

# ANNUAL REPORT

(according to Decision 7/372/15.2.2006 by the BoD of the Capital Markets Commission)



# 2007



**I. KLOUKINAS - I. LAPPAS S.A.  
CONSTRUCTION & COMMERCE S.A.  
(K.L.M. S.A.)**

# mothercare

**Colours & Beauty**  
M I L A N O





**CONTENTS**

GENERAL INFORMATION AND FINANCIAL DATA FOR 2007	3
MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS	5
FINANCIAL RESULTS	6
SHARE PRICE PERFORMANCE IN RELATION TO THE G.I.	6
SHAREHOLDERS SHARE CAPITAL COMPOSITION	7
BOARD OF DIRECTORS REPORT: I. KLOUKINAS - I. LAPPAS S.A	8
EXPLANATORY REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN THE I. KLOUKINAS - I. LAPPAS S.A.	
GROUP OF COMPANIES, PURSUANT TO ARTICLE 11A LAW 3371/2005	11
SALES NETWORK	16
REAL ESTATE ASSETS	20
BALANCE SHEET	22
INCOME STATEMENT	23
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	24
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY	25
CASH FLOW STATEMENT	26
1. ADDITIONAL INFORMATION	27
1.1 General Information	27
1.2 Basis of Preparation	27
1.3 Amendments in accounting principals	27
2. BASIC ACCOUNTING PRINCIPLES	29
2.1 Consolidation	29
2.2 Consolidation of subsidiaries abroad	30
2.3 Group structure and method of company consolidation	30
2.4 Report by Segment	31
2.5 Recognition of revenues / costs	31
2.5.1 Revenues	31
2.5.2 Costs	32
2.6 Effects of Exchange rate fluctuations	33
2.7 Income Tax and Deferred Taxes	33
2.8 Tangible assets	33
2.9 Investments in property	34
2.10 Intangible assets	35
2.11 Asset impairment	35
2.12 Valuation of subsidiaries and affiliates	35
2.13 Inventories	35
2.14 Customer Receivables	35
2.15 Financial instruments	35
2.15.1 Financial instruments classified at fair value through profit and loss.	36
2.15.2 Loans and receivables	36
2.15.3 Financial assets available for sale	36
2.16 Cash and cash equivalents	36
2.17 Share capital	36
2.18 Borrowings	37
2.19 Leases	37
2.19.1 As lessee:	37
2.19.2 As lessor:	37
2.20 Employee benefits	37
2.20.1 Short-term benefits:	37
2.20.2 Termination benefits:	37
2.21 Government grants	38
2.22 Trade and other payables	38
2.23 Provisions	38

2.24 Construction contracts	38
2.25 Dividend Distribution	39
3. Financial risk factors	40
Market risk	40
Credit Risk	41
Liquidity Risk	41
3.1 Capital Management	41
3.2 Fair value estimation	42
3.3 Critical accounting estimates and judgements	42
3.4 Income taxes:	42
3.5 Provision for doubtful customers:	42
4. SEGMENT INFORMATION	43
4.1 Review by business segment	43
4.2 Review by geographical segment	44
4.3 Review of construction segment	45
5. NOTES ON FINANCIAL STATEMENTS	46
5.1 Tangible Assets (property, plant & equipment)	46
5.2 Intangible Assets	48
5.3 Goodwill	49
5.4 Real Estate Investments	50
5.5 Investments in Subsidiaries	50
5.6 Investments in affiliated companies	51
5.7 Other long-term receivables	51
5.8 Deferred tax liabilities and tax assets	51
5.9 Inventories	52
5.10 Trade debtors and other receivables	52
5.11 Advances	52
5.12 Transitory Accounts	53
5.13 Financial Assets	53
5.14 Cash and cash equivalents	53
5.15 Shareholders' Equity	53
5.16 Reserves	54
5.17 Borrowings	54
5.18 Employee retirement benefit obligations	55
5.19 Other long-term liabilities	55
5.20 Suppliers and other liabilities	56
5.21 Transitory Accounts	56
5.22 Turnover (Sales)	56
5.23 Expense analysis by category	56
5.24 Other operating income and expense	58
5.25 Financing cost	58
5.26 Income tax	59
5.27 Cash flow from operating activities	59
5.28 Gains from acquisition	60
6. ADDITIONAL INFORMATION AND NOTES ON THE ANNUAL FINANCIAL STATEMENTS	61
6.1 Contingent Claims and Liabilities	61
6.1.1 Information on contingent liabilities	61
6.1.2 Information on contingent claims	62
6.1.3 Existing encumbrances	62
6.1.4 Commitments	62
6.2 Employees and employee benefits	62
6.3 Inter-company transactions	63
6.4 Earnings per share	64
6.5 Dividends per share	64
6.6 Post balance sheet date events	64
6.7 Other important information	65

**I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERSE S.A****S.A. REG.NO. 5828/06/B/86/14****HEAD OFFICE : 3 PASTEUR ST. ATHENS****DATA AND INFORMATION FOR THE FISCAL YEAR JANUARY 1, 2007 TO DECEMBER 31, 2007**

The following information aims to provide an overall view of the financial position and results of the I.KLOUKINAS-I.LAPPAS S.A. Group of companies. The reader is therefore urged, prior to any investment decision or transaction, to access the company's web site [www.klimate.gr](http://www.klimate.gr) and review the annual reports, posted in accordance with the International Financial Reporting Standards.

**COMPANY INFORMATION**

Company Address: 3 Pasteur St. - Athens 11521  
S.A. Registry No.: 5828/06/B/86/14  
Relevant Authority: Ministry of Development, Gen. Secretariat of Commerce  
Date of approval of Interim Financial Statements: 19.3.2008  
Certified Auditor: Kaloeropoulos Ioannis  
Auditing firm: Baker Tilly HELLAS A.E.  
Type of Audit report: Unqualified  
Company web site: [www.klimate.gr](http://www.klimate.gr)

**BOARD OF DIRECTORS**

Ioannis Kloukinas  
Ioannis Lappas  
Loukas Spetzaris  
Alexios Kloukinas  
Violeta Lappas  
Anastasia Viachou  
Anastasio Kapsakalis  
George Kokkinakis  
Athanasios Fylaktos

Chairman & Managing Director  
Vice Chairman & Managing Director  
Executive Member  
Non-Executive Member  
Non-Executive Member  
Non-Executive Member  
Non-Executive Member  
Independent Member

**BALANCE SHEET (consolidated and company)**  
**Amounts in EURO**

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
<b>ASSETS</b>				
Fixed Assets	70,841,867	54,597,716	68,687,563	52,268,597
Inventories	9,127,814	7,967,075	6,697,956	6,651,084
Trade debtors	22,168,504	23,788,026	21,072,213	23,525,706
Other Assets	13,830,936	7,952,257	9,142,537	6,282,244
<b>TOTAL ASSETS</b>	<b>115,969,121</b>	<b>94,305,075</b>	<b>105,600,270</b>	<b>88,727,632</b>
<b>LIABILITIES</b>				
Long-term liabilities	28,036,422	19,689,575	26,160,312	19,200,058
Short-term bank loans	3,734,396	2,312,648	1,652,002	960,658
Other short-term liabilities	17,815,415	17,602,856	13,106,720	14,286,209
<b>Total Liabilities (a)</b>	<b>49,586,234</b>	<b>39,605,078</b>	<b>40,919,033</b>	<b>34,446,924</b>
Share capital	7,425,086	6,187,572	7,425,086	6,187,572
Other net equity attributable to company shareholders	57,887,520	47,944,066	57,256,150	48,093,135
Net equity attributable to company shareholders (b)	65,312,606	54,131,638	64,681,236	54,280,707
Minority Interests (c)	1,070,281	568,358	0	0
Net Equity (d) = (b) + (c)	66,382,888	54,699,996	64,681,236	54,280,707
<b>TOTAL LIABILITIES &amp; EQUITY (e) = (a) + (d)</b>	<b>115,969,121</b>	<b>94,305,075</b>	<b>105,600,270</b>	<b>88,727,632</b>

**STATEMENT OF CHANGES IN EQUITY ( consolidated and company)**  
**Amounts in EURO**

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Equity Balance (as of 01/01/2007 and 01/01/2006 respectively)	54,699,996	41,799,624	54,280,707	42,107,839
Profit / (loss) for the year after tax	16,228,281	13,583,760	14,151,297	12,828,625
	<b>70,928,278</b>	<b>55,383,384</b>	<b>68,432,005</b>	<b>54,936,464</b>
Share capital increase	198,553	4,125,048	0	4,125,048
Reduction in accumulated profits due to share capital increase	0	-4,125,048	0	-4,125,048
Change in Equity due to absorption of subsidiary	0	0	589,794	0
Change in Equity due to percentage change in subsidiary holding	-24,584	23,157	0	0
Change in Minority Interests due to percentage change	24,584	-79,137	0	0
Exchange differences	-119,424	28,285	0	0
Expenses due to Share Capital Increase	-38,261	0	-9,262	0
Dividends distributed (profits)	-4,586,257	0	-4,331,300	0
Net income recognized directly in equity	0	-655,693	0	-655,757
Purchase/(sales) of own shares	0	0	0	0
Equity closing balance (as of 31.12.2007 and 31.12.2006 respectively)	<b>66,382,888</b>	<b>54,699,996</b>	<b>64,681,237</b>	<b>54,280,707</b>

**ADDITIONAL INFORMATION AND NOTES TO THE FINANCIAL STATEMENTS**

1. The Group subsidiaries, their addresses, the Group's shareholding percentage in each and the fiscal years not audited by tax authorities included in the consolidated financial statements are as follows:

a.) Full consolidation method	% Percentage Direct partic.	% Percentage Indirect partic.	U.Y.*
I.Kloukinas-I.Lappas Construction & Commerce S.A. -Greece	parent co		2005-2007
KLTH Carpentry works Ltd -Greece	99.59%		2005-2007
I.Kloukinas-I.Lappas Energy S.A. -Greece	93.14%		2003-2007
MYIE Karasovou S.A.-Greece		82.89%	2001-2007
KLM SA-TEIRA SA joint venture-Greece	70%		2004-2007
KLM SA-ISTOS LTD joint venture-Greece	75%		2005-2007
COMPTON HOUSE PROPERTIES LIMITED COMPANY	100%	-	
COMPTON HOUSE HELLAS(ELC)	100%		2004-2007
SYSMEROM COM SRL - Romania	100%		2006-2007
KLM BULGARIA EOOD - Bulgaria	100%		2005-2007
KLMS COM DOOEL - FYROM	100%		2007
KLSDL LTD		- (1)	
KLSEER COMMERCE LTD	100%		2006-2007
KLM TRGOVINA KROATIA	100%		2006-2007
KLSDLV D.O.O	100%		2006-2007

\*\*U.Y.T = Un-audited Years by Tax authorities  
(1) ESTABLISHED 26.06.2007

**b.) Consolidated using the Equity method**

ENTELIA SA	40%
KLOUKINAS-LAPPAS SA-ERGO SA joint venture	50%
K.L.M.SA &SIA ERGO PALLINIS EE	70%
K.L.M.SA &SIA EE	70%
ATHONIKI TECHNIKI-KLM SA joint venture	50%
ATTIKAT ATE & SIA ETE	10%

- The principal accounting policies adopted in the preparation of the Financial Statements as of December 31, 2006 were consistently applied herein.
- Parent company and Group assets are burdened with mortgage prenotations in the amount of euro 3,228,174.01. Legal proceedings to lift these burdens have been initiated, following the full repayment of the related bank loans.
- There are no legal or arbitration decisions pending against the company that could substantially affect the company's or the Group's financial position.
- Number of employees at the end of the current fiscal period Group 588 (year 2006, 437) Company 400 (year 2006,348)
- Earnings per share were calculated based on the weighted average number of ordinary shares outstanding.
- The company's shares are listed on the Athens Stock Exchange under the KLM ticker symbol. Each ordinary share is entitled to one vote. The General Shareholder's Meeting on 17/5/2007 approved an increase of the company's share capital through the capitalization of reserves and the issuance of two (2) bonus shares for every ten (10) shares existing following the above increase, the company's share capital amounts to 7,425,086.40 comprised of 24,750,288 shares with a par value of 0.30 each.
- The company absorbed its 100% subsidiary Net Style SA in accordance with the approval of the Ministry of Development on 26th October 2007.
- The company on November 23rd 2007, acquired the entire share capital (100%) of the Cypriot Company under the name "COMPTON HOUSE PROPERTIES LIMITED", consisting the sole shareholder of the Greek Company under the name "COMPTON HOUSE (HELLAS) TRADE OF CHILDREN'S PRODUCTS & LEARNING TOYS SOCIETE ANONYME", which retains the exclusive right of purchasing products of the Company under the name "Early Learning Centre Limited" in Greece. The acquisition cost amounted to 6,000,000.
- The company participated by 40% in the share capital of the newly established company "ENTELIA ANONYMOUS CARPENTRY COMPANY" amounting to 100,000.
- The BoD decided on 29.01.08 a) the commencement of reorganization proceedings of the Cypriot Company under the name "COMPTON HOUSE PROPERTIES LIMITED" b) the commencement of the merger by absorption of the company under the name "COMPTON HOUSE (HELLAS) TRADE OF CHILDREN'S PRODUCTS & LEARNING TOYS SOCIETE ANONYME" and under the distinctive title "COMPTON HOUSE (HELLAS) S.A.", with Transformation Balance sheet 31.03.2008 and c) the commencement of the separation of the construction sector of the Company and the contribution of the above construction sector to an affiliated company, 100 percent owned, KLTH CARPENTRY WORKS LTD. The construction sector represents above 30% of the total sales turnover of the previous fiscal year.

8. Related party disclosures	GROUP	COMPANY
Sales of Goods and Services	0	1,520,221
Purchase of Goods and Services	0	417,389
Receivables	0	3,132,987
Liabilities	0	84,238
Transactions and management & BOD compensation	729,529	729,529
Receivables from management and BOD members	33,204	33,204
Obligations to management and BOD members	0	0

**INCOME STATEMENT (consolidated and company)**  
**Amounts in EURO**

	GROUP		COMPANY	
	01.01-31.12.2007	01.01-31.12.2006	01.01-31.12.2007	01.01-31.12.2006
<b>Turnover (Sales)</b>	64,003,215	56,683,305	54,284,642	51,374,697
<b>Gross Profit / (loss)</b>	30,841,330	23,351,675	24,376,886	20,574,616
<b>Profit / (loss) before tax, financing and investment results and depreciation</b>	24,540,254	18,627,654	19,985,703	17,099,598
<b>Profit/(loss) before tax, financing and investment results</b>	23,295,653	17,470,626	18,822,512	16,150,752
<b>Profit/(loss) before tax</b>	21,861,117	16,768,598	18,802,584	15,502,670
Less Tax	5,632,835	3,184,839	4,651,287	2,674,045
<b>Profit / (loss) after tax</b>	<b>16,228,281</b>	<b>13,583,760</b>	<b>14,151,297</b>	<b>12,828,625</b>
<b>Attributable to:</b>				
Company shareholders	15,691,032	13,347,999	14,151,297	12,828,625
Minority interests	537,249	235,760	0	0
Earnings after tax per share (in )	0.63	0.54	0.57	0.52
Proposed dividend per share			0.25	0.21

**CASH FLOW STATEMENT(consolidated and company)**  
**Amounts in EURO**

	GROUP		COMPANY	
	01.01-31.12.2007	01.01-31.12.2006	01.01-31.12.2007	01.01-31.12.2006
<b>Cash flows from operating activities</b>				
Net profit before taxation	21,861,117	16,768,598	18,802,584	15,502,670
Adjustments for				
Depreciation	1,244,602	1,157,028	1,163,191	948,846
Provisions	77,020	0	76,169	0
Currency translation differences	-159,276	0	-130,620	0
Income/Loss from associates	7,757	3,852	-1,217,101	-600,864
Proceeds of sale of assets	-200	-3,000	-200	0
Depreciation of government grant	-23,532	-30,241	0	0
Dividends received	-8,674	-5,560	-8,674	-5,560
Revaluation of Investment Property	-6,970,909	-7,009,091	-6,970,909	-7,009,091
Profit from acquisition of company		-650,225		
Interest received	-31,054	-22,759	-5,006	-22,759
Interest expense	1,466,506	1,262,189	1,250,709	1,167,174
<b>Operating profit before working capital changes</b>				
(Increase)/Decrease in inventories	-142,681	583,067	-31,523	1,166,077
(Increase)/Decrease in trade receivables	1,602,845	-512,722	3,620,296	161,170
Increase/(Decrease) in trade payables	-2,234,073	84,498	-2,165,383	-635,104
<b>Less:</b>				
Interest paid	-1,246,116	-1,045,910	-1,030,319	-950,894
Income taxes paid	-1,694,935	-1,995,747	-1,236,999	-1,652,201
<b>Net Cash flows from operating activities(a)</b>	<b>13,748,398</b>	<b>8,583,977</b>	<b>12,116,213</b>	<b>8,069,463</b>

**Investing Activities**

Acquisition of subsidiaries, affiliates, joint ventures and other investments	-6,040,000	-2,005,671	-8,100,000	-2,872,344
Cash from acquisition of company	148,180			
Proceeds from disposal of subsidiaries, affiliates, joint ventures and other investments	0	3,303,574	0	3,303,574
Purchase of tangible and intangible assets	-3,936,177	-2,103,778	-1,968,493	-1,059,677
Proceeds from disposal of tangible and intangible assets	200	3,000	200	0
Interest received	31,054	22,759	5,006	22,759
Dividends received	8,674	5,560	8,674	5,560
<b>Net cash flows from investing activities (b)</b>	<b>-9,788,070</b>	<b>-774,555</b>	<b>-10,054,613</b>	<b>-608,127</b>

**Financing activities**

Proceeds from share capital increase	198,553	0	0	0
Expenses due to Share Capital Increase	-38,261	0	-9,262	0
Proceeds from issued/undertaken loans	16,863,081	13,394,477	15,500,000	13,056,340
Repayment of loans	-9,851,693	-14,847,886	-9,547,012	-13,992,501
Payment of finance lease liabilities	-997,170	-870,343	-903,397	-870,343
Dividends paid	-4,478,743	-3,962,849	-4,328,743	-3,712,849
<b>Net cash flows from financing activities (c)</b>	<b>1,695,768</b>	<b>-6,286,601</b>	<b>711,587</b>	<b>-5,519,353</b>
<b>Net increase in cash and cash equivalents(a) + (b) + (C)</b>	<b>5,656,096</b>	<b>1,522,821</b>	<b>2,773,187</b>	<b>1,949,983</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,881,825</b>	<b>5,359,004</b>	<b>5,356,593</b>	<b>3,406,610</b>
<b>Net increase in cash and cash equivalents at end of period</b>	<b>12,537,920</b>	<b>6,881,825</b>	<b>8,129,780</b>	<b>5,356,593</b>

Athens, March 19 2008

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE VICE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF FINANCIAL OFFICER & ACCOUNTING MANAGER
IOANNIS KLOUKINAS ID # X-366775	IOANNIS LAPPAS ID # P-560148	PANAYOTIS KANDIROIS ID # AE-632783





## **MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS**

Dear Shareholders,

2007 was a significant year regarding mainly the expansion of the network of Mothercare stores in Serbia and Albania as well as the acquisition of “COMPTON HOUSE PROPERTIES” which retains the exclusive right of purchasing products of the Company under the name “Early Learning Centre Limited” in Greece. Mothercare brand has maintained its leading position in the Greek infantile products market by increasing its market share over 35% with a network of 40 stores in Greece.

Regarding our company's perspective estimates, sales will be increased by 45% within 2008, 25% within 2009 and 15% within 2010 while the net profits will be increased by 40% , 30% and 15 % respectively. This improvement will be achieved mainly due to the expansion of the network in Balkans with 46 new Mothercare stores and 41 new ELC sales points until 2010. The company also operates in the energy sector with a Small Hydroelectric Plant of 2,5 MW which will contribute to the prospect income increase. Additionally the company owns approved hydroelectric projects of 5 MW within the license granting stage .

The construction backlog for 2008 is almost 38 m euro mainly in the private sector. The company's goal , that holds a 5 th degree licence for public works status, is to maintain the net profit margin of 10%. Finally the value of the Fixed assets of the company is estimated conservatively to be 100 m. euro.

On behalf of the Board of Directors, I should like to express my sincere appreciation to our customers, our shareholders and our outstanding workforce.

I thank you all for your unstinting support, which enables us to redouble our efforts to continue developing and strengthening our Group.

**Ioannis Kloukinas**

**Chairman of the Board of Directors**

## FINANCIAL RESULTS

The Group turnover amounted to 64,003 thousands euro over 56,683 thousands, an increase of 12.91% over 2006, operating profits before taxes and interest (EBIT) amounted to 23,296 thousands euro over 17,471 thousands euro an increase of 33.34 %, while the profits before taxes, were 21,861 thousands over 16,769 thousands, increased at 30.37% .The profits after taxes and rights of minority amounted to 15,691 thousands euro, over 13,348 thousands euro increased at 17.55% .

Finally, the Group's Equity for 2007 increased to 66,383 thousands euro, from 54,700 thousands euro in 2006, an increase of 21.36% .

Part of the profit increase was due to the revaluation of the investment property in Ermou str. Without the revaluation, profits before taxes are increased to 53% at 14,890 thousands euro.

In terms of the parent company, the turnover amounted to 54.285 thousands euro over 51,375 thousands euro, an increase of 5.66% compared to 2006. The operating profits before taxes and interest (EBIT) amounted to 18,823 thousands, over 16,151 thousands, an increase of 16.54% euro while the profits before taxes amounted to 18,803 thousands euro over 15,503 thousands, an increase of 21.29%.The profits after taxes amounted to 14,151 over 12,829 thousands euro an increase of 10.31% .

The proposed dividend per share for 2007 is 0.25 euros an increase of 43%.

## SHARE PRICE PERFORMANCE IN RELATION TO THE G.I.

The company's shares continued posting gains, reflecting the positive developments in its key financials, as indicated in the following graph.

Share price performance in relation to the G.I.



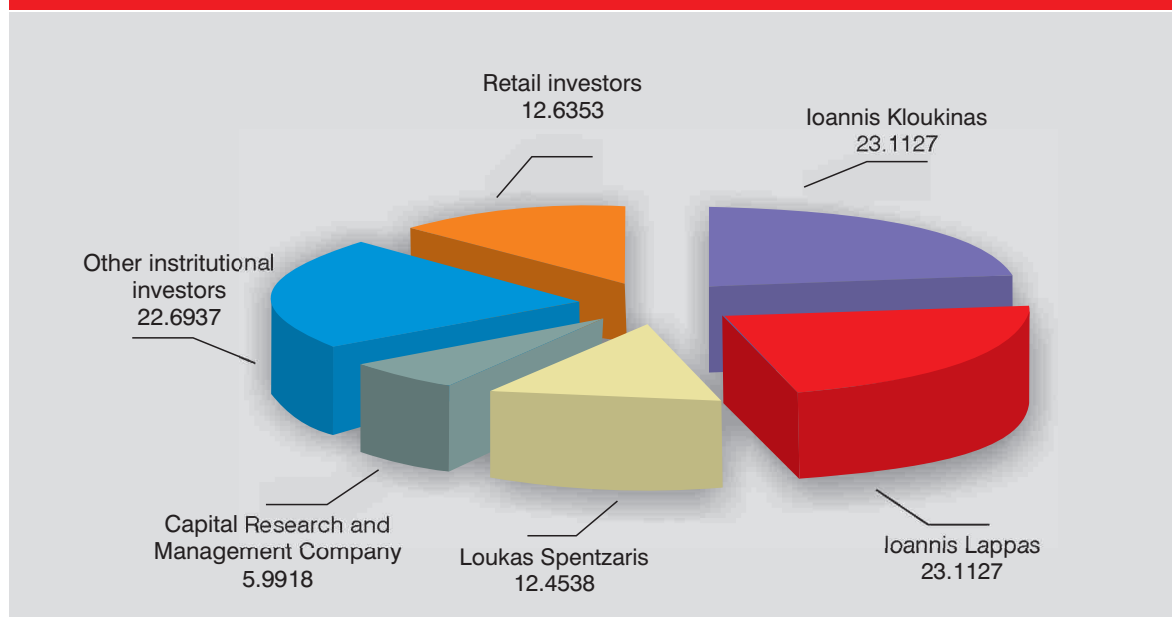


**SHAREHOLDERS - SHARE CAPITAL COMPOSITION**

Shareholders	Shares	%
Ioannis Kloukinas	5,720,450	23.1127
Ioannis Lappas	5,720,450	23.1127
Loukas Spentzaris	3,082,349	12.4538
Capital Research and Management Company	1,483,000	5.9918
Other institutional investors	5,616,740	22.6937
Retail investors	3,127,299	12.6353
<b>Total</b>	<b>24,750,288</b>	<b>100</b>

Of the above mentioned shareholders, Mr. Ioannis Kloukinas is the Chairman of the BoD and CEO, Mr. Ioannis Lappas is the Vice-Chairman of the BoD and CEO and Mr. Loukas Spentzaris is an Executive member of the BoD.

Retail investors, representing 12,6353% of voting rights on the total of voting rights of the company, do not exceed 5% individually.

**SHAREHOLDINGS**

## BOARD OF DIRECTORS REPORT: I. KLOUKINAS - I. LAPPAS S.A

The company I. KLOUKINAS - I. LAPPAS S.A. is active in the areas of construction, commerce and energy. The year 2007 was a year of dramatically increased activity, and consequently a year of robust financial results.

The company on November 23rd 2007, acquired the entire share capital (100%) of the Cyprian Company under the name "COMPTON HOUSE PROPERTIES LIMITED", consisting the sole shareholder of the Greek Company under the name "COMPTON HOUSE (HELLAS) TRADE OF CHILDREN' S PRODUCTS & LEARNING TOYS SOCIETE ANONYME", which retains the exclusive right of purchasing products of the Company under the name "Early Learning Centre Limited" in Greece. Through this acquisition, the company anticipates important synergies in order to expand the network via creation of common shops with mothercare, as well as with stand alone stores in Greece and the Balkans.

According to the decision of BoD of the company: 1) with Transformation Balance-sheet 31/3/2008 the company will contribute the technical sector to, 100% subsidiary company, KLTH Carpentry Works LTD (which will be changed in S.A. with Transformation Balance-sheet 31.12.2007), so that the listed company will be purely commercial, and 2) will absorb COMPTON HOUSE HELLAS AE according to the provisions of 2166/1993 and Transformation Balance-sheet 31.3.2008.

Finalizing the above transformations is conditional on the approval by the General Shareholders Meeting and the relevant authorities.

### Group Financial results

The Group turnover amounted to 64,003 thousands Euro over 56,683 thousands, an increase of 12.91% over 2006, operating profits before taxes and interest (EBIT) amounted to 23,296 thousands over 17,471 thousands an increase of 33.34 %, while the profits before taxes, were 21,861 thousands over 16,769 thousands, increased at 30.37% .

The profits after taxes amounted to 16,228 thousands , over 13,584 thousands increased at 19.47% .

Finally, the Group's Equity for 2007 increased to 66,383 thousands Euro, from 54,700 thousands Euro in 2006, an increase of 21.36% .

In terms of the parent company, the turnover amounted to 54,285 thousands Euro over 51,375 thousands Euro, an increase of 5.66% compared to 2006. The operating profits before taxes and interest (EBIT) amounted to 18,823 thousands, over 16,151 thousands, an increase of 16.54 % Euro while the profits before taxes amounted to 18,803 thousands, Euro over 15,503 thousands, an increase of 21.29% .

The profits after taxes amounted to 14,151 over 12,829 thousands Euro an increase of 10.31% .

The proposed dividend per share for 2007 is 0.25 Euro, an increase of 43%.

In the company's pre tax profits is included 6.970 thousands Euro from the revaluation of Investment property of Ermou 47.

Without this readjustment the profits before taxes , interests and depreciations in consolidated base amounted to 17,569 thousands, over 11,619 thousands increased at 51.21%, the profits after taxes in 11,000 thousands, over 7,068 thousands increased at 55.63% . The profits of commercial activity, pre taxes amounted to 10,999 thousands, over 6,411 thousands, increased at 71.58 % and of construction activity 3,761 thousands, over 3,715 increased at 0.01%.

The group evaluates the results on a monthly base locating in time and effectively divergences from its objectives taking the appropriate corrective measures. The efficiency of the Group is measured by making use of financial indicators used internationally:

**ROCE (Return on Capital Employed)** - The indicator divides the profits pre taxes, interest and depreciation with the total employed capital and amounted to 30.66% in consolidated basis and to 24.89% at Parent Company level.

**ROE (Return on Equity):** The indicator divides the profits after taxes with the Shareholders Equity and amounted to 24.85% in consolidated basis and 21.88% at parent Company Level.



### **Review of construction activity**

In 2007 the I. KLOYKINAS - I. LAPPAS S.A. continues its successful course and the development of its customer base in the private sector, proof of their confidence in the quality, the consistency and the on time delivery, factors that constitute the traditional advantages of the company. Among those who have placed their confidence in I. KLOYKINAS - I. LAPPAS over the past year, as a result of many years of cooperation, are Kosmocar AE, Ektasis Development while we have also enjoyed new collaborations with, among other, Trinitarium Properties, Altair Travelling Agents, Data Communication.

Specifically the company has signed with Trinitarium Properties: construction of building group in Marousi ALTAIR S.A. : construction of new office building in P. Faliron. Data Communication: the refurbishment of building office in Melissa

Finally in the sector of Public Work, I. KLOYKINAS - I. LAPPAS S.A., that holds a 5th degree licence for public work status, signed the previous year with the General Staff of Aviation for the Reconstruction of Air Field in Larissa. The estimated budget amounts to 4 millions Euro and will be completed during 2008.

The two important projects, which were temporarily interrupted in 2007 - for reasons not attributed to the company- will be continued in 2008 therefore will be added to the new projects that the company has taken over in 2008 and it is estimated that current year activity will be increased more than 50% over last year.

### **Review of commercial activity**

As the exclusive Franchisee of Mothercare and EARLY LEARNING CENTRE products in Greece and the Balkans, as well as of the Italian company Colours and Beauty, I. KLOYKINAS-I. LAPPAS S.A. proceeds with the expansion plan of the commercial network in Greece and in Balkans. During 2007 1 mothercare store operated in Belgrade and 1 mother care store and 1 Colours and Beauty store in Tirana

In Greece 5 new mothercare stores have operated during 2007 as well as 2 new Colours & Beauty shops and 1 EARLY LEARNING CENTRE selling point in Halkida.

### **Review of energy activity**

Through the involvement of its subsidiary K. L. ENERGY S.A. in the Study, Construction, Operation and Exploitation of Energy Projects, I. KLOYKINAS - I. LAPPAS S.A. commenced construction in March 2005 of a Small Hydroelectric Project in Kerasovo in the Municipality of Konitsa, Ioannina.

The project has been granted the necessary license by the Regulatory Authority for Energy and the Region of Epirus, and is being constructed with a subsidy from the Ministry of Economy and Finance (Development Act). The budget, including upgrading of the Public Power Company's local distribution network, is in the order of 4m . The installed power will be 2.5 MW.

The company K. L. ENERGY S.A., a subsidiary of I. KLOYKINAS - I. LAPPAS S.A., was set up in 2000 to engage in the highly promising energy sector.

The small hydroelectric project in Kerasovo, the first to be constructed of the company's total of three energy projects, is now completed and is currently being connected to the Power Company grid.

### **Financial risk factors**

#### **Foreign exchange risk**

The group has not advanced in the application of tools of compensation of exchange risk that results mainly from future commercial transactions in Foreigner Currency, mainly in British Pounds. The Group contacts constantly its financial advisors in order to determine the appropriate hedging policy .

#### **Credit and Liquidity Risk**

The Group does not have a significant concentration of credit risk as more than 60% of the Group sales are on retail basis. For the construction sector, the policies it has developed ensure that construction contracts are signed with clients that have a satisfactory credit standing. Liquidity risks are irrelevant insofar that the Group has sufficient cash as well as sufficient credit lines with cooperating banks.

**Interest-rates risk**

The policy of the group is to preserve its total debt at a floating interest rate. Operating revenues and Group cash flows are substantially independent of the changes to the prices of the interest rates

**Corporate Governance**

The Group has adopted the Principles of Corporate Governance as those are applicable in the context of the Greek law and international practices

The Audit Committee is comprised of the 2 independent members of the Board and its mission is to conduct objective internal and external audits and facilitate an effective communication among the auditors and the Board.

Head of the Department of Internal Control is Mr. Andreas Kallinosis, employee of the corporation under full and exclusive occupation contract.

**Prospects for FY 2008**

Objective of the company is the continuation of the expansion plan of the network in Greece and in Balkans and the improvement of results regarding the construction sector.

**Dividend policy**

Regarding the distribution of dividends, the Management considering the performance of the Company and the perspectives for 2008, proposes the dividend to be 0.25 per share for the year 2007, an increase of 43% over the previous one.

The distribution of dividends is conditional on the approval by the General Shareholders Meeting

Athens, 19.3.2008

The Chairman of the Board of Directors

Ioannis Kloukinas



## **EXPLANATORY REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN THE I. KLOUKINAS - I. LAPPAS S.A. GROUP OF COMPANIES, PURSUANT TO ARTICLE 11A LAW 3371/2005**

This explanatory report by the Board of Directors to the Annual General Meeting of shareholders contains detailed information on the issues covered by par. 1 article 11a of Law 3371/2005.

### **I. Structure of Company Share Capital**

The company's share capital amounts to seven million four hundred and twenty five thousand and eighty six euro ( 7,425,086), divided among twenty four million seven hundred and fifty thousand two hundred and eighty (24,750,280) ordinary registered voting shares with a par value of thirty cents (0.30 ) each. The company's shares are listed for trading on the Securities Market of the Athens Stock Exchange.

The shareholders' rights accruing from the share are dependent on the percentage of the capital to which the paid-up value of the share corresponds. Each share carries all the rights envisaged in law and in the articles of association of the company, specifically:

- The right to a dividend on the annual profits of the company, or the proceeds of its liquidation. 35% of the net profits after deduction only of the statutory reserve, is distributed from the profits of each year to the shareholders as a first dividend, while the payment of an additional dividend is decided by the AGM. A dividend is paid to each shareholder whose name appears in the register of shareholders kept by the company at the date on which those entitled to a dividend are appointed. The dividend on each share is paid to the shareholder within two months of the date of the AGM which approved the annual financial statements. The manner and place of the payment are announced in the press. The right to collect the dividend expires and the sum in question is forfeit to the state after the passage of five years from the end of the year in which the payment of the dividend was decided by the General Meeting.
- The right to withdraw one's contribution on liquidation, or repayment of the capital corresponding to the share, when so decided by the General Meeting.
- Preferential right in any increase in the company's share capital, in cash purchase of new shares.
- The right to receive a copy of the financial statements and reports of the certified auditors and the Board of the company.
- The right to participate in the General Meeting, involving the following more specific rights: authorization, presence at and participation in discussions; submission of proposals on items of agenda; recording of views in minutes, and right to vote.
- The General Meeting of shareholders in the company retains all its rights even during the process of liquidation.

The liability of the company shareholders is limited to the face value of the shares they own.

## II. Limitations on Transfer of Company Shares

Shares in the company may be transferred pursuant to the law and there are no limitations in the articles of association affecting their transfer, given that they are intangible shares listed on the Athens Stock Exchange.

## III. Significant Direct or Indirect Holdings in the Sense of Presidential Decree 51/1992

Shareholders (persons or legal entities) holding directly or indirectly more than 5% of the total number of shares outstanding are listed in the following table.

FULL NAME	Direct
Ioannis Kloukinas	23.1126%
Ioannis Lappas	23.1126%
Loukas Spentzaris	12.4537%
Capital Research and Management Company	5.9918%

## IV. Shares Carrying Special Audit Rights

There are no shares in the company carrying special rights of audit for their holders.

## V. Limitations on Voting Rights

The articles of association of the company do not envisage any limitations on the voting rights carried by its shares.

## VI. Agreements among Shareholders

The company is not aware of any agreements among its shareholders which would entail limitations on the transfer of shares or on the exercise of the voting rights carried by the shares.

## VII. Rules of Appointment and Replacement of Members of the Board of Directors and of Amendment of the Articles of Association

The rules in the articles of association of the company on appointment and replacement of members of the Board of Directors and on amendment of the provisions of the articles do not deviate from those envisaged in Codified Law 2190/1920.

## VIII. Authority of Board of Directors to Issue New Shares or Purchase Own Shares

- a) Under the provisions of article 13 par. 1 points b) and c) of Codified Law 2190/1920 and in combination with the provisions of article 5 of the articles of association, the Board of Directors of the company may, following a decision to this effect by the General Meeting, subject to the provisions on publicity of article 7b of Codified Law 2190/1920, increase the company's share capital by issue of new shares, by a decision which is taken with a majority of at least two-thirds (2/3) of all its members. In these circumstances the share capital may be increased up to the amount of capital paid-up on the date the Board of Directors was granted the authority in question by the General Meeting. The above authority of the Board of Directors may be renewed by the General Meeting for a period not exceeding five years for each renewal.
- b) Under the provisions of article 13 par. 13 of Codified Law 2190/1920, by decision of the General Meeting a stock option scheme may be introduced for members of the Board of Directors and employees, in the form of preferential right to purchase shares on the special terms set out in the



above decision. The decision of the General Meeting will specify the maximum number of shares which can be issued, which, by law, cannot exceed 1/10 of the existing shares, and, if the beneficiaries exercise the right to purchase, the price and terms of distribution of the shares to those beneficiaries.

**IX. Important Agreements coming into force, amended or expiring in the event of a change of control following a Public Proposal**

There are no agreements which would come into force, be amended or expire in the event of a change in the control of the company following a public proposal.

**X. Agreements with members of the Board of Directors or Company employees**

There are no agreements between the company and members of the Board of Directors or its employees which envisage the payment of compensation specifically in the case of resignation or dismissal without good cause or termination of office or employment as a result of a public proposal.





**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDERS OF «I. KLOYKINAS - I LAPPAS SA. »**

**Report on Financial Statements**

We have audited the accompanying financial statements of «I. KLOYKINAS - I. LAPPAS SA.» (the company) and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the balance sheet as at December 31, 2007, 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. 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. This responsibility also includes selecting and applying appropriate accounting policies as well as 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 conform to 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 the 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 financial statements present fairly, in all material respects, the financial position of "I. KLOYKINAS - I LAPPAS SA." and the Group as of December 31, 2007, 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.

## Report on Other Legal and Regulatory Requirements

The Board of Directors' Report contains the information as required by art. 43a

par.3 and art.107 par.3 of Company Law 2190/20 as well as art.11a of Law 3371/2005 and its content is consistent to the accompanying financial statements.



**BAKER TILLY HELLAS**

Certified Public Accountants-

Consultants A.E.

396, Mesogion Avenue

153 41 Ag.Paraskevi

Greece

SOEL Reg.No: E148

Athens, 26th March 2008

The Certified Public Accountant

John V. Kalogeropoulos

SOEL. Reg. No: 10741

## SALES NETWORK

## mothercare

## GREECE

The Group has currently a network of 40 stores in Greece through which they market Mothercare products and intend to expand the network over the next three years with 11 new stores for Mothercare products both company-owned and through franchising.

In terms of competition in the infantile product market, the company leads the sector, generating increased sales and profits in comparison with the existing competitors.

The sales network is presented in detail in the table below:

## Own premises

1. Athens	Ermou St. 44-46
2. Athens	Voukourestiou St. 23
3. Alimos	Titanon St. 17
4. Agrinio	Papastratou St. 74
5. Glyfada	Ioan. Metaxa 33 & Zisimopoulou Streets
6. Irakleio Crete	5 Mourelou st. & Mixelidaki
7. Thessaloniki	E. Venizelou St. 3
8. Kifisia	Argyropoulou St. 6
9. Larisa	28 Oktovriou St. 25-27
10. Marousi The Mall Athens	Andrea Papandreou St. 35
11. Nea Smyrni	K. Palaiologou St. 3
12. Peristeri	Kifisou Ave. 84 & Louvari St.
13. Patra	Riga Feraiou St. 65
14. Piraeus	Iroon Polytechneiou 50
15. Spata-The Factory Outlet	Airport Shopping Centre
16. Halandri	L. Pentelis St. 10
17. Halkida	Oresti Makri

## Shop in shop

18. Athens-Notos	Aiolou St. 99 & Lykourgou St.
19. Veroia	Veroia-Naousa Ring Road
20. Giannitsa	1 st km. Gianitsa-Thessaloniki
21. Drama	97 st. Euxinos Pontos
22. Thessaloniki	Aristotelous Sq. 16
23. Thessaloniki	Georgikis Scholis St. 50-Phoinikas
24. Thessaloniki	Nikolaou Plastira St. 59-Pylaia
25. Thessaloniki	Iatrou Gogousi St. 27- Stavroupolis
26. Kilkis	Archis 21 Iouniou
27. Kozani	Vermiou St. 24
28. Lamia	Kapodistriou & Amalias 2
29. Larisa	Carrefour Center 3rd km Larisa Rd.
30. Moudania	National road Moudania-Thessaloniki
31. Patra	Carrefour Center Glavkou St. 9, Perivola

**Franchises**

32. Edessa	Aristotelous Sq. 15
33. Ioannina	Dodonis Ave. 90
34. Kavala	Pavlou Mela St. 6
35. Corfu	3rd km. Palaiokastritsa Rd.
36. N. Psychiko	Psychari St. 1, Faros, Psychiko
37. Xanthe	Pergamou & Dagli Sts.
38. Rhodes	Karpathou St. 12
39. Hania, Crete	Boniali St. 26
40. Zakynthos	Agiou Lazarou, Floka

**-Abroad**

The company maintains a presence in the Balkans through 8 Mothercare stores and intends to expand the network as shown below:

**FUTURE EXPANSION OF mothercare NETWORK**

Country	Shops		Future Expansion		
			2008	2009	2010
Romania	3	+7	3	2	2
Bulgaria	2	+7	2	3	2
FYROM	1	+1		1	
Serbia	1	+5		2	2
Croatia		+3		2	1
Slovenia		+3	1	1	1
Albania	1	+1		1	
Bosnia		+2		1	1
Moldavia		+1	1		
Montenegro		+1	1		
<b>Total</b>	<b>8</b>	<b>+31</b>	<b>8</b>	<b>13</b>	<b>9</b>





## Early Learning Center (ELC)

### GREECE

The Group has currently a network of 5 stores in Greece through which they market Early Learning Center (ELC) products and intend to expand the network with 25 new selling points over the next 3 years.


The sales network is presented in detail in the table below:

1.	N.Smyrni	E.Venizelou avenue
2.	Marousi	The Mall Athens
3.	Nea Erithrea	102 Tatoiou st.
4.	Glyfada	168 Vouliagmenis Avenue
5.	Halkida	Oresti Makri

### -Abroad

The company intend to expand the network with 21 new selling points over the next 3 years in the Balkans.

The total expansion of the Early Learning Center network in Greece and Balkans is presented in the table below:

FUTURE EXPANSION OF ELC NETWORK 					
Country	Shops		Future Expansion		
			2008	2009	2010
Romania	5	+25	8	8	9
Bulgaria		+6	2	2	2
FYROM		+4	1	1	2
Serbia		+1	1		
Croatia		+3		1	1
Slovenia		+2		1	1
Albania		+2	1	1	
Bosnia		+1			
Moldavia		+1		1	
Montenegro		+1			1
<b>Total</b>	<b>5</b>	<b>+46</b>	<b>13</b>	<b>17</b>	<b>16</b>





## Colours & Beauty

The Group maintains 5 stores in Greece and 1 in Albania through which they market Colours & Beauty products and intends to expand the network with new stores, both company-owned and through franchising.

The sales network is presented in detail in the table below:

- |               |                            |
|---------------|----------------------------|
| 1. N. Smyrni  | 2 Maiou St. 1              |
| 2. Pankrati   | Ymittou St. 98             |
| 3. Halandri   | Ag. Paraskevis St. 13-15   |
| 4. Stoa Korai | 4 Korai st. and Stadiou    |
| 5. Samos      | 21 Lykourgou Logotheti st. |



**REAL ESTATE ASSETS**

The real estate owned by the company is set out below:

Company-owned land	Total surface area	Net value	Year of acquisition
Deskliá Halandri	504 sq.m	163,953	1996
Ileias Halandri	252 sq.m.	110,047	1999
Oinofyta Boeotia	14402 sq.m.	702,682	2001
4 Omirou St., Tavros	576 sq.m.	126,604	1988
Pallini Municipality	558 sq.m.	190,000	1996
Oinofyta Boeotia (Ag. Thomas)	4447 sq.m.	469,022	2007
<b>Total</b>		<b>1,762,308</b>	

Company-owned buildings	Total surface area	Net value	Year of acquisition
44 Ermou St. - 2nd floor Apt.	98 sq.m.	72,444	2006
Shop at 44-46 Ermou St., Athens on 248 sq.m. plot	761 sq.m.	7,571,550	1988
Shop at 47 Ermou St., Athens, on 620 sq.m. plot	1438 sq.m.	34,680,000	1988
Storage building at 2 Omirou St. & Teo-Tavros on 1280 sq.m. plot	3067 sq. m.	3,123,586	1988
Office buildings at Pasteur and Hatzikosta Sts.	117 sq.m.	174,439	1998
Office building at 3 Pasteur St. on 177 sq.m. plot	650 sq.m.	1,283,813	1995
Storage building at 4 Pasteur St.	30 sq.m.	11,114	2001
Shop at 20 Solonos St.	44 sq.m.	4,621	1992
<b>Total</b>		<b>46,921,576</b>	

There are mortgage pre-notations on the company's property assets in the amount of 3,228,174; steps have been initiated to remove these burdens, as the loans in question have been repaid.



«I. KLOUKINAS - I. LAPPAS S.A.»

CONSTRUCTION AND COMMERCE (K.L.M. S.A.)

**mothercare**



**Presentation  
of the Financial Statements for the year  
January 1 to December 31, 2007**

We hereby confirm that the attached Annual Financial Statements for the period 01/01- 31/12/2007 are those approved by the Board of Directors of "I. KLOUKINAS - I. LAPPAS Construction and Commerce S.A." on 19/3/2008 and have been published on the internet at [www.klimate.gr](http://www.klimate.gr). It is noted that the summary financial data published in the press are intended to provide the reader with certain general information but do not provide a comprehensive picture of the financial position and results of the company and the Group in accordance with the International Accounting Standards. It is also noted that certain items in the summary financial data have been condensed for the sake of simplicity.

Ioannis Kloukinas  
Chairman of Board of Directors  
I. KLOUKINAS - I. LAPPAS S.A.

## BALANCE SHEET

Amounts reported in €

Amounts reported in €

		GROUP		COMPANY	
	Notes	31/12/2007	31/12/2006	31/12/2007	31/12/2006
ASSETS					
Non current assets					
Tangible Assets	5.1	24,780,178	21,329,484	17,668,810	16,774,289
Intangible Assets	5.2	2,017,604	2,122,478	2,017,112	0
Goodwill	5.3	8,597,468	3,009,854	2,710,160	2,710,160
Investment Property	5.4	34,680,000	27,709,091	34,680,000	27,709,091
Investment in Subsidiaries	5.5	0	0	11,063,534	4,713,534
Investment in Associates	5.6	60,051	29,735	79,310	39,310
Other long term receivables	5.7	563,604	269,669	468,638	322,214
Deferred Tax	5.8	142,962	127,404	0	0
		70,841,867	54,597,716	68,687,563	52,268,597
Current assets					
Inventories	5.9	9,127,814	7,967,075	6,697,956	6,651,084
Trade debtors and other trading receivables	5.10	22,168,504	23,788,026	21,072,213	23,525,706
Prepayments	5.11	593,687	696,784	487,798	604,746
Other receivables	5.12	415,286	89,606	240,916	36,862
Financial Assets	5.13	284,043	284,043	284,043	284,043
Cash and cash equivalents	5.14	12,537,920	6,881,825	8,129,780	5,356,593
		45,127,254	39,707,358	36,912,707	36,459,035
Total Assets					
		115,969,121	94,305,075	105,600,270	88,727,632
EQUITY AND LIABILITIES					
Share Capital	5.15	7,425,086	6,187,572	7,425,086	6,187,572
Share Premium	5.15	10,988,065	11,275,656	10,988,065	11,275,656
Reserves of fair value		-32,877	-32,877	-32,877	-32,877
Exchange differences		-83,386	36,039	0	0
Other Reserves	5.16	2,722,338	2,531,577	2,647,826	2,465,273
Accumulated profits/(losses)		44,293,380	34,133,672	43,653,136	34,385,083
Attributable to ordinary shareholders					
		65,312,606	54,131,638	64,681,236	54,280,707
Minority Interest					
		1,070,281	568,358	0	0
Total Shareholders' Equity					
		66,382,888	54,699,996	64,681,236	54,280,707
Liabilities					
Non-current liabilities					
Interest bearing borrowings	5.17	23,538,408	17,973,421	22,092,973	17,590,172
Deferred Tax	5.8	3,479,307	819,487	3,110,871	802,087
Retirement benefit obligation	5.18	603,641	515,232	591,401	515,232
Other long term liabilities	5.19	415,066	381,435	365,066	292,567
Total Non-current liabilities		28,036,422	19,689,575	26,160,312	19,200,058
Current Liabilities					
Trade and other payables	5.20	16,038,691	15,863,389	12,863,007	14,036,913
Short term borrowings	5.17	1,887,427	1,358,863	61,882	6,873
Current portion of interest bearing borrowings	5.17	1,846,969	953,784	1,590,120	953,784
Other current liabilities	5.21	1,776,725	1,739,467	243,713	249,296
Total current liabilities		21,549,812	19,915,504	14,758,722	15,246,866
Total Liabilities					
		49,586,234	39,605,078	40,919,033	34,446,924
Total Equity and Liabilities					
		115,969,121	94,305,075	105,600,270	88,727,632

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



**INCOME STATEMENT***Amounts reported in €*

	Notes	GROUP		COMPANY	
		01/01- 31/12/2007	01/01- 31/12/2006	01/01- 31/12/2007	01/01- 31/12/2006
Sales	5.22	64,003,215	56,683,305	54,284,642	51,374,697
Cost of Sales	5.23	-33,161,885	-33,331,630	-29,907,756	-30,800,081
<b>Gross Profit</b>		<b>30,841,330</b>	<b>23,351,675</b>	<b>24,376,886</b>	<b>20,574,616</b>
Other operating income	5.24	8,286,882	8,783,948	8,097,378	8,490,553
Distribution costs	5.23	-11,993,768	-10,578,308	-10,413,807	-9,745,091
Administrative expenses	5.23	-3,829,969	-3,923,394	-3,233,779	-3,169,326
Other operating expenses	5.24	-8,823	-163,294	-4,166	0
<b>Operating profit</b>		<b>23,295,653</b>	<b>17,470,626</b>	<b>18,822,512</b>	<b>16,150,752</b>
Finance cost	5.25	-1,426,779	-1,348,402	-1,237,029	-1,248,947
Income from associates		-7,757	-3,852	1,217,101	600,864
Proceeds from acquisition of subsidiary		0	650,225	0	0
<b>Profit before tax</b>		<b>21,861,117</b>	<b>16,768,598</b>	<b>18,802,584</b>	<b>15,502,670</b>
Tax	5.26	-5,632,835	-3,184,839	-4,651,287	-2,674,045
<b>Profit after tax</b>		<b>16,228,281</b>	<b>13,583,760</b>	<b>14,151,297</b>	<b>12,828,625</b>
<b>Net profit after tax attributable to:</b>					
Shareholders of Kloukinas-Lappas		15,691,032	13,347,999	14,151,297	12,828,625
Minority interests		537,249	235,760	0	0
		<b>16,228,281</b>	<b>13,583,760</b>		
Basic earnings per share (euro/share)	6.5	0.63	0.54	0.57	0.52

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the parent company shareholders

<i>Amounts in €</i>	Share capital	Share premium	Reserves of fair value	Exchange differences	Other reserves	Accumulated profit/(losses)	Total	Minority Interests	Total
<b>Balance as of January 1 2006, according to IFRS</b>	<b>2,062,524</b>	<b>11,275,656</b>	<b>1,540,203</b>	<b>7,753</b>	<b>2,400,003</b>	<b>24,301,256</b>	<b>41,587,395</b>	<b>212,229</b>	<b>41,799,624</b>
Changes in equity during the period 01/01-31/12/2006									
Share capital increase by capitalization of accumulated profits	4,125,048					-4,125,048	0		0
Reclassifications			-1,601,190		131,511	1,270,173	-199,506	199,506	0
Exchange differences				28,285			28,285		28,285
Profit/Loss from revaluation recognized directly in equity			28,110				28,110		28,110
Change due to percentage change in subsidiary holding						23,157	23,157	-79,137	-55,980
Net income recognised directly in Equity					63	-683,866	-683,803		-683,803
Net operating profit for the period 01/01-31/12/2006						13,347,999	13,347,999	235,760	13,583,760
<b>Total recognised profit/loss for the period</b>	<b>4,125,048</b>	<b>0</b>	<b>-1,573,080</b>	<b>28,285</b>	<b>131,574</b>	<b>9,832,415</b>	<b>12,544,243</b>	<b>356,129</b>	<b>12,900,372</b>
<b>Balance as of December 31, 2006</b>	<b>6,187,572</b>	<b>11,275,656</b>	<b>-32,877</b>	<b>36,039</b>	<b>2,531,577</b>	<b>34,133,672</b>	<b>54,131,638</b>	<b>568,358</b>	<b>54,699,996</b>
<b>Balance as of January 1 2007, according to IFRS</b>	<b>6,187,572</b>	<b>11,275,656</b>	<b>-32,877</b>	<b>36,039</b>	<b>2,531,577</b>	<b>34,133,672</b>	<b>54,131,638</b>	<b>568,358</b>	<b>54,699,996</b>
Changes in equity during the period 01/01-31/12/2007									
Share capital increase	1,237,514	-287,591				-949,924	0		0
Share capital increase of subsidiary company							0	198,553	198,553
Expenses due to Share Capital Increase						-34,755	-34,755	-3,506	-38,261
Dividends						-4,331,300	-4,331,300	-254,957	-4,586,257
Exchange differences				-119,424			-119,424		-119,424
Transfer from accumulated profits					187,428	-187,428	0		0
Change due to percentage change in subsidiary company						-24,584	-24,584	24,584	0
Net income recognised directly in Equity					3,333	-3,333	0		0
Net operating profit for the period 01/01-31/12/2007						15,691,032	15,691,032	537,249	16,228,281
<b>Total recognised profit/loss for the period</b>	<b>1,237,514</b>	<b>-287,591</b>	<b>0</b>	<b>-119,424</b>	<b>190,761</b>	<b>10,159,708</b>	<b>11,180,968</b>	<b>501,923</b>	<b>11,682,891</b>
<b>Balance as of December 31, 2007</b>	<b>7,425,086</b>	<b>10,988,065</b>	<b>-32,877</b>	<b>-83,386</b>	<b>2,722,338</b>	<b>44,293,380</b>	<b>65,312,606</b>	<b>1,070,281</b>	<b>66,382,888</b>

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**

Amounts reported in €	Attributable to the parent company shareholders					Total
	Share capital	Share premium	Reserves of fair value	Other reserves	Accumulated profit/(losses)	
Balance as of January 1 2006, according to IFRS	2,062,524	11,275,656	949,924	2,494,035	25,325,700	42,107,839
Changes in Equity during the 01/01-31/12/06 period						
Share capital increase by capitalization of accumulated profits	4,125,048				-4,125,048	0
Profit/Loss from revaluation recognized directly in equity			28,110			28,110
Reclassifications			-1,010,911	-28,762	1,039,673	0
Net income recognized directly in equity					-683,866	-683,866
Net operating profit for the period 01/01-31/12/2006					12,828,625	12,828,625
Total recognized profit/loss for the period	4,125,048	0	-982,801	-28,762	9,059,384	12,172,869
Balance as of December 31, 2006	6,187,572	11,275,656	-32,877	2,465,273	34,385,083	54,280,708
Balance as of January 1 2007, according to IFRS	6,187,572	11,275,656	-32,877	2,465,273	34,385,083	54,280,707
Changes in equity during the period 01/01-31/12/2007						
Share capital increase	1,237,514	-287,591			-949,924	0
Expenses due to Share Capital Increase					-9,262	-9,262
Change due to absorption of subsidiary company					589,794	589,794
Dividends					-4,331,300	-4,331,300
Transfer from accumulated profits to reserves				182,552	-182,552	0
Net income recognised directly in Equity						0
Net operating profit for the period 01/01-31/12/2007					14,151,297	14,151,297
Total recognised profit/loss for the period	1,237,514	-287,591	0	182,552	9,268,053	10,400,529
Balance as of December 31, 2007	7,425,086	10,988,065	-32,877	2,647,826	43,653,136	64,681,236

## CASH FLOW STATEMENT

Amounts reported in €

	Notes	GROUP		COMPANY	
		01/01- 31/12/2007	01/01- 31/12/2006	01/01- 31/12/2007	01/01- 31/12/2006
<b>Cash flows from operating activities</b>	<b>5.27</b>	<b>16,689,449</b>	<b>11,625,633</b>	<b>14,383,532</b>	<b>10,672,558</b>
Less: Interest paid		(1,246,116)	(1,045,910)	(1,030,319)	(950,894)
Less: Income taxes paid		(1,694,935)	(1,995,747)	(1,236,999)	(1,652,201)
<b>Net Cash flows from operating activities(a)</b>		<b>13,748,398</b>	<b>8,583,977</b>	<b>12,116,213</b>	<b>8,069,463</b>
<b>Cash flows from investing activities</b>					
Purchase of tangible and intangible assets		(3,936,177)	(2,103,778)	(1,968,493)	(1,059,677)
Proceeds of sale of tangible asset		200	3,000	200	0
Acquisition of subsidiaries, affiliates, joint venture and other investment		(6,040,000)	(2,005,671)	(8,100,000)	(2,872,344)
Cash from acquisition of company		148,180	0	0	0
Share capital return from associates		0	3,303,574	0	3,303,574
Interest received		31,054	22,759	5,006	22,759
Dividends received		8,674	5,560	8,674	5,560
<b>Net Cash flows from investing activities(b)</b>		<b>(9,788,070)</b>	<b>(774,555)</b>	<b>(10,054,613)</b>	<b>(600,127)</b>
<b>Cash flows from financing activities</b>					
Proceeds from share capital increase		198,553	0	0	0
Expenses due to Share Capital Increase		(38,261)	0	(9,262)	0
Proceeds from issued/undertaken loans		16,863,081	13,394,477	15,500,000	13,056,340
Repayment of loans		(9,851,693)	(14,847,886)	(9,547,012)	(13,992,501)
Payment of finance lease liabilities		(997,170)	(870,343)	(903,397)	(870,343)
Dividends paid		(4,478,743)	(3,962,849)	(4,328,743)	(3,712,849)
<b>Net Cash flows from financing activities(c)</b>		<b>1,695,768</b>	<b>(6,286,601)</b>	<b>711,587</b>	<b>(5,519,353)</b>
<b>Net increase in cash and cash equivalents(a) + (b) + (c)</b>		<b>5,656,096</b>	<b>1,522,821</b>	<b>2,773,187</b>	<b>1,949,983</b>
Cash and cash equivalents at beginning of period		6,881,825	5,359,004	5,356,593	3,406,610
<b>Cash and cash equivalents at end of period</b>		<b>12,537,920</b>	<b>6,881,825</b>	<b>8,129,780</b>	<b>5,356,593</b>

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



## 1. ADDITIONAL INFORMATION

### 1.1 General Information

The financial statements include the company financial statements of “I. KLOUKINAS - I. LAPPAS CONSTRUCTION & COMMERCE SOCIETE ANONYME” operating as K.L.M. S.A. (the Company), and the consolidated financial statements of the company and its subsidiaries (the Group) for the period ended on 31st December 2007, according to the International Financial Reporting Standards (IFRS).

The Group engages in the execution of construction projects of any nature, whether as contractors or not, and the import, production and sale of clothing and footwear products, baby and child products, toys, furniture, cosmetics and houseware.

The Company was established in Greece, with headquarters located since 1993 at 3 Pasteur Street, Athens. Its telephone number is: 210-6451591-6.

The company's website is: [www.klimate.gr](http://www.klimate.gr)

The company's shares are traded on the Athens Stock Exchange.

Company and consolidated financial statements for the financial year 2007 have been approved for publication by the Company's BOD on 19/3/2008 and are subject to the final approval of the Annual General Shareholders Meeting.

### 1.2 Basis of Preparation

The financial statements were prepared by management according to the International Financial Reporting Standards, including International Accounting Standards (IAS), as adopted by the European Union as well as the interpretations of IFRS as published by the International Accounting Standards Board (IASB).

The Financial statements were prepared under the historical cost convention, as amended as a consequence of the adjustment of specific assets and liabilities to their current value, and based on the principle of continuing operations, in accordance with the International Financial Reporting Standards.

The preparation of financial statements in accordance to IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Significant assumptions made by management during the application of the Company's accounting methods have been noted when deemed necessary.

### 1.3 Amendments in accounting principals

#### IAS 1 (amendment) Capital disclosures

Further disclosures were added to IAS 1 regarding the amount and the management procedures for the company' capital. The group will apply the amendments of IAS 1 for the annual Financial Statements 01/01/2007-31/12/2007.

#### IFRS 7 Financial Instruments

The impact of the implementation of IFRS 7 was the increase in the disclosures related to the financial instruments. Specifically, determines the minimum disclosures regarding credit risk, liquidity risk and market 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 the company will apply IFRS 7 for the annual Financial Statements 01/01/2007-31/12/2007.

#### Interpretation 7, Implementation of the revision approach of IAS 29

##### Financial Statements in overpopulated economies.

The Interpretation 7 requires that in the period during which a company identifies overpopulation in the economy of its operation currency, without any overpopulation in the previous period, to implement the requirements of IAS 29 as if the economy was always in overpopulation situation.

The Interpretation 7 has no implementation in the Group.

#### IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006).

IFRIC 8 requires consideration of transactions involving the issuance of equity instruments where the identifiable consideration received is less than the fair value of the equity instruments issued to establish whether or not they fall within the scope of IFRS 2. IFRIC 8 has no impact on the Company's accounts.

**Interpretation 9, Revaluation of embedded derivatives (effective for the fiscal years beginning on or after June 1st, 2006)**

The Interpretation 9 requires that a company evaluates whether a contract includes a embedded derivative at the signing of the contract and any subsequent reevaluation is not allowed except if there is a change in the terms of the contract with a substantial impact in the cash flow.

The Interpretation 9 has no implementation in the Group.

**Interpretation 10, Interim Financial Report and impairment (effective for the fiscal years beginning on or after November 1st, 2006)**

The interpretation 10 may have an impact in the Financial statements in the case where an impairment loss is identified in an interim period related to surplus-value or investments in securities available for disposal or not listed, retained at cost, as this

impairment can not cross entry in the following interim or annual financial statements.

The Interpretation 10 has no implementation in the Group.

***New IFRS, interpretations and amendments of the existing standards have been issued, whose implementation is not mandatory for the current accounting period and the Group has not implemented them earlier, as follows:***

**IFRS 23 (Amendment) Borrowing Cost**

In the revised standard, the previous benchmark treatment of recognizing borrowing costs as an expense has been eliminated. Instead, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets forms part of the costs of the asset. The revised version of IAS 23 Borrowing Cost needs to be applied for annual periods beginning on or after 1st January 2009.

**IFRS 8 Operating Sectors**

IFRS 8 replaces IAS 14 and sets different disclosure requirements regarding the information by activity sectors. IFRS 8 is effective from 01.01.2009 and is expected to be adopted by the Group then.

**IFRIC 11 - IFRS 2- Group and Treasury Share Transactions**

This interpretation is effective for the financial statements from March 1st 2007.

IFRIC 11 provides guidance on whether specific share-based payment arrangements should be accounted for as equity settled or cash-settled schemes as well as when the employees of a subsidiary receive shares of the parent company. IFRIC 11 has no implementation in the Group.

**IFRIC 12-Service Concession Arrangements**

This interpretation is effective for the financial statements from January 1st 2008. IFRIC 12 provides guidance on accounting for some concession arrangements. IFRIC 12 has no implementation in the Group.

**IFRIC 13 Customer Loyalty Programmes**

IFRIC 13 provides guidance on accounting where entities grant award credits (e.g. loyalty points) as part of a sales transaction.

IFRIC 13 needs to be applied for annual periods beginning on or after 1st January 2008.

**IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008).**

IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 applies to post-employment and other long-term employee defined benefit plans. The interpretation clarifies when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum

funding requirement might give rise to a liability. As the Company does not currently operate any such benefit plans with defined benefit assets for its employees, this interpretation is not presently relevant to the Company.



## 2. BASIC ACCOUNTING PRINCIPLES

The following accounting principles were used in the drafting of the attached financial statements and are consistently applied by the Group:

### 2.1 Consolidation

**Subsidiaries:** These are all companies managed and controlled, either directly or indirectly, by another company (parent), either by holding the majority of voting rights in the company in which investment was made, or, in the event the majority of shares has not been acquired, following an agreement with the other shareholders of the company in which the investment was made. In other words, subsidiaries are companies controlled by the parent company. Subsidiaries are fully consolidated using the purchase method as of the date in which control over them is acquired and cease to be consolidated from the date this control ceases to exist.

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

Particularly in the case of business combinations that took place prior to the Group's adoption of the IFRS (January 1st 2004), the exception of IFRS 1 was applied with no retroactive use of the purchase method. Within the framework of the above exception, the Company did not revalue the purchase cost of subsidiaries acquired prior to the date of adoption of the IFRS, not the fair value of assets acquired and liabilities assumed at the date of acquisition, nor did it recognize any goodwill in its consolidated financial statements according to the IFRS.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment that should be recognized on the asset transferred. The accounting principles of subsidiaries have been adjusted to ensure consistency with the accounting principles adopted by the Group.

**Affiliates:** These are the enterprises over which the Group can exercise a significant influence without however them meeting the criteria that would classify them as either subsidiaries or joint-ventures. According to the underlying assumptions used by the Group, any holding between 20% and 50% of voting rights in a company indicates a significant influence over this company. Investment in affiliated companies are initially recorded at cost and subsequently accounted according to the equity method of accounting.

The Group's share of the affiliate's net profit or loss after the acquisition is recognized in the income statement, while the share of variations in reserves after the acquisition is recorded under reserves. Accumulated variations influence the carrying value of investments in associated enterprises. When the Group's share of the losses of an associate equals or exceeds its interest in the affiliate, including all other bad debts, the Group discontinues recognizing its share of further losses unless it has incurred obligations or made payments on behalf of the affiliate.

Unrealized gains from transactions between the Group and its affiliates are eliminated to the extent of the Group's participation in the affiliate. Unrealized losses are eliminated, unless the transaction provides evidence of an impairment that should be recognized on the asset transferred. The affiliate's accounting policies have been adjusted to ensure consistency with the accounting policies adopted by the Group.

Inter-company balances and inter-company transactions, as well as the Group's profits ensuing from inter-company transactions and not yet realized (at Group level) are eliminated during the preparation of the consolidated financial statements.



## 2.2 Consolidation of subsidiaries abroad

The conversion of the financial statements of Group companies (none of which operate within a hyperinflationary economy - consequently IAS 29 «Financial reporting in hyperinflationary economies» in not applicable), having a different functional currency than the Group's presentation currency, is carried out as follows:

A) Assets and liabilities are converted at the closing exchange rate on the Balance Sheet date.

B) Income and expenses are converted at the average exchange rate for the period, unless the average exchange rate is not a rational approach to the accumulated impact of exchange rates valid on the dates of transactions, in which case income and expenses are converted at the rates valid on the day of each transaction

C) Exchange differences arising are recorded in Equity reserves and are transferred to profit or loss upon disposal of these enterprises.

## 2.3 Group structure and method of company consolidation

The consolidated financial statements include, with the method of full consolidation, in addition to the parent company the following subsidiaries:

Name	Headquarters	Participation %	Relation that dictated consolidation	Consolidation method
I.Kloukinas - I.Lappas Construction & Commerce S.A.	Greece	Parent Company	-	-
KLTH Carpentry works Ltd	Greece	99.59%	Direct	Full Consolidation
I.Kloukinas-I.Lappas Energy S.A.	Greece	93.14%	Direct	Full Consolidation
MYIE Kerasovou S.A.	Greece	82.89%	Indirect (I.Kloukinas-I.Lappas Energy S.A. με 89%)	Full Consolidation
KLM SA-TEDRA SA joint venture	Greece	70.00%	Direct	Full Consolidation
KLM SA-ISTOS LTD joint venture	Greece	75.00%	Direct	Full Consolidation
COMPTON HOUSE PROPERTIES LIMITED COMPANY	CYPRUS	100.00%	Direct	Full Consolidation
COMPTON HOUSE HELLAS (ELC)	Greece	100.00%	Indirect	Full Consolidation
SYSMEROM COM SRL	Romania	100.00%	Direct	Full Consolidation
KLM BULGARIA EOOD	Bulgaria	100.00%	Direct	Full Consolidation
KLMS COM DOOEL	FYROM	100.00%	Direct	Full Consolidation
KLSAL LTD	Albania	100.00%	Direct	Full Consolidation
KLSEER COMMERCE LTD	Serbia	100.00%	Direct	Full Consolidation
KLM TRGOVINA KROATIA	Croatia	100.00%	Direct	Full Consolidation
KLSLV D.O.O	Slovenia	100.00%	Direct	Full Consolidation
ENTELIA SA	Greece	40.00%	Direct	Equity
KLOUKINAS-LAPPAS SA-ERGO SA joint venture	Greece	50.00%	Direct	Equity
K.L.M.SA &SIA ERGO PALLINIS EE	Greece	70.00%	Direct	Equity
K.L.M.SA &SIA EE	Greece	70.00%	Direct	Equity
ATHONIKI TECHNIKI-KLM SA joint venture	Greece	50.00%	Direct	Equity
ATTIKAT ATE & SIA ETE	Greece	10.00%	Direct	Equity





The method of full consolidation is not applicable in the case of companies consolidated using the equity method, insofar the company does not exercise control on the basis of an agreement with the remaining shareholders.

The company on November 23rd 2007, acquired the entire share capital (100%) of the Cyprian Company under the name "COMPTON HOUSE PROPERTIES LIMITED", consisting the sole shareholder of the Greek Company under the name "COMPTON HOUSE (HELLAS) TRADE OF CHILDREN'S PRODUCTS & LEARNING TOYS SOCIETE ANONYME", which retains the exclusive right of purchasing products of the Company under the name "Early Learning Centre Limited" in Greece.

The acquisition cost amounted to 6,000,000. The aforementioned companies are included in the consolidated financial statements from the date the group exercised control over them (23/11/2007). The profits of the group, due to the above consolidation, were increased by 408,467.86. This amount reflects the profits for the period from 23/11/2007 to 31/12/2007.

The company absorbed its 100% subsidiary Net Style SA in accordance with the approval of the Ministry of Development on 26th October 2007.

During the current period the percentage of the company in I. Kloukinas - I. Lappas Energy SA (subsidiary holding) has increased from 85% to 93.14% due to an increase of share capital in which only the company has participated.

The company participated by 40% in the share capital of the newly established company "ENTEILIA ANONYMOUS CARPENTRY COMPANY" amounting to 100,000. The company's strategic goal is to expand into emerging and profitable markets. The company is active, on import, process and trade of composite materials, solid surfaces and engineered stone, which can be used in the manufacture of flat surfaces in kitchens, hotels, hospitals, operating rooms, ship's cabins etc. The company will use for its production line the factory owned by I. Kloukinas-I. Lappas SA subsidiary, KLTH Carpentry Works LTD.

## **2.4 Report by Segment**

A business segment is a distinct component of the enterprise that provides products or services and that is subject to risks and returns that are different from those of other business segments of the enterprise.

A geographic segment is a distinct component of the enterprise that provides products or services within a particular economic environment and that is subject to risks and returns that are different from those of other segments of the enterprise operating in different economic environments.

The criterion for the determination of primary and secondary segments was the nature and origin of Group revenues. Consequently, the Group presents the analysis by business segments as its primary segment reporting format and geographic segments as secondary.

## **2.5 Recognition of revenues / costs**

### **2.5.1 Revenues**

Revenues are generated by the sale of goods, the execution of works and the provision of services, as well as the receipt of interest and dividends. Revenues are measured at the fair value of the consideration receivable or received and include the true sales value, net of taxes recovered, discounts and returns. Revenue recognition by category is carried out as follows:

#### **(a) Sales of merchandise / goods**

Sales of goods are recognized when the Group / the Company delivers the goods to the customer, the customer accepts them, the consideration for the sale has been agreed upon, collection of claims is assured only in cash, and the cost can be reliably measured.

#### **(b) Revenues from the execution of projects**

Revenues from the execution of projects arise from the company's fees for the construction of assets, namely buildings, on behalf of its clients with whom it signs a relevant contract for the execution of works. These are

mainly «fixed amount» contracts and can be long or short term depending on their duration.

**(bi) Long-term project contracts**

In order to recognize revenues arising from the execution of projects spanning two or more accounting periods, the Company applies the «percentage of completion» accounting method provided for in IAS 11. According to this method, if the outcome of a construction contract can be reliably estimated, revenue and costs linked to the contract are recognized in proportion to the stage (percentage) of completion of contract activity at the balance sheet date. No profit is recognized for project contracts for which the outcome cannot be reliably estimated and the revenue recognized is equivalent to the cost of sales in the income statement. An expected loss on a project contract is recognized in its entirety in the income statements of the fiscal year in which this loss is identified.

The stage (percentage) of completion of each project contract is calculated as the proportion of contract costs incurred for works performed at the balance sheet date in relation to the estimated total contract costs to completion of works and delivery to the client. The project contract costs, as per above, do not include costs pertaining to future works nor down-payments to sub-contractors.

Changes in initial revenue and cost estimates for project contracts are dealt with according to IAS 8, bearing on the current and future financial years.

**(bii) Short-term project contracts**

Revenue and costs of project contracts executed, from beginning to completion of works, within the same accounting period are recognized in their entirety in the income statements of the period.

**(c) Revenues from provision of services**

Revenues arising from the provision of services are recognized when the amount of revenue amount can be reliably measured, it is probable that the economic benefits will flow to the Company, the stage of completion of the transaction at the balance sheet date can be reliably measured, and the costs incurred in respect of the transaction as well as those to be incurred for the completion thereof can also be reliably estimated.

**(d) Interest income**

Interest income is recognized on a time proportion basis using the effective interest method.

**(e) Dividend income**

Dividend income is recognized when the shareholders right to receive payment is established.

**(f) Revenue from leases**

Rents receivable are recognized in the income statement according to the rent amount corresponding to the period in question.

## 2.5.2 Costs

**a) Cost of sales**

The cost of goods sold is recognized concurrently with the delivery of goods (issuance of the corresponding fiscal document) to customers.

**b) Cost of project contracts**

The cost of project contracts includes a) all costs directly related to each contract (direct cost), b) costs attributable to the general contracting activity to the extent that they can be reasonably allocated to each contract (indirect cost) and c) all other expenses specifically charged to an individual contract.

The direct cost of contracts includes direct labor costs, sub-contractor fees, the cost of materials used, amortization of machinery and equipment used in construction, expenses for the transfer of machinery and materials, and the estimated cost of site restoration works and guarantees.

The indirect cost of construction contracts includes insurance premiums, design and technical assistance expenses and general construction costs. They are allocated in a systematic and rational way to contracts.

Expenses specifically related to a contract include any administrative or sales & marketing expense related to it.

The costs of a project contract are encompassed in the period from the signing of the contract until its full completion (delivery of the project to the client). Expenses directly linked to a contract and incurred prior to



signing are included in the contract costs only if the signing of the contract and the incurring of said expenses fall in the same fiscal year.

## **2.6 Effects of Exchange rate fluctuations**

Foreign currency transactions are converted into euros at the rate of exchange at the date of the transaction.

At the balance sheet date, foreign currency assets and liabilities are converted into euros at the rate of exchange on that date. Foreign currency gains or losses ensuing from conversion are recognized in profit & loss.

## **2.7 Income Tax and Deferred Taxes**

The period is charged with income taxes consisting of current taxes and deferred taxes, that is taxes or tax exemptions related to the economic benefits ensuing within the period but have already been or will be imputed by fiscal authorities to different periods. Income taxes are recognized in the period's income statement, except to the extent that the tax arises from transactions recognized directly in equity, in which case the tax is also directly recognized in equity in a corresponding manner.

Current income taxes include short term liabilities and/or claims expected to be paid (recovered from) on the period's taxable income and any additional income tax carried over from previous fiscal years.

Current taxes are measured according to the tax rates and fiscal laws applicable in the fiscal periods to which they relate, based on taxable profits for that year. All changes in the short term tax assets or liabilities are recognized as expenses in the income statement.

Deferred income taxes are recognized with the liability method on all temporary differences between the carrying value of an asset or liability and its tax base. Deferred income taxes are not recognized if they arise from the initial recognition of assets or liabilities in a transaction, other than in a business combination which, at the time of the transaction, did not affect either the accounting or the taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and fiscal laws that have been enacted or substantively enacted by the balance sheet date.

In the event it is impossible to determine the timing of the reversal of temporary differences, the tax rate in force on the day following the balance sheet date is applied.

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

Deferred income taxes are recognized for deductible temporary differences arising from investments in subsidiaries and affiliates, unless the reversal of temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities are also measured taking into account the possible tax differences ensuing from an audit by competent authorities.

Most changes in deferred tax assets or liabilities are recognized as part of tax-related expenses in the income statement. Only changes in assets or liabilities having an impact on temporary differences are directly recognized in the Group's equity, such as revaluation of real estate properties, result in the corresponding change in deferred tax assets or liabilities charged against the relevant equity account.

## **2.8 Tangible assets**

Tangible assets are recorded in financial statements at their purchase price or at imputed cost as determined on the basis of fair value on the date of transfer, less accumulated depreciation and eventual asset impairment. Purchase cost includes all expenses incurred to acquire an item of property.

Subsequent expenses are recognized at revaluation of the carrying value of tangible assets or as a separate

asset only if it is probable that the future economic benefits associated with the asset will flow to the Group and their cost can be reliably measured. The cost of repair and maintenance is recognized at the moment it is actually incurred.

Depreciation of tangible assets (other than land that does not depreciate) is calculated over the asset's useful life as follows:

Buildings and installations	50	years
Machinery and Equipment	5	years
Vehicles and Transport Equipment	5	years
Computers	3	years
Other equipment	5	years

The residual value and useful life of tangible assets are reviewed at each balance sheet date. When the carrying value of tangible assets exceeds their residual value, the difference is directly recognized as an expense in the income statement.

When a fixed tangible asset is disposed of, the differences between the proceeds and the carrying value are recorded as gains or losses in the income statement. Finally, when fixed tangible assets are measured at fair value, any revaluation surplus credited to equity at the moment of the sale is carried forward. Repairs and maintenance are recorded in the expenses of the relevant period.

Self-produced tangible assets represent an addition to the purchase costs at values that include the direct cost of salaries of the personnel participating in the construction (corresponding employer contributions), the cost of perishables and other general costs.

## 2.9 Investments in property

Investments in property are carried out to earn rentals or realize capital gains or both. Investment properties are properties (including land, buildings, or parts of a building or both) held by the Group either to earn rentals from their lease or to realize capital gains or both.

According to the recognition criteria, the Group recognizes all the expenses related to an investment property when they are incurred. These expenses include all expenses initially incurred for the acquisition of the property and all subsequent expenses incurred for the extension or replacement of part of the property. According to the recognition criteria, the Group does not include repair expenses in the carrying value of investment properties, being directly recognized in the income statement.

Investment properties are initially recognized at their purchase cost, incremented by all the expenses related to the purchase transaction (e.g. notary fees, agent fees, property transfer taxes). The cost of investment properties is the equivalent price in cash. If payment for the acquisition of an investment property is deferred beyond usual credit terms, the difference between the total of payments and the equivalent amount in cash will be recognized and recorded in the income statement as interest (expense) throughout the duration of the credit.

The Group chose to value property investments on a fair value basis. According to this policy, the fair value of a property investment is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value excludes a valued price accrued or reduced because of special terms or circumstances, such as unusual financing, sale with lease back agreement, special considerations or concessions made by any party involved in the sale. Gains (or losses) arising from changes in the fair value of an investment property is recognized as a net profit or loss in the period in which it arises.

Key factors in determining fair value are current prices in an active market for similar properties in the same location and condition.

## 2.10 Intangible assets

**Software licenses :** These include primarily the costs of implementing the computer software program. The cost of software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software . These costs are amortised over their estimated useful lives with the straight line method (3 to 5 years).

**Commercial brands and licences:** the acquired commercial brand and licenses should be carried at cost less any accumulated amortization. They should be amortised on a systematic basis over its useful life. The amortization period should reflect the best estimate of the period during which futur economic benefits are expected to flow to the enterprise (20 years).

## 2.11 Asset impairment

Assets having an indefinite useful life are not depreciated and are subject to an annual impairment control or whenever there is an indication that the carrying value is not recoverable. Assets that are depreciated are subject to an impairment control whenever there is an indication that the carrying value is not recoverable. The recoverable amount is the higher of an asset's net selling price and its value in use.

An impairment loss is recognized by the company whenever the recoverable amount of assets is below their carrying value (or their Cash Generation Unit).

Net selling price is the amount ensuing from the sale of an asset within the framework of a bargained transaction between fully knowledgeable and willing parties, less any additional direct cost of disposal of the asset; value in use is the current value of estimated future cash flows the enterprise expects to derive from the asset's use and its disposal at the end of its estimated useful life.

## 2.12 Valuation of subsidiaries and affiliates

Participations in subsidiaries and affiliated companies are accounted in the parent company's financial statements at the cost of acquisition less impairment losses.

## 2.13 Inventories

Inventory is stated at the lower of cost and net realizable value. Cost of inventories is determined using the weighed average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2.14 Customer Receivables

Customer Receivables are initially recorded at their fair value which corresponds to the nominal value, less impairment losses. Impairment losses (losses from doubtful receivables) are recognized when there is an objective proof that the Group is not in a position to collect all the amounts due on the basis of contractual terms. Impairment losses are the difference between the carrying value of receivables and estimated future cash-flows. Any impairment loss amount is recorded as an expense in the financial statements of the year in which the concurrence of the above conditions has been identified.

## 2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Group's financial instruments are classified in the categories below on the basis of the substance of the contract and the purpose for which they were acquired.

**2.15.1 Financial instruments classified at fair value through profit and loss.**

These are financial assets meeting any of the below mentioned criteria:

- Financial assets held for trading (including derivatives other than those that are fixed effective offsetting means, those that are acquired or created with a view to selling or re-purchasing and those that are part of a portfolio of recognized financial instruments).
- At initial recognition the enterprise records these assets at fair value, recognizing changes in the Income statement.

**2.15.2 Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are included in trade and other receivables in the balance sheet.

**2.15.3 Financial assets available for sale**

- It includes non-derivative financial assets that are either designated in this category or cannot be classified in any of the above categories.
- Subsequent valuations of these financial instruments are carried out at fair value, provided it can be reliably measured, whereas in the opposite case valuations are based on cost of acquisition.
- Profits or losses arising from assets available for sale are directly recognized in equity until the asset is disposed of.
- In the event the value of financial assets decreases, the amount is not recognized in equity but in profit & loss. The same holds true for profits or losses arising from foreign exchange differences.
- Purchases and sales of investments are recognized at the transaction date, which is the date that the Group commits to purchase or sell the item. Investments are initially recorded at fair value plus directly allocated costs. Investments are written-off when the right to the cash flows of the investment expire or are transferred and the Group has essentially transferred all the risks and rewards related to the ownership of the investment.
- The fair values of financial assets, which are traded on active markets, are determined by the market values. The fair value of financial assets not traded on active markets is determined by the use of valuation techniques determined by the net present value of cash flows.
- At each balance sheet date, the Group determines if there are objective indications which may lead to the conclusion that the financial assets are impaired. For shares in companies which have been classified as Available for sale, such an indication is the significant or protracted decrease in the fair valued as compared to the cost. If the impairment can be substantiated, the accumulated loss recorded under Equity is transferred to the income statement.

**2.16 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits together with short-term, highly liquid investments such as money market products and bank deposits. Money market products are financial assets recorded at fair value in profit & loss.

**2.17 Share capital**

Expenses incurred for the issue of shares are recognized after the deduction of the relevant income tax and charged against the issue proceeds. Expenses related to the issue of shares towards the acquisition of enterprises are included in the cost of acquisition of said entity.



Company shares are traded on the Athens Stock Exchange under the KLM ticker symbol. Each ordinary nominal share is entitled to one vote.

## **2.18 Borrowings**

Loans are initially recognized at fair value net of any transaction costs incurred. Subsequently, they are recognized at amortized cost using the real interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

## **2.19 Leases**

### **2.19.1 As lessee:**

Leases in which the risks and rewards of ownership are retained by a third party, that is the lessor, are classified as operating leases. Payments made, including down-payments, are correspondingly recognized in the income statements over the term of the lease.

Fixed asset leases in which all the risks and rewards of ownership are retained by the Company are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges. The corresponding lease obligation, net of finance charges, are recognized in long-term and short-term liabilities, while the interest element of the finance cost is recognized in the income statement. Profits arising from the sale of the asset are recorded as deferred income and are recognized as income in the income statement over the lease period.

Tangible assets acquired through finance leases are depreciated over the shorter of the lease term or the useful life of the asset.

### **2.19.2 As lessor:**

Assets leased under operating leases are included in the tangible assets of the balance sheet. They are depreciated over the duration of their useful life in a way consistent with that for owned assets. Lease income (net of any incentive granted to lessees) is recognized over the lease term on a straight-line basis. The Group does not lease assets under finance leases but under operating leases.

## **2.20 Employee benefits**

### **2.20.1 Short-term benefits**

Short-term employee benefits (with the exception of termination benefits) in cash and in kind are recognized as an expense when actually incurred. Any unpaid amount is recorded under liabilities, whereas whenever the amount paid exceeds benefits, the enterprise recognizes the amount in excess as an asset (pre-paid expense) only to the extent that this pre-payment will lead to a decrease of future payments or to a return.

The actuarial benefit valuation method used was the Projected Unit Credit Method.

Actuarial gains and losses are items of the enterprise's obligation, as well as of the expense to be recognized in the income statement. They arise from adjustments above or below the 10% margin of the accumulated obligation and are recognized in profit & loss in the expected average remaining working lives of the participating employees.

### **2.20.2 Termination benefits**

Termination benefits are paid when the employment of an employee or group of employees is terminated before the normal retirement date. The Group recognizes these benefits when it is demonstrably committed to either terminate the employment of existing employees on the basis of a detailed formal plan for the termination that has no realistic possibility of withdrawal, or when it provides termination benefits as an incentive to



encourage voluntary redundancy. Where termination benefits fall due after more than 12 months after the balance sheet date, they are discounted on the basis of the yield of high quality corporate bonds or government bonds.

In the event of an offer made to encourage voluntary redundancy, the valuation of termination benefits is based on the number of employees expected to accept this offer. In the event of employment termination where it is impossible to determine the number of employees that will make use of these benefits, same are not accounted but simply disclosed as possible obligation (contingent liability).

## 2.21 Government grants

The Group recognizes government grants that cumulatively satisfy the following criteria: a) there is reasonable assurance that the enterprise will comply with any conditions attached to the grant and b) there is reasonable assurance that the grant will be received. Grants are recorded at fair value and are systematically recognized as income, on the basis of the principle of the correlation of grants with the corresponding costs they compensate.

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

## 2.22 Trade and other payables

Liabilities for trade and other amounts payable which are normally settled on 30-90 days terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

## 2.23 Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, their settlement will probably result in an outflow of resources and the exact amount of the obligations can be reliably estimated. Provisions are reviewed at each balance sheet date and adjusted so as to reflect the amount that an enterprise would rationally pay to settle the obligations. Possible obligations (contingent liabilities) are not recognized in financial statements but only disclosed, unless the probability of outflow of resources incorporating economic benefits is minimal. Contingent assets are not recognized in financial statements but are disclosed when an inflow of economic benefits is probable.

## 2.24 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a group of interrelated assets for and on behalf of customers, according to the terms provided for in the relevant contracts, the execution of which usually covers a period of time exceeding one financial year.

Expenses related to the contract are recognized whenever they are actually incurred. If the outcome of a construction contract cannot be reliably estimated, particularly in the early stages of the project, then the expense is recognized only to the extent that the contract costs incurred are expected to be recoverable and contract costs should be expensed as incurred. Consequently, in these contracts, the income recognized must be such that there is a zero profit from the specific project.

If the outcome of a construction contract can be reliably estimated, revenue and costs are recognized respectively as revenue and costs for the duration of the contract. The Group uses the percentage of completion method of accounting in order to determine the suitable revenue and costs to be recognized in a specific period.

The stage of completion of a contract is measured on the basis of the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Whenever there is a reasonable indication that the total contract cost will exceed total revenue, the expected loss on a construction contract is directly recognized as an expense in the income statement.

In order to measure the cost incurred until the end of the fiscal year, any expense related to future works in





relation to the contract is excluded and is accounted as work in progress. The total cost incurred and the total profit/loss recognized for each contract is compared with the progressive invoicing until the end of the fiscal year.

Whenever the incurred expenses plus net profits (minus losses) that have been recognized exceed progressive invoicing, the difference is accounted as a receivable from contract customers under «Trade debtors and other receivables». Whenever progressive invoicing exceeds the expenses incurred plus net profits (minus losses) that have been recognized, the balance is accounted as an obligation to contract customers under «Suppliers and other liabilities».

## **2.25 Dividend Distribution**

The distribution of dividends to the shareholders of the parent company and the remuneration of the Board of Directors from the profits of the fiscal year are recognized as a liability in the separate and consolidated financial statements on the date the distribution is approved by the General Shareholders Meeting.

### 3. FINANCIAL RISK FACTORS

Risk management falls under the competence of the Financial Department that operates according to specific rules approved by the Board of Directors.

#### Market risk

##### Foreign exchange risk

The Group operates internationally and therefore it is exposed to foreign exchange risk, which arise mainly from the British Pounds. The Group contacts constantly its financial advisors in order to determine the appropriate hedging policy.

The following table illustrates the sensitivity of the result for the year and the equity in regards to hypothetical fluctuation of / Ron exchange rate.

It assumes a 10% change for the year ended 31 December 2007

	31/12/2007	
	Increase	Decrease
Net results for the year	122,640	(100,341)
Equity	205,803	(113,839)

The financial assets and liabilities in foreign currency translated into euro using the exchange rate at the balance sheet date as follows:

	31/12/2007
	£
Financial assets	0
Financial liabilities	1,899,672
	<b>1,899,672</b>

The following table illustrates the sensitivity of the result for the year and the equity in regards to to hypothetical fluctuation of / £ exchange rate.

It assumes a 2% change for the year ended 31 December 2007

	31/12/2007	
	Increase	Decrease
Net results for the year	50,789	(52,862)
Equity	50,789	(52,862)

**Price Risk**

The Group is exposed to commodity price risk due to transactions mainly in British pounds and US dollar. A change in selling price of goods every six months protects the company against this volatility.

**Interest rate risk**

Interest rate risk is usually due to long term loan agreements. All loans are expressed in floating rates. Changes in interest rates expose the Group to cash-flow risks. Financial expenses increase or decrease as a result of such changes.

The following table reflects the sensitivity of income and equity in relation to a hypothetical assumption regarding interest fluctuation. It assumes a 0.5% change for the year ended 31 December 2007

31/12/2007		
	Increase	Decrease
Net results for the year	(80,248)	80,248
Equity	(80,248)	80,248

**Credit Risk**

The Group does not have a significant concentration of credit risk. The policies it has developed ensure that construction contracts are signed with clients that have a satisfactory credit standing. The sale of merchandise is carried out only against cash. Cash-related transactions are carried out with reliable credit institutions.

**Liquidity Risk**

Liquidity risks are irrelevant insofar that the Group has sufficient cash as well as sufficient credit lines with cooperating banks.

There are no cash-flow risks as the Group does not have significant interest income.

**3.1 Capital Management**

The Group's objectives as regards to management of capital, is to reassure the ability for the Group's smooth operation, which aims at providing satisfactory returns to shareholders and to maintain an ideal capital structure by reducing thus the cost of capital. The Group monitors its capital based on the leverage rate. The leverage rate is calculated by dividing net debt with total employed capital. Net debt is calculated as "Total debt" (including "short-term and long-term debt" as presented in the Balance Sheet) minus "Cash and cash equivalents". Total employed capital is calculated as "Equity attributed to shareholders of the parent" as presented in the balance sheet plus net debt. The leverage ratio on December 31st 2007 was as follows:

Amounts reported in €	GROUP		COMPANY	
	01/01-31/12/2007	01/01-31/12/2006	01/01-31/12/2007	01/01-31/12/2006
Total Debt	27,272,804	20,286,068	23,744,975	18,550,830
<b>Less:</b> Cash and Cash Equivalent	-12,537,920	-6,881,825	-8,129,780	-5,356,593
<b>Net Debt</b>	<b>14,734,884</b>	<b>13,404,244</b>	<b>15,615,194</b>	<b>13,194,236</b>
Equity attributed to shareholders of the parent	65,312,606	54,131,638	64,681,236	54,280,707
<b>Total employed capital</b>	<b>80,047,490</b>	<b>67,535,882</b>	<b>80,296,431</b>	<b>67,474,944</b>
<b>Leverage ratio</b>	<b>18%</b>	<b>20%</b>	<b>19%</b>	<b>20%</b>

### 3.2 Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for valuation purposes where applicable. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

### 3.3 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 3.4 Income taxes

Current income tax liabilities for the current and prior periods are measured, in accordance with IAS 12, at the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported in the respective income tax returns and the potential additional tax assessments that may be imposed by the tax authorities upon settlement of the unaudited tax years.

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 3.5 Provision for doubtful customers

The Management of the Company proceeds to periodical revaluation of the provision sufficiency concerning the doubtful customers in accordance with the credit policy taking into account its Legal Counselor advices for the cases it handles.



#### 4. SEGMENT INFORMATION

The Group's main business activities involve the sale of goods and revenues from construction contracts. To enhance the understanding of the financial statements, the results of these activities are presented in detail below.

##### 4.1 Review by business segment

01/01/2007 - 31/12/2007					
GROUP	Commercial segment	Construction segment	Energy segment	Carpentry segment	Total
<i>Amounts reported in €</i>					
Sales	38,624,957	24,713,635	549,119	115,504	64,003,215
Cost of sales	-14,224,763	-18,688,636	-197,101	-51,385	-33,161,885
<b>Gross profit</b>	<b>24,400,194</b>	<b>6,024,999</b>	<b>352,018</b>	<b>64,119</b>	<b>30,841,330</b>
Other operating income	8,195,915	67,435	16,847	6,685	8,286,882
Distribution cost	-11,950,205	0	0	-43,562	-11,993,768
Administration expenses	-1,886,124	-1,824,940	-16,878	-102,027	-3,829,969
Other operating expenses	-8,823	0	0	0	-8,823
<b>Operating profit</b>	<b>18,750,957</b>	<b>4,267,495</b>	<b>351,986</b>	<b>-74,785</b>	<b>23,295,653</b>
Finance cost	-780,676	-498,393	-63,485	-84,224	-1,426,779
Income from associates	0	-7,757	0	0	-7,757
<b>Profit before tax</b>	<b>17,970,281</b>	<b>3,761,344</b>	<b>288,501</b>	<b>-159,009</b>	<b>21,861,117</b>
Tax					-5,632,835
<b>Profit after tax</b>					<b>16,228,281</b>

01/01/2006 - 31/12/2006					
GROUP	Commercial segment	Construction segment	Energy segment	Carpentry segment	Total
<i>Amounts reported in €</i>					
Sales	28,561,649	27,723,531	0	398,125	56,683,305
Cost of sales	-11,233,926	-21,722,872	0	-374,832	-33,331,630
<b>Gross profit</b>	<b>17,327,723</b>	<b>6,000,659</b>	<b>0</b>	<b>23,293</b>	<b>23,351,675</b>
Other operating income	8,589,827	180,945	0	13,175	8,783,948
Distribution cost	-10,523,517	412	0	-55,203	-10,578,308
Administration expenses	-1,834,980	-1,800,192	-12,708	-275,514	-3,923,394
Other operating expenses	0	-163,294	0	0	-163,294
<b>Operating profit</b>	<b>13,559,054</b>	<b>4,218,529</b>	<b>-12,708</b>	<b>-294,249</b>	<b>17,470,626</b>
Finance cost	-789,625	-499,299	0	-59,480	-1,348,402
Interest received	1	28,318	0	0	28,319
Proceed /Loss from associates	0	-3,852	0	0	-3,852
Proceeds from acquisition of subsidiary	650,225	0	0	0	650,225
<b>Profit before tax</b>	<b>13,419,655</b>	<b>3,715,379</b>	<b>-12,708</b>	<b>-353,728</b>	<b>16,768,598</b>
Tax					-3,184,839
<b>Profit after profit</b>					<b>13,583,760</b>

## 01/01/2007 - 31/12/2007

COMPANY	Commercial segment	Construction segment	Total
<i>Amounts reported in €</i>			
Sales	33,704,092	20,580,550	54,284,642
Cost of sales	-12,909,549	-16,998,207	-29,907,756
<b>Gross profit</b>	<b>20,794,543</b>	<b>3,582,343</b>	<b>24,376,886</b>
Other operating income	8,029,942	67,435	8,097,378
Distribution costs	-10,413,807	0	-10,413,807
Administration expenses	-1,500,664	-1,733,115	-3,233,779
Other operating expenses	-4,166	0	-4,166
<b>Operating profit</b>	<b>16,905,849</b>	<b>1,916,663</b>	<b>18,822,512</b>
Finance cost	-741,908	-495,121	-1,237,029
Income from associates	0	1,217,101	1,217,101
<b>Profit before tax</b>	<b>16,163,941</b>	<b>2,638,643</b>	<b>18,802,584</b>
Tax			-4,651,287
<b>Profit after tax</b>			<b>14,151,297</b>

## 01/01/2006 - 31/12/2006

COMPANY	Construction segment	Commercial segment	Total
<i>Amounts reported in €</i>			
Sales	24,819,441	26,555,256	51,374,697
Cost of sales	-20,051,026	-10,749,055	-30,800,081
<b>Gross profit</b>	<b>4,768,415</b>	<b>15,806,201</b>	<b>20,574,616</b>
Other operating income	20,262	8,470,291	8,490,553
Distribution costs	412	-9,745,502	-9,745,091
Administration expenses	-1,739,332	-1,429,995	-3,169,326
<b>Operating profit</b>	<b>3,049,757</b>	<b>13,100,995</b>	<b>16,150,752</b>
Finance cost	-492,215	-756,731	-1,248,947
Income from joint venture	600,864	0	600,864
<b>Profit before tax</b>	<b>3,158,406</b>	<b>12,344,264</b>	<b>15,502,670</b>
Tax			-2,674,045
<b>Profit after tax</b>			<b>12,828,625</b>

## 4.2 Review by geographical segment

Domestic sales are generated by the companies I.KLOUKINAS - I.LAPPAS S.A., KLTH CARPENTRY WORKS Ltd., KLM-TEDRA SA joint venture COMPTON HOUSE HELLAS and I.KLOUKINAS - I.LAPPAS ENERGY S.A. Sales abroad are generated by the companies SYSMEROM COM SRL (Romania), KLMS KOM DOOEL (FYROM) and KLM BULGARIA LTD (Bulgaria), KLAL LTD (ALBANIA), KLSER COMMERSE LTD (SERBIA).

<i>Amounts reported in €</i>	01/01 - 31/12/2007		01/01 - 31/12/2006	
	Domestic	Abroad	Domestic	Abroad
<b>Group Sales</b>	<b>60,011,138</b>	<b>3,992,077</b>	<b>54,133,341</b>	<b>2,549,964</b>

<i>Amounts reported in €</i>	01/01 - 31/12/2007		01/01 - 31/12/2006	
	Domestic	Abroad	Domestic	Abroad
<b>Company Sales</b>	<b>53,529,854</b>	<b>754,788</b>	<b>50,824,306</b>	<b>550,391</b>



### 4.3 Review of construction segment

The revenue recognized from construction contracts as at 31.12.07 and 31.12.06 is 46,746,007.66 and 39,988,956.33 respectively.

The group uses the percentage of completion method of accounting in order to determine the suitable revenue and costs to be recognized in a specific period. The stage of completion of a contract is measured on the basis of the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

The total realized cost plus total recognized profit (less recognized losse) for the work in progress until 31.12.2007 and 31.12.06 is 14,711,677.08 and 26,158,739.04 respectively.

The gross amount receivable (payable) from (to) customers is analyzed as follows:

<i>Amounts reported in €</i>	GROUP		COMPANY	
	2007	2006	2007	2006
Realized cost	47,997,113	39,185,807	39,178,458	33,947,415
Plus: recognized profit	11,233,565	8,296,096	7,567,549	6,041,542
Less: total recognized losses				
Less: Invoiced amounts	56,571,074	45,957,658	45,323,110	38,459,074
<b>Advances received</b>	<b>3,093,190</b>	<b>2,311,550</b>	<b>1,856,484</b>	<b>2,107,899</b>
<b>Amounts (payable)</b>	<b>(433,587)</b>	<b>(787,305)</b>	<b>(433,587)</b>	<b>(578,016)</b>
Performance guarantees retained by customers	571,072	1,105,085	571,072	1,105,085

## 5. NOTES ON FINANCIAL STATEMENTS

### 5.1 Tangible Assets (property, plant & equipment)

Land and buildings were revalued at deemed cost on the date of transition to the IFRS, in accordance with the provisions of IFRS 1. The deemed cost is the tangible asset's fair value at the IFRS transition date, as determined by an independent valuation firm. The company holds legal title on its tangible assets which are not burdened by mortgages or mortgage prenotations, except for those mentioned in detail in paragraph 6.1.3 "Existing mortgages and prenotations" of these notes.

The Group's tangible assets (property, plant & equipment) are as follows:

2006	Land	Buildings	Machinery & equipment	Motor vehicles	Furniture & fixtures	Assets under construction	Total
<i>Amounts reported in €</i>							
<b>Cost</b>							
Balance 01/01/06	3,201,692	15,814,599	1,216,982	735,098	2,147,580	2,403,438	25,519,388
Additions	665,766	1,416,450	142,837	59,667	529,600	944,423	3,758,744
Disposals	0	0	0	-14,471	-21,617	0	-36,089
Asset write-offs							0
Exchange differences	0	17,927	1,752	2,362	11,087	0	31,129
Subsidiary acquisitions	0	0	0	17,185	20,473	0	37,658
Transfers	-56,972	-34,422	0	-40,338	190,591	-163,760	-104,900
<b>Balance 31/12/06</b>	<b>3,810,486</b>	<b>17,214,555</b>	<b>1,361,572</b>	<b>759,503</b>	<b>2,877,714</b>	<b>3,184,101</b>	<b>29,207,931</b>
<b>Depreciation</b>							
Balance 01/01/06	0	3,783,757	871,848	497,576	1,662,185	0	6,815,365
Annual expense	0	694,925	143,812	61,603	229,821	0	1,130,162
Disposals	0	0	0	-14,471	-2,602	0	-17,074
Asset write-offs	0	0	0	0	-209	0	-209
Exchange differences	0	2,211	703	303	27,052	0	30,269
Subsidiary acquisitions	0	0	0	4,799	20,033	0	24,832
Transfers	0	-31,693	0	-73,207	0	0	-104,900
<b>Balance 31/12/06</b>	<b>0</b>	<b>4,449,201</b>	<b>1,016,363</b>	<b>476,602</b>	<b>1,936,281</b>	<b>0</b>	<b>7,878,446</b>
<b>Net book value 31/12/06</b>	<b>3,810,486</b>	<b>12,765,354</b>	<b>345,209</b>	<b>282,901</b>	<b>941,434</b>	<b>3,184,101</b>	<b>21,329,484</b>
<b>2007</b>							
<i>Amounts reported in €</i>							
<b>Cost</b>							
Balance 01/01/07	3,810,486	17,214,555	1,361,572	759,503	2,877,714	3,184,101	29,207,931
Additions	469,023	412,778	1,857,930	60,144	649,857	476,878	3,926,611
Disposals	0	0	0	-4,578	0	0	-4,578
Asset write-offs	0	0	0	0	0	0	0
Exchange differences	0	-13,819	-1,514	-1,821	-7,203	0	-24,358
Assets from subsidiary							0
Subsidiary acquisitions	0	955,000	0	930	327,453	0	1,283,382
Transfers	0	530,507	2,622,619	0	2,903	-3,184,101	-28,071
<b>Balance 31/12/07</b>	<b>4,279,508</b>	<b>19,099,021</b>	<b>5,840,608</b>	<b>814,178</b>	<b>3,850,724</b>	<b>476,878</b>	<b>34,360,917</b>
<b>Depreciation</b>							
Balance 01/01/07	0	4,449,201	1,016,363	476,602	1,936,281	0	7,878,446
Additions	0	687,683	205,579	51,148	411,647	0	1,356,058
Disposals	0	0	0	-4,578	0	0	-4,578
Asset write-offs	0	0	0	0	0	0	0
Exchange differences	0	-5,489	-1,273	-4,297	-91	0	-11,149
Assets from absorbed subsidiary							0
Subsidiary acquisitions	0	182,525	0	930	191,527	0	374,982
Transfers	0	-13,559	-2	0	541	0	-13,020
<b>Balance 31/12/07</b>	<b>0</b>	<b>5,300,362</b>	<b>1,220,667</b>	<b>519,805</b>	<b>2,539,906</b>	<b>0</b>	<b>9,580,739</b>
<b>Net book value 31/12/07</b>	<b>4,279,508</b>	<b>13,798,659</b>	<b>4,619,941</b>	<b>294,373</b>	<b>1,310,819</b>	<b>476,878</b>	<b>24,780,178</b>





The company's tangible assets (property, plant & equipment) are as follows:

<b>2006</b>	Land	Buildings	Machinery & equipment	Motor vehicles	Furniture & fixtures	Assets under construction	Total
<i>Amounts reported in €</i>							
<b>Cost</b>							
Balance 01/01/06	3,042,092	14,902,961	582,171	661,186	1,952,085	163,760	21,304,255
Additions	665,766	1,366,257	123,534	59,662	436,008		2,651,227
Disposals							0
Asset write-offs							0
Exchange differences	0	0	0	0	0	0	0
Subsidiary acquisitions	0	0	0	0	0	0	0
Transfers	-56,972	-34,422		-40,338	190,591	-163,760	-104,900
<b>Balance 31/12/06</b>	<b>3,650,886</b>	<b>16,234,797</b>	<b>705,705</b>	<b>680,510</b>	<b>2,578,684</b>	<b>0</b>	<b>23,850,582</b>
<b>Depreciation</b>							
Balance 01/01/06	0	3,638,380	519,228	458,534	1,616,206	0	6,232,348
Annual expense	0	645,053	43,000	45,316	215,476		948,846
Disposals							0
Asset write-offs							0
Exchange differences							0
Subsidiary acquisitions							0
Transfers		-31,693		-73,207			-104,900
<b>Balance 31/12/06</b>		<b>4,251,740</b>	<b>562,228</b>	<b>430,644</b>	<b>1,831,682</b>		<b>7,076,293</b>
<b>Net book Balance 31/12/06</b>	<b>3,650,886</b>	<b>11,983,057</b>	<b>143,477</b>	<b>249,867</b>	<b>747,002</b>	<b>0</b>	<b>16,774,289</b>

<b>2007</b>	Γήπεδα-Οικόπεδα	Κτίρια	Μηχανήματα & λοιπός μηχαν/κος εξοπλισμός	Μεταφορικά Μέσα	Έπιπλα & λοιπός Εξοπλισμός	Ακίνητ/ήσεις υπό εκτέλεση	Σύνολο
<i>Amounts reported in €</i>							
<b>Cost</b>							
Balance 01/01/07	3,650,886	16,234,797	705,705	680,510	2,578,684	0	23,850,582
Additions	469,023	291,471	72,675	45,057	606,797	476,878	1,961,900
Disposals				-4,578			-4,578
Asset write-offs							0
Exchange differences							0
Assets from absorbed subsidiary				17,185	8,632		25,817
Subsidiary acquisitions							0
Transfers		-20,368					-20,368
<b>Balance 31/12/07</b>	<b>4,119,908</b>	<b>16,505,900</b>	<b>778,380</b>	<b>738,175</b>	<b>3,194,113</b>	<b>476,878</b>	<b>25,813,353</b>
<b>Depreciation</b>							
Balance 01/01/07	0	4,251,740	562,228	430,644	1,831,682	0	7,076,293
Additions		626,349	48,634	40,549	362,566		1,078,099
Disposals				-4,578			-4,578
Asset write-offs,							0
Exchange differences							0
Assets from absorbed subsidiary				6,732	8,365		15,097
Subsidiary acquisitions							0
Transfers		-20,368					-20,368
<b>Balance 31/12/07</b>	<b>0</b>	<b>4,857,721</b>	<b>610,862</b>	<b>473,347</b>	<b>2,202,613</b>	<b>0</b>	<b>8,144,543</b>
<b>Net book Balance 31/12/07</b>	<b>4,119,908</b>	<b>11,648,179</b>	<b>167,517</b>	<b>264,828</b>	<b>991,499</b>	<b>476,878</b>	<b>17,668,810</b>

## 5.2 Intangible Assets

<i>Amounts reported in €</i>	GROUP 2006		
	SOFTWARE	CONTRACT	TOTAL
<b>Cost</b>			
Balance 01/01/06	0	0	0
Additions	0	2,149,345	2,149,345
<b>Balance 31/12/06</b>	<b>0</b>	<b>2,149,345</b>	<b>2,149,345</b>
<b>Depreciation</b>			
Balance 01/01/06	0	0	0
Annual expense	0	26,867	26,867
<b>Balance 31/12/06</b>	<b>0</b>	<b>26,867</b>	<b>26,867</b>
<b>Net book value 31/12/06</b>	<b>0</b>	<b>2,122,478</b>	<b>2,122,478</b>

<i>Amounts reported in €</i>	GROUP 2007		
	SOFTWARE	CONTRACT	TOTAL
<b>Cost</b>			
Balance 01/01/07	0	2,149,345	2,149,345
Additions	9,566	0	9,566
<b>Balance 31/12/07</b>	<b>9,566</b>	<b>2,149,345</b>	<b>2,158,911</b>
<b>Depreciation</b>			
Balance 01/01/07	0	26,867	26,867
Additions	6,973	107,467	114,440
<b>Balance 31/12/07</b>	<b>6,973</b>	<b>134,334</b>	<b>141,307</b>
<b>Net book value 31/12/07</b>	<b>2,593</b>	<b>2,015,011</b>	<b>2,017,604</b>

<i>Amounts reported in €</i>	COMPANY 2007		
	SOFTWARE	CONTRACT	TOTAL
<b>Cost</b>			
Balance 01/01/07	0	0	0
Additions	6,593		6,593
Assets from absorbed subsidiary		2,149,345	2,149,345
<b>Balance 31/12/07</b>	<b>6,593</b>	<b>2,149,345</b>	<b>2,155,938</b>
<b>Depreciation</b>			
Balance 01/01/07	0	0	0
Additions	4,492	80,600	85,092
Assets from absorbed subsidiary		53,734	53,734
<b>Balance 31/12/07</b>	<b>4,492</b>	<b>134,334</b>	<b>138,826</b>
<b>Net book value 31/12/07</b>	<b>2,101</b>	<b>2,015,011</b>	<b>2,017,112</b>



### 5.3 Goodwill

Ποσά σε €	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Balance at 1,1,2007 & 1,1,2006	3,009,854	2,710,160	2,710,160	2,710,160
Additions	5,587,614	299,694	0	0
<b>Balance at 31,12,2007 &amp; 31,12,2006</b>	<b>8,597,468</b>	<b>3,009,854</b>	<b>2,710,160</b>	<b>2,710,160</b>

Goodwill recognized for the period in the consolidated financial statements reflects the acquisition of the entire share capital (100%) of the Cyprian Company under the name “COMPTON HOUSE PROPERTIES LIMITED”, consisting the sole shareholder of the Greek Company under the name “COMPTON HOUSE (HELLAS) TRADE OF CHILDREN’ S PRODUCTS & LEARNING TOYS SOCIETE ANONYME”, which retains the exclusive right of purchasing products of the Company under the name “Early Learning Centre Limited” in Greece. The acquisition cost amounted to 6,000,000.

The goodwill realized are analyzed as follows:

Goodwill Analysis	
<b>Acquisition Cost</b>	
Acquisition Sum	6,000,000
<b>Less:</b>	
Fair value of assets acquired by the Group	-412,386
<b>Goodwill</b>	<b>5,587,614</b>

The fair value of the subsidiary’s assets and liabilities acquired on the date of acquisition is as follows:

Amounts reported in €	Fair value
Tangible Assets	908,401
Intangible Assets	
Long Term Assets	103,490
Deferred Tax Assets	2,775
Inventory	1,018,058
Trade Debtors & other receivables	396,351
Other Assets	
Cash &Cash Equivalent	148,180
Long term Liabilities	(461,389)
Suppliers & other Liabilities	(1,703,481)
<b>Total assets of subsidiary</b>	<b>412,386</b>

The net cash outflow for the group amounted to 5,851,820 and is analysed below:

Amounts reported in €	GROUP
<b>Net cash outflow</b>	
Cash and Cash equivalent of acquired company	148,180
Amount paid	(6,000,000)
<b>Acquisition cost</b>	<b>(5,851,520)</b>

#### 5.4 Real Estate Investments

Real estate investments refer to a property at 47 Ermou St., Athens, owned by the parent company and leased to ZARA HELLAS SA. During the year the company adjusted the value of the above mentioned property to its fair value, based on a report by an independent professional property appraiser. The resulting difference of 6,970,909 was recorded in the 2007 Income Statement. Specifically, the above investment was revalued using comparative and market data, as per the RICS appraisal and valuation standards (The Red Book).

<i>Amounts reported in €</i>	INVESTMENT PROPERTY		
	Land	Buildings	Total
Balance as at 01/01/06	7,659,000	13,041,000	20,700,000
Revaluation	2,593,364	4,415,727	7,009,091
<b>Balance as at 31/12/06</b>	<b>10,252,364</b>	<b>17,456,727</b>	<b>27,709,091</b>
Balance as at 01/01/07	10,252,364	17,456,727	27,709,091
Additions			0
Revaluation	2,579,236	4,391,673	6,970,909
<b>Balance as at 31/12/07</b>	<b>12,831,600</b>	<b>21,848,400</b>	<b>34,680,000</b>

#### 5.5 Investments in Subsidiaries

In the separate financial statements, investments in subsidiary companies are valued at acquisition cost. Changes during the year were as follows:

	COMPANY	
	31/12/2007	31/12/2006
<b>Balance at 01/01/2007 &amp; 01/01/2006</b>	<b>4,713,534</b>	<b>1,907,910</b>
Sale	0	0
Absorption of Subsidiary company	-1,710,000	0
Acquisition of Subsidiary company	6,000,000	2,065,674
Foundation of Subsidiary company	50,000	0
Share Capital increase	2,010,000	739,950
<b>Balance at 31/12/2007 &amp; 31/12/2006</b>	<b>11,063,534</b>	<b>4,713,534</b>

The company on November 23rd 2007, acquired the entire share capital (100%) of the Cyprian Company under the name "COMPTON HOUSE PROPERTIES LIMITED",

consisting the sole shareholder of the Greek Company under the name "COMPTON HOUSE (HELLAS) TRADE OF CHILDREN' S PRODUCTS & LEARNING TOYS SOCIETE ANONYME", which retains the exclusive right of purchasing products of the Company under the name "Early Learning Centre Limited" in Greece.

The acquisition cost amounted to 6,000,000. The aforementioned companies are included in the consolidated financial statements from the date the group exercised control over them (23/11/2007). The profits of the group, due to the above consolidation, increased by 408.467,86. This amount reflects the profits for the period from 23/11/2007 to 31/12/2007.

The company absorbed its 100% subsidiary Net Style SA in accordance with the approval of the Ministry of Development on 26th October 2007.

Moreover on 26/06/07 was established in Albania a 100% subsidiary company in accordance with the expansion plan of the network of Mothercare shops in Balkans



## 5.6 Investments in affiliated companies

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Balance at 01/01/2007 &amp; 01/01/2006</b>	<b>29,735</b>	<b>3,342,884</b>	<b>39,310</b>	<b>3,342,884</b>
Return of Share Capital	0	-3,303,574	0	-3,303,574
Acquisition of associates	40,000	0	40,000	0
Corresponding equity	-9,684	-9,575	0	0
<b>Balance at 31/12/2007 &amp; 31/12/2006</b>	<b>60,051</b>	<b>29,735</b>	<b>79,310</b>	<b>39,310</b>

The company participated by 40% in the share capital of the newly established company "ENTELIA ANONYMOUS CARPENTRY COMPANY" amounting to 100,000 . The company 's strategic goal is to expand into emerging and profitable markets. The company is active, on import, process and trade of composite materials, solid surfaces and engineered stone, which can be used in the manufacture of flat surfaces in kitchens, hotels, hospitals, operating rooms, ship's cabins etc. The company will use for its production line the factory owned by I.Kloukinas-I.Lappas SA subsidiary, KLTH Carpentry Works LTD.

## 5.7 Other long-term receivables

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Guarantees given	563,604	269,669	468,638	322,214

## 5.8 Deferred tax liabilities and tax assets

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

<i>Amounts reported in €</i>	GROUP				COMPANY			
	31/12/2007		31/12/2006		31/12/2007		31/12/2006	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
<b>Non-current assets</b>								
Intangible Assets	228,692		321,905		138,958		215,189	
Tangible Assets		-4,692,125	3,289	-2,975,497		-4,688,546		-2,975,497
<b>Current Assets</b>								
Inventories	252,836		334,322		252,836		334,322	
Trade debtors & Other Receivables		-988,639		-790,535		-679,463		-790,535
Financial Assets								
<b>Long-term Liabilities</b>								
Interest bearing loans	1,669,461		1,897,543		1,669,461		1,897,543	
Provisions for retirement benefits	151,246		128,808		147,850		128,808	
Other Long-term Liabilities		-32,655				-32,655		
<b>Short-term Liabilities</b>								
Current portion of interest								
Borrowings	247,530		238,446		247,530		238,446	
Other Short-term Liabilities		-172,691	149,636	0		-166,843	149,636	
<b>Total</b>	<b>2,549,765</b>	<b>-5,886,110</b>	<b>3,073,949</b>	<b>-3,766,032</b>	<b>2,456,635</b>	<b>-5,567,507</b>	<b>2,963,944</b>	<b>-3,766,031</b>
Offset	-2,406,803	2,406,803	-2,946,544	2,946,544	-2,456,635	2,456,635	-2,963,944	2,963,944
<b>Total</b>	<b>142,962</b>	<b>-3,479,307</b>	<b>127,404</b>	<b>-819,487</b>	<b>0</b>	<b>-3,110,871</b>	<b>0</b>	<b>-802,087</b>

## 5.9 Inventories

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Finished Goods	8,903,484	7,720,576	6,646,109	6,603,855
Work in Progress	75,511	93,013	0	0
Raw Material	148,818	153,486	51,847	47,230
<b>Total</b>	<b>9,127,814</b>	<b>7,967,075</b>	<b>6,697,956</b>	<b>6,651,084</b>

## 5.10 Trade debtors and other receivables

Receivables from trade debtors (customers) and other receivables for the Group and the Company were as follows:

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Trade debtors	14,356,212	13,472,878	13,825,960	13,194,548
Cheques receivable	1,224,043	5,482,952	1,219,222	5,418,985
Receivables from construction	3,093,264	2,107,898	1,856,558	2,107,898
Receivables from affiliates	248,858	244,920	2,550,141	1,538,878
Other debtors	2,557,997	2,184,001	1,124,376	1,242,705
Advances & Prepayments	688,130	295,377	495,956	22,692
<b>Total</b>	<b>22,168,504</b>	<b>23,788,026</b>	<b>21,072,213</b>	<b>23,525,706</b>

Other debtors reflect mainly Income tax prepayments.

The above requirements are considered to be short-term. The fair value of these short-term financial elements can not be determined independently because the book value is considered that it approaches their fair value. For all the assets of the Group have been realized impairment test. The assets that have suffered impairment concern mainly in customers of Group which face financial difficulties.

The maturity of commercial requirements (customers and checks receivable) that they have not suffered impairment they are presented in the table that follows:

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Less than 3 months	8,910,957	11,511,772	8,312,597	11,311,772
Between 3 and 6 months	3,989,555	3,960,658	4,028,349	3,818,359
Between 6 and 1 year	1,667,083	2,460,555	1,791,577	2,560,555
Above 1 year	1,012,659	1,022,846	912,659	922,846
	<b>15,580,255</b>	<b>18,955,831</b>	<b>15,045,182</b>	<b>18,613,532</b>

## 5.11 Advances

Advances for the Group and the company were as follows:

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Suppliers	593,687	696,784	487,798	604,746
	<b>593,687</b>	<b>696,784</b>	<b>487,798</b>	<b>604,746</b>



## 5.12 Transitory Accounts

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Deffered Expenses	415,286	89,606	240,916	36,862
Accrued Income	0	0	0	0
Other transitory accounts	0	0	0	0
<b>Total</b>	<b>415,286</b>	<b>89,606</b>	<b>240,916</b>	<b>36,862</b>

## 5.13 Financial Assets

Holdings in this category were as follows:

	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Probank shares	284,043	284,043	284,043	284,043
<b>Total</b>	<b>284,043</b>	<b>284,043</b>	<b>284,043</b>	<b>284,043</b>

## 5.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand held by the Group and the company and deposits held at call with banks.

The Group's and the company's cash and cash equivalents for the period were as follows:

	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Cash	1,629,995	1,031,492	1,003,944	452,062
Current & term deposits	10,907,925	5,850,333	7,125,836	4,904,531
<b>Total</b>	<b>12,537,920</b>	<b>6,881,825</b>	<b>8,129,780</b>	<b>5,356,593</b>

## 5.15 Shareholders' Equity

### Share Capital

*Amounts reported in €*

	Share Capital	Share Premium	Total
<b>Balance at December 31st, 2006</b>	<b>6,187,572</b>	<b>11,275,656</b>	<b>17,463,228</b>
Balance at January 1st, 2007	6,187,572	11,275,656	17,463,228
Issue of bonus shares 2 new for 10 existing shares held	1,237,514	-287,591	949,924
<b>Balance at December 31st, 2007</b>	<b>7,425,086</b>	<b>10,988,065</b>	<b>18,413,152</b>

### Issued shares

<b>Balance at December 31st, 2006</b>	<b>20,625,240</b>
Balance at January 1st, 2007	20,625,240
Issue of bonus shares 2 new for 10 existing shares held	4,125,048
<b>Balance at December 31st, 2007</b>	<b>24,750,288</b>

## 5.16 Reserves

	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>OTHER RESERVES</b>				
Statutory reserve	900,202	709,442	870,060	687,508
Extraordinary reserves	1,667,836	1,667,836	1,643,452	1,643,452
Tax-free reserves	154,299	154,299	134,313	134,313
<b>Total</b>	<b>2,722,338</b>	<b>2,531,577</b>	<b>2,647,826</b>	<b>2,465,273</b>

## 5.17 Borrowings

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Long-term borrowings</b>				
Bank loans	16,049,598	10,362,010	15,421,296	9,978,762
Leasing liabilities	7,488,809	7,611,410	6,671,678	7,611,410
<b>Total</b>	<b>23,538,408</b>	<b>17,973,421</b>	<b>22,092,973</b>	<b>17,590,172</b>
<b>Short-term Borrowings</b>				
Bank loans	2,744,276	1,358,863	661,882	6,873
Leasing liabilities	990,120	953,784	990,120	953,784
<b>Total</b>	<b>3,734,396</b>	<b>2,312,648</b>	<b>1,652,002</b>	<b>960,658</b>
<b>Total</b>	<b>27,272,804</b>	<b>20,286,068</b>	<b>23,744,975</b>	<b>18,550,830</b>

The long term liabilities consists of :

a) A corporate bond with a nominal value of ten million 10,000,000 issued in 21.07.2006, which was privately placed. The interest rate is semi annual Euribor increased by 1%. The principal of the bond issue will be repaid by the issuer in eight (8) semi-annual installments as follows;

Bond redemption date	Number of bonds being redeemed	Aggregate nominal value
21/1/2008	3	300.000
21/7/2008	3	300.000
21/1/2009	3	300.000
21/7/2009	3	300.000
21/1/2010	3	300.000
21/7/2010	5	500.000
21/1/2011	5	500.000
21/7/2011	75	7.500.000
	<b>100</b>	<b>10.000.000</b>

b) A two-year term loan amounting to 6,000,000 issued in 17.12.2007 with interest rate Euribor increased by 1%.





### 5.18 Employee retirement benefit obligations

The company's and the Group's obligation towards their employees as regards the future payment of retirement benefits according to their years of service is calculated and reflected based on the expected amount of pension benefit that each employee will be entitled to receive at the balance sheet date, discounted to its present value, based on the expected date the benefit liability becomes due

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Balance Sheet obligations for:</b>				
Retirement benefits	603,641	515,232	591,401	515,232
<b>Total</b>	<b>603,641</b>	<b>515,232</b>	<b>591,401</b>	<b>515,232</b>
<b>Total debits/(credits) charged to operating results</b>	<b>88,409</b>	<b>-98,992</b>	<b>76,169</b>	<b>89,390</b>
<b>Total change in obligations</b>	<b>88,409</b>	<b>-98,992</b>	<b>76,169</b>	<b>89,390</b>

### Accounting Assumptions

The main assumptions used for accounting purposes were the following:

Date	Discount rate	Inflation rate	Salary increases
31/12/2007	4.8%	2.5%	4.0%
31/12/2006	4.2%	2.5%	4.0%

### 5.19 Other long-term liabilities

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Rent Guarantees	95,066	92,567	95,066	92,567
Provisions	320,000	250,000	270,000	200,000
Other long term liabilities	0	38,868	0	0
<b>Total</b>	<b>415,066</b>	<b>381,435</b>	<b>365,066</b>	<b>292,567</b>

## 5.20 Suppliers and other liabilities

Liabilities to suppliers and related liabilities for the Group and the company were as follows:

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Suppliers	8,285,410	6,644,179	6,575,697	5,981,014
Cheques payable	1,272,928	4,489,988	998,433	3,861,075
Construction contract obligations	433,661	578,016	433,661	578,016
Current tax liabilities	4,648,587	3,423,477	3,704,417	3,004,583
Social security contributions	483,657	403,618	393,663	352,733
Customer advances	704,127	205,156	662,973	195,493
Other creditors	210,320	118,956	94,164	63,999
<b>Total</b>	<b>16,038,691</b>	<b>15,863,389</b>	<b>12,863,007</b>	<b>14,036,913</b>

## 5.21 Transitory Accounts

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Deferred income	461	461	461	461
Accrued expenses	325,600	0	243,252	0
Government grants	1,450,663	1,474,194	0	0
Other transitory accounts	0	264,811	0	248,835
<b>Total</b>	<b>1,776,725</b>	<b>1,739,467</b>	<b>243,713</b>	<b>249,296</b>

## 5.22 Turnover (Sales)

Turnover for the Group and the company in the current and previous period were comprised of the following:

<i>Amounts reported in €</i>	GROUP		COMPANY	
	01/01- 31/12/2007	01/01- 31/12/2006	01/01- 31/12/2007	01/01- 31/12/2006
Income from construction projects	25,273,035	27,978,938	20,433,750	24,685,450
Income from commerce	38,544,316	28,521,215	33,665,028	26,514,820
Income from repairs and other services	175,723	148,435	175,723	139,711
Sales of obsolete material and other inventories	10,141	34,717	10,141	34,717
<b>Total</b>	<b>64,003,215</b>	<b>56,683,305</b>	<b>54,284,642</b>	<b>51,374,697</b>

## 5.23 Expense analysis by category

The cost of operations for the Group and the company as of December 31, 2007 and 2006 are analyzed as follows:



## GROUP

Expenses by category	01/01 - 31/12/2007			01/01 - 31/12/2006				
	Cost of goods sold	Sales & marketing expenses	Administration expenses	Total	Cost of goods sold	Sales & marketing expenses	Administration expenses	Total
Amounts reported in €								
Wages, salaries & employee benefits	1,969,102	4,651,899	1,830,930	8,451,931	2,114,979	3,119,515	2,014,149	7,248,643
Cost of inventories recognized as expense	20,028,538	0	0	20,028,538	17,481,012	26,867	0	17,507,879
Depreciation	162,098	1,160,448	140,839	1,463,384	86,816	837,455	205,890	1,130,161
Subcontractor fees & expenses	8,372,122	2,010	1,196	8,375,328	11,382,499	3,210	1,360	11,387,069
Other third-party fees & expenses	1,704,619	1,823,091	720,566	4,248,277	1,463,526	2,437,782	339,440	4,240,748
Insurance premiums	54,490	30,805	74,390	159,684	40,115	25,038	77,538	142,692
Rents	168,590	1,835,503	289,516	2,293,608	115,029	1,668,923	315,998	2,099,950
Repair & maintenance	141,026	70,138	77,741	288,905	96,959	52,840	43,904	193,703
Other third-party services	106,328	342,717	140,087	589,132	87,453	225,953	130,172	443,579
Advertisement expenses	183,873	893,516	15,856	1,093,245				
Other sundry expenses	271,100	1,183,642	538,849	1,993,591	463,242	2,180,725	794,943	3,438,910
Total	33,161,885	11,993,768	3,829,969	48,985,621	33,331,630	10,578,308	3,923,394	47,833,332

## COMPANY

Expenses by category	01/01 - 31/12/2007				01/01 - 31/12/2006			
	Cost of goods sold	Sales & marketing expenses	Administration expenses	Total	Cost of goods sold	Sales & marketing expenses	Administration expenses	Total
Amounts reported in €								
Wages, salaries & employee benefits	1,552,009	4,232,454	1,719,116	7,503,580	1,640,264	2,929,627	1,808,139	6,378,029
Cost of inventories recognized as expense	18,822,724	0	0	18,822,724	17,268,911	0	0	17,268,911
Depreciation	0	1,046,384	117,080	1,163,465	0	773,645	175,200	948,846
Subcontractor fees & expenses	7,850,064	2,010	1,196	7,853,270	10,156,982	3,210	1,360	10,161,552
Other third-party fees & expenses	1,162,565	1,685,943	638,362	3,486,870	1,183,582	2,424,982	276,012	3,884,576
Insurance premiums	34,711	21,249	63,007	118,966	40,115	25,038	52,259	117,412
Rents	131,985	1,327,457	238,151	1,697,593	105,875	1,169,984	300,295	1,576,155
Repair & maintenance	46,336	57,005	73,970	177,312	44,064	44,827	42,668	131,559
Other third-party services	77,324	262,143	121,203	460,670	68,900	225,953	115,761	410,614
Advertisement expenses	2,533	814,103	15,856	832,492				
Other sundry expenses	227,505	965,059	245,838	1,438,402	291,387	2,147,824	397,633	2,836,845
Total	29,907,756	10,413,807	3,233,779	43,555,342	30,800,081	9,745,091	3,169,326	43,714,498

## 5.24 Other operating income and expense

Other operating income and expenses for the Group and the company are analyzed as follows:

<i>Amounts reported in €</i>	GROUP		COMPANY	
	01/01- 31/12/2007	01/01- 31/12/2006	01/01- 31/12/2007	01/01- 31/12/2006
<b>Other operating income</b>				
Revaluation of investment property	6,970,909	7,009,091	6,970,909	7,009,091
Income from government grants	1,749	13,703	1,749	13,703
Indemnities		267,643		103,470
Gains from exchange differences	300,273	3,911	300,273	3,911
Rent Income	613,982	1,178,628	613,982	1,178,628
Amortization of governments grants	23,532	6,685	0	0
Other	376,237	301,285	210,264	181,748
Profit from sale of assets	200	3,000	200	0
<b>Total</b>	<b>8,286,882</b>	<b>8,783,948</b>	<b>8,097,378</b>	<b>8,490,553</b>
<b>Other operating expenses</b>				
Other	(8,823)	0	(4,166)	0
Reimbursements		(163,294)		0
<b>Total</b>	<b>(8,823)</b>	<b>(163,294)</b>	<b>(4,166)</b>	<b>0</b>

## 5.25 Financing cost

The financing income and expenses of the Group and the company were as follows:

<i>Amounts reported in €</i>	GROUP		COMPANY	
	01/01- 31/12/2007	01/01- 31/12/2006	01/01- 31/12/2007	01/01- 31/12/2006
<b>Financing Income</b>				
-Banks	31,054	22,759	5,006	22,759
-Dividends	8,674	5,560	8,674	5,560
	<b>39,727</b>	<b>28,319</b>	<b>13,680</b>	<b>28,319</b>
<b>Financing Expenses</b>				
-Bank loans	-763,034	-576,357	-591,979	-476,902
- Letter of Guarantee commissions	-89,921	-170,531	-89,921	-170,531
- Leasing	-588,217	-519,741	-543,475	-519,741
- Other	-25,334	-110,092	-25,334	-110,092
	<b>-1,466,506</b>	<b>-1,376,721</b>	<b>-1,250,709</b>	<b>-1,277,266</b>
<b>Net Financial Expenses</b>	<b>-1,426,779</b>	<b>-1,348,402</b>	<b>-1,237,029</b>	<b>-1,248,947</b>



## 5.26 Income tax

The Group is subject to varying tax rates depending on the country in which it operates. In 2007, the parent company was subject to an income tax rate of 25%. The Group's operations abroad, specifically in Romania, Bulgaria, FYROM and Albania were subject to income tax rates of 16%, 10%, 12% and 20% respectively.

Deferred taxes on temporary differences were calculated based on the tax rates that will apply in the period tax assets or liabilities will be settled and on the tax rates that apply on the balance sheet date.

<i>Amounts reported in €</i>	GROUP		COMPANY	
	01/01- 31/12/2007	01/01- 31/12/2006	01/01- 31/12/2007	01/01- 31/12/2006
Income tax	2,979,556	2,379,823	2,342,503	1,893,499
Deferred Income tax	2,653,280	805,016	2,308,784	780,546
<b>Total</b>	<b>5,632,835</b>	<b>3,184,839</b>	<b>4,651,287</b>	<b>2,674,045</b>

## 5.27 Cash flow from operating activities

<i>Amounts reported in €</i>	GROUP		COMPANY	
	01/01- 31/12/2007	01/01- 31/12/2006	01/01- 31/12/2007	01/01- 31/12/2006
<b>Cash flows from operating activities</b>				
<b>Net profit before taxation</b>	<b>21,861,117</b>	<b>16,768,598</b>	<b>18,802,584</b>	<b>15,502,670</b>
<b>Adjustments for</b>				
Depreciation	1,244,602	1,157,028	1,163,191	948,846
Provisions	77,020	0	76,169	0
Exchange differences	(159,276)	0	(130,620)	0
Depreciation of government grant	(23,532)	(30,241)	0	0
Revaluation of Investment company	(6,970,909)	(7,009,091)	(6,970,909)	(7,009,091)
Dividends received	(8,674)	(5,560)	(8,674)	(5,560)
Proceeds of sale of tangible assets	(200)	(3,000)	(200)	0
Income/Loss from associates	7,757	3,852	(1,217,101)	(600,864)
Profit from acquisition of company	0	(650,225)	0	0
Interest received	(31,054)	(22,759)	(5,006)	(22,759)
Interest expense	1,466,506	1,262,189	1,250,709	1,167,174
<b>Operating profit before working capital changes</b>				
(Increase) /Decrease in inventories	(142,681)	583,067	(31,523)	1,166,077
(Increase)/Decrease in trade receivables	1,602,845	(512,722)	3,620,296	161,170
Increase/(Decrease) in trade payables	(2,234,073)	84,498	(2,165,383)	(635,104)
<b>Cash flows from operating activities</b>	<b>16,689,449</b>	<b>11,625,633</b>	<b>14,383,532</b>	<b>10,672,558</b>

### 5.28 Gains from acquisition

The company absorbed its 100% subsidiary Net Style SA in accordance with the approval no K2-14998/25/10/07 of the Ministry of Development on 26th October 2007. All the transactions that were realized after the date of Transformation Balance-sheet 31.3.2007 were recognised on behalf of the absorbing company. For aims of comparability and more complete comprehension we mention the results of interim financial statements 31.3.2007, 30.6.2007, 30.9.2007 and comparative period 31.12.2006 as if the absorption had been realized from the beginning of the year.

<i>Amounts reported in €</i>	<b>01/01- 31/12/2006</b>	<b>01/01- 31/3/2007</b>	<b>01/01- 30/6/2007</b>	<b>01/01- 31/9/2007</b>
Sales	51,381,518	11,314,200	23,645,362	37,430,159
Cost of Sales	-30,803,771	-6,135,452	-11,558,850	-19,451,563
<b>Gross Profit</b>	<b>20,577,746</b>	<b>5,178,748</b>	<b>12,086,512</b>	<b>17,978,597</b>
Other operating income	8,497,737	172,706	501,428	696,241
Distribution costs	-9,758,303	-2,186,987	-4,847,571	-6,908,452
Administrative expenses	-3,168,915	-604,853	-1,902,470	-2,711,111
Other operating expenses	0	0	-4,166	-4,166
<b>Opereating profit</b>	<b>16,148,266</b>	<b>2,559,614</b>	<b>5,833,733</b>	<b>9,051,109</b>
Finance cost	-648,432	-191,567	-585,171	-813,050
Income from associates	0	101,637	200,183	508,047
Proceeds from acquisition of subsidiary	0	0	0	0
<b>Profit before tax</b>	<b>15,499,834</b>	<b>2,469,684</b>	<b>5,448,746</b>	<b>8,746,106</b>
Tax	-2,667,833	-514,126	-1,522,619	-2,175,789
<b>Profit after tax</b>	<b>12,832,002</b>	<b>1,955,558</b>	<b>3,926,126</b>	<b>6,570,317</b>
Basic profits per share ( /share)	0,52	0,08	0,16	0,27

We mark that in consolidated base the results of group were not influenced as the absorbed company was 100% subsidiary and it was unified in the consolidated financial statements with the method of full consolidation.



## 6. ADDITIONAL INFORMATION AND NOTES ON THE ANNUAL FINANCIAL STATEMENTS

### 6.1 Contingent Claims and Liabilities

#### 6.1.1 Information on contingent liabilities

##### Litigations

On 05.09.2001, the company has lodged a lawsuit with the Court of First Instance of Athens (Ordinary Proceedings), recorded under number 6942/2001, against a banking societe anonyme, for an amount of 389,046,02. After several postponements the hearing is set for 09.10.08 while settlement talks are pending .

The company has filed lawsuit GNA 87626 against an individual, claiming the amount of 964,296,17 plus interest, as contractor's consideration for the execution of a project.

The initial hearing was set for 17/5/2007, when it was postponed again for 22/05/2008 in view of pending settlement talks . In relation to the same claim, the Company has lodged a request for provisional measures, scheduled for hearing initially on 26/3/2007 at the Court of First Instance of Athens, when it was postponed again for 04/06/2007, when it was cancelled in view of pending settlement talks . In light of the evidence in this case, it is deemed likely for the Company's suit to be accepted, at least for its largest part.

On the other hand on 18/4/2007 the adverse individual has filed lawsuit GNA 89554/2007 against the company, demanding compensation for material and non material damages claiming the amount of 3.027.275,40 and the initial hearing is set for 22/05/2008.

In relation to the same claim, has lodged a request for attachment of real property amounting to 3,500,000 scheduled for hearing on 20/3/2007 at the Court of First Instance of Athens, when it was postponed for 04/06/2007, when it was cancelled in view of pending settlement talks

According to a letter by the I. KLOUKINAS - I. LAPPAS S.A. legal counsel, there are claims by private parties (against the company) for a total amount of approximately 1,285,000.

According to the estimates of the company's legal counsel, there are strong legal arguments for the rejection of the overwhelming majority of the above claims. It is also the opinion of management that the outcome of the above cases will not influence the company's financial results.

#### Un-audited fiscal years

The Company has undergone tax audits up to the 2004 fiscal year included.

Name	Headquarters	Tax Un-audited fiscal year	Notes
I.Kloukinas-I.Lappas Construction & Commerce S.A.	Greece	2005-2006	
KLTH Carpentry works Ltd	Greece	2005-2007	
I.Kloukinas-I.Lappas Energy S.A.	Greece	2003-2007	
MYIE Kerasovou S.A.	Greece	2001-2007	
KLM SA-TEDRA SA joint venture	Greece	2004-2007	
KLM SA-ISTOS LTD joint venture	Greece	2005-2007	
COMPTON HOUSE PROPERTIES LIMITED COMPANY	Cyprus	-	
COMPTON HOUSE (ELC)	Greece	2004-2007	
SYSMEROM COM SRL	Romania	2006-2007	
KLM BULGARIA EOOD	Bulgaria	2005-2007	
KLMS COM DOOEL	FYROM	2007	
KLSAL LTD	Albania	-	(1)
KLSE COMMERCE LTD	Serbia	2006-2007	
KLM TRGOVINA KROATIA	Croatia	2006-2007	
KLSLV D.O.O	Slovenia	2006-2007	

(1). Establishment on 26.6.2007

### 6.1.2 Information on contingent claims

There are no contingent claims.

### 6.1.3 Existing encumbrances

Encumbrances over company assets are reported in the following Table:

Serial No.	Description	Location	Encumbrance	Bank	Amount €
1	Plot of land fit for building 177,10 sqm with all buildings	Athens - "Ambelokipi Attica" on at 3 Loudovikou Pasteur Street	Prenotations on mortgage dated 31.1.2002	"Commercial Bank" "National Bank" "Alpha-Pisteos" "Eurobank EFG" "Commercial Bank"	453,104 336,625 265,444 265,444 654,483
2	Plot of land fit for building 558,00 sqm	Spata, location "Mazareko" O.T. (135) on Irakliou street	Prenotations on mortgage dated 28.2.2002	"National Bank" "Alpha-Pisteos" "Eurobank EFG"	486,236 383,419 383,419
			<b>Total:</b>		<b>3,228,174</b>

Procedures for lifting the above mortgage prenotations have been initiated as all related loans have been settled in full.

### 6.1.4 Commitments

The Group's and the Company's commitments arising from construction contracts are as follows:

Construction contract commitments <i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Work in progress	18,356,997	12,528,595	17,719,090	6,904,603
<b>Letters of Guarantee</b>				
<i>Amounts reported in €</i>	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Letters of guarantee for safeguarding liabilities	2,762,433	2,197,405	2,694,558	2,129,530
Other Letters of guarantee for fulfilment of contract secure	11,794,591	7,340,614	11,726,168	7,307,114
Letters of guarantee for participation to auction	3,783,680	510,885	3,783,680	510,885
<b>TOTAL</b>	<b>18,340,704</b>	<b>10,048,904</b>	<b>18,204,406</b>	<b>9,947,529</b>

## 6.2 Employees and employee benefits

The company's and the Group's employees were as follows:

	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Salaried	451	335	315	273
Wage-earners	137	102	85	75
<b>Total</b>	<b>588</b>	<b>437</b>	<b>400</b>	<b>348</b>
<b>Amounts reported in €</b>				
	01/01-31/12/2007	01/01-31/12/2006	01/01-31/12/2007	01/01-31/12/2006
Wages, salaries and paid leaves	6,395,940	5,542,710	5,702,859	4,832,754
Social Security contributions	1,901,808	1,710,977	1,677,695	1,487,858
Terminations benefits	31,553	42,409	4,735	28,382
Other employee benefits	32,477	30,666	30,585	29,035
Indemnity provisions	90,152	0	87,706	0
<b>Total</b>	<b>8,451,931</b>	<b>7,326,762</b>	<b>7,503,580</b>	<b>6,378,029</b>





### 6.3 Inter-company transactions

Inter-company transactions - balance sheet as on 31/12/2007

Inter-company transactions - balance sheet as on 31/12/2007													
		PURCHASES											
		KLM SA	KLTH SA	TEDRA	KLM ENERGY	MYHE KERASOVO	ISTOS	ROMANIA	SKOPJE	BULGARIA	SERVIA	ALBANIA	TOTAL
SALES	KLM SA			146,800		653,000		175,435	126,424	205,495	122,818	90,249	1,520,221
	KLTH SA	417,989											417,989
	TEDRA												0
	KLM ENERGY												0
	MYHE KERASOVO												0
	ISTOS												0
	ROMANIA												0
	SKOPJE												0
	BULGARIA												0
	TOTAL	417,989	0	146,800	0	653,000	0	175,435	126,424	205,495	122,818	90,249	1,938,210

		LIABILITIES											
		KLM SA	KLTH SA	TEDRA	KLM ENERGY	MYHE KERASOVO	ISTOS	ROMANIA	SKOPJE	BULGARIA	SERVIA	ALBANIA	TOTAL
RECEIVABLES	KLM SA		64,888	1,176,189	170,021	60,000	914,635	24,493	188,992	170,712	122,818	240,249	3,132,997
	KLTH SA	84,238											84,238
	TEDRA												0
	KLM ENERGY												0
	MYHE KERASOVO												0
	ISTOS												0
	ROMANIA												0
	SKOPJE												0
	BULGARIA												0
	TOTAL	84,238	64,888	1,176,189	170,021	60,000	914,635	24,493	188,992	170,712	122,818	240,249	3,217,235

Inter-company transactions - balance sheet as on 31/12/2006

		LIABILITIES									
RECEIVABLES		KLM SA	KLTH SA	TEDRA	KLM ENERGY	MYHE KERASOVO	ISTOS	ROMANIA	SKOPJE	BULGARIA	TOTAL
	KLM SA		253,941	747,541	170,021	1,309,122	278,967	12,521	62,568	233,620	3,068,211
	KLTH SA	144,490									144,490
	TEDRA										0
	KLM ENERGY										0
	MYHE KERASOVO										0
	ISTOS										0
	ROMANIA										0
	SKOPJE										0
	BULGARIA										0
TOTAL		144,490	253,941	747,541	170,021	1,309,122	278,967	12,521	62,568	233,620	3,212,701

		PURCHASES									
SALES		KLM SA	KLTH SA	TEDRA	KLM ENERGY	MYHE KERASOVO	ISTOS	ROMANIA	SKOPJE	BULGARIA	TOTAL
	KLM SA			131,649		834,500		198,956	142,026	209,409	1,516,540
	KLTH SA	255,590									255,590
	TEDRA										0
	KLM ENERGY										0
	MYHE KERASOVO										0
	ISTOS										0
	ROMANIA										0
	SKOPJE										0
	BULGARIA										0
TOTAL		255,590	0	131,649	0	834,500	0	198,956	142,026	209,409	1,772,130

Management compensation for the Group and the Company were as follows:

<i>Amounts reported in €</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Salaries and other short term benefits</b>				
Salaries of BoD member (salaried)	169,707	65,447	169,707	65,447
Senior management executives	199,821	168,768	199,821	168,768
BoD fees	360,000	360,000	360,000	360,000
<b>Total</b>	<b>729,529</b>	<b>594,215</b>	<b>729,529</b>	<b>594,215</b>

#### 6.4 Earnings per share

Earnings per share were calculated on the basis of the average weighted number of shares outstanding.

<i>Amounts reported in €</i>	GROUP		COMPANY	
	01/01- 31/12/2007	01/01- 31/12/2006	01/01- 31/12/2007	01/01- 31/12/2006
Profits after income tax	16,228,281	13,583,760	14,151,297	12,828,625
<b>Profits after income tax (1)</b>	<b>16,228,281</b>	<b>13,583,760</b>	<b>14,151,297</b>	<b>12,828,625</b>
<b>Distributed as follows:</b>				
Parent company shareholders (2)	15,691,032	13,347,999	14,151,297	12,828,625
Minority rights	537,249	235,760		
	<b>16,228,281</b>	<b>13,583,760</b>	<b>14,151,297</b>	<b>12,828,625</b>
<b>Weighted number of shares outstanding (3)</b>	<b>24,750,288</b>	<b>24,750,288</b>	<b>24,750,288</b>	<b>24,750,288</b>
<b>Basic earnings per share (euro /share) (2/3)</b>	<b>0,63</b>	<b>0,54</b>	<b>0,57</b>	<b>0,52</b>

The mean number of shares for 2006 has been adjusted at a 2:10 ratio to account for the issuing of bonus shares approved by the Annual General Meeting of 17/05/2007.

#### 6.5 Dividends per share

The Board of Directors will propose to the annual General Meeting of shareholders a total dividend of 6,187,572 or 0.25 per share. (fiscal year 2006 0.21).

#### 6.6 Post balance sheet date events

There are no events after the balance sheet date pertaining to either the Group or the Company for which there is a reporting obligation according to the International Accounting Standards (IAS).



### 6.7 Other important information

The BoD of the company on 29/01/2008 decided :

a) the commencement of reorganization proceedings of the Cypriot Company under the name “COMPTON HOUSE PROPERTIES LIMITED” b) the commencement of the merger by absorption by the Company of the company under the name “COMPTON HOUSE (HELLAS) TRADE OF CHILDREN’ S PRODUCTS & LEARNING TOYS SOCIETE ANONYME” and under the distinctive title “COMPTON HOUSE (HELLAS) S.A.”. with Transformation Balance Sheet 31.03.2008 and

c) the commencement of the separation of the construction sector of the Company and the contribution of the above construction sector to its subsidiary company, 100 percent owned, KLTH Carpentry Works. The construction sector represents above 30% of the total sales turnover of the previous fiscal year.

KLTH Carpentry Works is in the procedure to be transformed into Societe Anonyme with Transformation Balance sheet 31.12.2007

Athens, 19/03/2008

THE CHAIRMAN OF  
THE BOARD OF DIRECTORS

IOANNIS KLOUKINAS  
I.D. NO. X-366775

THE VICE-CHAIRMAN  
OF THE BOD

IOANNIS LAPPAS  
I.D. NO. P-560148

THE CHIEF FINANCIAL  
OFFICER

PANAYOTIS KANDIROU  
I.D. NO. AE-632783

### Transactions with Affiliated Companies (according to Article 2, Paragraph 4 of Law 3016/2002)

The tables that follow present intra-company sales and receivables for 2007 between the companies consolidated in the Group's financial statements (in €):

#### Inter-company transactions - balance sheet as on 31/12/2007

Inter-company transactions - Balance sheet as on 31/12/2007													
		PURCHASES											
		KLM SA	KLTH SA	TEDRA	KLM ENERGY	MYHE KERASOVO	ISTOS	ROMANIA	SKOPJE	BULGARIA	SERVIA	ALBANIA	TOTAL
SALES	KLM SA			146,800		653,000		175,435	126,424	205,495	122,818	90,249	1,520,221
	KLTH SA	417,989											417,989
	TEDRA												0
	KLM ENERGY												0
	MYHE KERASOVO												0
	ISTOS												0
	ROMANIA												0
	SKOPJE												0
	BULGARIA												0
	TOTAL	417,989	0	146,800	0	653,000	0	175,435	126,424	205,495	122,818	90,249	1,938,210

		LIABILITIES											
	KLM SA	KLTH SA	TEDRA	KLM ENERGY	MYHE KERASOVO	ISTOS	ROMANIA	SKOPJE	BULGARIA	SERVIA	ALBANIA	TOTAL	
RECEIVABLES	KLM SA		64,888	1,176,189	170,021	60,000	914,635	24,493	188,992	170,712	122,818	240,249	3,132,997
	KLTH SA	84,238											84,238
	TEDRA												0
	KLM ENERGY												0
	MYHE KERASOVO												0
	ISTOS												0
	ROMANIA												0
	SKOPJE												0
	BULGARIA												0
	TOTAL	84,238	64,888	1,176,189	170,021	60,000	914,635	24,493	188,992	170,712	122,818	240,249	3,217,235

**Information according to Article 10 Law 3401/2005**

DATE	TYPE OF INFORMATION	SUBJECT	PLACE OF RECORDING
13/12/2007	Announcement of Differentiation of Capital funds	Announcement of Differentiation of Capital appropriation account	www.klmate.gr www.ase.gr
27/11/2007	Financial statements data according to IAS	Company 's financial statements for the period 01.01.-30.09.07(correct repetition)	www.klmate.gr www.ase.gr
26/11/2007	Financial statements data according to IAS	Consolidated financial statements for the period 01.01.-30.09.07	www.klmate.gr www.ase.gr
26/11/2007	Financial statements data according to IAS	Company 's financial statements for the period 01.01.-30.09.07	www.klmate.gr www.ase.gr
26/11/2007	Announcement of comments on financial / accounting statements	Comments on the Financial statements for the period 01.01-30.09.07	www.klmate.gr www.ase.gr
26/11/2007	Announcement of business developments within the company	Announcement of the acquisition of the company Compton House Properties	www.klmate.gr www.ase.gr
26/11/2007	Announcement of business developments within the company	Announcement of the acquisition of the company Compton House Properties	www.klmate.gr www.ase.gr
5/11/2007	Announcement of business developments within the company	New Mothercare store in Serbia	www.klmate.gr www.ase.gr
31/10/2007	Announcement of other important facts	Announcement in accordance with art.27,par.3 of L.3556/2007.	www.klmate.gr www.ase.gr
30/10/2007	Disclosure of Transaction	Announcement in accordance with no 3 & 21 of L.3556/2007.	www.klmate.gr www.ase.gr
30/10/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Andreas Kallinosis, Internal auditor	www.klmate.gr www.ase.gr
29/10/2007	Notification of Decisions on the participation on merger,separation,acquisition,pusrc hase and share issue	Announcement regarding the absorption of the company's 100% subsidiary Net Style SA in accordance with the approval no K2-14998/25/10/07 of the Ministry of Development on 26th October 2007.	www.klmate.gr www.ase.gr
29/10/2007	Notification of Decisions on the participation on merger,separation,acquisition,pusrc hase and share issue	Announcement regarding the absorption of the company's 100% subsidiary Net Style SA in accordance with the approval no K2-14998/25/10/07 of the Ministry of Development on 26th October 2007.	www.klmate.gr www.ase.gr

DATE	TYPE OF INFORMATION	SUBJECT	PLACE OF RECORDING
12/10/2007	Notification of Decisions on the participation on merger, separation, acquisition, purchase and share issue	Announcement of the 40% participation in the share capital of the newly established company "ENTELIA ANONYMOUS CARPENTRY COMPANY"	www.klmate.gr www.ase.gr
12/10/2007	Announcement of other important facts	Announcement of the company's participation in the Annual Pan European Small/Mid Cap Conference 2007 organized by Citigroup on the 15th October in London	www.klmate.gr www.ase.gr
12/10/2007	Announcement of business developments within the company	Announcement of the Exclusive Master Franchise right for the development of Early Learning Centre brand in the emerging markets of Balkans	www.klmate.gr www.ase.gr
12/10/2007	Announcement of business developments within the company	New Mothercare store in Halkida	www.klmate.gr www.ase.gr
12/10/2007	Notification of Decisions on the participation on merger, separation, acquisition, purchase and share issue	Announcement regarding the absorption of the company's 100% subsidiary Net Style SA in accordance with the approval no K2-14998/25/10/07 of the Ministry of Development on 26th October 2007.	www.klmate.gr www.ase.gr
5/9/2007	Announcement of business developments within the company	New Colours and Beauty store in Samos	www.klmate.gr www.ase.gr
27/8/2007	Financial statements data according to IAS	Company's financial statements for the period 01.01.-30.06.07	
27/8/2007	Financial statements data according to IAS	Consolidated financial statements for the period 01.01.-30.06.07	www.klmate.gr www.ase.gr
23/8/2007	Announcement of comments on financial / accounting statements	Comments on the Financial statements for the period 01.01-30.06.07	www.klmate.gr www.ase.gr
1/8/2007	Announcement of business developments within the company	New projects amounting to 7.488.866 euro	www.klmate.gr www.ase.gr
31/7/2007	Disclosure of a share percentage change of the listed company	Disclosure of the change in the percentage of voting rights of Capital Research and Management Company from 5,6994% to 5,9918%.	www.klmate.gr www.ase.gr
6/7/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Loukas Spentzaris, Executive member	www.klmate.gr www.ase.gr
6/7/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Ioannis Lappas, CEO	www.klmate.gr www.ase.gr



DATE	TYPE OF INFORMATION	SUBJECT	PLACE OF RECORDING
6/7/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Ioannis Kloukinas, CEO	www.klmate.gr www.ase.gr
3/7/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Nikolaos Andrikopoulos, Legal Counselor	www.klmate.gr www.ase.gr
3/7/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Nikolaos Andrikopoulos, Legal Counselor	www.klmate.gr www.ase.gr
18/6/2007	Disclosure of a share percentage change of the listed company	Disclosure of the change in the percentage of voting rights of Morgan Stanley from 6,810% to 4,244%.	www.klmate.gr www.ase.gr
15/6/2007	Increase of Share Capital with capitalization of reserves and issue of bonus shares	Increase of Share Capital with capitalization of reserves and issue of bonus shares	www.klmate.gr www.ase.gr
15/6/2007	Increase of Share Capital with capitalization of reserves and issue of bonus shares	Increase of Share Capital with capitalization of reserves and issue of bonus shares	www.klmate.gr www.ase.gr
15/6/2007	Increase of Share Capital with capitalization of reserves and issue of bonus shares	Increase of Share Capital with capitalization of reserves and issue of bonus shares	www.klmate.gr www.ase.gr
15/6/2007	Ex-capital right issue with issuing of bonus shares and ex-dividend right/ Debut of the new bonus shares	Ex-capital right issue with issuing of bonus shares and ex-dividend right/Debut of the new bonus shares	www.klmate.gr www.ase.gr
11/6/2007	Announcement of other important facts	Announcement of the increase of Share Capital and issue of bonus share	www.klmate.gr www.ase.gr
8/6/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Ioannis Kloukinas, CEO	www.klmate.gr www.ase.gr
8/6/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Loukas Spentzaris, Executive member	www.klmate.gr www.ase.gr
8/6/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Ioannis Lappas, CEO	www.klmate.gr Www.ase.gr
8/6/2007	Disclosure of a share percentage change of the listed company	Disclosure of a share percentage change of the listed company	www.klmate.gr www.ase.gr
4/6/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Loukas Spentzaris, Executive member	www.klmate.gr www.ase.gr
31/5/2007	Confirmation-Clarification of publication	Confirmation-Clarification of publication	www.klmate.gr www.ase.gr
21/5/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Loukas Spentzaris, Executive member	www.klmate.gr www.ase.gr

DATE	TYPE OF INFORMATION	SUBJECT	PLACE OF RECORDING
21/5/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Ioannis Kloukinas, CEO	www.klmate.gr www.ase.gr
21/5/2007	Announcement of business developments within the company	New projects amounting to 2.000.000 euro (correct repetition)	www.klmate.gr www.ase.gr
21/5/2007	Announcement of business developments within the company	New projects amounting to 2.000.000 euro	www.klmate.gr www.ase.gr
18/5/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Loukas Spentzaris, Executive member	www.klmate.gr www.ase.gr
17/5/2007	Announcement of the acquisition of company's own shares	Announcement of the acquisition of company's own shares	www.klmate.gr www.ase.gr
17/5/2007	Decisions of the Shareholder's General Meeting	Decisions of the Shareholder's Annual General Meeting on 17/5/2007	www.klmate.gr www.ase.gr
17/5/2007	Decisions of the Shareholder's General Meeting	Decisions of the Shareholder's Annual General Meeting on 17/5/2008	www.klmate.gr www.ase.gr
17/5/2007	Notification of ex-dividend date/payment of dividends	Notification of ex-dividend date/payment of dividends	www.klmate.gr www.ase.gr
17/5/2007	Financial statements data according to IAS	Consolidated financial statements for the period 01.01.-31.03.07	www.klmate.gr www.ase.gr
17/5/2007	Financial statements data according to IAS	Company's financial statements for the period 01.01.-31.03.07	www.klmate.gr www.ase.gr
17/5/2007	Announcement of comments on financial / accounting statements	Comments on the Financial statements for the period 01.01-31.03.07	www.klmate.gr www.ase.gr
14/5/2007	Disclosure of a share percentage change of the listed company	Disclosure of the change in the percentage of voting rights of Morgan Stanley to 9,308%(correct repetition)	www.klmate.gr www.ase.gr
14/5/2007	Disclosure of a share percentage change of the listed company	Disclosure of the change in the percentage of voting rights of Morgan Stanley to 9,308%	www.klmate.gr www.ase.gr
9/5/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Loukas Spentzaris, Executive member	www.klmate.gr www.ase.gr
9/5/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Ioannis Lappas, CEO	www.klmate.gr www.ase.gr
9/5/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Ioannis Kloukinas, CEO	www.klmate.gr www.ase.gr
8/5/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Loukas Spentzaris, Executive member	www.klmate.gr www.ase.gr
4/5/2007	Announcement of business developments within the company	New projects amounting to 3.683.005 euro	www.klmate.gr www.ase.gr





DATE	TYPE OF INFORMATION	SUBJECT	PLACE OF RECORDING
13/4/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Ioannis Lappas, CEO	www.klmate.gr www.ase.gr
13/4/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Loukas Spentzaris, Executive member	www.klmate.gr www.ase.gr
12/4/2007	Notice of General Meeting	Notice of General Meeting	www.klmate.gr
12/4/2007	Notification of Decisions on the participation on merger, separation, acquisition, purchase and share issue	Notification of Decisions on the participation on merger, separation, acquisition, purchase and share issue	www.klmate.gr www.ase.gr
12/4/2007	Notice of General Meeting	Notice of General Meeting	www.klmate.gr
12/4/2007	Announcement of business developments within the company	New Mothercare store in Alimos	www.klmate.gr www.ase.gr
4/4/2007	Disclosure of Transaction	Disclosure of Transaction of Mr Loukas Spentzaris, Executive member	www.klmate.gr www.ase.gr
4/4/2007	Financial statements data according to IAS	Consolidated financial statements for the fiscal year 2006(correct repetition)	www.klmate.gr www.ase.gr
4/4/2007	Financial statements data according to IAS	Company's financial statements for the fiscal year 2006(correct repetition)	www.klmate.gr www.ase.gr
4/4/2007	Announcement of other important facts	Announcement of the corrections in the Financial statements of 2006 and in the cash flow statements of 2005 and 2006	www.klmate.gr www.ase.gr
30/3/2007	Announcement of other important facts	Announcement of the corrections in the cash flow statements of 2005 and 2006 and in the additional Information and Data published on 15.03.2007	www.klmate.gr www.ase.gr
29/3/2007	Announcement of business developments within the company	New projects amounting to 10.000.000 euro	www.klmate.gr www.ase.gr
15/3/2007	Announcement of Capital funds	Announcement of Capital funds	www.klmate.gr
15/3/2007	Financial statements data according to IAS	Consolidated financial statements for the fiscal year 2006 (correct repetition)	www.klmate.gr www.ase.gr
15/3/2007	Financial statements data according to IAS	Company's financial statements for the fiscal year 2006(correct repetition)	www.klmate.gr www.ase.gr Www.klmate.gr
15/3/2007	Announcement of comments on financial / accounting statements	Comments on the Financial statements for the fiscal year 2006	www.ase.gr www.klmate.gr
14/3/2007	Announcement of Capital funds	Announcement of Capital appropriation account	www.ase.gr www.klmate.gr
14/3/2007	Financial statements data according to IAS	Consolidated financial statements for the fiscal year 2006	www.ase.gr www.klmate.gr
	Financial statements data	Company's financial statements for the fiscal year 2006	www.ase.gr

**Availability of Financial Statements**

The Company's annual financial statements, separate and consolidated, the Certified Auditor's Report and the Board of Directors Report are available on the company's Internet site [www.klimate.gr](http://www.klimate.gr)





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