74.50	Personnel scouting and provision
74.14	Business consulting and management services

The Company was founded in 1974 by Prodromos Emfietzoglou engaging in public and private construction projects. During its multi-year presence, the Company not only managed to establish itself as one of the most significant and contemporary construction companies in the sector, but also play a primary role to the whole spectrum of the country's construction projects infrastructure. Already since 1990 the Company's shares are listed in the Athens Exchange.

The Company has been distinguished for a series of sophisticated and complex construction projects such as airports, hydroelectric stations, road construction projects, tunnels etc. Today the Company's aim, apart from its participation in public and private construction projects, is to develop its operations through the utilization of its real estate equity, the development of civil buildings, the investment in companies that create vertical integrations and synergies and the development of operations abroad.

During the year-end of 2001 and according to the new statutory framework of L. 2940/2001 (Official Legal Notice Issue A 180/06.08.2001) the new grading regarding the classification of construction companies was sanctioned with seven degrees, instead of the existing eight degrees based upon the initial statutory framework, whilst the grading judgment criteria were also differentiated to a big extent compared to the prior procedure, by adapting the principles and criteria of the Classification Model in order to ensure the fair evaluation of the companies based upon their fundamental figures.



Michaniki Group of companies during the fiscal year-end of 2001 submitted a petition to the Ministry for the Environment, Planning and Public Works for the degree of the new supreme 7<sup>th</sup> contractor class in addition to the degree of the 6<sup>th</sup> class.

The petition regarding the 7<sup>th</sup> class ranking involved the formation that was created with the merge of the parent Company MICHANIKI S.A. (H' class degree) and its 100% subsidiaries KERN S.A. (F' class degree), K.G. ASKOUNIS S.A. (F' class degree), BIOMILKA S.A. (F' class degree), KAPETANIDIS BRO. S.A. (G' class degree) and P.PEHLIVANIDIS S.A. (G' class degree). The above formation includes the non construction company BIEX METALLIC CONSTRUCTIONS S.A., a 100% subsidiary company of MICHANIKI S.A.

More over the assertion of the 6<sup>th</sup> class degree refers to the formation that was created from the merge of MICHANIKI S.A. 100% subsidiary companies, THOLOS S.A. (G' class degree), N. PAPADAKIS S.A. (F' class degree), AKRITAS S.A. (E' class degree) and CHRONOMICHANIKI S.A. (E' class degree).

During the fiscal year-end of 2002, MICHANIKI S.A. Group of companies obtained the above two degrees with the approval that it received from the qualified committee of the Ministry for the Environment, Planning and Public Works.

With the conclusion of the approval procedure, MICHANIKI S.A. Group of companies is represented through the degrees of the two supreme construction classifications which combined give the Company the potential to undertake public works budgeted from € 8,8 million and with no upper limit.

During the thirty years of its operations, MICHANIKI S.A. has participated in more than 120 major construction projects contributing to the country's infrastructure upgrading, economy invigoration but also to the strengthening of the role and importance of the domestic construction sector.

The strategy of MICHANIKI Group of companies lies upon the expansion of activities in lucrative sectors that are complementary to the construction subject, widen sources of income and yield substantial cost saving resources and economies of scale.

Particularly, MICHANIKI is focusing its interest in Constructions, Real Estate Development/Utilization and Energy.

Abroad the Company has turned its attention to the fast developing peripheral markets that present substantial opportunities in real estate development which will be further benefited from the rapid improvement of the general economic climate and the gradual approach with the European Union. Such markets are Bulgaria, Ukraine and Russia in which MICHANIKI already has a presence.

#### **4.2 Nature of Activities**

MICHANIKI Group of companies is one of the first that materialized a multiple and immediate complementary to its activities developmental strategy in the Greek market with the objective to expand beyond public works to new lucrative sectors with enriched sources of income and maximization of synergies.



The four basic categories in which MICHANIKI Group of companies is operating are the following:

- I. Constructions,
  - II. Real Estate Development-Utilization,
  - III. Energy, and
  - IV. Industries
- The construction sector in which the parent company MICHANIKI S.A. and THOLOS S.A. operate in regard constructions of Public and Private Projects and mainly Building, Road, Bridge, Landscaping, Energy, Airport, Port, Tunnel and Environmental projects.

## **5 Financial statements form framework**

The consolidated financial statements of MICHANIKI S.A. dated December 31<sup>st</sup>, 2006 that cover the whole fiscal year-end of 2006, have been prepared based upon the principle of the historical cost as amended through the readjustment of specific asset and liability data in current values, the principle of going concern and are in compliance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB), in addition to their interpretations, as issued by the International Financial Reporting Interpretations Committee (I.F.R.I.C.) of IASB.

The compilation of the financial statements according to the IFRS requires the use of accounting estimates and the management's judgment at the application of the accounting principles of the Group. Important assumptions made by the management regarding the application of the company's accounting methods have been appropriately highlighted whenever this has been deemed necessary. The presentation currency is the Euro (€). The attached statements depict € in thousands, unless otherwise stated.

In 2003 and 2004 the International Accounting Standards Board (IASB) published a series of new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS), which in combination with the non revised International Accounting Standards (IAS) which were published from the International Accounting Standards Committee prior to the International Accounting Standards Board (IASB). The above mentioned standard series is referred to as the "IFRS Stable Platform 2005". The Group applies the IFRS Stable Platform 2005 since January 1<sup>st</sup>, 2005. The transition date for the Group was January 1<sup>st</sup>, 2004.

## **6 Basic Accounting Principles**

The accounting principles upon which the financial statements were formulated, are consistent to the ones used for the formulation of the financial statements of year-end 2006 and have been applied with consistency for all presented year-ends.

In the case deemed necessary, the comparative data of previous year-ends were reformed in order to be similar to the current year-end data.

## **6.1 New accounting standards, amendments and interpretations of IFRIC effective from 2006 that relate to the Group's activities.**

- **IAS 19 (amendment) – Employee benefits (mandatory effect from 1/1/2006)**

This particular amendment is mandatory for the year-ends that commence at or after January 1<sup>st</sup>, 2006. This amendment gives the potential of an alternative approach for the recognition of actuarial profits and losses. It is possible to impose additional recognition receivables for multi-employer plans, for which there is no sufficient information regarding the application of the accounting method of stipulated grants. Moreover, it adds new acknowledgement requirements. Since the Group has no intention to change the accounting principle that is applied for the recognition of the actuarial profits and losses and does not participate in a multi-employer plan, the application of this amendment is not expected to affect the Group's financial statements.

- **IAS 21 Amendment – Exchange rate changes (mandatory effect from 1/1/2006)**

The amendment clarifies that currency items between any subsidiary of the Group with an international utilization can be considered as part of the Group's investment in this utilization. The emerging foreign exchange differences are transferred at the consolidation and the net equity if the settlement of the currency item is not expected to occur in the anticipated future. The amendment is not expected to significantly affect the Group's financial statements.

- **IAS 39 (Amendment), The fair value option**

This amendment changes the designation of the financial means that have been classified at fair value through the results and restricts the potential of the characterization of these financial means as part of this category. The company during the current year-end abided to the amendments of the standard and values financial means at their fair value through the equity.

- **IFRIC 4. Determining whether a receivable contains a Lease**

This interpretation sets criteria in order to assess if a lease exists within an agreement that does not have the legal type of a lease. Every agreement that gives the right to use an asset item in exchange to payments will be considered as a lease.

The application of IFRIC 4 is not expected to change the accounting handling of any of the current contracts of the Group.

- **IFRIC 10 Interim Financial Reporting and Impairment**

This interpretation designates the fact that certain IAS 34 requirements (relevant to the surplus value) and IAS 39 requirements (relevant to the financial assets available for sale) precede the general requirements of IAS 34 and thus the impairment losses recognized for these items in an interim period can not be

reversed in later periods. The Group was not affected from the adaptation of the interpretation since it has not proceeded in reversing impairment losses.

- **IFRC 8, Scope of IFRS 2**

This Interpretation requires that application of IFRS 2 regarding the handing of all the transactions related to the issuance of investment instruments, where the recognizable counter value collected is less than the fair value of the investment instruments issued. The Group was not affected from the adaptation of this interpretation.

- **IAS 39 and IFRS 4 (amendment), Financial guarantee contracts**

The financial guarantee contracts are being presented by their issuer as financial instruments. Their initial recognition is done in fair values at the date that the guarantee was given and their subsequent measurement at the highest price between, (a) the initial, less the calculated depreciation, in order for the income from commission that has been set as accrued during the duration of the contract (IAS 18) to be recognized with the straight method in the profit and loss statement and (b) the optimum estimation of the required expenditure from the settlement of a probable financial liability at the Balance Sheet date (IAS 37). If the issuer believes that these contracts constitute insurance contracts then he must choose to apply IAS 39 "Financial instruments: recognition and measurement" or IFRS 4 "Insurance Contracts".

- **IFRS 6, "Exploration and Evaluation of Mineral Resources "**

IFRS 6 provides directions relevant to the accounting depiction of the expenditures that emerge at the exploration and evaluation of mineral resources. It is limited in directions regarding the nature of expenditures that can be capitalized in addition to these conditions that demonstrate the existence of possible reductions of their value. IFRS 6 is being applied by the Group.

- **IAS 39 (Amendment), Cash flow offsetting in anticipated inter-company transactions**

This amendment allows an anticipated inter-company transaction to be classified as an offsetting item in an offsetting exchange cash flow in the consolidated financial statements, with the condition that, a) the transaction is very possible to be realized and coincides with all the accounting offsetting criteria set by IAS 39, b) the transaction will be realized in a different currency from the company's operational currency and c) the foreign exchange risk will affect the consolidated profit and loss statement (e.g. sale of inventories outside the Group). This amendment will not affect the financial statements of the group since there are no inter-company transactions that are classified as offsetting items.

## **6.2 Standards, amendments and interpretations with a mandatory effect in 2006 that have no relevance to the Group's activities**

- IFRS 1 (Amendment), First-time Adoption of I.F.R.S.

- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.
- IFRIC 7, Applying the Restatement Approach in Hyperinflationary Economies.
- IFRIC 9, Reassessment of Embedded Derivatives

### **6.3 Standards, amendments and interpretations to existing standards with a later application date (and for which the group has not proceeded with an optional application).**

The International Accounting Standards Committee in addition to the Interpretation Committee have already issued a series of new accounting standards and interpretations which are not mandatory to be applied for the accounting periods commencing at January 1<sup>st</sup>, 2006. The Group's assessment relative to the effect of these new standards and interpretation is as follows:

#### -IAS 1 (amendment) Presentation of Financial Statements

Due to the issuance of IFRS 7 some further notifications in the IAS 1 were added in order for a company to notify useful information to users relevant to the objectives, policies and procedures regarding the management of its funds. The Group will apply the IAS 1 amendments from 1/1/2007.

#### - IFRS 7 Financial Instruments: Disclosures

IFRS 7 refers to all risks arising from all financial instruments, except those instruments specifically excluded (e.g. interests in subsidiaries, associates and joint ventures, etc.). The objective of the disclosures is to provide an overview of the entity's use of financial instruments from the Group and the exposure to risks they create. The extent of the disclosure required depends on the extent of the entity's use of financial instruments and of its exposure to risk. IFRS 7 supersedes IAS 30 and the disclosure requirements of IAS 32 but the presentation requirements of IAS 32 remain unchanged. The Group and Company will apply IFRS 7 from January 1<sup>st</sup>, 2007.

#### - IFRS 8 Operating Segments

IFRS 8 retains the general scope of IAS 14. It requires entities whose equity or debt securities are publicly traded in addition to entities that are in the process of issuing equity or debt securities in public securities' markets to disclose segment information. If a financial report contains both the consolidated financial statements of a parent that is within the scope of IFRS 8 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. IFRS 8 applies for annual periods beginning on or after 1 January 2009.

- IFRIC 11 IFRS 2- Treasury Share Transactions of the same company or companies of the same group

This Interpretation is applied for the yearly accounting periods that begin at or after March 1<sup>st</sup>, 2007. IFRIC 11 provides guidance on whether specific share-based payment arrangements should be accounted for as equity-settled or cash-settled schemes in the financial statements of the company. This is an important distinction since there are significant differences in the required accounting treatment. For example, obligations under cash settled schemes are valued at fair value at each balance sheet date. By contrast, in an equity-settled scheme the fair value is determined at the grant date and is recognized over the period in which the related services are provided.

-IFRIC 12 Service Concession Arrangements

This Interpretation is applied for the yearly accounting periods that commence at or after January 1<sup>st</sup>, 2008. IFRIC 12 provides guidance on accounting for some arrangements in which (i) a public sector entity ("the grantor") grants contracts for the rendering of public services to entities in the private sector ("the operator"); and (ii) those services rendered require the use of the infrastructure by the operator ("private entity"). IFRIC 12 is an extended Interpretation which refers to a composite matter.

#### **6.4 Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in accordance with the IFRS requires the management to formulate judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those being estimated.

Estimates and judgments are continuously re-evaluated and are based so much on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the particular circumstances.

#### **6.4.1 Judgments**

In the process of applying the entity's accounting policies and managements judgments, apart from those involving estimations, formulated by the management and that have the most significant effect on the amounts recognized in the financial statements mainly relate to:

- **classification of investments**

Management decides upon an acquisition of an investment whether it should be classified as held to maturity, held for trading, carried at fair value through the income statement, or available for sale. For those deemed to be held to maturity, management examines if the requirements set by IAS 39 are met and in particular the Group has the intention and ability to hold these to maturity. The Group classifies investments as for trading purposes if these have been acquired primarily for the purpose of making a short term profit. Classification of investments as for fair value through the income statement depends on how management monitors the performance of these investments. When they are not classified as held for trading purposes but are readily available reliable fair values and the changes in fair values are included in the profit or loss in the profit and loss accounts, then they are classified as valuated at fair value through the income statement. All other investments are classified as available for sale.

- **reclamation of accounts receivable**
- **obsolescence of inventories; and**
- **whether a lease signed with an external lessor is a financial or an operating lease.**

#### **6.4.2 Estimates and assumptions**

Certain amounts included in or affecting the financial statements and the related disclosures must be estimated, requiring the formulation of assumptions with respect to values or conditions which is not possible to be known with certainty at the time the financial statements are prepared. A significant accounting estimate, is considered to be one which is important to the portrayal of the company's financial condition and results and requires the management's most difficult, subjective or complex judgments, often as a result of the need to formulate estimates relevant to the effect of matters that are inherently uncertain. The Group evaluates such estimates on an ongoing basis, based upon historical results and experience, consultation with experts, trends and other methods which are considered reasonable in the particular circumstances, as well as our forecasts as to how these might change in the future.

- **Construction contract budgets**

The handling of the earnings and the expenses of a construction contract, depends upon whether the final result from the execution of the contractual project can be estimated with credibility (and is expected to produce profit to the contractor or the result from the execution is loss-making). When the result of a contractual project can be estimated with credibility, then the earnings and the expenses of the contract are recognised through the duration of the project, correspondingly as an earning and expense. The Group uses the method of the percentage of completion in order to determine the appropriate amount of income and expense which will be recognised in a specific period. The completion stage is measured, according to the contractual expense that has been realised until the date of the financial statement in relation to the total expected contractual cost of every project.

Therefore it is required by the management to make significant estimates relative to the gross result with which each construction contract will be executed (estimated cost of completion).

- **Income taxes**

The Group and the Company are subject to income taxes in numerous tax jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the exact tax determination is uncertain during the ordinary course of business of the company. The Group and the Company recognize liabilities for anticipated tax audit issues based upon estimates on whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and the deferred tax provisions for the period in which these amounts have been set.

- **Provisions**

Doubtful accounts are being presented with the amounts that are likely to be recovered. As soon as it is known that a particular account is subject to a risk greater than the normal credit risk (e.g., low creditworthiness of customer, dispute as to the existence or the amount of the claim, etc.), then the account is analyzed and recorded if circumstances indicate that the receivable is uncollectible.

- **Contingencies**

The Group is involved in litigations and claims at its normal course of operations. The management deems that any resulting settlements would not significantly affect the financial position of the Group and the Company as at December 31<sup>st</sup>, 2006. However, the determination of contingent liabilities relating to litigations and claims is a complex process that includes judgments relative to the possible consequences and interpretations of laws and regulations.

Changes in judgments or interpretations might be possible to lead in an increase or decrease of the Group's contingent liabilities in the future.

## **6.5 Segment reporting**

A business segment is defined as a group of assets and operations engaged in providing products and services, that are subject to different risks and returns from those of other business segments. A geographical sector is defined as a geographical area, within which products and services are provided and which is subject to different risks and returns from other segments.

The Group operates in the following segments:

1. Hydroelectric Energy
2. Utilization of Parking Stations
3. Utilization of a Cemetery
4. Metallic Structures (Termination of operations in fiscal year-end 2005)
5. Technical Works
6. Wood Industry
7. Pipelines
8. Marble Quarrying & Marketing
9. Real Estate Utilization

The above segregation was set in order to ensure the in depth analysis of the company's aggregate operations in segments with particular technical and economic characteristics.

## **6.6 Consolidation**

**Subsidiaries:** Are all of the companies that are managed or controlled, directly or indirectly, by another company (parent) either through the holding of majority of shares in the undertaking by the invested company or through its dependence on the know-how provided from the Group. Meaning, that subsidiaries are companies in which control is exercised by the parent. MICHANIKI gains and exercises control through voting rights. The existence of potential voting rights that are exercisable at the time the financial statements are compiled is taken into account in order to determine whether the parent exercises control over the subsidiaries. Subsidiaries are fully consolidated (full consolidation) with the acquisition method from the date that control over them is acquired and are de-consolidated from the date on which control ceases.

The acquisition of a subsidiary by the Group is accounted for using the acquisition method. The acquisition cost of a subsidiary is the fair value of the assets given, the shares issued and the liabilities undertaken on the date of the exchange plus any possible costs directly associated with the transaction. The individualized assets, liabilities and contingent liabilities that are acquired during a business combination are valued during the acquisition at their fair values regardless of the participation percentage. The acquisition cost over and above the fair value of the individual assets acquired is recorded as goodwill. If the total cost of the acquisition is less than the fair value of the individual assets acquired, the difference is immediately recorded in the income statement.



Specifically for the business combinations that had taken place prior to the Group's transition date to the IFRS (January 1st, 2004) the exemption provided under IFRS 1 was used and the acquisition method was not applied retrospectively. Within the framework of the above exemption, the Company did not recalculate the acquisition cost of the subsidiaries that had been acquired prior to the date of transition to the IFRS, nor the fair value of the acquired assets and liabilities at the date of acquisition.

Inter-company transactions, balances and unrealized profits from transactions between the companies of the Group are crossed out. Unrealized losses are also crossed out except if the transaction provides indication of impairment of the transferred asset. The accounting principles of the subsidiaries have been amended so as to be uniform to the ones adopted by the Group.

**Transactions with minority:** For the accounting handling of transactions with the minority, the Group applies the accounting principal with which it handles these transactions as transactions with third parties outside the Group. Sales to minority create profits and losses for the Group which are recorded in the income statement. Purchases from minority create a surplus value, which is the difference between the counter value paid and the percentage of the book value of the net equity of the subsidiary acquired.

**Consortiums/joint ventures:** These refer to contractual settlements, according to which two or more parties undertake a financial activity subject to a joint control.

Joint control is the contractual distributable allocation of control upon an enterprise that is the capability to direct the financial and business policy of an enterprise, in order to jointly receive benefits from its operations.

The Company's participations in joint ventures are consolidated with the Net Equity method. The Net Equity Method is an accounting method through which an investment in the joint venture is initially recognized at its acquisition cost and thereafter is adjusted (recognizing the modifications in the joint venture's equity) for the after the acquirement modification of the share of the joint venture participant to the net equity of the joint venture. The profit (or the loss) of the joint venture participant includes its share in the year-end income statement of the joint venture. The company in any case directly recognizes in its income statement any liability or binding which burdens the Joint Ventures and for which, the latter are not in a position to correspond.

The contractual settlement requires the joint control upon the joint venture and therefore, none of the joint venture participants can control solely the joint venture's operations. This fact constitutes the essence of the joint venture. The contractual settlement designates if the making of certain decisions for the attainment of the joint venture's goals requires the consent of all participants or of a particular majority.



Within the contractual settlement it may be stated who will be the administrator of the joint venture. The administrator does not control the joint venture, but acts within the framework of the financial and business policy that has been agreed by the joint venture participants.

**Associates:** Associates are companies upon which the Group can exert significant influence but which do not fulfil the conditions in order to be classified either as subsidiaries or participation in joint ventures. The assumptions used by the Group constitute that the possessed percentage between 20% and 50% of a company's voting rights suggests significant influence upon that company. The company's participation in BALKAN EXPORT S.A. with a percentage that is less than 50%, (in previous periods), was regarded as a subsidiary company due to the fact that the parent company MICHANIKI S.A. exercises management and consolidates the subsidiary with the full consolidation method. Investments in associates are initially recognized at cost and are subsequently valued using the equity method. At the end of each fiscal year-end, the cost increases by the proportion of the investing company in the changes in net worth of the company it invests in and decreases by the dividends received from the associate.

Regarding the surplus acquisition, this reduces the value of the participation with charge of the income statement, when its value is reduced.

The Group's share in the profits or losses of its associated companies after the acquisition is recognized in the income statement, whereas the share of the reserve changes, after the acquisition is recognized, in the reserves. The cumulated changes affect the book value of the investments in associated companies. When the Group's share in the losses of an associate is equal or greater than its participation in the associate, including any other doubtful debts, the Group does not recognize further losses, unless it has covered liabilities or has made payments on behalf of the associate company and in general those that emerge from ownership.

Unrealized profits from transactions between the Group and its associates are crossed out based upon the percentage that the Group holds in these associate companies. Unrealized losses are crossed out, except if the transaction provides indications of impairment of the transferred asset. The accounting principles of the associates have been amended so as to be uniform to the ones adopted by the Group.

## 6.7 Group Structure

Apart for the parent Company the consolidated financial statements include through the full consolidation method the following subsidiary companies:

Company Name	Headquarters	Participation Percentage	Relation that dictated the consolidation
BALKAN EXPORT S.A.	AGHIALOS SALONIKA	50,02%	The participation percentage
THOLOS S.A.	AMAROUSIO ATTICA	100%	The participation percentage
MICHANIKI REAL ESTATE S.A.	AMAROUSIO ATTICA	100%	The participation percentage
HELLENIC PIPE WORKS S.A.	CHALKIDA	100%	The participation percentage
MARMARA KAVALAS S.A.	KAVALA	77,07%	The participation percentage
HELLENIC WOOD INDUSTRY S.A.	SAPES KOMOTINI	98,62%	The participation percentage
MICHANIKI UKRAINE S.A.	UKRAINE	100%	The participation percentage
MICHANIKI BULGARIA S.A.	BULGARIA	95,70%	The participation percentage
MICHANIKI RUSSIA S.A.	RUSSIA	60,00% direct 26,36% indirect	The participation percentage

Also the joint ventures/consortiums that the parent company participates in are included with the net equity method and which proceed in the joint execution of projects. These are the following:

Company Name	Headquarters	Participation Percentage	Un-audited Tax Year-Ends	Consolidation Method
JOINT VENTURE:"MICHANIKI S.A.-EDISTRA EDILIZIA STRADALE SPA"	GREECE	99,00%	2003-2006	NET EQUITY
JOINT VENTURE:"MICHANIKI S.A.-ELLISDON CONSTRUCTION INC."	GREECE	50,00%	2003-2006	NET EQUITY
JOINT VENTURE:"MICHANIKI S.A.-EMPEDOS S.A.-EYCLIDES-ELLINIKI DYNAMIKI"	GREECE	93,00%	2003-2006	NET EQUITY
JOINT VENTURE:"MICHANIKI S.A.-ATHINA S.A."	GREECE	50,00%	2005-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-TERNA S.A."	GREECE	2,00%	2002-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-ATTI-KAT S.A."	GREECE	99,80%	2003-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-ATHINAIKI CONSTRUCTION S.A.-PARNON S.A."	GREECE	62,50%	2003-2006	NET EQUITY
JOINT VENTURE:"AKTOR-PANTEHNIKI- MICHANIKI"	GREECE	20,00%	2003-2006	NET EQUITY
JOINT VENTURE:"AKTOR- MICHANIKI-MOHLOS-ALTE"	GREECE	4,38%	2003-2006	NET EQUITY
JOINT VENTURE:"AKTOR- MICHANIKI-MOHLOS-ALTE( EGNATIA AVE. – VEROIA)"	GREECE	20,00%	2003-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI – MOHLOS S.A."*	GREECE	50,00%	2001-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-THEMELI S.A.-PARNON S.A."	GREECE	90,00%	2003-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-PANTEHNIKI S.A."	GREECE	50,00%	2003-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-CHR. KONSTANTINIDIS S.A."	GREECE	50,00%	2000-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-PARNON S.A."	GREECE	92,50%	1993-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-PANTEHNIKI S.A. (ALEXANDROUPOLI)"	GREECE	50,00%	2003-2006	NET EQUITY
JOINT VENTURE:"THESSALIKI-ELTER- MICHANIKI-TE CHR. KON/DIS"	GREECE	28,33%	2002-2006	NET EQUITY
JOINT VENTURE:"THESSALIKI- MICHANIKI-ELTER"	GREECE	25,00%	2002-2006	NET EQUITY
JOINT VENTURE:"ATHINA- MICHANIKI"	GREECE	50,00%	2005-2006	NET EQUITY
JOINT VENTURE:"TERNA- MICHANIKI"	GREECE	35,00%	2005-2006	NET EQUITY
JOINT VENTURE:"THEMELIODOMI- MICHANIKI-MOHLOS"	GREECE	40,00%	2003-2006	NET EQUITY

\* The joint venture was incorporated for the first time at 31/12/2006.

During 2006 the participation percentage of the company in "BALKAN S.A." was altered from 42,21% (31/12/2005) to 50,02%.

The acquisition cost (through the A.S.E.) amounted to € 3.096 thousand. A profit (positive surplus) resulted for the Group from the purchases amounting to € 905 thousand. From the sale of BALKAN shares within the year-end a profit resulted for the parent company amounting to € 627 thousand.

Additionally the parent company increased its participation in THOLOS share capital by € 3.755 thousand.

## **6.8 Foreign currency conversion**

The asset currency items and the currency liabilities that are expressed in foreign currency are converted to the operational currency of the company with the exchange rate of the operational and foreign currency of the Balance Sheet date. The emerging exchange differences are recognized to the period results. The non currency asset and liability items that are expressed in a foreign currency are converted to the operational currency with the exchange rate of the initial recognition. Exception from this adjustment constitute the non asset currency items that are measured at the fair value or another value except from the acquisition cost value and are converted to the operational currency based upon the exchange rates of the date in which this measurement was assessed. In this case the emerging exchange differences follow the accounting handling of the recognition of the difference between the prior accounting value of these items and the measurement at their fair value, or the other value except from the acquisition cost value.

When the financial statements of a company are presented in one currency which is different from the company's operational currency, the conversion of the items of these financial statements from the operational currency to the presented currency is done in the following way:

- a) the asset and liability items are converted with the exchange rates of the date of the balance sheet.
- b) the equity items are converted with the conversion exchange rates of the date they resulted.
- c) the results of each period are converted with the exchange rates of the dates that the relevant income, profits, expenses and losses occurred. The weighted average period exchange rate may be used, if the outcome that resulted in this way approaches the one that would have resulted from the use of the real exchange rates that were in effect when the relevant transactions took place.
- d) The exchange differences that result from the above conversion are recognized in the equity reserve.

## **6.9 Tangible Assets**

Fixed assets are depicted in the financial statements at their acquisition cost or deemed cost, as defined based upon fair values at the transition dates, less, first of all the accumulated depreciations and secondly, any asset impairment.

The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.

Subsequent expenditures are registered to the incremental book value of the tangible fixed assets or as a separate fixed asset only to the extent that these expenditures increase the future economic benefits that are expected to inflow from the use of the asset and their cost can be accurately measured. The repair and maintenance cost is recorded in the results when realized.

Depreciation of the other subjects of the tangible fixed assets (other than plots which are not depreciated) is calculated using the straight line method over their useful lives, as follows:

- Buildings	20-50 years
- Mechanical equipment	4-20 years
- Transportation means	6-12 years
- Other equipment	4-7 years

The residual values and useful economic lives of tangible fixed assets are subject to reassessment at each balance sheet date. When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately recorded as an expense in the income statement.

Upon sale of tangible fixed assets, the difference between the proceeds and the book value is recorded as profit or loss to the income statement. Repairs and maintenance is recorded as an expense in the period it relates to.

Self-constructed tangible fixed assets constitute an addition to the acquisition cost of tangible assets at values that include the direct cost of employee's salaries that participate in the construction (including the relevant employer's contributions), the cost of materials used and other general costs.

## **6.10 Non current items occupied for sale**

The non current asset items that are occupied for sale are measured in the lowest between the accounting and fair value price, after the subtraction from the fair value of the cost required for the sale to be realized. If these items are depreciable, with their characterization as occupied for sale, their depreciation ceases, even if they continue to be used. From the measurement of this ordinance the following data, which is

related with the occupied for sale items and which are measured according to the relevant ordinances of this law, is excluded:

- a) the asset deferred taxes.
- b) the asset items that cover provisions for employee benefits.
- c) the financial asset items.
- d) property investments measured at fair value.
- e) the asset items that are measured at their fair value decreased by the estimated costs at the point of sale.
- f) the contractual rights that emerge from insurance contracts.

For a sum of non current items that are occupied in order to be sold as a group, and to which sum potential items may be included that are excluded from the measurement of the above ordinance in addition to liabilities that are directly related with the items of that group, the measurement is done in the following way:

- a) Prior to the initial classification of the group items characterized as occupied for sale, the accounting values of all the group items are measured according to the relevant ordinances of that law.
- b) At the initial classification of the group as occupied for sale and subsequently, the measurement is done for the group as a uniform sum at the lowest value between the accounting value of the group and its fair value, after the subtraction from the fair value of the cost required for the realization of the group sale. The accounting value of the group is calculated based upon the accounting value of its apportioned items, according to the anticipated article.
- c) When the fair value of the group is less than its accounting value, the difference is recognized as an impairment of the value of a probable existing surplus and the remaining value is allocated in the other intangible and self-used tangible assets of the group, depending on their accounting values prior to the impairment.

Non current asset items or groups of such items that have been characterized as occupied for sale I they cease to be considered as such, they are measured at their lowest value between their accounting value before these items are characterized as occupied for sale, after this value is adjusted for depreciation or rearrangements that would have taken place if these items had not been characterized as occupied for sale and their recovery value at the date of their declassification.

The Group has not classified non current items occupied for sale.

### **6.11 Property Investments**

Property investments are investments that concern all of that property (which include land, the buildings or parts of the buildings or both) held by the owner (or by the lessee under a finance lease), either for the purpose of earning rentals from the lease, or for their increase in value (capital strengthening) or for both.

A company estimates according to the recognition criteria all the expenses incurred for a property investment at the time realized. These expenses include expenses that initially were realized for the property acquisition and expenses that were realized subsequently for the accretion or partial replacement of the property. According to the recognition criteria, a company does not include the repair costs in the accounting value of an investment in properties, which are expenses recognized directly to the Year-end Profit and Loss Account.

Property investments are initially recognised at their acquisition cost, which is surcharged with all expenses related to the transaction for their acquisition (e.g. notary fees, broker's fees, transfer taxes). The cost of investment of a property is equivalent, in cash, price. In the case where the payment for the acquisition of a property for investment is postponed further from the usual credit limits, then the difference between the sum of payments and the equivalent, cash, amount will be recognized and depicted in the year-end results, as an interest (expenses) during the whole duration of the credit.

The cost of an investment that is self-constructed from the company, includes all the expenses that were required in order to be build, with the condition that the total cost does not exceed the repossessed amount.

The valuation of an investment after the initial registration, can be done either with the policy of the acquisition cost or the fair value policy. The accounting policy chosen, must be applied for all property investments.

**Acquisition Cost Policy:** After the initial recognition, the company can valuate its property, at its acquisition cost less the accumulated depreciation and the accumulated losses incurred from their value reduction (application of all those appointed in I.A.S. 16).

**Fair Value Policy:** The fair value of an investment in properties is the value at which the property can be exchanged between informed and prompt parties in a regular commercial transaction. The fair value excludes an estimated value augmented or decreased due to specific terms or instances, such as unusual financing, sale with a leaseback agreement, special considerations or concessions that are being don from anyone related to the sale.

Every profit (or loss) resulting from the modification of the fair value of the investment, constitutes a result and it is recognized in the year-end results in which it is realized.

A determinant factor of the fair value is the current value in an active market for similar properties, in the same location and in the same condition. If no current prices exist for similar properties in an active, market in the same location, than the following can be used:

- Current prices of an active market for different properties, with relevant adjustments in order to reflect the differences.
- Recent prices in less active markets with adjustments that will reflect the differences in the economic conditions in relation to the date that the transactions were realized.
- Discounted cash flows from current lease contracts for similar properties, in the same location and in the same condition.

The group applies the fair value policy. The valuation of property investments has been conducted by an independent professional evaluator.

### **6.12 Intangible Assets**

Intangible assets include software licenses.

**Software:** The authorisations of software are valued at their acquisition cost less the accumulated depreciation. The accumulated depreciation is held with the constant method at the duration of the asset's beneficial life which vacillates from 1 up to 3 years.

**Expenditures for the exploration of mineral resources:** The company, based upon the ordinances of IFRS 6 proceeded in the consolidation of expenditures regarding the exploration and evaluation of mineral resources, which are depreciated in a period of 1 to 5 years.

### **6.13 Impairment of Assets**

Assets with an indefinite useful life are not depreciated and are subject to an annual impairment review and when some events indicate that the book value may not be recoverable. Assets that are depreciated are subject to an impairment review when there is evidence that their value will not be recoverable. The recoverable value is the greater amount between the net sales value and the value in use. An impairment loss is recognized by the company when the book value of these assets (or Cash Flow Generating Unit) is greater than its recoverable amount.

Net sales value is the amount from the sale of an asset within the framework of a reciprocal transaction in which participating parties have full knowledge and adhere voluntarily, after deducting any additional direct cost for the sale of the asset, while, value in use is the present value of the estimated future cash flows that are expected to flow into the company from the use of the asset and from its disposal at the end of its estimated useful life.

### **6.14 Financial Instruments**

A financial instrument is any contract that creates a financial asset in an enterprise and a financial liability or equity instrument in another.



The financial instruments of the Group are classified in the following categories according to the substance of the contract and the purpose for which they were purchased.

#### **i) Financial instruments valued at fair value through the income statement**

These comprise of assets that satisfy any of the following conditions:

- Financial assets that are held for trading purposes (including derivatives, except those that are designated and effective hedging instruments, those that are acquired or incurred for the purpose of sale or repurchase and, finally, those that are part of a portfolio of designated financial instruments).
- Upon initial recognition it is designated by the company as an instrument valued at fair value, with any changes recognized through the Income Statement.

#### **ii) Loans and receivables**

They include non-derivative financial assets with fixed or predefined payments which are not traded in active markets. This category (loans and receivables) does not include:

- a) receivables from advances for the purchase of goods or services,
- b) receivables relating to tax transactions, which have been legislatively imposed by the state,
- c) any receivable not covered by a contract in order to give the company the right to receive cash or other financial fixed assets.

Loans and receivables are included within the current assets, apart from those with a maturity greater than 12 months from the balance sheet date. The latter are included in the non current assets.

#### **iii) Investments held to maturity**

These include non derivative financial assets with fixed or defined payments and specific maturity and which the Group intends and has the ability to hold until their maturity.

The Group did not hold investments of this category.

#### **iv) Financial assets available for sale and Termination Activities.**

These include non derivative financial assets that are either designated in this category or cannot be included in any of the previous ones.

Following, the financial assets available for sale are valued at fair value and the relevant profit or loss is recorded in an equity reserve until such assets are sold or characterized as impaired.



During the sale, or when they are characterized as impaired, the profit or loss is transferred to the income statement. Impairment losses that have been recorded to the income statement are not reversed through the income statement.

The purchases and sales of investments are recognized at the transaction date, which is also the date the Group commits to purchase or sell the item. Investments are initially recognized at their fair value plus the directly related to the transaction costs, with the exception regarding the directly attributed to the transaction expenditures, for these items that are values at their fair value with changes in the income statement. Investments are crossed out when the right on cash flows from investments mature or is transferred and the Group has essentially transferred all the risks and rewards implied by the ownership.

Loans and receivables are recognized in the net book value based on the real interest rate method.

Realized and unrealized profits or losses that arise from changes in the fair value of financial assets valued at their fair value with changes in the income statements, are recognized in the income statement at the period in which they result.

The fair values of financial assets that are traded in active markets, are defined by the current ask prices. For non-traded assets, fair values are defined with the use of valuation techniques such as analysis of recent transactions, comparative items that are traded and discounted cash flows. The securities that are not traded in an active market that have been classified in the Cash category financial assets available for sale, and whose fair value cannot be determined with credibility, are valued at their acquisition cost.

At each balance sheet date the Group assesses whether there are objective indications that lead to the conclusion that financial assets have been impaired. For company shares that have been classified as financial assets available for sale, such an indication consists of a significant or extended decline in the fair value compared to the acquisition cost. If impairment is composed, the accumulated loss in equity, which is the difference between acquisition cost and fair value, is transferred to the income statement.

For the purposes of an improved and complete information and the recourse of the presented comparative data and facts in an ordinary and, thus, real comparative base, the Group's terminated activities, either through the disposal of sectors or through the disposal of shares of subsidiary companies, or in another way, are defined and the participation of the terminated activity in the financial position and the results of the Group in the past is quantized and presented within the financial statements.

### **6.15 Inventories**

At the balance sheet date, inventories are valued at the lower cost or net realizable value. The net realizable value is the estimated sales price during the normal course of the company's business less any relevant sales expenses. The cost of inventories does not include financial expenses.

### **6.16 Trade receivables**

Receivables from customers are initially recorded at their value of sale. In the case where the cost of a financial instrument exceeds the fair value, then this instrument is valued at its recovery amount and the relevant loss is carried directly to the year-end income statement. The impairment losses, that is when there is objective evidence that the Group is unable to collect all the amounts owed based on the contractual terms, are recognized in the income statement.

### **6.17 Cash and cash equivalents**

Cash and cash equivalents include cash in the bank and in hand as well as short term highly liquid investments such as money market products and bank deposits. Money market products are financial assets which are valued at fair value through the profit and loss account.

### **6.18 Non-current assets classified as held for sale**

The assets held for sale include the other assets (including goodwill) and the tangible assets that the Group intends to sell within one year starting from the date on which they were classified as "held for sale".

The assets, which are classified as "held for sale", are valued at the lowest price between their book value right before their classification as held for sale and their fair value less the cost of sale. The assets classified as "held for sale" are not subject to depreciation. The profit or the loss resulting from the sale and revaluation of the "held for sale" assets is included in the "Other income" and "Other expenses" items, respectively, of the income statement.

### **6.19 Share capital**

Expenses incurred for the issuance of shares, are shown after deducting the relevant income tax, reducing the proceeds from the issue. Expenses related to the issuance of shares for the purchase of companies are included in the acquisition cost of the company acquired.

At the acquisition of own shares, the consideration paid, including the relevant expenses, is depicted as deducted from shareholders equity.

### **6.20 Income tax & deferred tax**

The period charge for income tax is comprised from the current tax and deferred tax, which refers to tax charges or tax credits that are associated with economic benefits accruing in the period but which have been already or will be assessed by the tax authorities in different periods. Income tax is recognized in the income statement of the period, except for the tax relating to transactions that have been recorded directly to equity, in which case it is, accordingly, recorded directly to equity.

Current income taxes include the short-term liabilities to the fiscal authorities that are related to taxes payable on the taxable income of the period and any additional income taxes from previous periods.

Current taxes are measured according to the tax rates and tax laws in effect during the financial years to which they relate, based on the taxable profit for the year. All changes to the short-term tax assets or liabilities are recognized as part of the tax expense in the income statement.

Deferred income tax is determined according to the liability method which results from the temporary differences between the book value and the tax base of the assets and liabilities. Deferred tax is not accounted if it results from the initial recognition of an asset or liability in a transaction, except a business combination, which when the transaction occurred did not affect neither the accounting nor the tax profit or loss.

Deferred tax assets and liabilities are calculated and recognized for all the temporary differences between the book value and the tax base of the assets and liability items. The calculation is done with the income tax rates that are expected to be in effect during the period in which the asset items will be recovered and liability items will be settled, and must reflect the way with which the recovery or settlement will be expected to take place. In the event where it is impossible to identify the timing of the reversal of the temporary differences, the tax rate in effect is applied on the day after the balance sheet date.

Deferred tax assets are recognized to the extent that there will be a future tax profit for the use of the temporary difference that creates the deferred tax assets.

Deferred income tax is recognized for the temporary differences that result from investments in subsidiaries and associates, with the exception of the case where the reversal of the temporary differences is controlled by the Group and it is possible that the temporary differences will not be reversed in the foreseeable future.

Most changes in the deferred tax assets or liabilities are recognized as part of the tax expense in the income statement. Only the changes in assets or liabilities that affect the temporary differences are recognized directly in the equity of the Group, such as the revaluation of property value, result in the relevant change in deferred tax assets or liabilities being charged against the relevant equity account.

## **6.21 Employee benefits**

**Short-term benefits:** Short-term benefits to employees (except for indemnities for termination of the employment relation) in money or in kind are recognised as an expense when they are accrued. Any outstanding amounts are classified as a liability, while in case the amount already paid exceeds the amount of the benefits, the company recognises the excessive amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future or in return payments.

**Benefits on retirement:** The benefits on retirement include a lump sum pension indemnity or other benefits (social security or medical coverage) that the company provides upon retirement to its employees in exchange for their service. Therefore, they include both defined contribution plans and defined benefit plans. The accrued cost of the defined contribution plans is recorded as an expense in the period to which it refers.

- **Defined contribution plan**

According to the defined contribution plan, the company's obligation (legal or inferred) is limited to the amount agreed to be contributed to the entity (e.g. social security entity), which manages the contributions and grants the benefits. Therefore, the amount of benefits received by the employee is defined by the amount contributed by the company (or the employee as well) and the paid investments of these contributions.

The contribution paid by the company in a defined contribution plan is recognized either as a liability after deducting the contribution paid or as an expense.

- **Defined benefit plan**

The liability recorded in the balance sheet for the defined benefit plans constitutes the present value of the liability for the defined benefit less the fair value of the assets of the plan (if any) and the changes that result from any other actuarial profit or loss and the cost of the work experience. The commitment of the defined benefit is calculated on a yearly basis from an independent actuary with the projected

unit credit method. For the discounting, the exchange rate of the long-term Greek Government bonds is used.

The actuarial profits and losses are items of the company's rendering obligation and the cost which will be recognized in the Income Statement. Those arising from adjustments based on historical data that are higher or lower than the 10% margin of the accumulated obligation are recorded in the Income Statement within the anticipated average insurance time of the participants to the plan. The cost of previous service is recognized directly in the Income Statement, except for the case where the changes in the plan are dependent upon the remaining time of service of the employees. In this case, the cost of previous service is recorded in the Income Statement using the straight-line method within the maturity period.

**Employee termination benefits:** Benefits due to termination of the employment relationship are paid when employees leave before their normal retirement date. The Group records such benefits when it is committed, either when it actually terminates the employment of current employees based upon a detailed formal plan for which there is no possibility of withdrawal, or when it provides these benefits as an incentive for voluntary (early) redundancy. When these benefits are due for payment in periods exceeding twelve months from the Balance Sheet date, then they should be discounted according to the returns of high quality company bonds or government bonds.

In case of an offer made to encourage voluntary redundancy, the valuation of employment termination benefits should be based upon the number of employees expected to accept the offer.

In case of an employment termination where the number of employees that will be using those benefits cannot be determined, no recording takes place but a notification as a contingent liability instead.

## **6.22 Grants**

The Group recognizes the government grants that cumulatively satisfy the following criteria: a) There is reasonable certainty that the company has complied or will comply with the conditions of the grant and b) it is probable that the amount of the grant will be received. They are recorded at their fair value and are systematically recognized as revenue according to the principle of grants correlation with the corresponding costs that they are subsidizing.

Grants that relate to assets are included in the long-term liabilities as deferred income and are recognized systematically and rationally in the revenue over the useful life of the fixed asset.

## **6.23 Provisions**

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, their settlement through an outflow of resources is probable and the estimation of the exact amount of the obligation can be accomplished with credibility. Provisions are reviewed during the date when each balance sheet is compiled and are adjusted so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation. Contingent liabilities are not recognized in the financial statements but are acknowledged, unless the probability that there will be an outflow of resources that embody economic benefits is minimal. Contingent claims are not recognized in the financial statements but are acknowledged provided that the inflow of economic benefits is probable.

## **6.24 Recognition of income and expenses**

**Income:** Income includes the fair value of executed projects, goods and services sold, net of Value Added Tax, discounts and returns. Inter-company revenues within the Group are completely crossed out. The recognition of revenue is done as follows:

- **Construction Contracts:** The income from the execution of construction contracts is accounted for in the period the project is constructed, based on its completion stage.
- **Sale of goods:** Sales of goods are recognized when the Group transfers goods to customers, the goods are accepted by them and the collection of the resulting claim is reasonably assured.
- **Rendering of services:** Income from rendering of services is accounted for in the period during which the services are rendered, based on the stage of completion of the service rendered in relation to the total services to be rendered.
- **Income Interest:** Interest income is recognized on a time proportion basis and with the use of the real interest rate. When there is impairment of assets, their book value is reduced to their recoverable amount which is the present value of the expected future cash flows discounted with the initial real interest rate. Interest is then recorded using the same interest rate calculated on the impaired (new book) value.
- **Dividends:** Dividends are accounted for as revenue when the right to receive payment is substantiated.
- **Income from participation in Joint Ventures/Consortiums:** Profits or losses from construction project joint ventures are recognized in the parent company's each quarter balance sheet. This accounting practise is followed since according to the joint venture operational practise in effect in Greece, the members of the joint venture can assume profits during the duration of the year-end. The management believes that this specific accounting practise serves the essence principal.

**Expenses:** expenses are recognized in the income statement on an accrued basis. The payments made for operating leases are transferred to the results as an expense, during the time the lease equipment is used. Interest expenses are recognized on an accrued basis.

## **6.25 Leases**

**Group Company as Lessee:** Leases of fixed assets with which all the risks and benefits related with ownership of an asset are transferred to the Group, regardless of whether the title of ownership of the asset is eventually transferred or not, are financial leases. These leases are capitalized at the inception of the lease at the lower value between the fair value of the asset or the present value of the minimum lease payments. Each lease payment is apportioned between the liability and the finance charges so that a fixed interest rate on the remaining financial liability is achieved. The relevant liabilities from lease payments, net of finance charges, are depicted as liabilities. The part of the finance charge that relates to financial leases is recognized in the income statement during the term of the lease. Fixed assets acquired through financial leasing are depreciated over the duration of their useful lives.

Lease agreements where the lessor transfers the right of use of an asset for an agreed period of time, without transferring, however, the risks and rewards of ownership of the fixed asset are classified as operating leases. Payments made with respect to operating leases (net of any incentives offered by the lessor) are recognised in the income statement proportionately throughout the term of the lease.

**Group Company as lessor:** When fixed assets are leased through a financial lease, the present value of the rentals is registered as a receivable. The difference between the gross amount of the receivable and the present value of the receivable is registered as a deferred financial income. The income from the lease is recognized in the year-end results for the duration of the lease by using the net investment method, which represents a stable periodic return. Assets that are being leased through an operating leasing are included in the tangible assets of the balance sheet. They are depreciated during the duration of their expected useful life on a base that is consistent with similar owned tangible assets. The rental income (net from possible motives given to the lessee's) is recognized with the stable method during the duration of the lease.

## **6.26 Construction contracts**

Construction contracts refer to the construction of assets or a group of affiliated assets specifically for customers according to the terms provided for in the relevant contracts and whose execution usually lasts for a period of over one fiscal year.

The expenses that refer to the contract are recognized when realized.

In the case where the result of one construction contract may not be reliably valued, and especially in the case where the project is at a premature stage, then:

- the income must be recognized only to the extent that the contractual cost may be recovered, and
- the contractual cost must be recognized in the expenses of the period in which it was undertaken.

Thus, for such contracts income is recognized in order for the profit from the specific project to equal zero.

When the result of a construction contract can be valued reliably, the contract's income and expenses are recognized throughout the contract's duration, respectively as income and expense.

The Group uses the percentage completion method in order to define the appropriate income and expense amount that will be recognized in a specific period.

The completion stage is measured based on the contractual cost that has been realized up to the balance sheet date relevant to the total estimated construction cost of each project.

When it is likely for the total contract cost to exceed the total income, then the expected loss is directly recognized in the period's income statement as an expense.

For the calculation of the cost realized until the end of the year-end period, any expenses related to future activities regarding the contract are excluded and appear as a project under construction. The total cost that was realized and the profit/loss that was recognized for each contract is compared with the progressive invoicing until the end of the year-end period.

When the realized expenses plus the net profit (less the losses) that have been recognized, exceed the progressive invoicing, the difference appears as a receivable from construction contract customers in the account "Customers and other receivables". When the progressive invoicing exceed the realized expenses plus the net profit (less the losses) that have been recognized, the balance appears as a liability towards construction contract customers in the account "Suppliers and other liabilities".

## **6.27 Dividend distribution**

The distribution of dividends to the shareholders of the parent company is recognized as a liability in the consolidated financial statements at the date on which the distribution is approved by the General Assembly of the Shareholders.

## **6.28 Risk management**

### **Financial risk factors**

The Group is exposed to a limited range of financial risks. The usual risks upon which it is theoretically subject to are market risks (interest rate, market process), credit risks, liquidity risks and cash flow risks. The Group, through the financial risk management aims to encounter the factors that negatively affect its financial results and emanate from the variation of the cost and income variables.

### **Foreign exchange risk**

The Group operates on an international level and therefore it is exposed to foreign exchange risk. This risk arises mainly from commercial transactions in a foreign currency in addition to investments in international companies.

The company uses loans based upon the domestic currency, in relation to its needs and thus does not run any foreign exchange risks.

The policy of financial risk management is applied by the General and Financial Administration. The policy applied includes the following steps:

- (a) Valuation of the risks that are relevant to the Group's business activity.
- (b) Methodology planning and selection of the appropriate financial products in order to minimize the financial risk exposure.
- (c) Execution and application of the approved, by the management, financial risk management strategy.

Prior to the effect of the relevant transactions, an approval is received from the executives that have the right to commit the company towards the counter-party.

### **Credit risk**

The Group's turnover consists mainly from transactions with the State in addition to large reliable companies, with which a long term cooperation exists. Upon this basis and in conjunction with the existing experience it is estimated that credit risk is minor.

### **Liquidity risk**

The Group manages the above risk by preserving sufficient cash equivalents, directly cashable securities and sufficient credit lines from banks and suppliers, always in relation with its operational and investment financial needs.

### **Cash flow risks and fair value risk due to changes in interest rates**

The Group's operational expenses and cash flows are dependant from interest rate changes since the Group has Bank Loans.



## 7 Financial Information by Segment

### Primary sector information – Business sectors

The Group operates in eight main business sectors (note 6.5). During the year-end of 2005 the ninth business sector relating to the Metallic constructions was terminated. The Group's results per sector are analyzed below:

1/1-31/12/2006

	HYDROELECTRIC ENERGY	PARKING	CEMETARY	WORKS	WOOD INDUSTRY	PIPING	REAL ESTATE UTILIZATION	MARBLES	OTHER	CONTINUING UTILIZATIONS TOTAL	DISCONTINUING UTILIZATION	TOTAL
Total gross sales turnover per sector	1.206	1.319	877	100.150	16.812	27.175	19.640	2.684	486	170.349	-	<b>170.349</b>
Domestic sales turnover	-	-	-	(993)	(13)	(2.540)	-	(92)	-	(3.639)	-	<b>(3.639)</b>
<b>Net Sales Turnover</b>	<b>1.206</b>	<b>1.319</b>	<b>877</b>	<b>99.156</b>	<b>16.799</b>	<b>24.635</b>	<b>19.640</b>	<b>2.591</b>	<b>486</b>	<b>166.710</b>	-	<b>166.710</b>
Cost of Sales	448	733	611	80.910	16.710	20.261	14.378	2.137	514	136.701	-	<b>136.701</b>
Domestic sales turnover Cost of Sales	-	-	-	(800)	-	(2.978)	(8)	(92)	-	(3.878)	-	<b>(3.878)</b>
<b>Gross Result</b>	<b>758</b>	<b>586</b>	<b>267</b>	<b>19.046</b>	<b>89</b>	<b>7.352</b>	<b>5.270</b>	<b>546</b>	<b>(28)</b>	<b>33.887</b>	-	<b>33.887</b>
Administrative Expenses	116	130	86	6.015	695	457	693	195	2	8.389	-	<b>8.389</b>
Selling Expenses	0	1	1	42	798	2.846	76	305	0	4.068	-	<b>4.068</b>
Other income	66	0	-	506	2.690	700	8.046	228	271	12.507	-	<b>12.507</b>
Other expenses	-	27	-	373	146	392	893	88	215	2.135	-	<b>2.135</b>
<b>Operating result</b>	<b>708</b>	<b>429</b>	<b>180</b>	<b>13.123</b>	<b>1.141</b>	<b>4.356</b>	<b>11.654</b>	<b>186</b>	<b>26</b>	<b>31.802</b>	-	<b>31.802</b>
Financial results	(6)	(2)	-	(659)	229	(679)	(615)	(239)	4.011	2.041	-	<b>2.041</b>
<b>Profit before income tax</b>	<b>702</b>	<b>426</b>	<b>180</b>	<b>12.464</b>	<b>1.370</b>	<b>3.677</b>	<b>11.039</b>	<b>(53)</b>	<b>4.037</b>	<b>33.842</b>	-	<b>33.842</b>
Income tax	-	-	-	(1.571)	(23)	(775)	(2.326)	43	(3.244)	(7.896)	-	<b>(7.896)</b>
<b>Net profit</b>	<b>702</b>	<b>426</b>	<b>180</b>	<b>10.893</b>	<b>1.347</b>	<b>2.902</b>	<b>8.713</b>	<b>(10)</b>	<b>793</b>	<b>25.946</b>	-	<b>25.946</b>

1/1-31/12/2005

	HYDROELECTRIC ENERGY	PARKING	CEMETARY	WORKS	WOOD INDUSTRY	PIPING	REAL ESTATE UTILIZATION	MARBLES	OTHER	CONTINUING UTILIZATIONS TOTAL	DISCONTINUING UTILIZATION	TOTAL
Total gross sales turnover per sector	824	1.458	1.282	81.859	16.064	11.907	1.452	2.774	(0)	<b>117.622</b>	720	118.342
Domestic sales turnover	-	-	-	(1.353)	(14)	(35)	(4)	-	-	<b>(1.406)</b>	-	<b>(1.406)</b>
<b>Net Sales Turnover</b>	<b>824</b>	<b>1.458</b>	<b>1.282</b>	<b>80.506</b>	<b>16.050</b>	<b>11.872</b>	<b>1.448</b>	<b>2.774</b>	<b>(0)</b>	<b>116.216</b>	<b>720</b>	<b>116.936</b>
Cost of Sales	322	679	930	58.029	16.020	8.704	1.151	2.436	-	<b>88.271</b>	3.313	91.584
Domestic sales turnover Cost of Sales	-	-	-	(1.068)	(14)	(35)	(4)	-	-	<b>(1.121)</b>	-	<b>(1.121)</b>
<b>Gross Result</b>	<b>503</b>	<b>779</b>	<b>352</b>	<b>23.545</b>	<b>45</b>	<b>3.203</b>	<b>301</b>	<b>338</b>	<b>(0)</b>	<b>29.066</b>	<b>(2.593)</b>	<b>26.473</b>
Administrative Expenses	72	128	112	6.017	730	466	399	196	230	<b>8.351</b>	771	9.122
Selling Expenses	-	-	-	57	741	535	-	273	-	<b>1.606</b>	-	1.606
Other income	138	1	-	5.313	992	96	9.950	159	137	<b>16.786</b>	3.532	20.318
Other expenses	1	27	-	816	212	242	1.763	210	699	<b>3.970</b>	67	4.037
<b>Operating result</b>	<b>567</b>	<b>625</b>	<b>239</b>	<b>21.969</b>	<b>(646)</b>	<b>2.057</b>	<b>8.089</b>	<b>(183)</b>	<b>(792)</b>	<b>31.925</b>	<b>101</b>	<b>32.026</b>
Financial results	(0)	(2)	-	4.010	719	(99)	(400)	(118)	(9.387)	<b>(5.276)</b>	(81)	(5.357)
Affiliate companies result proportion	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit before income tax</b>	<b>567</b>	<b>623</b>	<b>239</b>	<b>25.979</b>	<b>73</b>	<b>1.958</b>	<b>7.689</b>	<b>(301)</b>	<b>(10.179)</b>	<b>26.649</b>	<b>20</b>	<b>26.669</b>
Income tax	(175)	(181)	(69)	(5.256)	-	(522)	(1.344)	(141)	132	<b>(7.557)</b>	370	(7.187)
<b>Net profit</b>	<b>392</b>	<b>442</b>	<b>170</b>	<b>20.722</b>	<b>73</b>	<b>1.436</b>	<b>6.345</b>	<b>(442)</b>	<b>(10.047)</b>	<b>19.091</b>	<b>391</b>	<b>19.482</b>



1/1-31/12/2006

	HYDROELECTRIC ENERGY	PARKING	CEMETARY	WORKS	WOOD INDUSTRY	PIPING	REAL ESTATE UTILIZATION	MARBLES	OTHER	CONTINUING UTILIZATIONS TOTAL	DISCONTINUING UTILIZATION	TOTAL
<i>Sector Assets</i>	7.972	2.809	20.798	193.037	41.764	37.054	107.307	15.598	-	426.338	-	426.338
Non distributable Asset items	-	-	-	-	-	-	-	-	3.522	3.522	-	3.522
<b>Consolidated Assets</b>	<b>7.972</b>	<b>2.809</b>	<b>20.798</b>	<b>193.037</b>	<b>41.764</b>	<b>37.054</b>	<b>107.307</b>	<b>15.598</b>	<b>3.522</b>	<b>429.860</b>	<b>-</b>	<b>429.860</b>
<i>Sector Liabilities</i>	2.855	99	4	74.130	5.961	18.922	29.427	6.910	-	138.308	-	138.308
Non distributable Liability items	-	-	-	-	-	-	-	-	54.373	54.373	-	54.373
<b>Consolidated Liabilities</b>	<b>2.855</b>	<b>99</b>	<b>4</b>	<b>74.130</b>	<b>5.961</b>	<b>18.922</b>	<b>29.427</b>	<b>6.910</b>	<b>54.373</b>	<b>192.682</b>	<b>-</b>	<b>192.682</b>
Total Depreciation	196	136	-	3.807	625	685	29	651	301	6.432	-	6.432
<i>Tangible &amp; Intangible Asset Additions</i>				9.883	37	718	193	17	726	11.574	-	11.574

1/1-31/12/2005

	HYDROELECTRIC ENERGY	PARKING	CEMETARY	WORKS	WOOD INDUSTRY	PIPING	REAL ESTATE UTILIZATION	MARBLES	OTHER	CONTINUING UTILIZATIONS TOTAL	TERMINATED METALLIC CONSTRUCTIONS	TOTAL
<i>Sector Assets</i>	8.195	2.964	17.954	145.714	39.627	32.673	63.246	15.622	-	325.996	3.470	329.466
Non distributable Asset items	-	-	-	-	-	-	-	-	53.695	53.695	-	53.695
<b>Consolidated Assets</b>	<b>8.195</b>	<b>2.964</b>	<b>17.954</b>	<b>145.714</b>	<b>39.627</b>	<b>32.673</b>	<b>63.246</b>	<b>15.622</b>	<b>53.695</b>	<b>379.691</b>	<b>3.470</b>	<b>383.161</b>
<i>Sector Liabilities</i>	80	129	-	57.676	5.791	14.661	20.570	6.572	-	105.479	747	106.226
Non distributable Liability items	-	-	-	-	-	-	-	-	54.406	54.406	-	54.406
<b>Consolidated Liabilities</b>	<b>80</b>	<b>129</b>	<b>-</b>	<b>57.676</b>	<b>5.791</b>	<b>14.661</b>	<b>20.570</b>	<b>6.572</b>	<b>54.406</b>	<b>159.886</b>	<b>747</b>	<b>160.632</b>
Total Depreciation	195	135	-	3.783	676	449	11	585	365	6.200	-	6.200
<i>Tangible &amp; Intangible Asset Additions</i>				2.504	303	733	14	5	23	3.583	-	3.583

## Secondary sector information – Geographical sectors

The Group's registered base and country of operation is Greece. The company's operative areas are Greece, countries of the Euro-zone and third countries.

The Group's sales per geographic sector are analyzed below:

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Greece	129.438	110.787	65.590	83.157
Euro countries	0	0		
Other countries	40.911	6.834	482	422
Year-end sales from continuing activities	170.349	117.622	66.072	83.579
Year-end sales from discontinued activities	-	720	-	720
<b>Total Group Sales</b>	<b>170.349</b>	<b>118.342</b>	<b>66.072</b>	<b>84.299</b>
Less Intragroup Sales	<b>(3.639)</b>	<b>(1.407)</b>		
<b>Total Sales</b>	<b>166.710</b>	<b>116.935</b>		
<b>Sale analysis by category</b>				
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Merchandise sales	15.552	3.156	3	0
Product Sales	52.051	33.349	2.694	4.361
Other inventory sales	1.129	377	31	232
Income from services	3.839	3.222	3.320	2.795
Construction contracts	97.778	78.238	60.024	76.911
<b>Total Group Sales</b>	<b>170.349</b>	<b>118.342</b>	<b>66.072</b>	<b>84.299</b>
Less Intragroup Sales	<b>(3.639)</b>	<b>(1.407)</b>		
<b>Total Sales</b>	<b>166.710</b>	<b>116.935</b>		

## 8 Financial Statement Notes

### 8.1 Tangible Assets

	THE GROUP				
	Plots, Quarries & Buildings	Transportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Gross Book Value	71.327	85.227	4.979	0	161.534
Accumulated Depreciation and impairment value	(23.090)	(56.844)	(4.378)	-	(84.312)
<b>Book Value January 1st 2005</b>	<b>48.237</b>	<b>28.383</b>	<b>602</b>	<b>0</b>	<b>77.222</b>
Gross Book Value	57.716	66.198	5.064	0	128.978
Accumulated Depreciation and impairment value	(22.561)	(39.862)	(4.626)	-	(67.049)
<b>Book Value January 1st 2006</b>	<b>35.155</b>	<b>26.336</b>	<b>438</b>	<b>0</b>	<b>61.929</b>
Gross Book Value	55.972	74.597	5.508	988	137.064
Accumulated Depreciation and impairment value	(23.326)	(43.503)	(4.776)	-	(71.604)
<b>Book Value December 31st 2006</b>	<b>32.646</b>	<b>31.094</b>	<b>732</b>	<b>988</b>	<b>65.460</b>
<b>ASSETS WITH FINANCIAL LEASING</b>					
Gross Book Value	0	9.686	0	0	9.686
Accumulated Depreciation and impairment value	0	(2.989)	0	-	(2.989)
<b>Book Value January 1st 2005</b>	<b>0</b>	<b>6.698</b>	<b>0</b>	<b>0</b>	<b>6.698</b>
Gross Book Value	0	7.407	0	0	7.407
Accumulated Depreciation and impairment value	0	(3.260)	0	-	(3.260)
<b>Book Value January 1st 2006</b>	<b>0</b>	<b>4.147</b>	<b>0</b>	<b>0</b>	<b>4.147</b>
Gross Book Value	0	7.200	0	0	7.200
Accumulated Depreciation and impairment value	0	(3.965)	0	-	(3.965)
<b>Book Value December 31st 2006</b>	<b>0</b>	<b>3.235</b>	<b>0</b>	<b>0</b>	<b>3.235</b>

	Plots, Quarries & Buildings	Transportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
<b>Book Value January 1st 2005</b>	<b>48.237</b>	<b>28.383</b>	<b>602</b>	-	<b>77.222</b>
Additions	350	3.135	94	-	3.580
Sales - Reductions	(13.966)	(22.164)	(9)	-	(36.139)
Total depreciation in Results		(3.892)	(255)	-	(5.150)
	(1.003)				
Depreciation of Sold Assets	(1.532)	(20.874)	(6)	-	(22.412)
Depreciation in Acc. Statement	529	16.982	(249)	-	17.263
Transportations	-	-	-	-	-
Net Foreign Exchange Differences	5	(1)	(0)	-	4
<b>Book Value December 31st 2005</b>	<b>35.155</b>	<b>26.336</b>	<b>438</b>	-	<b>61.929</b>
<b>ASSETS WITH FINANCIAL LEASING</b>					
<b>Book Value January 1st 2005</b>	-	<b>6.698</b>	-	-	<b>6.698</b>
Additions	-	-	-	-	-
Sales - Reductions	-	(2.279)	-	-	(2.279)
Total depreciation in Results	-	(985)	-	-	(985)
	-				
Depreciation of Sold Assets	-	(713)	-	-	(713)
Depreciation in Acc. Statement	-	(271)	-	-	(271)
Transportations	-	-	-	-	-
Net Foreign Exchange Differences	-	-	-	-	-
<b>Book Value December 31st 2005</b>	-	<b>4.147</b>	-	-	<b>4.147</b>
<b>Book Value January 1st 2006</b>	<b>35.155</b>	<b>26.336</b>	<b>438</b>	-	<b>61.929</b>
Additions from acquisition of subsidiary companies	-	-	-	-	-
Additions	392	9.589	513	988	11.482
Sales - Reductions	(2.071)	(1.189)	(71)	-	(3.331)
Total depreciation in Results	(980)	(4.316)	(241)	-	(5.538)
Depreciation of Sold Assets	(215)	(675)	(92)	-	(983)
Depreciation in Acc. Statement	(765)	(3.641)	(149)	-	(4.555)
Transportations	(92)	-	-	-	(92)
Net Foreign Exchange Differences	27	(1)	1	-	27
<b>Book Value December 31st 2006</b>	<b>32.646</b>	<b>31.094</b>	<b>732</b>	<b>988</b>	<b>65.460</b>
<b>ASSETS WITH FINANCIAL LEASING</b>					
<b>Book Value January 1st 2006</b>	-	<b>4.147</b>	-	-	<b>4.147</b>
Additions from acquisition of subsidiary companies	-	-	-	-	-
Additions	-	-	-	-	-
Sales - Reductions	-	(207)	-	-	(207)
Total depreciation in Results	-	(824)	-	-	(824)
	-				
Depreciation of Sold Assets	-	(124)	-	-	(124)
Depreciation in Acc. Statement	-	(705)	-	-	(705)
Transportations	-	-	-	-	-
Net Foreign Exchange Differences	-	-	-	-	-
<b>Book Value December 31st 2006</b>	-	<b>3.235</b>	-	-	<b>3.235</b>

THE COMPANY

	Plots, Quarries & Buildings	Transportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Gross Book Value	36.213	23.797	2.757	-	62.766
Accumulated Depreciation and impairment value	(4.307)	(8.871)	(2.287)	-	(15.465)
<b>Book Value January 1st 2005</b>	<b>31.906</b>	<b>14.925</b>	<b>470</b>	<b>-</b>	<b>47.301</b>
Gross Book Value	22.417	25.278	2.819	-	50.514
Accumulated Depreciation and impairment value	(3.242)	(9.811)	(2.482)	-	(15.535)
<b>Book Value January 1st 2006</b>	<b>19.174</b>	<b>15.467</b>	<b>338</b>	<b>-</b>	<b>34.979</b>
Gross Book Value	20.703	33.178	3.026	988	57.895
Accumulated Depreciation and impairment value	(3.471)	(11.567)	(2.606)	-	(17.644)
<b>Book Value December 31st 2006</b>	<b>17.232</b>	<b>21.611</b>	<b>419</b>	<b>988</b>	<b>40.251</b>
<b>ASSETS WITH FINANCIAL LEASING</b>					
Gross Book Value	-	8.070	-	-	8.070
Accumulated Depreciation and impairment value	-	(2.544)	-	-	(2.544)
<b>Book Value January 1st 2005</b>	<b>-</b>	<b>5.526</b>	<b>-</b>	<b>-</b>	<b>5.526</b>
Gross Book Value	-	5.791	-	-	5.791
Accumulated Depreciation and impairment value	-	(2.638)	-	-	(2.638)
<b>Book Value January 1st 2006</b>	<b>-</b>	<b>3.153</b>	<b>-</b>	<b>-</b>	<b>3.153</b>
Gross Book Value	-	5.584	-	-	5.584
Accumulated Depreciation and impairment value	-	(3.165)	-	-	(3.165)
<b>Book Value December 31st 2006</b>	<b>-</b>	<b>2.419</b>	<b>-</b>	<b>-</b>	<b>2.419</b>

	Plots, Quarries & Buildings	Transportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
<b>Book Value January 1st 2005</b>	<b>31.906</b>	<b>14.925</b>	<b>470</b>	-	<b>47.301</b>
Additions	20	2.393	71	-	2.485
Sales - Reductions	(13.817)	(912)	(9)	-	(14.738)
Total depreciation in Results	(468)	(1.563)	(201)	-	(2.232)
Depreciation of Sold Assets	(1.532)	(623)	(6)	-	(2.162)
Depreciation in Acc. Statement	1.064	(939)	(195)	-	(70)
Transportations	-	-	-	-	-
Net Foreign Exchange Differences	-	-	-	-	-
<b>Book Value December 31st 2005</b>	<b>19.174</b>	<b>15.467</b>	<b>338</b>	-	<b>34.979</b>
<b>ASSETS WITH FINANCIAL LEASING</b>					
<b>Book Value January 1st 2005</b>	-	<b>5.526</b>	-	-	<b>5.526</b>
Additions	-	-	-	-	-
Sales - Reductions	-	(2.279)	-	-	(2.279)
Total depreciation in Results	-	(807)	-	-	(807)
Depreciation of Sold Assets	-	(713)	-	-	(713)
Depreciation in Acc. Statement	-	(94)	-	-	(94)
Transportations	-	-	-	-	-
Net Foreign Exchange Differences	-	-	-	-	-
<b>Book Value December 31st 2005</b>	-	<b>3.153</b>	-	-	<b>3.153</b>
<b>Book Value January 1st 2006</b>	<b>19.174</b>	<b>15.467</b>	<b>338</b>	-	<b>34.979</b>
Additions from acquisition of subsidiary companies	-	-	-	-	-
Additions	358	8.479	277	988	10.102
Sales - Reductions	(2.071)	(579)	(71)	-	(2.721)
Total depreciation in Results	(444)	(1.965)	(167)	-	(2.577)
Depreciation of Sold Assets	(215)	(210)	(43)	-	(467)
Depreciation in Acc. Statement	(229)	(1.756)	(124)	-	(2.109)
Transportations	-	-	-	-	-
Net Foreign Exchange Differences	-	-	-	-	-
<b>Book Value December 31st 2006</b>	<b>17.232</b>	<b>21.611</b>	<b>419</b>	<b>988</b>	<b>40.251</b>
<b>ASSETS WITH FINANCIAL LEASING</b>					
<b>Book Value January 1st 2006</b>	-	<b>3.153</b>	-	-	<b>3.153</b>
Additions from acquisition of subsidiary companies	-	-	-	-	-
Additions	-	-	-	-	-
Sales - Reductions	-	(207)	-	-	(207)
Total depreciation in Results	-	(646)	-	-	(646)
Depreciation of Sold Assets	-	(124)	-	-	(124)
Depreciation in Acc. Statement	-	(527)	-	-	(527)
Transportations	-	-	-	-	-
Net Foreign Exchange Differences	-	-	-	-	-
<b>Book Value December 31st 2006</b>	-	<b>2.419</b>	-	-	<b>2.419</b>

The Tangible items of the Assets in total, are depicted in the financial statements at their acquisition cost less, first of all the accumulated depreciation and secondly possible asset impairments.

The acquisition cost includes all the directly attributed expenditures for the acquisition of the items.

The group's assets are free of mortgages and charging orders in favor of third parties, with the exception of a building of the company THOLOS S.A., upon which a mortgage amounting to € 0,15 million exists for liability guarantees.

## 8.2 Non current asset items occupied for sale and terminated utilizations

For the purposes of an improved and complete information and the recourse of the presented comparative data and facts in an ordinary and, thus, real comparative base, the Group's terminated activities, either through the disposal of sectors or through the disposal of shares of subsidiary companies, or in another



way, are defined and the participation of the terminated activity in the financial position and the results of the Group in the past is quantized and presented within the financial statements.

In year-end of 2005 the termination of the utilization of the parent company's Metallic Construction sector was concluded.

In § 1.2 the results of the continuing and terminated utilizations are analyzed whereas in § 7 the turnover, results and asset and liability items of the continuing and terminated utilizations are analyzed. The cash flow statement of the terminated activity is presented separately from the Group and company cash flows of the continuing activities in § 1.4 .

### **8.3 Intangible asset items – Expenditures for the exploration and evaluation of mineral resources**

The Group and company intangible asset items included a purchased software. The company, according to the provision of IFRS 6 proceeded to the consolidation of the expenditures regarding the exploration and valuation of mineral resources, which are depreciated during a period of 1 to 5 years. Analytically:

	<b>THE GROUP</b>		
		<b>Expenditures for the exploration and evaluation of mineral resources</b>	
	<b>Software</b>		<b>Total</b>
Gross Book Value	93	1.296	1.389
Accumulated Depreciation and impairment value	(78)	(650)	(728)
<b>Book Value January 1st 2005</b>	<b>15</b>	<b>646</b>	<b>660</b>
Gross Book Value	96	1.296	1.392
Accumulated Depreciation and impairment value	(85)	(709)	(793)
<b>Book Value January 1st 2006</b>	<b>11</b>	<b>587</b>	<b>598</b>
Gross Book Value	179	1.296	1.475
Accumulated Depreciation and impairment value	(92)	(767)	(859)
<b>Book Value December 31st 2006</b>	<b>88</b>	<b>529</b>	<b>617</b>
		<b>Expenditures for the exploration and evaluation of mineral resources</b>	
	<b>Software</b>		<b>Total</b>
<b>Book Value January 1st 2005</b>	<b>15</b>	<b>646</b>	<b>660</b>
Additions	3	-	3
Sales - Reductions	-	-	-
Depreciation	(7)	(58)	(65)
Transfers	-	-	-
Net foreign exchange differences	-	-	-
<b>Book Value January 1st 2006</b>	<b>11</b>	<b>587</b>	<b>598</b>
Additions	92	-	92
Sales - Reductions	(8)	-	(8)
Depreciation	(11)	(58)	(69)
Depreciation reductions	4	-	4
<b>Book Value December 31st 2006</b>	<b>88</b>	<b>529</b>	<b>617</b>



**MICHANIKI S.A.**  
THE COMPANY

	Software	Expenditures for the exploration and evaluation of mineral resources	Total
Gross Book Value	68	-	68
Accumulated Depreciation and impairment value	(58)	-	(58)
<b>Book Value January 1st 2005</b>	<b>10</b>	<b>-</b>	<b>10</b>
Gross Book Value	68	-	68
Accumulated Depreciation and impairment value	(62)	-	(62)
<b>Book Value January 1st 2006</b>	<b>5</b>	<b>-</b>	<b>5</b>
Gross Book Value	115	-	115
Accumulated Depreciation and impairment value	(69)	-	(69)
<b>Book Value December 31st 2006</b>	<b>46</b>	<b>-</b>	<b>46</b>

	Software	Expenditures for the exploration and evaluation of mineral resources	Total
<b>Book Value January 1st 2005</b>	<b>10</b>	<b>0</b>	<b>10</b>
Additions	-	-	-
Sales - Reductions	-	-	-
Depreciation	(5)	-	(5)
Transfers	-	-	-
Net foreign exchange differences	-	-	-
<b>Book Value January 1st 2006</b>	<b>5</b>	<b>-</b>	<b>5</b>
Additions	50	-	50
Sales - Reductions	(4)	-	(4)
Depreciation	(6)	-	(6)
Depreciation reductions	-	-	-
<b>Book Value December 31st 2006</b>	<b>46</b>	<b>0</b>	<b>46</b>

#### 8.4 Investments

The parent company participates in subsidiaries, joint ventures in addition to other companies. The participations/investments in the parent company financial statements have been evaluated at their acquisition cost less potential impairments.

The company consolidates all of its subsidiaries through the full consolidation method. The variations of the company's participations/investments in its subsidiaries are the following:

	Subsidiaries		THE GROUP		Total	
	31/12/2006	12/2005	31/12/2006	12/2005	31/12/2006	31/12/2005
<b>Beginning of period</b>	0	0	37	37	37	37
Additions - Valuations	0	0	0	0	0	0
Sales	(0)	0	(28)	0	(28)	0
<b>End of Period Balance</b>	<b>(0)</b>	<b>0</b>	<b>9</b>	<b>37</b>	<b>9</b>	<b>37</b>
Provisions for devaluations	0	0	(3)	(3)	(3)	(3)
<b>End of Period Balance</b>	<b>(0)</b>	<b>0</b>	<b>6</b>	<b>34</b>	<b>6</b>	<b>34</b>

	Subsidiaries		THE COMPANY		Total	
	31/12/2006	12/2005	31/12/2006	12/2005	31/12/2006	31/12/2005
<b>Beginning of period</b>	128.386	121.857	18	18	128.404	121.875
Additions - Valuations	4.718	13.167	0	0	4.718	13.167
Sales	(1.933)	(6.638)	(15)	0	(1.948)	(6.638)
<b>End of Period Balance</b>	<b>131.171</b>	<b>128.386</b>	<b>3</b>	<b>18</b>	<b>131.174</b>	<b>128.404</b>
Provisions for devaluations	(24.558)	(39.047)	0	(3)	(24.558)	(39.050)
<b>End of Period Balance</b>	<b>106.613</b>	<b>89.340</b>	<b>3</b>	<b>15</b>	<b>106.616</b>	<b>89.354</b>

## 8.5 Property Investments

The analysis of the Group's and the company's property investments is as follows:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Beginning of Period</b>	<b>43.255</b>	<b>34.806</b>	-	-
Foreign Exchange Differences	-	-	-	-
Additions	-	320	-	-
Sales/Write-offs	(7.774)	-	-	-
Profits / (losses) from fair value	7.352	8.129	-	-
Expropriations of investments in properties	-	-	-	-
<b>End of Period</b>	<b>42.833</b>	<b>43.255</b>	-	-

Property investments are estimated at regular time intervals at their fair value, which is the purchasing value which is valued from an independent, recognized and professional evaluator. The company has no contractual liabilities regarding the purchase, construction or repair of the assets of this category.

## 8.6 Other long-term receivables

The other long-term receivables of the Group and the Company are analyzed in the table below:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Bills receivable (long-term maturity)	2.857	3.571	2.857	3.571
Less: Non accrued interest	(159)	(249)	(159)	(249)
Other long-term receivables	<b>361</b>	<b>296</b>	<b>183</b>	<b>136</b>
<b>Total other long-term receivables</b>	<b>3.059</b>	<b>3.618</b>	<b>2.881</b>	<b>3.459</b>

The total long-term receivables refer to securities from the sale of a financial item occupied for sale.

## 8.7 Inventories

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

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Merchandise	2.735	1.577	4	4
Finished and semi finished products - By-products and sediments	68.551	67.451	17.083	17.690
Production in progress	20.172	17.153	18.368	16.223
Raw and auxiliary materials - Consumables - Spare parts and Packing materials	15.569	10.061	2.007	1.484
<b>Total</b>	<b>107.027</b>	<b>96.242</b>	<b>37.462</b>	<b>35.401</b>
Less: Provisions for devaluation				
Merchandise	450	450	0	0
Finished and semi finished products - By-products and sediments	12.000	12.000	0	0
Raw and auxiliary materials - Consumables - Spare parts and Packing materials	1.900	1.900	0	0
	<b>14.350</b>	<b>14.350</b>	<b>0</b>	<b>0</b>
<b>Total net liquidation value</b>	<b>92.677</b>	<b>81.892</b>	<b>37.462</b>	<b>35.401</b>

The total inventories have been valued at the end of the year-end at their net liquidation value.

## 8.8 Construction contracts

Construction contracts refer to the construction of assets or a group of affiliated assets specifically for customers according to the terms provided for in the relevant contracts and whose execution usually lasts for a period of over one fiscal year.

The analysis regarding receivables and liabilities from construction contracts of the Group and the Company is depicted below:

**THE GROUP**

	<b>31/12/2006</b>	<b>31/12/2005</b>
Contractual income accounted to the year-end results	97.778	78.238
Contractual cost realized and registered profits (less registered losses) up to now	350.307	252.074
Collected prepayments	0	1.928
Retentions	0	75
Gross amount owed by clients for the contractual project, depicted as a receivable	37.802	10.295
Gross amount owed to clients for the contractual project, depicted as a liability	4.496	384
Unexecuted Projects	450.014	237.405

**THE COMPANY**

	<b>31/12/2006</b>	<b>31/12/2005</b>
Contractual income accounted to the year-end results	60.024	76.911
Contractual cost realized and registered profits (less registered losses) up to now	310.771	250.748
Collected prepayments	0	1.928
Retentions	0	75
Gross amount owed by clients for the contractual project,	28.065	9.770
Gross amount owed to clients for the contractual project, depicted as a liability	4.496	384
Unexecuted Projects	373.260	219.267

## 8.9 Trade and Other commercial receivables

The trade receivables of the Group and the Company are analyzed below:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Trade receivables	34.851	38.558	17.973	28.139
Less: Impairment provisions	(2.264)	(2.264)	(160)	(160)
Bills receivable	383	471	143	234
Client accruals (IAS 11)	37.802	10.295	28.065	9.770
Bills receivable overdue	133	133	-	-
Cheques receivable	12.231	20.547	22	2.885
Cheques receivable overdue	2.881	2.829	145	50
Less: Provisions of overdue securities	(157)	(50)	(145)	(50)
Short-term receivables from executed projects	26.301	26.301	26.301	26.301
Less: Provisions of bad debt short-term receivables from executed projects	(26.301)	(26.301)	(26.301)	(26.301)
Doubtful receivables	6.672	6.702	1.702	1.750
Less:provisions	(4.421)	(4.421)	(756)	(756)
Sundry debtors	9.506	11.556	5.220	4.577
Prepayment and credit accounts	4.063	3.837	226	169
Less:Other bad debt provisions	(11.793)	(11.781)	(1.634)	(1.634)
<b>Total other receivables</b>	<b>89.887</b>	<b>76.413</b>	<b>50.801</b>	<b>44.973</b>

### ΜΕΤΑΒΟΛΕΣ ΠΡΟΒΛΕΨΕΩΝ

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<i>Beginning of period</i>	44.816	44.766	28.900	28.850
Provisions formed in the period	122	50	95	50
Provision recovery	(2)	-	-	-
<b>End of period</b>	<b>44.936</b>	<b>44.816</b>	<b>28.995</b>	<b>28.900</b>

## 8.10 Joint Ventures/Consortiums

As a member of joint ventures/consortiums the company recognizes its participation/investment to the jointly audited financial entities with the net equity method. It is noted that the company in all cases directly recognizes in its results any liability or commitment that burdens these joint ventures/consortiums, for which the latter can not self respond, recognizing such liabilities directly to them.

The most significant joint venture/consortium participations of the company are mentioned in § 6,7 "Group Structure-Consolidated Financial Statements". From these joint ventures/consortiums most of them are inactive. For the active joint ventures/consortiums the management estimates that they will be profitable and no potential liabilities will emerge apart from liabilities that have been recorded through the valuation with the net equity method.

The analysis regarding the participations/investments of the Group and the company in joint ventures/consortiums is depicted below:

	THE GROUP	
	Joint Ventures/Consortiums	
	31/12/2006	31/12/2005
<b>Beginning of period</b>	12.706	11.050
Additions	10	1.657
Reductions / Withdrawals against profits	0	0
<b>End of period balance</b>	<b>12.716</b>	<b>12.706</b>
<b>Net Equity method Valuation</b>		
Surplus / (undervalue) of joint ventures with a positive net equity	2.261	1.719
	0	0
Surplus / (undervalue) of joint ventures with a negative net equity	(20.443)	(20.128)
	0	0
<b>Net equity of joint ventures proportionate to the company</b>	<b>(5.466)</b>	<b>(5.702)</b>
<b>Investments in joint ventures</b>		
<i>Joint Ventures with a positive net equity</i>		
<b>Beginning of period</b>	<b>14.425</b>	<b>8.721</b>
Additions	10	1.657
Reductions / Withdrawals against profits	(560)	0
<b>Profit-loss proportion to an associate company</b>	<b>1.102</b>	<b>4.048</b>
<b>End period balance</b>	<b>14.977</b>	<b>14.425</b>
<i>Joint Ventures with a negative net equity</i>		
<b>Liabilities towards other investment interest companies</b>		
<b>Beginning of period</b>	<b>(20.128)</b>	<b>(20.408)</b>
Additions	0	0
Reductions / Withdrawals against profits	0	0
Profit-loss proportion to an associate company	(315)	281
<b>End period balance</b>	<b>(20.443)</b>	<b>(20.128)</b>
	0	
Total effect to the result		
<b>Proportion of profit/ (loss) to an associate company</b>	<b>787</b>	<b>4.329</b>

THE COMPANY

	Joint Ventures/Consortiums	
	31/12/2006	31/12/2005
<b>Beginning of period</b>	12.696	11.039
Additions	10	1.657
Reductions / Withdrawals against profits	0	0
<b>End of period balance</b>	<b>12.706</b>	<b>12.696</b>
<b>Net Equity method Valuation</b>		
Surplus / (undervalue) of joint ventures with a positive net equity	1.615	777
	0	0
Surplus / (undervalue) of joint ventures with a negative net equity	(20.443)	(20.128)
	0	0
<b>Net equity of joint ventures proportionate to the company</b>	<b>(6.122)</b>	<b>(6.655)</b>
<b>Investments in joint ventures</b>		
<i>Joint Ventures with a positive net equity</i>		
<b>Beginning of period</b>	<b>13.473</b>	<b>8.557</b>
Additions	10	1.657
Reductions / Withdrawals against profits	0	0
<b>Profit-loss proportion to an associate company</b>	<b>838</b>	<b>3.260</b>
<b>End period balance</b>	<b>14.321</b>	<b>13.473</b>
<i>Joint Ventures with a negative net equity</i>		
<b>Liabilities towards other investment interest companies</b>		
<b>Beginning of period</b>	<b>(20.128)</b>	<b>(20.408)</b>
Additions		
Reductions / Withdrawals against profits		
Profit-loss proportion to an associate company	(315)	281
<b>End period balance</b>	<b>(20.443)</b>	<b>(20.128)</b>
Total effect to the result		
<b>Proportion of profit/ (loss) to an associate company</b>	<b>523</b>	<b>3.540</b>

The total amounts for each one of the current asset items, and the short-term liabilities, the income and expenditures that are related with the investments of the company and the Group in joint ventures/consortiums are analyzed in the table below.

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Trade Receivables	1.861	1.687	1.860	1.687
Affiliated Companies	39.730	35.129	39.730	35.129
Sundry debtors	1.174	1.520	1.084	1.225
<b>Total receivables</b>	<b>42.765</b>	<b>38.343</b>	<b>42.674</b>	<b>38.041</b>
Trade Creditors	1.681	408	266	211
Sundry creditors	2	134	2	0
<b>Total Liabilities</b>	<b>1.683</b>	<b>543</b>	<b>268</b>	<b>211</b>
Income	1.064	683	1.060	683
Expenses	650	663	646	663
<b>Results</b>	<b>414</b>	<b>20</b>	<b>414</b>	<b>20</b>

The above table presents receivables from joint ventures amounting to approximately € 43 million. Part of these (approximately € 20,4 million) are judged as non secure to be collected. There exists no reason to perform a bad debt provision since these receivables have been written off indirectly through the valuation (with the creation of the liability that emerges from it, as analyzed in a previous table of the current paragraph).

### 8.11 Other Short-term receivables and Prepayments

The other receivables of the Group and the Company are analyzed below:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Escrow accounts	5	5	-	-
Deferred expenses	2.092	1.072	1.646	466
Accrued income	40	115	-	-
Other interim accounts	206	1.218	-	-
<b>Total</b>	<b>2.343</b>	<b>2.410</b>	<b>1.646</b>	<b>466</b>

The prepayments of the company and the Group are:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Income tax prepayments	4.013	2.775	2.619	2.574
Asset acquisition prepayments	1.482	1.927	811	1.467
Inventory purchase prepayments	24.222	9.078	437	334
<b>Total Prepayments</b>	<b>29.716</b>	<b>13.779</b>	<b>3.868</b>	<b>4.375</b>

### 8.12 Fair value Financial Items though results

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Shares	5	5	0	0
Other securities	51	540	51	540
<b>Total</b>	<b>56</b>	<b>545</b>	<b>51</b>	<b>540</b>

### 8.13 Receivables from affiliated and other participation/investment interest Companies.

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Short-term receivables from affiliated companies	39.730	35.129	39.730	35.129
Short-term receivables from other investment interest	233	7	0	0
<b>TOTAL</b>	<b>39.963</b>	<b>35.136</b>	<b>39.730</b>	<b>35.129</b>

The receivables of the above category are analyzed through the Joint Venture/Consortium remarks in § 8.10.

### 8.14 Cash and cash equivalents

The cash and cash equivalents of the Group and the Company are analyzed below:



	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Cash at hand	205	535	25	237
Short-term bank deposits	34.487	37.657	9.700	19.538
<b>Total</b>	<b>34.692</b>	<b>38.192</b>	<b>9.725</b>	<b>19.774</b>

Cash represents cash at hand in addition to bank deposits available at first demand. The real weighted average interest rate of the bank deposits for the period presented is 2,84%.

During the above dates there were no overdrafts from bank accounts.

## 8.15 Equity

### i) Share capital

The Company's share capital is constituted from 66.937.526 common fully paid up shares and from 25.968.987 preferred shares of € 1,48 face value each. The total share capital amounts to € 137.501 thousand. The shares of MICHANIKI S.A. are listed in the Stock Exchange.

During the presented period (and the relevant comparable period) no alteration was noted to the Company's share capital.

### ii) Share Premium

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Share premium	129.629	129.629	129.629	129.629
less: Own shares	(1.088)	(3.745)	(1.088)	(3.136)
<b>Total</b>	<b>128.540</b>	<b>125.884</b>	<b>128.540</b>	<b>126.493</b>

The Company's share premium (above par value) capital resulted from the issue of shares against cash in a value greater than its face value.

During the year-end of 2006 the company acquired 247.186 own shares and sold 1.656.504. From the sale of own shares a profit emerged amounting to € 2.287 thousand that benefited directly the equity. At 31/12/2006 the company possessed 247.184 own shares.

"MICHANIKI S.A." shares as well as the shares of the subsidiary "BALKAN EXPORT" are freely negotiable in the Athens Exchange and participate in the following indexes:

	MICHANIKI S.A.	BALKAN EXPORT S.A.
Capitalization	High	Low
Eurobank Mid Cup 50 Index	☒	
FTSE Athex Construction & Materials Index	☒	☒
FTSE 140	☒	

### iii) Other Reserves

The other reserves of the Group and the Company are analyzed below:

#### THE GROUP

	Statutory Reserve	Legal Reserve	Fair Value Property Investment Reserves	Readjustment Differences	Tax free reserves	Reserves from tax free profits of construction & Technical Companies	Reserves from specially taxed revenues	Foreign Exchange Conversion Reserves	Reserves from Intention Rights of Shares to personnel	Own Shares Reserves	Other Reserves	Dividends for appropriation	Total
Balance at 1/1/2005	3.102	2.678	795	4.768	849	997	(150)	-	4.895	11.256	11.006	40.196	
Foreign exchange differences	-	-	-	-	-	-	(732)	-	-	-	-	(732)	
Changes during the year-end	50	7.749	(0)	113	(193)	-	-	-	132	479	(11.006)	(2.677)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 31/12/2005	3.152	10.427	795	4.881	655	997	(882)	-	5.027	11.735	-	36.787	
Foreign exchange differences	-	-	-	-	-	-	(140)	-	-	-	-	(140)	
Changes during the year-end	870	(102)	0	278	-	-	-	-	(5.027)	(350)	-	(4.330)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 31/12/2006	4.022	10.325	795	5.159	655	997	(1.022)	-	-	11.386	-	32.317	

#### THE COMPANY

	Statutory Reserve	Legal Reserve	Fair Value Property Investment Reserves	Readjustment Differences	Tax free reserves	Reserves from tax free profits of construction & Technical Companies	Reserves from specially taxed revenues	Foreign Exchange Conversion Reserves	Reserves from Intention Rights of Shares to personnel	Own Shares Reserves	Other Reserves	Dividends for appropriation	Total
Balance at 1/1/2005	2.584	-	795	1.872	849	995	-	-	4.793	10.823	10.859	33.570	
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	
Changes during the year-end	32	-	(0)	-	(193)	-	-	-	-	452	(10.859)	(10.569)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 31/12/2005	2.616	-	795	1.872	655	995	-	-	4.793	11.275	-	23.002	
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	
Changes during the year-end	752	-	12.653	-	-	-	-	-	(4.793)	(416)	-	8.196	
Other	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 31/12/2006	3.368	-	13.448	1.872	655	995	-	-	-	10.859	-	31.197	

The statutory legal reserve has been formed according to the ordinances of the Commercial Law 2190/1920.

#### iv) Retained earnings

The amount of € (80.790) thousand / € (90.491) thousand refers to accumulated losses of the Group/Company at 31/12/2006.

#### 8.16 Deferred tax receivable and liability and tax agreement

The deferred tax receivables and liabilities are analyzed below:

	THE GROUP				THE COMPANY			
	31/12/2006		31/12/2005		31/12/2006		31/12/2005	
	D.T. Receivable	D.T. Liability						
<b>Non Current Items</b>								
Tangible Assets & property Investments	839	(5.664)	800	(6.248)	190	(1.504)	303	(1.423)
Investments and other Long-term Receivables	-	-	-	-	-	-	-	-
<b>Current Items</b>								
Construction Contracts	6.461	(17.168)	3.552	(10.136)	6.122	(14.758)	3.552	(10.027)
Inventories	-	(1.506)	-	-	-	-	-	-
<b>Equity Capital</b>								
Reserves	175	(1.296)	175	(1.296)	175	(1.296)	175	(1.296)
Grants	256	-	240	-	6	-	4	-
<b>Long-term Liabilities</b>								
Personel Benefits	432	-	347	-	259	-	277	-
Joint Ventures	326	83	326	(3)	-	83	-	(3)
<b>Short-term Liabilities</b>								
Financial Leases	26	(656)	356	(1.151)	0	(435)	231	(846)
Other short-term liabilities	-	(47)	-	-	-	-	-	-
<b>Tax Rate Change</b>								
Tangible Assets & Property Investments	(132)	414	(20)	(119)	(44)	315	(21)	125
Construction Contracts	184	1.673	9	598	216	1.370	9	598
Inventories	(70)	-	-	-	(70)	-	-	-
Grants	(57)	-	(26)	-	(1)	-	(1)	-
Personel Benefits	(64)	-	(32)	-	(58)	-	(26)	-
Joint Ventures	-	-	-	-	-	-	-	-
Financial Leases	(4)	(151)	(0)	(54)	-	(168)	(0)	(71)
Other short-term liabilities	-	-	-	-	-	-	-	-
<b>Other</b>								
Fiscal year-end 2005 distributed dividends income tax	-	4.269	-	-	-	4.269	-	-
Tax deductible losses	1.937	-	1.059	-	1.059	-	1.059	-
IAS profits deferred taxation	31	(2.216)	-	-	-	(1.843)	-	-
<b>Total</b>	<b>10.340</b>	<b>(22.265)</b>	<b>6.787</b>	<b>(18.409)</b>	<b>7.853</b>	<b>(13.967)</b>	<b>5.563</b>	<b>(12.944)</b>
<b>Offsetting</b>		<b>(11.924)</b>		<b>(11.622)</b>		<b>(6.114)</b>		<b>(7.381)</b>

The income tax rate in which the companies of the Group, operating in Greece, are subject to for 2006 is 29%.

The Group has not recognized a deferred taxation for the accumulated losses from the valuation and sale of securities. These losses are setoff only with respective profits from sale of securities. Moreover it does not calculate a deferred taxation in the valuation of financial derivative products since the tax law does not recognize realized losses, but only the profits incurred.

According to the tax legislation certain incomes are not taxed at the time of their possession, but at the time of their distribution to the shareholders. The Group's accounting principle is to recognize a deferred tax liability for these incomes at the time of their attainment, regardless from the time of their distribution.

The income tax upon the profits before tax of the Group and the Company, differs from the theoretic amount that would have resulted, if the tax ratio in effect in the countries where the companies of the group operate in was used, as follows:

	CONSOLIDATED INFO		COMPANY INFO	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Current income tax	2.925	491	238	-
Deferred tax	4.575	6.228	3.006	5.553
Previous year-ends tax audit tax	-	238	-	6
Potential taxes	396	230	-	200
<b>TOTAL INCOME TAX</b>	<b>7.896</b>	<b>7.187</b>	<b>3.244</b>	<b>5.759</b>
<b>Profit before tax</b>	<b>33.842</b>	<b>26.668</b>	<b>11.793</b>	<b>20.801</b>
Current income tax upon profits before tax	9.299	8.209	3.420	6.656
Tax effect of non taxed income and expenses that are not deducted for tax reasons	527	(88)	491	(137)
Tax effect of taxed income at its source (dividends, j/v etc)	(77)	(252)	-	-
Tax effect of non deductible IFRS recordings	(333)	(47)	(333)	(47)
Tax provision of tax audit of un-audited year-ends	396	230	-	200
Previous year-ends tax audit tax	-	238	-	6
Tax effect of losses for which an asset deferred tax was not recognized	4	193	-	-
Tax effect of losses for which an asset deferred tax was recognized	-	(611)	-	(545)
Recognition of deferred taxed losses of previous year-ends	(940)	(175)	-	-
Effect from ratio changes	(980)	(510)	(334)	(375)
<b>TOTAL INCOME TAX</b>	<b>7.896</b>	<b>7.187</b>	<b>3.244</b>	<b>5.759</b>

### 8.17 Employee Benefit Liabilities and Other provisions

The Group and the company recognises as a retirement benefit obligation the present value of the legal commitment that has been assumed by them for the payment of a lump sum compensation to retired personnel. The relative obligation was determined based upon an actuarial study.

The respective obligation of the Group and the Company is as follows:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Balance Sheet Liabilities for:</b>				
Retirement benefits	1.865	1.919	803	866
Health care benefits after retirement	-	-	-	-
<b>Total</b>	<b>1.865</b>	<b>1.919</b>	<b>803</b>	<b>866</b>
<b>Charges to results:</b>				
Retirement benefits (provisions and payments)	(366)	(284)	(166)	-
Health care benefits after retirement	-	-	-	-
Net Actuarial (profits) / losses registered in the period	312	306	104	187
<b>Total</b>	<b>(54)</b>	<b>23</b>	<b>(62)</b>	<b>187</b>

Τα ποσά που έχουν καταχωρηθεί στην ενοποιημένη κατάσταση λογαριασμού αποτελεσμάτων είναι τα παρακάτω:

	Ο ΟΜΙΛΟΣ		Η ΕΤΑΙΡΙΑ	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Κόστος τρέχουσας απασχόλησης	(366)	(284)	(166)	-
Χρηματοοικονομικό κόστος	-	-	-	-
Καθαρὰ αναλογιστικά (κέρδη)/ ζημιές που καταχωρήθηκαν στην περίοδο	312	306	104	187
<b>Σύνολο περιλαμβανομένο στις παροχές σε εργαζομένους</b>	<b>(54)</b>	<b>23</b>	<b>(62)</b>	<b>187</b>

The principal actuarial assumptions used were as follows:

**THE GROUP / THE COMPANY**

Future Salary Increases	3,15%
Yearly average of long-term inflation increase rate	2,00%
Discount interest rate	4,10%
G.N.P. yearly average increase	3,00%

***Personnel mobility:***

<b>Age Group</b>	<b>Voluntary Resignation</b>	<b>Dismissal</b>
up to 30 years old	4%	15%
31-40	2%	12%
41 and above	1%	10%

The provisions regarding the Group and the Company are recognized provided that present legal or implicit liabilities consequent to prior facts exist, provided that the potential to be settled through outflow resources exists, and provided that the amount of the liability can be reliably calculated. The other provisions of the company and the group are analyzed below:

<b>THE GROUP</b>					
	Recognition of accrued personal benefits	Provisions of loss- making construction projects	Derivative financial product provisions	Other provisions	Total Provisions
<b>1/1/2005</b>	<b>1.897</b>	<b>4.872</b>	<b>1.584</b>	<b>1.059</b>	<b>9.412</b>
Additional year-end provisions	306	5	2.277	-	2.589
Non used provisions that were reversed	(284)	(4.872)	(1.584)	165	(6.575)
<b>31/12/2005</b>	<b>1.919</b>	<b>5</b>	<b>2.277</b>	<b>1.224</b>	<b>5.426</b>
Additional year-end provisions	312	185	123	-	620
Non used provisions that were reversed	(366)		(2.277)	398	(2.245)
<b>31/12/2006</b>	<b>1.865</b>	<b>190</b>	<b>123</b>	<b>1.622</b>	<b>3.801</b>

<b>THE COMPANY</b>					
	Recognition of accrued personal benefits	Provisions of loss- making construction projects	Derivative financial product provisions	Other provisions	Total Provisions
<b>1/1/2005</b>	<b>679</b>	<b>4.872</b>	<b>1.584</b>	<b>822</b>	<b>7.958</b>
Additional year-end provisions	187	5	2.277	198	2.668
Non used provisions that were reversed	-	(4.872)	(1.584)	-	(6.456)
<b>31/12/2005</b>	<b>866</b>	<b>5</b>	<b>2.277</b>	<b>1.020</b>	<b>4.169</b>
Additional year-end provisions	104	185	123	-	412
Non used provisions that were reversed	(166)	-	(2.277)	2	(2.441)
<b>31/12/2006</b>	<b>803</b>	<b>190</b>	<b>123</b>	<b>1.022</b>	<b>2.139</b>

The company retains options and forwards which it evaluates according to the IFRS ordinances. The total amount invested in options and forwards at December 31<sup>st</sup>, 2006 amounted to € 57.000.000.

The scope of the foreign exchange forwards is the foreign exchange risk management for commercial or investment purposes. The profits or losses from foreign exchange forwards from the interest rate and foreign exchange fluctuations may be significant. The risk originates from the fluctuation of the exchange rates of the reference currency of the considered financial tool and from the course of the depository and loan interest rates of the two currencies. For the foreign exchange forwards no guarantees whatsoever are given to cover the above risks.

The company has the capability to terminate at any time the use of this specific tool even after the effective initiation of the term contract. The company mainly proceeds in contracting term contracts with a



duration of one year. Last the reap of profits or the payment of losses can take place either at the termination of the term contract through the discounting of the profit or loss or at any other date until the maturity of the foreign exchange forward term contract.

Within the other provisions there are included provisions that the company and the Group have performed for potential taxes.

The provision amounting to € 190 thousand, refers to the loss-making projects which according to I.A.S. 11 "Construction Contracts" the estimate of the loss-making result of the project is directly recorded to the results. Other than the above it is estimated there are no potential receivables and liabilities that may arise from the construction contracts.

### 8.18 Loan liabilities-Leases

The duration of the loans of the companies of the group is indefinite. Their full payment date depends upon the cash liquidity of each company separately. Therefore the loan liabilities of the group based upon the Managements' estimate (long-term and short-term) is analyzed as follows:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	1/12/2005
<b>Long-term loans</b>				
Bank Loans	14.115	8.392	-	-
Loans from parent company	-	-	-	-
Financial Lease Liabilities	7.584	7.120	(0)	(0)
Bonds	-	-	-	-
<b>Total Long-term loans</b>	<b>21.698</b>	<b>15.512</b>	<b>(0)</b>	<b>(0)</b>
<b>Short-term loans</b>				
Bank loans	38.034	36.892	29.003	22.000
Bank overdrafts	-	-	-	-
Bonds	-	-	-	-
Financial Lease Liabilities	566	2.502	0	692
Loans with guarantees	-	-	-	-
<b>Total Short-term loans</b>	<b>38.600</b>	<b>39.394</b>	<b>29.003</b>	<b>22.692</b>
<b>Total Loans</b>	<b>60.299</b>	<b>54.906</b>	<b>29.003</b>	<b>22.692</b>

The real weighted average bank loan interest rates of the Group at the balance date are depicted below:

	31/12/2006	31/12/2005
Bank Loans in €	5,17%	4,24%
Bank Loans in US \$	7,20%	5,67%
Bank Loans in YEN	-	2,04%

The table below presents the analysis of the contractual liability resulting from the Financial Leasing.

THE GROUP				
Future minimum lease payment rentals at December 31st, 2006				
	<1 year € '000s	1<5 years € '000s	>5 years € '000s	Total € '000s
Rental payments	566	7.584	-	8.150
Discount (Future financial charges of financial leases)	-	-	-	-
<b>Net Present Value</b>	<b>566</b>	<b>7.584</b>	<b>-</b>	<b>8.150</b>

THE COPMPANY				
Future minimum lease payment rentals at December 31st, 2006				
	<1 year € '000s	1<5 years € '000s	>5 years € '000s	Total € '000s
Rental payments	(0)	-	-	(0)
Discount (Future financial charges of financial leases)	-	-	-	-
<b>Net Present Value</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>(0)</b>

THE GROUP				
Future minimum lease payment rentals at December 31st, 2005				
	<1 year € '000s	1<5 years € '000s	>5 years € '000s	Total € '000s
Rental payments	2.501	6.233	888	9.622
Discount (Future financial charges of financial leases)	-	-	-	-
<b>Net Present Value</b>	<b>2.501</b>	<b>6.233</b>	<b>888</b>	<b>9.622</b>

THE COPMPANY				
Future minimum lease payment rentals at December 31st, 2005				
	<1 year € '000s	1<5 years € '000s	>5 years € '000s	Total € '000s
Rental payments	692	-	-	692
Discount (Future financial charges of financial leases)	-	-	-	-
<b>Net Present Value</b>	<b>692</b>	<b>-</b>	<b>-</b>	<b>692</b>

The Operating leases (expenses/income) of the group are as follows:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Operating leases which will be paid in 1 year</b>				
BUILDINGS	79	81	51	51
EQUIPMENT	-	-	-	-
TRANSPORTATION MEANS	440	234	363	219
OTHER EQUIPMENT	-	-	-	-
<b>Subtotal 1: Short-term operating leases</b>	<b>519</b>	<b>315</b>	<b>414</b>	<b>270</b>
<b>Operating leases which will be paid in 2 to 5 years</b>				
BUILDINGS	152	203	152	203
EQUIPMENT	-	-	-	-
TRANSPORTATION MEANS	814	361	652	358
OTHER EQUIPMENT	-	-	-	-
<b>Subtotal 2</b>	<b>967</b>	<b>564</b>	<b>804</b>	<b>561</b>
<b>Operating leases which will be paid after 5 years</b>				
BUILDINGS	-	-	-	-
EQUIPMENT	-	-	-	-
TRANSPORTATION MEANS	-	-	-	-
OTHER EQUIPMENT	-	-	-	-
<b>Subtotal 3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Subtotal 4 (=2+3): Long-term operating leases</b>	<b>967</b>	<b>564</b>	<b>804</b>	<b>561</b>
<b>TOTAL (=1+4)</b>	<b>1.486</b>	<b>879</b>	<b>1.218</b>	<b>831</b>

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Operating leases which will be collected in 1 year</b>				
BUILDINGS	473	197	-	-
EQUIPMENT	-	-	-	-
TRANSPORTATION MEANS	3	4	-	-
OTHER EQUIPMENT	-	-	-	-
<b>Subtotal 1: Short-term operating leases</b>	<b>476</b>	<b>200</b>	<b>-</b>	<b>-</b>
<b>Operating leases which will be collected in 2 to 5 years</b>				
BUILDINGS	1.501	243	-	-
EQUIPMENT	-	3	-	-
TRANSPORTATION MEANS	-	-	-	-
OTHER EQUIPMENT	-	-	-	-
<b>Subtotal 2</b>	<b>1.501</b>	<b>247</b>	<b>-</b>	<b>-</b>
<b>Operating leases which will be collected after 5 years</b>				
BUILDINGS	-	-	-	-
EQUIPMENT	-	-	-	-
TRANSPORTATION MEANS	-	-	-	-
OTHER EQUIPMENT	-	-	-	-
<b>Subtotal 3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Subtotal 4 (=2+3): Long-term operating leases</b>	<b>1.501</b>	<b>247</b>	<b>-</b>	<b>-</b>
<b>TOTAL (=1+4)</b>	<b>1.977</b>	<b>447</b>	<b>-</b>	<b>-</b>

### 8.19 Commercial Liabilities and prepayments

The analysis of the remaining balance of the trade creditors and the other similar liabilities of the Group and the Company are depicted below:

Commercial Liabilities	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Trade creditors	31.792	24.525	12.919	10.511
Bills payable	1.885	332	0	0
Cheques payable	19.886	14.689	12.950	12.464
	<b>53.563</b>	<b>39.546</b>	<b>25.869</b>	<b>22.975</b>

  

Liabilities to clients	Ο ΟΜΙΛΟΣ		Η ΕΤΑΙΡΙΑ	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Client advances	12.458	2.543	7.747	1.853
Client accruals (IAS 11)	4.035	385	3.072	385
<b>Total</b>	<b>16.494</b>	<b>2.929</b>	<b>10.820</b>	<b>2.238</b>

## 8.20 Tax liabilities

The liabilities from taxes are analyzed below:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Income Tax	7.500	6.719	3.244	5.553
Tax audit differences provision	396	230	0	200
Previous year-ends tax audit differences	0	238	0	6
<b>Period tax expense proportion</b>	<b>7.896</b>	<b>7.187</b>	<b>3.244</b>	<b>5.759</b>
	<b>O ΟΜΙΛΟΣ</b>		<b>Η ΕΤΑΙΡΙΑ</b>	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Tax liabilities	655	264	0	0
<b>Total</b>	<b>655</b>	<b>264</b>	<b>0</b>	<b>0</b>

The parent company has not been audited by the tax authorities for the fiscal year-ends 2002 up to and 2006. The tax un-audited fiscal year-ends for the other companies of the Group are depicted in the table below:

COMPANY NAME	TAX UN-AUDITED FISCAL YEAR-ENDS
HELLENIC PIPE WORKS S.A.	2001-2006
BALKAN EXPORT S.A.	2000-2006
MARMARA KAVALAS S.A.	2003-2006
THOLOS S.A.	2003-2006
HELLENIC WOOD INDUSTRY S.A.	1999-2006
MICHANIKI REAL ESTATE S.A.	2005-2006
MICHANIKI BULGARIA S.A.	1995-2006
MICHANIKI UKRAINE	-
MICHANIKI RUSSIA LTD	2004-2006

The findings of the ordinary tax audit of the parent company for the year-ends 2002-2005, are expected to be imminently finalized. There have been recognized potential taxes for the parent company amounting to € 1.016 thousand and for the Group € 1.616 thousand that are assessed as sufficient. The outcome of the joint venture/consortium tax liabilities in which the company participates in can not be forecasted at this current stage. It is estimated that as far as the inactive joint ventures/consortiums is concerned an additional taxation will not emerge due to the implicit taxation, and as far as the active joint ventures/consortiums is concerned any potential taxation will limit the profits towards its members.

### 8.21 Other long-term liabilities

In the other long-term liabilities of the group and the company the long-term section of the undertaken subsidiaries are included.

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>31/12/2006</b>	<b>31/12/2005</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Other long-term liabilities	3.497	3.613	2.664	2.730

### 8.22 Other short-term liabilities

The analysis of the other short-term liabilities is depicted below:

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>31/12/2006</b>	<b>31/12/2005</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Dividends Payable	701	820	701	820
Deferred revenues - Grants	2.039	2.152	429	162
Accrued expenses	42	66	-	-
Other liability interim accounts	9	9	-	-
Social Security	1.274	962	698	505
Other taxes-duties	4.407	2.867	2.423	2.311
Sundry creditors	2.801	8.144	1.763	4.750
<b>Total</b>	<b>11.273</b>	<b>15.020</b>	<b>6.014</b>	<b>8.547</b>
Amounts owed to affiliated parties	20.835	20.520	20.445	20.129
<b>Total</b>	<b>20.835</b>	<b>20.520</b>	<b>20.445</b>	<b>20.129</b>

Almost the total account "Amounts owed to affiliated parties", refers to a liability registered by the company from the valuation of the joint ventures in which it participates in with the Net Equity method. More information is mentioned in § 8.10.

### 8.23 Turnover

The turnover analysis of the Group and the Company is analyzed in § 7.

### 8.24 Cost of sales

The cost of sales of the company and the group is analyzed below:

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Cost of inventories recognized as an expense	66.987	44.080	19.256	23.462
Fair Value of property investments	8.748	-	-	-
Personnel Fees	17.002	11.484	10.467	7.505
Personnel Indemnity Provision	271	239	97	136
Fees and expenses of third parties	21.925	24.404	12.001	23.556
Third party grants	3.935	1.956	2.189	1.028
Operating lease rentals	6.540	897	2.309	795
Asset repair and maintenance expenses	1.187	469	999	342
Taxes and duties	1.003	376	734	289
Advertising	12	13	12	13
Other general expenses	3.428	2.051	1.360	972
Asset depreciation	5.478	5.616	2.820	2.761
Other provisions	185	-	185	-
<b>Total</b>	<b>136.701</b>	<b>91.584</b>	<b>52.429</b>	<b>60.858</b>
<b>Intergroup/company cross-outs</b>	<b>(3.878)</b>	<b>(1.121)</b>		
<b>Final Total</b>	<b>132.823</b>	<b>90.463</b>		

### 8.25 Administrative expenses

The administrative expenses of the company and the group are analyzed below:

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Personnel fees	2.656	3.187	1.831	2.488
Personnel indemnity provisions	27	65	7	51
Fees and expenses of third parties	1.494	1.733	792	945
Third party grants	727	491	525	297
Operating lease rentals	102	419	92	419
Asset repair and maintenance expenses	206	304	175	289
Taxes and duties	396	208	356	184
Advertising	193	233	193	233
Other general expenses	2.243	2.165	1.600	1.885
Asset depreciation	345	318	259	229
<b>Total</b>	<b>8.389</b>	<b>9.122</b>	<b>5.830</b>	<b>7.021</b>

## 8.26 Selling expenses

The selling expenses of the company and the group are analyzed below:

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Cost of inventories recognized as an expense	46	53	-	-
Personnel fees	693	557	-	-
Personnel indemnity provisions	15	2	-	-
Fees and expenses of third parties	97	57	-	-
Third party grants	167	159	5	4
Operating lease rentals	10	-	-	-
Asset repair and maintenance expenses	34	3	-	-
Taxes and duties	16	14	-	-
Advertising	-	6	-	-
Other general expenses	2.860	584	-	-
Interest & Similar Charges	-	-	-	-
Asset depreciation	129	171	39	53
<b>Total</b>	<b>4.068</b>	<b>1.606</b>	<b>44</b>	<b>57</b>

## 8.27 Depreciation

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
COST OF SALES	5.478	5.616	2.820	2.761
SELLING EXPENSES	129	171	39	53
ADMINISTRATIVE EXPENSES NOT INCORPORATED I THE OPERATIONAL COST	345	318	259	229
SELF PRODUCTION	69	95	-	-
	410	-	111	-
	<b>6.432</b>	<b>6.200</b>	<b>3.229</b>	<b>3.043</b>

## 8.28 Other operating revenues/ expenses

The other operating revenues/expenses are analyzed below:

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
<b>Other operational income</b>				
Foreign exchange differences profits	1.583	1.332	0	1
Income from Subsidies - Grants	198	472	66	317
Insurance Indemnities	105	39	80	4
Other idemnities	-	57	-	33
Income from rents	114	46	56	38
Income from sales commissions	-	27	-	27
Income from unused/used provisions	368	4.892	166	4.872
Profits from asset sales	104	4.323	72	3.519
Fair value of property investments	8.519	8.129	-	-
Profits from sale and leaseback of assets	406	604	96	293
Other income from previous year-ends	752	14	0	1
Other income	358	384	271	2
<b>Total</b>	<b>12.507</b>	<b>20.318</b>	<b>806</b>	<b>9.108</b>
<b>Other operating expenses</b>				
Foreign exchange differences losses	1.128	1.972	0	1
Bad debt provision	122	50	95	50
Losses from asset sales	332	1.411	238	1.361
Tax fines and increments	53	55	28	53
Tax fines and increments of previous year-ends	5	37	5	-
Insurance Indemnities	80	-	80	-
Depreciation not incorporated to the operational cost	69	95	-	-
Taxes not incorporated to the operational cost	94	87	14	20
Other income from previous year-ends	153	266	40	51
Other income	100	64	42	30
<b>Total</b>	<b>2.135</b>	<b>4.036</b>	<b>540</b>	<b>1.566</b>

## 8.29 Financial revenues/expenses – Other financial results

The financial result of the group and the company is analyzed below:

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
<b>Financial Income from:</b>				
- Bank interest	232	65	5	5
- Derivative financial product valuation	117	-	117	-
- Trade receivables	445	48	143	14
- Cash for investment sale	-	41	-	41
- Securities	1.075	237	884	148
- Investments (J/V)	-	312	-	-
<b>Total</b>	<b>1.871</b>	<b>704</b>	<b>1.150</b>	<b>208</b>
<b>Financial Expenses from:</b>				
- Derivative financial product valuation	241	2.277	241	2.277
- Bank Loans	3.084	768	1.835	257
- Overdrafts	-	-	-	-
- Guarantees commission	1.390	522	1.025	435
- Financial Leases	528	416	8	98
- Other bank expenses	259	185	148	103
<b>Total</b>	<b>5.501</b>	<b>4.168</b>	<b>3.257</b>	<b>3.171</b>
<b>Other Financial Results</b>				
- Profits from investment and securities sales	630	911	630	535
- Derivative financial product result	5.038	(6.687)	5.038	(6.687)
- Valuation differences from investments and securities	(13)	2.469	-	2.469
- Investments and securities sale losses	(97)	-	(97)	-
- Investments and securities expenses and losses	(57)	(48)	(57)	(1)
- Other financial expenses	(245)	-	(171)	-
Profit-loss proportion to associate company	787	4.329	523	3.540
<b>Total</b>	<b>6.043</b>	<b>975</b>	<b>5.865</b>	<b>(142)</b>
<b>Intergroup/company cross-outs</b>	<b>(372)</b>	<b>(2.868)</b>		
<b>PERIOD FINANCIAL RESULT</b>	<b>2.041</b>	<b>(5.358)</b>	<b>3.758</b>	<b>(3.104)</b>

### 8.30 Transactions with associated parties

The transactions referring to sales and purchases to and from associated parties of the group are analyzed below:

	01/01 - 31/12/2006 THE GROUP	THE COMPANY
COMMODITIES AND SERVICES SALES	1.064	2.053
COMMODITIES AND SERVICES PURCHASES	140	391
OTHER RECEIVABLES	1.861	1.963
OTHER LIABILITIES	298	286
LOAN RECEIVABLES	41.119	43.192
LOAN LIABILITIES	21.828	20.443

#### ANALYSIS OF PURCHASES - SALES OF PARENT COMPANY WITH SUBSIDIARIES 01/01/2006 - 31/12/2006

	BALKAN S.A.	MARMARA S.A.	PIPING S.A.	THOLOS S.A.	MICHANIKI REAL ESTATE S.A.	PARENT COMPANY TOTAL TRANSACTIONS WITH SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF PARENT COMPANY
COMMODITIES AND SERVICES SALES	-	92	355	539	8	993	4	1.060
COMMODITIES AND SERVICES	13	92	156	-	-	261	10	130

	BALKAN S.A.	MARMARA S.A.	THOLOS S.A.	ELVIX S.A.	MICHANIKI REAL ESTATE S.A.	MICHANIKI BULGARIA	MICHANIKI UKRAINE	PARENT COMPANY TOTAL RECEIVABLES-LIABILITIES WITH SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF PARENT COMPANY
OTHER RECEIVABLES	-	44	57	-	2	-	-	103	1	1.860
OTHER LIABILITIES	12	6	-	0	-	-	-	18	30	268
LOAN RECEIVABLES	-	-	-	107	-	346	1.871	2.324	251	40.868
LOAN LIABILITIES	-	-	-	-	-	-	-	-	1.385	20.443

01/01 - 31/12/2005  
THE GROUP THE COMPANY

COMMODITIES AND SERVICES SALES	693	799
COMMODITIES AND SERVICES PURCHASES	190	214
OTHER RECEIVABLES	1.828	4.504
OTHER LIABILITIES	304	295
LOAN RECEIVABLES	36.497	39.796
LOAN LIABILITIES	21.790	20.128

ANALYSIS OF PURCHASES - SALES OF PARENT COMPANY WITH SUBSIDIARIES 01/01/2005 - 31/12/2005

	BALKAN S.A.	MARMARA S.A.	PIPING S.A.	THOLOS S.A.	MICHANIKI REAL ESTATE S.A.	PARENT COMPANY TOTAL TRANSACTIONS WITH SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF PARENT COMPANY
COMMODITIES AND SERVICES SALES	-	-	-	112	4	116	10	683
COMMODITIES AND SERVICES PURCHASES	14	-	35	-	-	49	25	165

  

	BALKAN S.A.	MARMARA S.A.	PIPING S.A.	THOLOS S.A.	ELVIX S.A.	MICHANIKI BULGARIA	MICHANIKI UKRAINE	PARENT COMPANY TOTAL RECEIVABLES-LIABILITIES WITH SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF PARENT COMPANY
OTHER RECEIVABLES	-	32	-	2,644	-	-	-	2.676	0	1.828
OTHER LIABILITIES	17	-	5	-	0	-	-	22	30	274
LOAN RECEIVABLES	-	-	-	-	-	2,304	1,246	3.550	251	36.246
LOAN LIABILITIES	-	-	-	-	-	-	-	0	1.662	20.128



**TRANSACTIONS BETWEEN SUBSIDIARIES OF THE GROUP**

**Purchases - sales 01/01 - 31/12/2006**

<b>BUYER</b>	THOLOS	2.384 €
<b>SELLER</b>	PIPING	

**Lending receivables - liabilities at 31/12/2006**

<b>LIABILITY</b>	RUSSIA	7.001 €
<b>RECEIVABLE</b>	BULGARIA	

**Other receivables - liabilities at 31/12/2006**

<b>LIABILITY</b>	THOLOS	364 €
<b>RECEIVABLE</b>	PIPING	

**TRANSACTIONS BETWEEN SUBSIDIARIES OF THE GROUP**

**Purchases - sales 01/01 - 31/12/2005**

<b>BUYER</b>	THOLOS	1.241 €
<b>SELLER</b>	PIPING	

**Other receivables - liabilities at 31/12/2005**

<b>LIABILITY</b>	THOLOS	1.477 €
<b>RECEIVABLE</b>	PIPING	

**Transactions with other associated parties**

	THE GROUP	THE COMPANY
Transactions & Executive fees and Board of Directors members 01/01-31/12/2006	2.160	1.401
Receivables from Executive members and Board of Directors members at 31/12/2006	-	-
Liabilities to Executive members and Board of Directors members at 31/12/2006	62	31

**Transactions with other associated parties**

	THE GROUP	THE COMPANY
Transactions & Executive fees and Board of Directors members 01/01-31/12/2005	1.838	1.223
Receivables from Executive members and Board of Directors members at 31/12/2005	464	-
Liabilities to Executive members and Board of Directors members at 31/12/2005	32	18

### 8.31 Profits per share

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Basic profits per share (€ per share)</b>				
From continued activities	0,27	0,21	0,09	0,16
From discontinued activities	0,00	0,00	0,00	0,00
<b>Total basic profits per share (€ per share)</b>	<b>0,27</b>	<b>0,22</b>	<b>0,09</b>	<b>0,17</b>
	<b>Ο ΟΜΙΛΟΣ</b>		<b>Η ΕΤΑΙΡΕΙΑ</b>	
	<b>31/12/2006</b>	<b>31/12/2005</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Profits proportioned to the parent company shareholders	18.219	14.144	6.160	10.838
Profits from discontinued activities	0	282	0	282
Profits from continued activities	18.219	13.862	6.160	10.556
Weighted Number of Ordinary Shares	66.323.741	65.138.864	66.323.741	65.138.864

The accounts of the comparative period have been amended since for the calculation of profits per share the profits proportioned to the ordinary shareholders to the weighted average of the ordinary shares in circulation is taken into consideration.

### 8.32 Potential receivables-liabilities

There are no judicial or administrative or under litigation disputes for which, in sum taken into consideration by case, may have a significant impact on the financial position or operation of the company and the group. There are no potential receivables and liabilities regarding the group.

### 8.33 Engagements

The engagements of the Group and the Company regarding construction contracts are depicted below:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
L/G Good Performance	245.065	124.687	213.384	112.051
L/G Retention Replacement	9.543	7.312	7.739	6.954
L/G Advance Payment	15.046	3.684	10.317	3.684
<b>TOTAL</b>	<b>269.654</b>	<b>135.682</b>	<b>231.440</b>	<b>122.688</b>

### 8.34 Dividends

The dividend distribution for the fiscal year-end of 2006 is subject to the approval by the General Assembly which will take place in June 2007.

The company's management intends to propose to the shareholders, the distribution of an amount of € 0,14 per share. The company during the current year-end proceeded in the distribution of dividends amounting to € 13.126 thousand.

### 8.35 Employed personnel

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Salaried</b>	430	330	245	198
<b>Daily Wage</b>	428	297	240	171
<b>Total Employees</b>	<b>858</b>	<b>627</b>	<b>485</b>	<b>369</b>

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Personnel Emoluments	16.283	12.471	9.691	8.102
Employers' Contributions	4.932	3.690	2.911	2.458
Personnel Indemnities	368	1.096	166	812
Other personnel grants	22	20	6	6
<b>Total</b>	<b>21.604</b>	<b>17.277</b>	<b>12.774</b>	<b>11.378</b>
Amount charged to the Profit & Loss account	20.350	15.228	12.299	9.993
Amount capitalized within the asset self productions	154	599	154	599
Amount in Inventories	1.100	1.450	321	786
<b>Total</b>	<b>21.604</b>	<b>17.277</b>	<b>12.774</b>	<b>11.378</b>

### 8.36 Management grants

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Short-term grants to personnel</b>				
Salaries & Fees	1.519	1.291	941	818
Social Security Cost	111	101	48	51
Board of Directors Fees	529	446	412	354
<b>Total</b>	<b>2.160</b>	<b>1.838</b>	<b>1.401</b>	<b>1.223</b>



### **8.37 Change in accounting estimations**

No change was recorded regarding the accounting methods or accounting estimations.

### **8.38 Events after the date of the balance sheet**

Other than the pre-mentioned facts, there are no subsequent events to the financial statements concerning either the Group or the Company, which require a reference to be made from the International Financial Reporting Standards.

#### **THE CHAIRMAN**

**PRODROMOS S. EMFIETZOGLOU**  
ID No:  $\Xi$  498825/86

#### **THE MANAGING DIRECTOR**

**MELPOMENI PR. EMFIETZOGLOU**  
ID No: P 580621/94

#### **THE FINANCIAL DIRECTOR**

**APOSTOLOS N. ATHANASOPOULOS**  
ID No:  $\Xi$  288898/87

#### **THE CHIEF ACCOUNTING MANAGER**

**KIKIANTONIS I. CHRISTOS**  
ID No: N 296442/83 License Register No. of  
the Chartered Auditors Association 13476

**2. CONCISE YEARLY DATA AND INFORMATION OF THE COMPANY AND THE GROUP SET BY THE JOINT DECISION OF THE ECONOMY AND FINANCE MINISTER AND THE MINISTER OF DEVELOPMENT PROVIDED IN ARTICLE 135 PAR. 4 OF THE C.L. 2190/1920 IN EFFECT**

COMPANY INFORMATION		1.1 BALANCE SHEET ITEMS (consolidated and non consolidated) amounts in thousand €				1.2 YEAR-END PROFIT AND LOSS STATEMENT (consolidated and non consolidated) amounts in thousand €			
		THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
		31/12/2006	31/12/2005	31/12/2006	31/12/2005	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
<b>COMPANY INFORMATION</b> Company Headquarters: M. Alexandrou 91 Street - Amarousio Attica "Sector: Anonymous" Registered Number: 8410/05/B/016 Qualified Prefecture (or District Court): Athens Prefecture Board of Directors Composition: EMFIETZOLOU PRODROMIOS, EMFIETZOLOU MELPOMENI, KAMBARIS NIKOLAOS, ATHANASOPOULOS APOSTOLOS, DIMANIS GEORGIOS, TRIVOULOS ELEFTHERIOS, VOZANIS ELIAS, TSARLAKIANDIS ANGELOS, KALINIKOLOS GEORGIOS Date of approval of the yearly financial statements: 18.03.2007 Certified Auditor Accountant: GEORGIOS ATH. SIABAVRIAS Auditing company: S.O.L.S.A. Type of auditing report of chartered accountants: With applicable opinion - emphasized matter Company Website Address: <a href="http://www.michaniki.gr">http://www.michaniki.gr</a> Employmenent number:		<b>ASSETS</b> Asset Tangible items Inventory Receivables from clients Other asset items <b>TOTAL ASSETS</b>		<b>LIABILITIES</b> Long-term liabilities Short-term bank liabilities Other short-term liabilities <b>Total liabilities (a)</b> Share capital Other items of net equity of company's shareholders <b>Total Net Equity of Company's Shareholders (b)</b> Minority rights (c) <b>Total Net Equity (d) = (b) + (c)</b> <b>TOTAL LIABILITIES (a) + (c) + (d)</b>		<b>Total sales turnover</b> Gross profit/ (losses) Profits / (losses) before tax, financial and investment results and depreciation Profits / (losses) before tax, financial investment results Profits / (losses) before tax Less taxes Profits / (losses) after tax from continuing activities Profits / (losses) after tax from discontinued activities Profits / (losses) after tax (continued and discontinued) <b>Distributed to:</b> Company shareholders Minority Shareholders Profits after tax per Share (in €/share) Suggested dividend per Share (€/share) Total shares: 92.906.513 Ordinary: 68.937.526, Preferred: 25.968.987		<b>166.710</b> <b>116.935</b> <b>66.072</b> <b>84.299</b> <b>33.887</b> <b>20.472</b> <b>13.644</b> <b>23.441</b> <b>38.234</b> <b>38.225</b> <b>11.205</b> <b>20.949</b> <b>31.802</b> <b>32.026</b> <b>8.036</b> <b>23.906</b> <b>33.842</b> <b>26.668</b> <b>11.793</b> <b>20.801</b> <b>7.896</b> <b>7.187</b> <b>3.244</b> <b>5.759</b> <b>25.946</b> <b>19.090</b> <b>8.549</b> <b>14.653</b> <b>0</b> <b>391</b> <b>0</b> <b>391</b> <b>25.946</b> <b>19.481</b> <b>8.549</b> <b>15.043</b> <b>25.287</b> <b>19.631</b> <b>660</b> <b>(150)</b> <b>0,2747</b> <b>0,2171</b> <b>0,0529</b> <b>0,1664</b> <b>0,14</b>	
According to the Auditing Report of the Certified Auditors Public Accountants: "Without stipulating reservation subject to the conclusion of our audit, we call upon your attention that no provisions have been made for potential tax liabilities regarding the un-audited, tax work, fiscal year ends of the Joint Ventures/Consumers, as relevantly mentioned in note 8.20 which is cited in the Financial Statements Addendum, regarding the current tax position of the Company and the Group. The outcome of the Joint Ventures/Consumers tax audits can not be forecasted at this current stage and therefore no provision whatsoever has been made upon the Financial Statements relevant to this matter."									
GROUP STRUCTURE					1.3. YEAR-END NET EQUITY CHANGES STATEMENT (consolidated and non consolidated) amounts in € thousand				
COMPANY NAME	HEADQUARTERS	PARTICIPATION PERCENTAGE	UNAUDITED TAX YEAR ENDS	CONSOLIDATION METHOD					
MICHANIKI S.A.	GREECE	PARENT COMPANY	2002-2006	FULL					
HELLENIC PIPING S.A.	GREECE	100.00%	2002-2006	FULL					
SALKANI EXPORT S.A.	GREECE	50.02%	2002-2006	FULL					
MARBARA KAVAJAS S.A.	GREECE	77.07%	2003-2006	FULL					
THOLOS S.A.	GREECE	100.00%	2003-2006	FULL					
HELLENIC WOOD INDUSTRY S.A.	GREECE	98.82%	1998-2006	FULL					
MICHANIKI REAL ESTATE S.A.	GREECE	100.00%	2005-2006	FULL					
MICHANIKI BULGARIA S.A.	BULGARIA	95.70%	1995-2006	FULL					
MICHANIKI UKRAINE	UKRAINE	-	-	FULL					
MICHANIKI RUSSIA LTD	RUSSIA	86.36%	2004-2006	FULL					
J.V. "MICHANIKI S.A. - EDISTRA EDILIZIA STRADALE SPA"	GREECE	99.00%	2003-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - ELUSSOON CONSTRUCTION INC."	GREECE	50.00%	2003-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - EPIFODOS S.A. - ENVALDES-ELLINIKO DYHMIKI"	GREECE	93.00%	2003-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - ATHINA S.A."	GREECE	53.00%	2005-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - TERNA S.A."	GREECE	2.00%	2002-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - ATTIKIAT S.A."	GREECE	99.80%	2003-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - ATHINAIKI TERMA S.A. - PARIION S.A."	GREECE	62.50%	2003-2006	NET EQUITY					
J.V. "AKTOR-PANTEHNIKI MICHANIKI"	GREECE	20.00%	2003-2006	NET EQUITY					
J.V. "AKTOR-MICHANIKI-MCH-OS-ALTE"	GREECE	4.38%	2003-2006	NET EQUITY					
J.V. "AKTOR-MICHANIKI-MCH-OS-ALTE EGRATHA AVE. - VERODIA"	GREECE	20.00%	2003-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - MCH-OS S.A."	GREECE	50.00%	2001-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - THEHELI S.A. - PARIION S.A."	GREECE	90.00%	2003-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - PANTENHIKI S.A."	GREECE	50.00%	2003-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - CHR. KONSTANTINIDIS S.A."	GREECE	50.00%	2003-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - PARIION S.A."	GREECE	92.50%	1993-2006	NET EQUITY					
J.V. "MICHANIKI S.A. - PANTENHIKI S.A. (ALEXANDROPOULOS)"	GREECE	53.00%	2003-2006	NET EQUITY					
J.V. "THESSALIKI-ELTER MICHANIKI-TE CHR. KOWIOS"	GREECE	29.33%	2003-2006	NET EQUITY					
J.V. "THESSALIKI MICHANIKI-ELTER"	GREECE	25.00%	2002-2006	NET EQUITY					
J.V. "ATHINA-MICHANIKI"	GREECE	50.00%	2005-2006	NET EQUITY					
J.V. "TERNA-MICHANIKI"	GREECE	35.00%	2005-2006	NET EQUITY					
J.V. "THEMELODOM-MICHANIKI-MCH-OS"	GREECE	40.00%	2003-2006	NET EQUITY					
<b>1.4. YEAR-END CASH FLOW STATEMENT INFORMATION (Indirect Method) (consolidated and non consolidated) amounts in € thousand</b>									
					THE GROUP		THE COMPANY		
					1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005	
<b>Operating Activities</b> Profit before tax Plus / less adjustments for: Depreciation (Depreciation of assets grants) Losses / (Profits) from asset sale Provisions / (Reversals) from amount provisions of previous year-ends Losses / (Profits) of fair value Property Investments Foreign exchange differences Results (income, expenses, profits and losses) from investment activity Joint venture valuation with the net equity method Credit interest and similar income Debt interest and similar charges Plus/less adjustments for changes of working capital accounts or accounts related with operating activities Decrease / (increase) of inventories Decrease / (increase) of receivables (Decrease) / increase of liabilities (except banks) Less: Paid up Debt interest and similar charges Paid up income taxes <b>Total inflows / (outflows) from operating activities (a)</b> <b>Investment activities</b> Disposal (Acquisition) of subsidiaries, associates, joint ventures and other investments Purchases of tangible and intangible assets Collections from sales of tangible and intangible assets Acquisition from property investments Collection from property investment sales Loans provided to affiliated parties Interest received Share capital decrease of subsidiary Collections from Government grants Settlement of Derivative Financial Items Collected dividends Other <b>Total inflows / (outflows) from investment activities (b)</b> <b>Financial Activities</b> Collections from share capital increase Collections from issued / undertaken loans Sales / (Purchases) of own shares Dividends paid to the parent company shareholders Loan settlements Liability settlements from financial leases (amortization) Paid dividends <b>Total inflows / (outflows) from financial activities (c)</b> <b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b> <b>Cash and cash equivalents at the beginning of the period</b> <b>Cash and cash equivalents at the end of the period</b>					<b>33.842</b> <b>26.668</b> <b>11.793</b> <b>20.801</b> <b>6.432</b> <b>6.200</b> <b>3.229</b> <b>3.043</b> <b>(116)</b> <b>(115)</b> <b>(86)</b> <b>(86)</b> <b>(2.112)</b> <b>(2.997)</b> <b>72</b> <b>(2.158)</b> <b>252</b> <b>(4.859)</b> <b>219</b> <b>(4.632)</b> <b>(7.352)</b> <b>(8.022)</b> <b>0</b> <b>0</b> <b>(302)</b> <b>73</b> <b>0</b> <b>0</b> <b>(3.290)</b> <b>7.090</b> <b>(3.290)</b> <b>7.544</b> <b>(787)</b> <b>(4.329)</b> <b>(523)</b> <b>(3.540)</b> <b>(678)</b> <b>(155)</b> <b>(148)</b> <b>(60)</b> <b>5.504</b> <b>1.891</b> <b>3.188</b> <b>893</b> <b>(10.303)</b> <b>(12.689)</b> <b>(2.061)</b> <b>(5.161)</b> <b>(50.095)</b> <b>(33.874)</b> <b>(11.348)</b> <b>(27.489)</b> <b>36.226</b> <b>17.032</b> <b>5.757</b> <b>7.539</b> <b>(5.498)</b> <b>(1.887)</b> <b>(3.188)</b> <b>(803)</b> <b>(3.607)</b> <b>(3.450)</b> <b>(3.043)</b> <b>(2.959)</b> <b>(2.083)</b> <b>(13.333)</b> <b>693</b> <b>(7.139)</b> <b>(10)</b> <b>(391)</b> <b>(2.037)</b> <b>(6.920)</b> <b>(10.670)</b> <b>(3.857)</b> <b>(9.235)</b> <b>(3.055)</b> <b>2.309</b> <b>17.864</b> <b>2.223</b> <b>16.322</b> <b>0</b> <b>(1.215)</b> <b>0</b> <b>0</b> <b>11.000</b> <b>0</b> <b>0</b> <b>0</b> <b>(4.668)</b> <b>(6.653)</b> <b>(4.602)</b> <b>(6.653)</b> <b>0</b> <b>0</b> <b>1.787</b> <b>0</b> <b>351</b> <b>36</b> <b>58</b> <b>0</b> <b>62</b> <b>0</b> <b>0</b> <b>0</b> <b>2.761</b> <b>(5.360)</b> <b>2.761</b> <b>(5.360)</b> <b>0</b> <b>0</b> <b>883</b> <b>147</b> <b>0</b> <b>0</b> <b>0</b> <b>0</b> <b>1.109</b> <b>424</b> <b>(8.162)</b> <b>(6.518)</b> <b>0</b> <b>0</b> <b>0</b> <b>0</b> <b>47.468</b> <b>43.965</b> <b>29.303</b> <b>30.000</b> <b>4.334</b> <b>5.441</b> <b>4.334</b> <b>1.669</b> <b>0</b> <b>0</b> <b>0</b> <b>0</b> <b>(39.671)</b> <b>(16.752)</b> <b>(22.300)</b> <b>(8.000)</b> <b>(1.471)</b> <b>(2.904)</b> <b>(892)</b> <b>(2.147)</b> <b>(13.120)</b> <b>(10.613)</b> <b>(13.120)</b> <b>(10.925)</b> <b>(2.628)</b> <b>19.137</b> <b>(2.486)</b> <b>16.618</b> <b>(3.500)</b> <b>6.227</b> <b>(10.049)</b> <b>(2.040)</b> <b>38.192</b> <b>31.965</b> <b>19.774</b> <b>21.814</b> <b>34.692</b> <b>38.192</b> <b>9.725</b> <b>19.774</b>				
<b>ADDITIONAL DATA AND INFORMATION</b> 1) All of the companies of the Group that are included in the table "GROUP STRUCTURE" are consolidated with the full consolidation method, except the parent ventures which are consolidated with the net equity method. 2) For the un-audited tax year-ends of the Parent company and the remaining companies of the Group, mentioned in the appendix and the Group structure, sufficient provisions for potential taxes have taken place except for the joint ventures/consumers. The ordinary tax audit for the un-audited tax year-ends from 2002 up to 2005 of the Parent company is expected to be concluded imminently. For the impending tax audit differences the Company assesses that it has performed sufficient provisions in previous year-ends. 3) The Group's assets are free of mortgages and charging orders in favour of third parties, with the exception of a building of the company, THOLOS S.A., upon which a mortgage amounting to € 0.15 million exists for liability guarantees. 4) There are no judicial or administrative or under litigation disputes for which, in sum taken into consideration by case, may have a significant impact on the financial position or operation of the company and the group. 5) The Group's employed personnel at 31/12/2006 was 858 employees and the company's 485 employees and at 31/12/2005, 627 and 389 respectively. 6) The Group & Parent Company's sales turnover (01-01-31-12-06) to associated parties amounted to € 1.064 thousand and € 2.053 thousand respectively. The Group & Parent Company's purchases (01-01-31-12-06) from associated parties amounted to € 140 thousand & € 91 thousand respectively. The purchases and sales (01-01-31-12-2005) between subsidiaries amounted to € 2.384 thousand. At 31/12/2006 the Group's and the Company's receivables from associated parties amounted to € 4.981 thousand and € 4.451 thousand respectively, and the Group's and the Company's liabilities to associated parties amounted to € 22.120 thousand and € 20.729 thousand respectively. Between subsidiary companies at 31/12/2006 there is a remaining balance of receivables/ liabilities amounting to € 7.354 thousand. The transactions and fees for executive employees and members of the management of the Group and the Parent Company (01-01-31-12-2006) amounted to € 2.160 thousand & € 1.401 thousand respectively, and the liabilities at 31/12/2006 towards executive employees and members of the management of the Group and the Parent Company amounted to € 6.2 thousand & € 31 thousand respectively. 7) The Group publishes financial statements which were compiled according to the IFRS from 01-01-2005. 8) The Group's and the Company's total investments in fixed assets for the period 01-01-31-12-2006 amounted to approximately € 11.482 thousand and € 10.102 thousand respectively. The Group's subsidiary companies, "SALKANI EXPORT S.A.", "THOLOS S.A." and "ELVIV S.A.", which based upon the IFRS application were subject to the ordinances of article 47 of the C.L. 2190/1920 at 31/12/2005. "SALKANI EXPORT S.A." and "ELVIV S.A." have already, through the A. Repetitive Extraordinary General Assembly dated 16.05.2006 and the Extraordinary General Assembly dated 30.06.2006, respectively, engaged in the taking of appropriate measures and have settled their equity capital, whereas "THOLOS S.A." through the decision of the Extraordinary General Assembly dated 28.06.2006 has engaged in the taking of appropriate measures and has settled its Equity Capital at 04.09.2006. 10) Reclassifications of items for the comparative period (01-01-31-12-2005) took place, for which a reference is made in the yearly financial statements in paragraph 3. 11) Possible differences in totals are due to number rounding.									
THE CHAIRMAN OF THE BOARD		Amarousio, March 18th, 2007		THE MANAGING DIRECTOR					
PRODROMIOS S. EMFIETZOLOU		ID No: Z 48925/86		MELPOMENI PR. EMFIETZOLOU		ID No: P 58021-94			
THE FINANCIAL DIRECTOR				THE CHIEF ACCOUNTING MANAGER					
APOSTOLOS N. ATHANASOPOULOS		ID No: Z 28898/87		KIRIANTONIS I. CHRISTOS		ID No: N 296442/83 License Register No. of the Chartered Auditors Association 13478			

**3. BOARD OF DIRECTORS REPORT UPON THE YEARLY FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP PROVIDED IN ARTICLE 136 OF C.L. 2190/1920 AND EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL ASSEMBLY OF ITS SHAREHOLDERS INCLUDING INFORMATION ACCORDING TO THE ORDINANCES OF PARAGRAPH 1 OF ARTICLE 11A OF L. 3371/2005**

**BOARD OF DIRECTORS MANAGEMENT REPORT**

At December 31<sup>st</sup>, 2006, MICHANIKI completed 32 years of continuing business activity and development. From a small construction company in Salonika it gradually evolved into a Group of Companies with activities in the sectors of:

- construction
- real estate development and utilization
- energy
- industry

The company and consolidated financial results of the Group for 2006 are summarized below:

<i>Consolidated Results in € million</i>	<i>31.12.2006</i>	<i>31.12.2005</i>	<i>% Change</i>
Sales Turnover	166.710	116.395	42,56
Profits before Taxes, Interest, Depreciation (EBITDA)	38.234	38.225	0,02
Profits before Taxes (EBT)	33.842	26.668	26,90
Profits after Taxes (EAT)	25.946	19.481	33,18
Profits after Tax and Minority Rights	25.287	19.631	28,81
Profits per share	0,2747	0,2171 €	26,53

<i>Company Results in € million</i>	<i>31.12.2006</i>	<i>31.12.2005</i>	<i>% Change</i>
Sales Turnover	66.072	84.299	-21.62
Profits before Taxes, Interest, Depreciation (EBITDA)	11.265	26.949	-58.19
Profits before Taxes (EBT)	11.793	20.801	-43.30
Profits after Taxes (EAT)	8.549	15.043	-43.16
Profits per share	0,0929	0,1664 €	-44.17

During year-end 2006, MICHANIKI S.A. further expanded its market share securing better development conditions and benefits for its Shareholders.

On a Group level, the consolidated sales (turnover) for 2006 amounted to € 166,71 million, against € 116,40 million in 2005 which is a yearly raise of 42,56%.

The consolidated profits before tax, interest and depreciation (EBITDA) amounted to € 38,23 million, against € 38,22 million in 2005, presenting a marginal raise of 0,02%.



The consolidated net profits, after tax and after the deduction of minority rights, presented an increase of 28,81% and amounted to € 25,28 million, against € 19,63 million in 2005.

On a parent company level, MICHANIKI S.A., the company's sales (turnover) for 2006 amounted to € 66,07 million, against € 84,29 million in 2005, thus reduced by 21,62%.

Profits before tax, interest and depreciation (EBITDA) have decreased by 43,30% and amounted to € 11,79 million in 2006, against € 20,80 million for the respective previous year-end.

The net (after tax, Board of Director fees, tax audit and minority rights) profits of MICHANIKI S.A. amounted to € 8,54 million, against € 15,04 million in 2005, reduced by 43,16%.

MICHANIKI and its subsidiary THOLOS within the year-end of 2006 have undertaken projects which worth € 294,6 million. The reduced figures of the parent company are mainly due to the fact that most of the construction projects undertaken are in their initial stage with low execution rates. As their construction progresses the company will gradually increase the execution rate of the construction projects and thus increase its sales and profits.

### **PROSPECTS FOR 2007**

The positive facts and the prospects for further development, expansion and enlargement of our activities will characterize the new year as well.

More over, in 2007 we expect significant development in all the sectors in which we operate.

#### ***Construction sector:***

The continuation of the strengthening of our position through the undertaking of significant public and selective private projects that classify MICHANIKI within the top construction companies in a broad range of infrastructure projects and set off the qualitative characteristics and the Company's consistency in the Greek market. Characteristically, since the open market rules regarding the public project bids were put into effect, the Company has undertaken several infrastructure projects. At 31.12.2006 the un-executed income from contracts amounted to € 450,0 million. Recently MICHANIKI S.A. made an underbid for one more project worth € 211,0 million. Today the un-executed income from contracts exceeds the amount of € 600 million.

#### ***Real Estate Development and Utilization sector:***

With the objective to continue our development and the promotion of the Greek entrepreneurship abroad, MICHANIKI has opened significant paths in substantial and very promising foreign markets, such as Ukraine, Russia and Bulgaria. The real estate development and utilization is the sector where the MICHANIKI Group gives greater emphasis, due to the general orientation of these projects worldwide with the "construction – financing – utilization" aspect from private companies and syndicate schemes.

Specifically:

- In the area of Ekali in Athens the Company is completing the construction of a luxury apartment complex called "Dryads" consisting of 55 apartments.
- In Odessa of Ukraine, since autumn of 2004 the "Athena" Commercial Centre is operative with a total surface area of 30.000 sq.m.

- In Kiev, the capital of Ukraine, the Company has begun the construction of the "Artemis" complex consisting of stores, offices and apartments, upon a total surface area of 50.000 sq.m. The construction of the frame of the first 11 store building has almost been completed whereas from the total 198 apartments of the project 31 have already been pre-sold.
- The company proceeds upon schedule with the final studies of the exemplary settlement project "Odessa Dream" found in the Odessa coast. The complex covers a total area of 200.000 sq.m. and the total structural surface is 202.180 sq.m. The construction license is expected before the end of the 1<sup>st</sup> six month semester of 2007.
- The final studies of the building complex "Alexandros" in the capital of Russia, Moscow, are being formulated. The construction works regarding the "Business and Hotel Complex" of 157.000 sq.m., is expected to commence within the first six month period of 2007. Additionally, within the current year-end, construction works are expected to commence regarding two new settlement projects:
  - 1) The apartment building "IRA" in the Lobanovo area of Himki, with a total surface area of 12.500 sq.m., and
  - 2) the apartment building "APHRODITE" in the Ivakino area of Himki, with a total surface area of 22.000 sq.m.

Further more the company acquired three more land parcels in the area of Himki, with a total surface area of 4.000 sq.m., 26700 sq.m. and 2.900 sq.m. respectively, for which studies will be submitted for settlement and commercial development.
- After the finalized fortification of the 6.300 sq.m. land parcel in the area "Taganka" which is in the historical center of Moscow, Michaniki Russia executes the required pre-studies for the architectural finalization of an office and apartment complex with a total area of 48.000 sq.m. The anticipated construction works commencement falls in the 1<sup>st</sup> six month semester of 2008.

### ***Energy sector:***

Exploiting the Company's infrastructure and know-how in the construction of significant projects, MICHANIKI's objective is to become an electric energy producer through Hydroelectric Stations. It has already initiated the operation of a small Hydroelectric Station Theodorianon, 4 MW and holds a license from the construction of a second one, the Hydroelectric Station of Agios Nikolaos, 93 MW, with a budget of € 150,0 million. Furthermore the company has submitted a petition to the Regulatory Authority of Energy in order to receive an electricity power production license for the following projects: the Hydroelectric Station Karpenitsioti, 5,4 MW and the Hydroelectric Station Temenous, 15 MW.

### ***Industry sector:***

Despite the adverse conditions regarding the operation of industrial units in the Greek market in a deindustrialization Greek economy, MICHANIKI integrates significant spending cut programs and sets off the most profitable and efficient departments of its industrial units.

- Hellenic Piping S.A. during 2006 showed a rapid increase in its figures, surpassing the initial management estimates regarding the doubling of sales and profits. Sales (turnover) showed an increase of 128% and amounted to € 27,2 million, against € 11,9 million in 2005, whereas net



profits increased by 78,57% and amounted to € 2,5 million, against € 1,4 million, in the respective previous year-end. The company's long-standing presence and experience allows it to further support its competitive position and increase its market share abroad such as in the Arabian countries in conjunction to its activities in the particularly demanding U.S. market where sales for 2006 amounted to 70% of its turnover. It is estimated that for 2007 the company's financial figures will continue to increase.

- Balkan Export S.A. proceeded with the limitation of its industrial activity and swift of its activities in the Utilization and Exploitation of Real Estate, after the broadening of its scope from the General Assembly of its shareholders. Already Balkan participates with a 25% stake in Michaniki Russia, whereas in the beginning of the current year "Balkan Bulgaria" was established based in Sofia.
- Marmara Kavalas S.A. expects an increase in sales and improvement of profitability.

## **CORPORATE GOVERNANCE**

MICHANIKI has adopted the Principles of Corporate Governance, as designated by the Greek legislation in effect and the international practices. The Corporate Governance, as a set of rules, principles and control mechanisms, according to which the Company is organized and managed, has the objective of disclosure towards the public, equal treatment in information, as well as the objective to ensure the interests of its Shareholders and all of whom are related to its operation.

The internal audit constitutes one of the basic and necessary conditions relative to the Corporate Governance operation. The responsibilities of the Company's Internal Audit Administration, include the evaluation and improvement of the risk management and internal audit systems, as well as the ascertainment of compliance relative to the institutional policies and procedures as delimited in the Internal Regulation of Operations of the Company, the in effect legislation and the regulatory ordinances, but also to the Quality Assurance Services System EN ISO 9001:2000.

## **DIVIDEND POLICY**

The Company's Management, intends to suggest to its shareholders for 2006, the distribution of a dividend with an amount that will not be less in relation to the respective dividend of the previous year-end, that is € 0,14 per share.

**Prodromos S. Emfietzoglou**

**Chairman of the Board of the Directors**

**MICHANIKI S.A.**

**Explanatory Report of the Board of Directors to the Ordinary General Assembly of its shareholders including information according to the ordinances of paragraph 1 of article 11a of L. 3371/2005.**

1. Share Capital Structure.

The Company's share capital amounts to € 137.501.639,24 divided in 66.937.526 common registered voting shares & 25.968.987 preferred, of € 1,48 face value each. All of the shares are listed in the Athens Stock Exchange, in the Large Capitalization category. The Company's shares are common registered voting shares and preferred registered non-voting shares.

2. Limitations regarding the transfer of the company's shares.

Stock transfer of Company shares is performed according to the law with no limitations arising from its statute.

3. Significant direct or indirect participations according to the ordinances of P.D. 51/1992.

Mr. Emfietzoglou Prodromos at 20.4.2007 holds a percentage of 20,918% of the Company's share capital. The G22-HG22 SMALLCAP WORLD FUND INC. at 20.4.2007 holds a percentage of 6,497% of the Company's share capital. No other physical or legal entity holds a percentage bigger than 5% of the share capital.

4. Owners of any kind of shares with special controlling rights.

There are no Company shares that grant its owners with special controlling rights.

5. Limitations regarding voting rights.

The Company's statute does not provide any limitations regarding voting rights.

6. Agreements between Company shareholders.

It is not to the Company's knowledge the existence of agreements between shareholders, which entail limitations regarding share transfers or the exercise of voting rights emanating from its shares.

7. Appointment rules and replacement of Board of Directors members and statute amendment.

The rules provided by the Company's statute regarding the appointment and the replacement of Board of Directors members and the amendment of the statute's ordinances don not diversify from the provisions of C.L. 2190/1920.

8. Authority of the Board of Directors or of certain of its members regarding the issue of new shares or the acquisition of own shares.

According to the ordinances of article 13 & 1 section B' and c' of c.l. 2190/1920 and article 6 of the Company's statute, it is provided that its Board of Directors has the right, with the condition of a relevant decision from the General Assembly, which is subject to the publicity stipulations of article 7b of C.L. 2190/1920, to increase the Company's share capital through the issuance of new shares through its decision, taken by a majority of at least 2/3 of its total members up to the amount of the capital, which is paid-up at the date were the Board of Directors was granted the above authority by the General Assembly which can be renewed by the General Assembly for a period of time that does not exceed the five years for each



renewal and its effect commences after the maturity of each five year period. There is no decision by the General Assembly with which a similar authority has been granted to the Board of Directors.

According to the ordinances of paragraphs 5 to 13 of article 16 of C.L. 2190/1920, the listed companies in the Athens Exchange can, through a General Assembly decision of its shareholders, acquire own shares through the Athens Exchange up to a percentage of 10% of its total shares, with the objective to support the trading price and with specific terms and procedures of the above paragraphs of article 16 of C.L. 2190/1920. There is no opposite ordinance within the Company's statute.

During the period from January 1<sup>st</sup> 2006 to December 31<sup>st</sup> 2006, a decision regarding the acquisition of own shares took place. In particular the Extraordinary General Assembly of its shareholders, common stock shareholders, dated June 30<sup>th</sup> 2006 and the Repetitive Extraordinary Particular General Assembly of its shareholders, preferred stock shareholders, dated July 18<sup>th</sup> 2006 decided upon the acquisition of own shares.

More specifically during the stated fiscal year-end, 247.184 common shares and 106.355 preferred shares were acquired.

Moreover, during the period January 1<sup>st</sup> 2006 to December 31<sup>st</sup> 2006, the Board of Directors decided upon the sale of own shares, that the Company has acquired in previous year-ends, according to the decisions taken by the extraordinary General Assemblies dated 31.1.2003 and 22.7.2004.

More specifically during the stated fiscal year-end, 1.656.504 common Company shares were sold.

9. Significant agreement signed by the Company, commencing, amended or expiring in case there is a change in the Company's control as a result of a public offer and the results of such an agreement.

No such agreement exists.

10. Every agreement signed between the Company and the members of its Board of Directors or with its employees, which provides compensation in case of resignation or discharge in the absence of a substantial reason or termination of their term or occupation due to a public offer.

There are no agreements between the Company and its Board of Directors members, or employees which provide the deposit of any compensation especially in the case of a resignation or discharge in the absence of a substantial reason or the termination of their term or occupation due to a public offer.

**Prodromos S. Emfietzoglou**

**Chairman of the Board of Directors**

**MICHANIKI S.A.**

## **4. AUDITORS REPORT FOR THE COMPANY AND THE GROUP**

### **INDEPENDENT AUDITORS REPORT**

To the Shareholders of Societe Anonyme "MICHANIKI S.A."

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Societe Anonyme "MICHANIKI S.A" (the "Company") in addition to the Consolidated Financial Statements of the company (the "Group"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in 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 (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on the 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 financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Without stipulating reservation subject to the conclusion of our audit, we call upon your attention that no provisions have been made for potential tax liabilities regarding the un-audited, tax wise, fiscal year ends of the Joint Ventures/Consortiums, as relevantly mentioned in note 8.20 which is cited in the Financial Statements Addendum, regarding the current tax position of the Company and the Group. The outcome of the Joint Venture/Consortiums tax audits can not be forecasted at this current stage and therefore no provision whatsoever has been made upon the Financial Statements relevant to this matter.

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

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

**Amarousio, 18 March 2007**

**THE CERTIFIED AUDITOR PUBLIC ACCOUNTANT**

**GEORGIOS ATH. SKABAVIRIAS**

**REG. NO. (ICPA (GR)) 14661**

**S.O.L. S.A.**

**5. TRANSACTION REPORT OF THE COMPANY WITH AFFILIATED COMPANIES PROVIDED IN ARTICLE 2 PAR. 4 OF L. 3016/2002, IN EFFECT**

- a) The company HELLENIC PIPE WORKS S.A. a) sold steel pipes of € 105,60 thousand value before V.A.T. to MICHANIKI S.A., with an outstanding amount of € 0,00 thousand, b) rented a building to MICHANIKI S.A. to be used as a repair workshop and the rentals amounted to € 50,76 thousand with an outstanding amount of € 0,00 thousand.
- b) BALKAN EXPORT S.A. sold timber of €12,60 thousand value before V.A.T. to MICHANIKI S.A., with an outstanding amount of € 12,06 thousand.
- c) The company MARMARA KAVALAS S.A. sold marble of € 92,45 thousand before V.A.T. to MICHANIKI S.A., with an outstanding amount of € 5,95 thousand.
- d) The company HELLENIC WOOF INDUSTRY S.A. a) from timber sales to MICHANIKI S.A. in a previous year-end has an outstanding amount of € 0,01 thousand.
- e) The company MICHANIKI S.A. rendered services of € 7,65 thousand to MICHANIKI REAL ESTATE S.A., with an outstanding amount of € 1,61 thousand.
- f) The company MICHANIKI S.A. leased equipment with € 91,74 thousand before V.A.T. to MARMARA KAVALAS S.A., with an outstanding amount of € 43,9 thousand.
- h) The company MICHANIKI S.A. leased equipment with € 354,95 thousand before V.A.T. to HELENIC PIPE WORKS S.A., with an outstanding amount of € 0,00 thousand.
- i) The company MICHANIKI S.A. leased equipment of € 539,07 thousand value before V.A.T. to THOLOS S.A., with an outstanding amount of € 57,13 thousand.
- j) The company HELLENIC PIPE WORKS S.A. sold steel pipes of € 2.383,85 thousand value before V.A.T. to THOLOS S.A., with an outstanding amount of € 363,83 thousand.
- k) The company MICHANIKI S.A. a) rendered services of € 1.059,85 thousand value to Joint Ventures in which it participates in, with an outstanding amount of € 1.860,31 thousand b) received services of € 129,78 thousand value from Joint Ventures in which it participates in, with an outstanding amount of € 268,27 thousand.



l) The company THOLOS S.A. a) rendered services of € 3,71 thousand value to Joint Ventures in which it participates in, with an outstanding amount of € 1,10 thousand b) received services of € 9,85 thousand value from Joint Ventures in which it participates in, with an outstanding amount of € 29,67 thousand.

m) The company MICHANIKI S.A. has borrowing receivables amounting to € 43.191,85 thousand, a) from HELLENIC WOOF INDUSTRY S.A. amounting to € 106,65 thousand, b) from MICHANIKI UKRAINE amounting to € 1.870,79 thousand, c) from MICHANIKI BULGARIA amounting to € 346,50 thousand, d) from Joint Ventures in which it participates in amounting to € 40.867,91 thousand.

Additionally the company MICHANIKI S,A, has borrowing liabilities to Joint Ventures in which it participates in amounting to € 20.443,20 thousand.

n) The company THOLOS S.A. has borrowing receivables from Joint Ventures in which it participates in amounting to € 251,28 thousand.

Additionally the company THOLOS S.A. has borrowing liabilities to Joint Ventures in which it participates in amounting to € 1.385,03 thousand.



The transactions referring to sales and purchases to and from associated parties of the group are analyzed below:

	01/01 - 31/12/2006 THE GROUP	THE COMPANY
COMMODITIES AND SERVICES SALES	1.064	2.053
COMMODITIES AND SERVICES PURCHASES	140	391
OTHER RECEIVABLES	1.861	1.963
OTHER LIABILITIES	298	286
LOAN RECEIVABLES	41.119	43.192
LOAN LIABILITIES	21.828	20.443

ANALYSIS OF PURCHASES - SALES OF PARENT COMPANY WITH SUBSIDIARIES 01/01/2006 - 31/12/2006

	BALKAN S.A.	MARMARA S.A.	PIPING S.A.	THOLOS S.A.	MICHANIKI REAL ESTATE S.A.	PARENT COMPANY TOTAL TRANSACTIONS WITH SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF PARENT COMPANY
COMMODITIES AND SERVICES SALES	-	92	355	539	8	993	4	1.060
COMMODITIES AND SERVICES	13	92	156	-	-	261	10	130

	BALKAN S.A.	MARMARA S.A.	THOLOS S.A.	ELVIX S.A.	MICHANIKI REAL ESTATE S.A.	MICHANIKI BULGARIA	MICHANIKI UKRAINE	PARENT COMPANY TOTAL RECEIVABLES-LIABILITIES WITH SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF SUBSIDIARIES	OTHER ASSOCIATED PARTIES OF PARENT COMPANY
OTHER RECEIVABLES	-	44	57	-	2	-	-	103	1	1.860
OTHER LIABILITIES	12	6	-	0	-	-	-	18	30	268
LOAN RECEIVABLES	-	-	-	107	-	346	1.871	2.324	251	40.868
LOAN LIABILITIES	-	-	-	-	-	-	-	-	1.385	20.443



**TRANSACTIONS BETWEEN SUBSIDIARIES OF THE GROUP**

**Purchases - sales 01/01 - 31/12/2006**

<b>BUYER</b>	THOLOS	
<b>SELLER</b>	PIPING	<b>2.384 €</b>

**Lending receivables - liabilities at 31/12/2006**

<b>LIABILITY</b>	RUSSIA	
<b>RECEIVABLE</b>	BULGARIA	<b>7.001 €</b>

**Other receivables - liabilities at 31/12/2006**

<b>LIABILITY</b>	THOLOS	
<b>RECEIVABLE</b>	PIPING	<b>364 €</b>

**TRANSACTIONS BETWEEN SUBSIDIARIES OF THE GROUP**

**Purchases - sales 01/01 - 31/12/2005**

<b>BUYER</b>	THOLOS	
<b>SELLER</b>	PIPING	<b>1.241 €</b>

**Other receivables - liabilities at 31/12/2005**

<b>LIABILITY</b>	THOLOS	
<b>RECEIVABLE</b>	PIPING	<b>1.477 €</b>

**Transactions with other associated parties**

	<b>THE GROUP</b>	<b>THE COMPANY</b>
Transactions & Executive fees and Board of Directors members 01/01-31/12/2006	2.160	1.401
Receivables from Executive members and Board of Directors members at 31/12/2006	-	-
Liabilities to Executive members and Board of Directors members at 31/12/2006	62	31

**Transactions with other associated parties**

	<b>THE GROUP</b>	<b>THE COMPANY</b>
Transactions & Executive fees and Board of Directors members 01/01-31/12/2005	1.838	1.223
Receivables from Executive members and Board of Directors members at 31/12/2005	464	-
Liabilities to Executive members and Board of Directors members at 31/12/2005	32	18

**6. INFORMATION OF ARTICLE 10 OF L. 3401/2005 FOR FISCAL YEAR 2006**

<b>A/A</b>	<b>SUBJECT</b>	<b>POSTING SITE</b>	<b>DATE OF PUBLICATION</b>
1	Announcement-Information regarding the sale of Own Shares	www.michaniki.gr	02/01/2006
2	Cooperation Agreement with Praktiker Hellas	www.michaniki.gr	03/01/2006
3	The subsidiary company THOLOS signed a contract for the work project: Vertical Axis of Egnatia Auto route Thessalonica-Moudanion	www.michaniki.gr	30/01/2006
4	Announcement regarding the sale of Own Shares	www.michaniki.gr	03/02/2006
5	MICHANIKI bides as preferred bidder for the work project regarding the completion of the Kallidromos tunnel	www.michaniki.gr	14/02/2006
6	Intended Corporate Actions Schedule for 2006	www.michaniki.gr	28/02/2006
7	THOLOS S.A. signed a contract regarding the restoration of the National Theater	www.michaniki.gr	07/03/2006
8	Participation in the international exhibition MIPIM, in Cannes	www.michaniki.gr	13/3/2006
9	Contract signature regarding the construction of Road axis between Patras Beltway	www.michaniki.gr	15/03/2006
10	Financial Results Fiscal Year-End 2005	www.michaniki.gr	21/03/2006
11	MICHANIKI S.A. is the preferred bidder for a section of the Vertical Axis of Egnatia Auto-route Derveni-Serres-Promahonas	www.michaniki.gr	27/03/2006
12	MICHANIKI S.A. is the preferred bidder for construction of the Railway Line section Kiato-Rododafni	www.michaniki.gr	30/03/2006
13	Michaniki Subsidiary THOLOS S.A. signed contract for road works at Patrída-Naousa section	www.michaniki.gr	17/04/2006
14	Proposal for dividend of 0.14 euros/share fro Fiscal Year-End 2005	www.michaniki.gr	03/05/2006
15	Information to Analysts regarding the Company's results and prospects	www.michaniki.gr	11/05/2006
16	Own Ordinary Share Sale completion	www.michaniki.gr	16/05/2006
17	Institutional investor acquired a percentage of over 5%	www.michaniki.gr	24/05/2006
18	MICHANIKI S.A. signed contract for the public construction project regarding the Vertical Axis of Egnatia Auto-route Derveni-Serres-Promahonas	www.michaniki.gr	25/05/2006
19	A' Quarter Results 2006	www.michaniki.gr	30/05/2006
20	MICHANIKI S.A. signed contract for the construction of the Melissiou Tunnel of the Kiato-Rododafni railway line	www.michaniki.gr	05/06/2006
21	Ordinary Shareholder General Assembly Results	www.michaniki.gr	23/06/2006
22	Announcement regarding the dividend deposit of Fiscal year-End 2005	www.michaniki.gr	23/06/2006
23	Announcement regarding the completion of the extraordinary Shareholder General Assembly of the ordinary shares and the particular Shareholder General	www.michaniki.gr	30/06/2006

	Assembly of the preferred shares		
24	Acquisition of Own Ordinary Shares	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	30/06/2006
25	Subsidiary THOLOS as a preferred bidder for a road construction project in Patras	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	17/07/2006
26	Acquisition of Own Preferred Shares	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	18/07/2006
27	Subsidiary THOLOS as a preferred bidder for a construction project regarding the Extension of the Kavala Port	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	20/07/2006
28	First Six month results of 2006	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	29/08/2006
29	Subsidiary THOLOS signed a contract regarding a road construction project in Patras	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	11/09/2006
30	Participation in the 2006 Hydro Exhibition	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	25/09/2006
31	MICHANIKI S.A. is the preferred bidder for the construction of infrastructure of Lianokladi-Domokos railway line	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	02/10/2006
32	Company's participation in a Road Show	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	11/10/2006
33	Participation in the international exhibition MREF, in Moscow	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	31/10/2006
34	Nine month results 2006	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	21/11/2006
35	International Institutional Investors Placement	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	23/11/2006
36	C' Quarter HELLENIC PIPEWORKS	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	08/12/2006
37	Contract signature with PRAKTIKER Hellas	<a href="http://www.michaniki.gr">www.michaniki.gr</a>	22/12/2006

**7. AVAILABILITY OF FINANCIAL STATEMENTS, AUDITOR REPORTS AND BOARD OF DIRECTOR REPORTS OF THE COMPANIES THAT ARE INCORPORATED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY.**

The Company and Group Yearly Financial Statements, the Auditor's Report and the Board of Directors Report are registered within the Company's website address [www.michaniki.gr](http://www.michaniki.gr).

The Yearly Financial Statements, the Auditor's Reports and the Board of Director's Reports of the companies that are consolidated within the Company's financial statements, which are obligated to compile financial statements according to the International Accounting Standards as anticipated in case b' of the last section of paragraph 1 of article 134 of C.L. 2190/1920 in effect, and specifically the companies BALKAN EXPORT S.A., HELLENIC PIPE WORKS S.A., MARMARA KAVALAS S.A. THOLOS S.A., HELENIC WOOD INDUSTRY S.A. and MICHANIKI REAL ESTATE S.A. are registered within the Company's website address [www.michaniki.gr](http://www.michaniki.gr).

**8. ADDITIONAL INFORMATIONAL DATA OF ARTICLE 8 CASE 3 OF DECISION 7/372/15.02.2006 OF THE HELLENIC CAPITAL MARKET COMMISSION BOARD OF DIRECTORS.**

The significant developments after the disclosure of the financial statements of fiscal year-end 2006 and up to the disclosure of the present report are the following.

- The Management of Michaniki Group of companies decided upon the establishment of a subsidiary company in Egypt with the company name "MICHANIKI EGYPT". The company's scope will be the construction, development and exploitation of settlement units, hotels, commercial and amusement centers, office buildings as well as other private and state works. The decided initial share capital of the company will amount to € 7.000.000 and will be paid as follows: "MICHANIKI S.A." with the amount of € 4.900.000 (70%), "BALKAN EXPORT" with the amount of € 1.750.000 (25%) and "HELLENIC PIPE WORKS" with the amount of € 350.000 (5%).
- During the current period the tax audit for the fiscal year-ends from 2002 up to and 2004 of the Parent Company was concluded. From the relevant audit additional taxes emerged amounting to € 708.000. This relevant amount did not charge the period results since the company had not formed sufficient provisions. Consequently the parent company "MICHANIKI S.A." has not been audited by the tax authorities for the fiscal year-ends 2005 up to and fiscal year-end of 2006.
- The subsidiary company "MICHANIKI RUSSIA" signed a contract regarding the acquisition of a 700.000 sq.m. area in the southern part of Moscow. The acquisition value amounts to € 30.100.000 (\$40.500.000). The share capital of "MICHANIKI RUSSIA" amounts to € 60.000.000 and the participating companies are "MICHANIKI S.A." with 60%, "BALKAN EXPORT" with 25%, "HELLENIC PIPE WORKS" with 10% and "MARMARA KAVALAS" with 5%.



## 9. INVITATION TO THE ORDINARY GENERAL ASSEMBLY OF THE SHAREHOLDERS FOR FISCAL YEAR-END 2006

### MICHANIKI S.A.

91, Meg. Alexandrou Str., Marousi 151 24

Tel: 210-80 97 100, fax: 210-61 43 359, e-mail: [info@michaniki.gr](mailto:info@michaniki.gr)

S.A. Reg. No. 8440/06/B/86/16

<http://www.michaniki.gr>

### Invitation to the 32<sup>nd</sup> Shareholders Ordinary General Assembly.

Through the Board of Directors decision and according to the law and the company's Statute, the shareholders of the societe anonyme company "MICHANIKI S.A." are invited to the yearly Ordinary General Assembly dated June 22<sup>rd</sup>, 2007, Friday at 14:00, at the company's headquarters in the Municipality of Amarousio Attica (91, M. Alexandrou Str. and 25<sup>th</sup> March Str., main floor, Assembly Room) fro the discussion decision making of the following daily agenda subjects:

### Agenda

1. Submission and approval of the Concise Financial Data and Information (Yearly Financial Statements), of the fiscal year-end from January 1<sup>st</sup> up to December 31<sup>st</sup> 2006, which have been compiled according to the International Financial Reporting Standards (IFRS) in addition to the relevant BoD reports and auditor reports (Chartered Auditor). Appropriation of profits approval.
2. Acquittal of the Board of Directors members in addition to the Auditors from every compensation responsibility, regarding the proceedings, the management and the Concise Financial Data and Information (Yearly Financial Statements), of the fiscal year-end from January 1<sup>st</sup> up to December 31<sup>st</sup> 2006.
3. Approval of Chartered Auditor compensation for the fiscal year of 2006.
4. Election of an ordinary and a substitute Chartered Auditor for the fiscal year-end of 2007and stipulation of their compensation.
5. Election of a new Board of Directors, due to the imminent termination of the term of the existing board and acquittal of its independent members.
6. License grant, according to article 23 §1 c.l. 2190/1920, to members of the BoD or also to Company's Managers to participate in BoD's or the Management of companies that aim for similar or relative to the Company scopes.
7. Acquisition through the Athens Exchange, of Company own shares up to a percentage of 9% of the total ordinary shares and up to a percentage of 9% of the preferred shares, designation of the maximum and minimum acquisition price and the time-line, upon which the acquisitions will take place and rendering of authorization to the Company's Board of Directors for the maintenance of the legal formulations regarding the above matters, based upon the particular defined ordinances of the law (article 16§§5 sec. of c.l. 2190/1920, in effect).



8. Notification of the catalogue according to article 16 §11 c.l.2190/1920, relevant to the acquisition of own shares of the Company.

The shareholders that wish to participate in the General Assembly, according to the law and article 17 of the Company's Statute, should:

- Block, through their Operator, the total or part of their shares and receive from the Operator the respective Blockage Share Certification.
- If after the dematerialization of their shares, these are found in the Special Account, they have to block their shares with a relevant statement to the HELLENIC EXCHANGES S.A. (prior SECURITIES DEPOSITORY S.A.) in total or part and receive the relevant Blockage Share Certification.
- Deposit the blockage share certifications and any representation documents to the Company's central offices (91, M. Alexandrou Str. and 25<sup>th</sup> March Str., Amarousio), at least five (5) days before the convergence of the General Assembly, that is up to Friday, June 15<sup>th</sup> 2007.

**Amarousio Attica, May 24th 2007**  
**The Board of Directors**