



MICHANIKI S.A.

GROUP OF COMPANIES

"Societe Anonyme" Registered Number: 8440/06/B/86/16
M. Alexandrou 91 Street - Amarousio Attica 15124

YEARLY FINANCIAL REPORT

2009

The yearly financial report of 2009 was constructed according to article 4 of I. 3556/2007 and was approved by the Board of Directors of MICHANIKI S.A. at March 26th 2010 and has been disclosed through the internet, at the website address www.michaniki.gr.

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**1 Statements by the members of the Board of Directors
(according to article 4 par. 2b of 3556/2007)**

The following,

1. Prodromos S. Emfietzoglou, Chairman of the Board of Directors,
2. Melpomeni Pr. Emfietzoglou, Managing Director and
3. Apostolos N. Athanasopoulos, member of the Board of Directors,

particularly upon this matter designated by the Board of Directors during the assembly dated 19.03.2010

HEREBY STATE

"To the best of our knowledge, the yearly Financial Statements, which were prepared in accordance to the current International Accounting Standards, give a true picture of the assets and liabilities, the shareholders' net equity at 31.12.2009 and the results of fiscal year-end of 2009 of MICHANIKI S.A., as well as of the companies included in the consolidation as a whole"

AND

"To the best of our knowledge, the Board of Directors Report of fiscal year-end of 2009 depicts a true presentation of the development, the performance, the position of the company MICHANIKI S.A., as well as of the companies included in the consolidation as a whole, in addition to the description of the major risks and uncertainties that they face".

THE CHAIRMAN

THE MANAGING DIRECTOR

MEMBER OF THE BOARD OF
DIRECTORS

PRODROMOS S. EMFIETZOGLOU
ID No: ≡ 498825/86

MELPOMENI PR. EMFIETZOGLOU
ID No: AE 034080/06

APOSTOLOS N. ATHANASOPOULOS
ID No: ≡ 288898/87

YEARLY BOARD OF DIRECTORS MANAGEMENT REPORT OF THE FINANCIAL STATEMENTS OF THE FISCAL YEAR-END

FINANCIAL DATA

During 2009 the international financial environment showed an additional aggravation on a global level due to the extended insecurity whether if and when the bigger global economies (U.S.A., Europe etc) will manage to surpass their problems and exit from the crisis. Despite coordinated attempts in Europe and in the United States to reverse the situation, due to the fact that the macroeconomic data of the bigger economies were not adequate to convince that a new recovery cycle is commencing, rumours for the opposite scenario affected the market for one more year. Consequently this resulted in a complete absence of buying interest in the global real estate market and thus the decrease of prices. It is of significant interest at this point to note that due to the absence of demand, the appraisal work of real estate became difficult since there could not be an objective assessment of values since no transactions were taking place in order to have comparative data. Last, the concurrence of all of the above created new problems in the international banking sector which consequently resulted in a significant decrease of global liquidity. This resulted in the following negative results: 1st the inability to raise liquidity from the inter-bank market and the need to recourse to state central banks for support, 2nd the freeze of new financing and particularly in the real estate market, 3rd the essentially increased cost in the inter-bank market, 4th the pass through of this increased cost to client businesses, that is to the existing business loans resulting first of all in the sudden burdening of their balance sheets with significantly increased financial expenses. Apart from all, the existing situation of the banking system significantly restrains the global development.

In comparison to foreign markets, the domestic market in 2009 and up to today as far as macroeconomics and as an extent microeconomics is concerned these are presented more adversely than abroad. The worse part, as proved by the recent published fiscal data of our country which became a tool for an international speculation against Greece. The result up to today is that all this negative conjuncture to be transferred in whole to the Greek banking system which in turn has limited its liquidity towards companies which in this particular period need it most compared to the past. Consequently, private investments remain stagnant and state investments proceed with a weak rate. More specifically, during 2009 and up to today very few of the expected public works were auctioned and MICHANIKI S.A. has underbid in three of these with total budget of €66,85 million. Additionally in regards to PPP's almost all of these significant projects were postponed and the auctions of some of these have been scheduled for the 2nd six month period of 2010.

Last, a significant role in the construction sector is expected to be the flow of payments of the State which up to the recent period in terms of delays has reached and surpassed the six month limit.

Due to the significant aggravation of the international economic environment Michaniki's Management has cancelled its business plan regarding the merge of the Group's international activities into one business entity, with the scope to raise funds for the additional funding of the construction projects abroad. The Managements decision is the continuous monitoring of all the financial and banking developments, indexes and interventions, and in parallel to the professional contribution of the outsourcing advisors, and until indications regarding a sanitization and improvement appear, it will be re-examined.

On a Group level, the consolidated Turnover (Sales) for 2009 amounted to €149,98 million, against €230,94 million of the respective year of 2008, depicting an increase by 35,06%. The operating losses EBITDA amount to €53,74 million in 2009 against profits of €80,33 million in the previous year end. These losses are caused mainly due to the negative result regarding the valuation of investment properties, compared to profits in the previous year end. Losses before taxes in 2009 amounted to €64,14 million depicting a decrease of 241,62% in comparison to 2008. Losses after taxes amounted to €55,18 million against profits of €27,87 million in 2008.

On a parent company level, Turnover (Sales) in 2009 were decreased by 32,88% reaching the amount of €121,69 million against €181,31 million in 2008. Operating profits EBITDA amount to €13,04 million decreased by 63,57%, a decreased which is caused mainly to the increase of the other operating expenses by €6,8 million due to impairment provisions in addition to the decrease of the gross profit by €16,5 million. Profits before tax amounted to €8,45 million depicting a decrease of 4,76%. Net profits after tax amounted to €6,12 million against €2,26 million in 2008 an increase which in 2009 corresponds to a percentage 170,93%.

The decreased profits after tax of the Group are caused mainly to the loss making result in regards to the valuation of property investments, the decrease of the gross profit, the international economic recession of countries abroad that has as a result the reduction of activities and financial results of the subsidiary companies. The increased profits of the parent company are caused mainly to the decreased financial expenses due to the closing of the derivative financial means and the decreased taxes. It is noted that in the previous year end taxes were negatively affected due to the fact that derivative financial means valuation losses amounting to €17.093 thousand where not tax recognized.

The un-executed balance of Michaniki's works and its subsidiary company THOLOS S.A. at the end of 2009 amounted to €341,3 million. (Michaniki S.A.: €308,9 million, Tholos S.A.: €32,4 million).

The Group's Gross Profit Margin against the Total Turnover (Sales) remained at a satisfactory level for 2009 and came up to 14,9% from 22% (2008). Respectively gross profits were decreased in 2009 by a percentage of 55,95% to €22,40 million against €50,85 million in the previous year end of 2008. On a parent company level, the Gross Margin in 2009 in respect to the Total Turnover (Sales) came up to a percentage of 18,98%, against a margin of 21,84% in 2008 (gross profit €23,09 million against €39,59 million). The consolidated and company financial results for 2009 in comparison to 2008 are summarized in the tables below:

Consolidated Results in € million.	31.12.2009	31.12.2008	% Δ
Sales Turnover	149,98	230,94	-35,06%
EBITDA	-53,74	80,33	-166,91%
EBT	-64,13	45,29	-241,62%
EAT	-55,18	27,87	-297,96%
Profits after Tax , Board of Directors Fees, Tax Audits and Minority Rights	-46,69	21,96	-312,66%
Profits per share (€)	-0,50	0,24	-308,33%

Company Results in € million.	31.12.2009	31.12.2008	% Δ
Sales Turnover	121,69	181,31	-32,88%
EBITDA	13,04	35,73	-63,50%
EBT	8,45	8,87	-4,76%
EAT	6,12	2,26	170,93%
Profits per share (€)	0,07	0,02	250%

Asset Items

During 2009 the Group invested in new and existing assets the amount of €5,00 million in order to expand its activities in property investments abroad, and mainly to the exploitation of the Russian market.

The Group's Commercial Receivables at 31.12.2009 amounted to €137,88 million against €137,77 million at 31.12.2008 presenting an increase of 0,08%. The Group's Inventories amounted to €126,07 million against €122,69 million in 2008 presenting an increase of 2,75%, that is €3,38 million.

Liability Items

The Group's long-term loans at 31.12.2009 amounted to €32,32 million from €47,40 million at 31.12.2008, that is a decrease of 31,83%, where on the contrary the parent company's long-term loans remain null.

The total Long-term Liabilities for 2009 amounted to €68,27 million against €97,60 million in 2008 depicting a decrease of 30,05%. The outstanding balance of the Group's Trade Creditors at 31.12.2009 amounted to €57,27 million against €72,12 million at 31.12.2008, depicting a decrease by 20,59%, that is €14,85 million.

The Group's short-term loans (Banks short-term liabilities) amounted to €182,18 million at 31.12.2009 (quota 32,35% upon the total assets) against €129,54 million (quota 20,29%) at 31.12.2008, depicting an increase of 40,63%, that is €52,64 million. This increase is caused mainly due to the significant delay of payments regarding the State and the general Public sector, the construction and the similar expenses of the existing property investments. The company participates in the financing of existing property investments though share capital increases of the subsidiaries or internal cash flow facilitation from the parent company. The average loan interest rate regarding loans in Euros was 4,97% (6,77% the previous period) whereas for loans in U.S.D. the interest rate was 4,84% (6,68% previous period).

Financial Ratios (Group)

For a thorough information upon the proceedings of fiscal year-end 2009, the following ratios are presented that refer to the development of the Group's and the parent company's financial figures.

FINANCIAL RATIOS (Group)		2009	2008
A. Growth Ratios			
1	Sales (Turnover)	-35,06%	2,12%
2	Profits before Tax	-241,62%	-36,76%

These particular ratios present the increase in sales and profits before tax

B. Index Ratios			
3	Losses- Net Profits before Tax / Sales	42,76%	19,61%
4	Losses- Net Profits after Tax / Sales	36,79%	12,07%
5	Losses- Net Profits before Tax / Equity	31,64%	16,54%
6	Gross Results / Sales	14,94%	22,02%

Ratios n. 3 & 4 depict the final result before and after tax as a percentage to sales (turnover).

Ratio n. 5 depicts the net year-end results before tax as a percentage to equity.

Ratio n. 6 depicts the year-end gross profits as a percentage to sales (turnover).

C. Debt Management Ratios			
7	Total Liabilities / Equity (except Minority rights)	2	1,51
8	Bank Liabilities / Equity	1,06	0,65

These ratios depict the capital owed and the bank liabilities as a percentage to equity.

D. Financial Structure Ratios			
9	Current Assets / Total Assets	0,69	0,64
10	Total Liabilities / Equity	1,77	1,33

11	Tangible & intangible assets / Equity	0,32	0,26
12	Current assets / Short-term liabilities	1,33	1,53
13	EBITDA / Equity	-0,27	0,29

Ratio n. 9 presents the percentage of the quick (acid) liquidity items to the total asset items.

Ratio n. 10 depicts the financial self sufficiency of the financial unit.

Ratio n. 11 depicts the equity capitalization percentage.

Ratio n. 12 depicts the liquidity of the financial unit.

FINANCIAL RATIOS (Parent Company)		2009	2008
A. Growth Ratios			
1	Sales (Turnover)	-32,88%	24,51%
2	Profits before Tax	-4,76%	-71,40%
B. Index Ratios			
3	Net Profits before Tax / Sales	6,95%	4,89%
4	Net Profits after Tax / Sales	5,02%	1,25%
5	Net Profits before Tax / Equity	4,55%	4,42%
6	Gross Profit / Sales	18,98%	21,84%
C. Debt Management Ratios			
7	Total Liabilities / Equity (except Minority rights)	1,36	1,19
8	Bank Liabilities / Equity	0,77	0,52
D. Financial Structure Ratios			
9	Current Assets / Total Assets	0,48	0,46
10	Total Liabilities / Equity	1,36	1,19
11	Tangible & intangible assets / Equity	0,26	0,26
12	Current assets / Short-term liabilities	0,91	0,93
13	EBITDA / Equity	0,07	0,18

The Group's financial position remains at satisfactory levels since cash and cash equivalents amount to €2,58 million for 2009 and €0,61 million for the parent Company. The index ratio referring to the correlation between profits after tax to Equity is at -27,2% against 10,2% in 2008 against 20,6% in 2007. The Group's liquidity remains timelessly positive presenting stability and stands in high general levels (current: 1,33:1 against 1,53:1 in the previous year-end for the Group, and 0,91:1 for 2009 against 0,93:1 for 2008 for the parent company).

SIGNIFICANT EVENTS AND PROSPECTS FOR 2010

In Constructions, the Group today is constructing 19 infrastructure projects in the whole of Greece and will participate in biddings that will be held by the State and which will involve works whose financing is assessed from the 4th Community Support Framework with the objective to always keep a stable increasing profitability.

In the real estate sector abroad regarding the investments of the subsidiary company Michaniki Russia the construction in Moscow is still under way a) in regards to the building complex "Alexander the Great" of a total area of 166.000 sq.m. and b) of the apartment building complex "Ira" of a total area of 17.000 sq.m. In Ukraine the subsidiary Michaniki Ukraine is expected to complete by the end of the year the building complex "Artemis" of a total area of 53.000 sq.m in the eastern suburbs of the town of Kiev.

More specifically, in 2009 certain significant developments were realized and others are expected in the following sectors of activity of the Group:

Construction Sector:

In June of 2009, the construction company MICHANIKI S.A. was nominated as the lowest bidder and temporary contractor in the auction for the project "CONSTRUCTION OF THE HIGHWAY CONNECTION IN THE AKTIO AREA WITH A WEST AXIS NORTH-SOUTH IN THE AKTIO-AMVRAKIA SECTION"



from k.m. 26+900 up to k.m. 35+000", of a total services budget amounting to 26,6 million €. The construction contract of this specific project was signed in March of 2010 and the duration of the project's construction is 36 months from the contract signature date. The scope of the work is the construction of the section ~ 8 k.m. of the artery that connects the Aktio with the under construction highway axis North-South (Ionian Highway).

In September of 2009, the construction company MICHANIKI S.A. was nominated as the lowest bidder and temporary contractor in the auction for the project "CONSTRUCTION OF THE FINAL CASING IN THE DIVERSION TUNNEL OF ACHELOOS RIVER" of a total budget of 34,3 million €. The contract of this specific project is expected to be signed within 2010. Scope of the project is the construction of the final casing of the diversion tunnel of Acheloos River. It is noted that even though that the project regarding the Acheloos diversion has been temporarily terminated through the decision of the inhibition of the COE Committee, this specific project is deemed necessary for the security of the existing opening tunnel.

In September of 2009, the construction company MICHANIKI S.A. was nominated as the lowest bidder and temporary contractor in the auction for the project "Vertical axis of Egnatia Highway Derveni-Serres-Promahonas: Subsoil underground reinforcement works and roadway restoration of km 9+440 of the section K. Ambela – Roadway Petritsiou (60.3.3a)" of a total budget of 5,95 million €. The contract of this specific project is expected to be signed within 2010. Scope of the project is the construction and the subsoil underground reinforcement works with a parallel roadway restoration of the section of the vertical axis of Egnatia Highway K. Ambela – Roadway Petritsiou.

In February of 2009, the construction company MICHANIKI S.A. filed a Letter of interest petition file regarding the Phase A' Bid (Pre-selection) for the work "EXTENSION OF LINE 3, SECTION HAIDARI – PIRAEUS", (RFP 189/08), budgeted at 515.000.000 €. Regarding the above bid the company was pre-selected for its participation in Phase B', petition of Financial Offers, with the objective to undertake this specific project, which is expected to take place within 2010.

In June of 2009, the construction company MICHANIKI S.A., filed a Letter of interest petition file, in Phase A' Bid (Pre-selection) for the work "STUDY, CONSTRUCTION AND POSITION IN OPERATION OF THE EXTENSION OF THE THESSALONICA METRO TOWARDS KALAMARIA", (RFP 194/09), budgeted at 425.000.000 €. Regarding the above bid the company was pre-selected of Phase A' of the bid and the final result is expected within 2010 regarding the pre-selection of companies that will participate in Phase B', which refers to the petition of Financial offers with the objective to undertake this specific project.

Energy sector:

Exploiting the Company's infrastructure and know-how in the construction of significant hydroelectric works of PPC, Michaniki is operating in the production of electric energy through Hydroelectric Stations. In 2003, Michaniki brought into operation the first hydroelectric station in Theodoriana of a 4MW power with a yearly electric energy production of up to 19.000 MWh. Even more, in 2008 the company received by the Ministry of Development the license regarding the production of electric energy for the small hydroelectric station Karpenitsioti. The station which will be stationed in the Evrytania Prefecture will have a 5,9 MW power, whereas the yearly electric energy production will come up to 23.000 MWh, of €2 million value. The projects budget amounts to 12 million €. Additionally efforts are still taking place regarding the re-licensing of the significant hydroelectric station of Agios Nikolaos in the Araithos River in the Prefecture of Arta powered at 93MW and with a yearly electric energy production of 300.000MWh.

Real Estate Development and Utilization sector:

With the objective to continue its development and the promotion of the Greek entrepreneurship abroad, MICHANIKI continues its investments in the very promising foreign markets of Ukraine, Russia, Bulgaria and Egypt. The real estate development and utilization is the sector where the MICHANIKI Group will continue to give its emphasis especially after the latest developments in Greece where the sector of public works is suffering from the continuous delays regarding payments of certified receivables of companies in addition to the parallel unwillingness of banks to bridge the obvious resulted cash flow gap.



The current portfolio value abroad according to international reputed real estate valuation companies Cushman & Wakefield and CB Richard Ellis in December of 2009 amounts to €243,43 million. The decrease is caused mainly to the extremely conservative approach that the above appraisers were forced to take due to the fact that the significantly limited investment activity did not offer adequate comparative data.

The sale of its premises in Aghialos Thessalonica of "BALKAN REAL ESTATE" is part of the company's decision regarding the dereliction of the production and commerce timber sector. Additionally within 2009 the Company was examining alternative ways to exploit the above establishment though without reaching any definite decision.

During the fiscal year end of 2009 the Company sold its 584.567 own shares (ordinary) and their sale value amounted to 986.403,46 euros.

SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR-END OF 2009

The B' Repetitive Extraordinary General Assembly of the shareholders, of ordinary shares, dated 17.02.2010 and the B' Repetitive Extraordinary General Assembly of the shareholders, of preferred shares, dated 17.02.2010 of MICHANIKI S.A. decided the nominal diminution of the Company's share capital through a decrease of its share nominal value from 1,54 euros to 0,70 euros according to the ordinances of article 4 par. 4a of L. 2190/1920 and the formation of an equivalent, in amount, special reserve. Due to the above diminution, the Company's share capital was decreased by 78.041.470,92 euros and came up to 65.034.559,10 euros, divided into 66.937.526 ordinary registered with voting rights shares and 25.968.987 preferred shares with no voting rights, of nominal value amounting to 0,70 euros each.

In parallel, the above General Assemblies decided the Company's share capital increase with cash, up to 60.000.000,00 euros and the issue of 46.453.256 new ordinary with voting right shares, of 0,70 euros nominal value, with a pre-emptive right in favour of the old shares with a proportion of one (1) new ordinary with voting rights registered share per two (2) old ordinary or preferred shares.

The relevant, in conjunction to the above changes, Company Statute amendment was approved by the Minister of Finance decision no. K2-2381/15.03.2010 (Official Legal Notice Issue 1978/18.03.2010).

Additionally the above General Assemblies, based upon the defined ordinance of paragraph 6 of article 13 of C.L. 2190/1920, as it has been replaced with paragraph 3 of article 19 of L.3604/2007, authorized the Board of Directors to proceed itself with the designation of the offering price of the new shares within a time frame of one year, with the scope to formulate the offering price based upon the levels that will reflect the market conditions at the time the decision is taken by the Board of Directors. The capital deposit deadline will commence from the notification of the Board of Directors decision with which the offering price will be designated.

PROSPECTS & RISKS FOR 2010

The prospects for 2010 are expected to be affected from the weak development of the global economy and mainly the developed European countries and the United States of America. In this unstable and changeable environment it is quite difficult to provide any precise forecast regarding the real estate markets for 2010.

None the less, from the beginning of the current year in particular in Russia and Ukraine a change of the situation regarding investments in real estate is depicted and particularly in real estate where investments are on a progressive stage.

Especially in Ukraine after the recent presidential elections which entail the beginning of a new political stability era which was missing for at least the last five years since the "Orange Revolution" period, a reversal of the situation is depicted with an increased number of real estate dispositions compared to 2009.

In the market of Moscow from the fall of 2009 a change was noticed regarding the psychology of Russian investors. This occurred due to the fact that during the whole first year of the crisis many Russian companies with significant investments in real estate reached the "bottom" thus creating a turmoil not only to the real estate market itself but also the banking market since these companies were highly gears. Within a year and after the market in total handled this crucial situation, stabilization prevailed and a new, through slow rhythms, interest cycle emerged from Russian investors in this immense real estate market.

Additionally, from the end of 2009 significant foreign funds that closely monitor the real estate market in the broader Russian dominion that had retired from the beginning of the crisis, started coming back since they are convinced that the market potential remains and that the current valuations constitute unique investment opportunities.

In Greece despite the extremely difficult domestic financial concurrence, the construction sector as one of the few segments regarding public investments that can provide assistance to development, is expected to play an important role and in particular in the infrastructure work sector that are financed by the European Community through the 4th Community Framework. The total financial resources which will be attributed to Greece exceed today the amount of €15 billion.

Some of the most significant challenges of 2010 which Michaniki S.A. Management will face with consistency in order to secure the continuation of a stable upward course and thus the satisfaction to its shareholders, are the following:

- The continuation of the country's financing from the 4th Community Framework
- The materialization of major, but also medium size infrastructure works in the region which is necessary for the country's development.
- Our Group's new investments in the favorable sector of "green energy" and particularly in hydroelectric projects where there is substantial experience and thus a significant competitive advantage.
- The continuation and completion of the today's under construction investments in real estate in Ukraine and Russia, with the objective regarding the important in advance sales especially in Ukraine were our project "Artemida" is expected to be concluded at the end of the current year.

The achievement of the pre-mentioned challenges requires that the construction sector will also be able to face particular weaknesses and threats of the construction environment, such as:

- The delay regarding the collection of accruals from the Public Sector which during the last interval surpassed every prior limit in the long term history of the company and the sector in general.
- The general macroeconomic condition of Greece which restrains the country's borrowing capability and thus the liquidity of the whole system starting from the banks.
- Greece's borrowing cost which due to the above has been significantly increased and transferred in total in the economy through the increase of bank spreads and thus the burdening of the company balance sheets.
- The general liquidity shortage in the banking system that significantly limits the financing capability of companies in terms of working capital which constitutes an integral, by now, mean in order to bridge the immense gap from the invoicing up to and the payment of operations.
- The way public works are assigned still requires significant guarantees and that leads to significant discounts.
- The lack of a complete institutional framework that will regulate the private work market which continues to remain unclear for the undertaking of a significant investment risk.
- Unexpected upward changes in the prices of materials that increase the production costs.

The Company's Management through its factual position in addition to its experience aims at the continuation of being an active participant and assistant to the country's effort for better, safer, modern and friendly to the environment, infrastructure works.

RISKS

The Group's activity and its business plan that is being materialized in several countries and out of the European zone is consequently exposing it in financial risks and more specifically in risks related to the fluctuations of exchange rates and interest rates, credit risks, liquidity risks in addition to the unstable domestic and foreign financial system.

In Note 5.5 of the Yearly Financial Report we present all of the risks with tables and specific references, that are related to the Group's activities in Greece and abroad. In summary we report the following:

The selection of the cooperating financial institutes in Greece and abroad is done through the use of evaluation measures such as the credit rating from reliable credit organizations, the years of presence in the domestic banking system and their solvency, the branch network and the kind of banking services rendered, the possible synergies and collaborations with Greek financial institutions.

Relative to the liquidity risks, the Group by evaluating the arising financing needs based upon the scheduled cash outflows, the business plan it undertakes in each country in addition to the non scheduled needs that may arise due to unforeseen events, secures the parent company and also the subsidiary companies abroad approved financing lines in euros or foreign currency with antagonistic terms in order to service in the most effective way the short-term and long-term loan needs. Even more, there's a provision and a capability to use financing lines abroad through counter guarantees from subsidiary banks of Greek institutions. In this way, the decrease of exposure in any foreign exchange risk and the decrease of exposure to possible unstable conditions of the foreign banking system is successfully achieved and also the decrease of the financing cost and the rendering of financing with significantly better terms compared to the local companies.

Through the financing in euros the subsidiary companies of the Group abroad are financed with lower interest rates in relation to if the financing took place through the local currency.

CORPORATE GOVERNANCE

MICHANIKI's Management has adopted the Principles of Corporate Governance, as designated by the Greek legislation in effect and the international practices. The Corporate Governance, as a set of rules, principles and control mechanisms, according to which the Company is organized and managed, has the objective of disclosure towards the public, equal treatment in information, as well as the objective to ensure the interests of its Shareholders and all of whom are related to its operation. The Board of Directors of MICHANIKI S.A. is the custodian of the Corporate Governance principles. Today the Board is composed from 6 executive and 3 non executive members. From the non executive members 2 fulfill the requirements that according to the ordinances of L. 3016/2002 regarding the Corporate Governance, are so called "independent". The internal audit constitutes one of the basic and necessary conditions relative to the Corporate Governance operation.

The responsibilities of the Company's Internal Audit Administration, include the evaluation and improvement of the risk management and internal audit systems, as well as the ascertainment of compliance relative to the institutional policies and procedures as delimited in the Internal Regulation of Operations of the Company, the in effect legislation and the regulatory ordinances, but also to the quality assurance services system EN ISO 9001:2000.

DIVIDEND POLICY

The Company's Management, intends to suggest to the G.A. of its shareholders for 2009, the distribution of a dividend amounting to € 0,035 per share of which dividend after the tax retaining obligation for dividends of 10% in favor of the Greek State (par. 1, article 18, I. 3697/2008) the remaining dividend will be attributed to the shareholders which amounts to € 0,0315 net per share.

Explanatory Report of the Board of Directors to the Ordinary General Assembly of its shareholders including information according to the ordinances of paragraph 1 of article 11a of L. 3371/2005 regarding the fiscal year-end from January 1st 2009 up to December 31st 2009

1. Share Capital Structure.

The B' Repetitive Extraordinary General Assembly of the shareholders, of ordinary shares, dated 17.02.2010 and the B' Repetitive Extraordinary General Assembly of the shareholders, of preferred shares, dated 17.02.2010 of MICHANIKI S.A. decided the nominal diminution of the Company's share capital through a decrease of its share nominal value from 1,54 euros to 0,70 euros according to the ordinances of article 4 par. 4a of L. 2190/1920 and the formation of an equivalent, in amount, special reserve. Due to the above diminution, the Company's share capital was decreased by 78.041.470,92 euros and came up to 65.034.559,10 euros, divided into 66.937.526 ordinary registered with voting rights shares and 25.968.987 preferred shares with no voting rights, of nominal value amounting to 0,70 euros each.

In parallel, the above General Assemblies decided the Company's share capital increase with cash, up to 60.000.000,00 euros and the issue of 46.453.256 new ordinary with voting right shares, of 0,70 euros nominal value, with a pre-emptive right in favour of the old shares with a proportion of one (1) new ordinary with voting rights registered share per two (2) old ordinary or preferred shares.

The relevant, in conjunction to the above changes, Company Statute amendment was approved by the Minister of Finance decision no. K2-2381/15.03.2010 (Official Legal Notice Issue 1978/18.03.2010).

Additionally the above General Assemblies, based upon the defined ordinance of paragraph 6 of article 13 of C.L. 2190/1920, as it has been replaced with paragraph 3 of article 19 of L.3604/2007, authorized the Board of Directors to proceed itself with the designation of the offering price of the new shares within a time frame of one year, with the scope to formulate the offering price based upon the levels that will reflect the market conditions at the time the decision is taken by the Board of Directors. The capital deposit deadline will commence from the notification of the Board of Directors decision with which the offering price will be designated

All of the shares are listed in the Athens Stock Exchange, in the Large Capitalization category. The Company's shares are common registered voting shares and preferred registered non-voting shares.

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

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

3. Significant direct or indirect participations according to the ordinances of L. 3556/2007

Mr. Emfietzoglou Prodromos at 24.3.2010 holds a percentage of 19,62% of the Company's common share capital. No other physical or legal entity holds a percentage bigger than 5% of the share capital.

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

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

5. Limitations regarding voting rights.

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

6. Agreements between Company shareholders.

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

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



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

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

According to the ordinances of article 13 & 1 section B' and c' of c.l. 2190/1920 and article 6 of the Company's statute, it is provided that its Board of Directors has the right, with the condition of a relevant decision from the General Assembly, which is subject to the publicity stipulations of article 7b of C.L. 2190/1920, to increase the Company's share capital through the issuance of new shares through its decision, taken by a majority of at least 2/3 of its total members up to the amount of the capital, which is paid-up at the date were the Board of Directors was granted the above authority by the General Assembly which can be renewed by the General Assembly for a period of time that does not exceed the five years for each renewal and its effect commences after the maturity of each five year period. There is no decision by the General Assembly with which a similar authority has been granted to the Board of Directors.

During the fiscal year end of 2009 the Company sold all of its own shares amounting to 584.567 own shares (ordinary) and the sale price came up to 986.403,46 euros.

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

No such agreement exists.

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

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

Amarousio, March 26th 2010

Prodromos S. Emfietzoglou

Chairman of the Board of Directors

MICHANIKI S.A.

The current Report constituted by 10 pages is the one mentioned in the Auditor's Report that I have issued dated 26.03.2010.

Amarousio, March 26th 2010

GEORGIOS ATH. SKABAVIRIAS
Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No 14661

Associated Certified Public Accountants s.a.

member of Crowe Horwath International

3, Fok. Negri Street – 112 57 Athens, Greece

Institute of CPA (SOEL) Reg. No. 125



3 Independent Auditors Report

To the Shareholders of "MICHANIKI S.A." Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "MICHANIKI S.A" Company and its subsidiaries, which comprise the separate and consolidated statement of financial position as at 31 December 2009 and the separate and consolidated statements of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at 31 December 2009, and their financial



performance and 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

We verified the consistency and the correspondence of the content of the Report of the Board of Directors with the accompanying separate and consolidated financial statements, under the legal frame of the articles 43a, 107 and 37 of c.L. 2190/1920.

Amarousio, March 26th 2010

GEORGIOS ATH. SKABAVIRIAS
Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No 14661

Associated Certified Public Accountants s.a.

member of Crowe Horwath International

3, Fok. Negri Street – 112 57 Athens, Greece

Institute of CPA (SOEL) Reg. No. 125



4 Yearly Financial Statements

4.1 Financial Position Statement

		Amounts in € thousand			
		THE GROUP		THE COMPANY	
ASSETS	Note:	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Non Current Assets					
Own Used Tangible Assets	5.6.2	64.325	70.009	47.551	51.938
Property Investment	5.6.3	91.886	143.970	18.952	18.952
Intangible Assets	5.6.4	38	50	3	16
Expenditures for exploration and evaluation of mineral resources	5.6.4	385	428	0	0
Investments in Subsidiaries	5.6.5	0	(0)	193.381	184.325
Investments in Joint Ventures/Consortiums	5.6.10	15.792	14.811	14.321	14.321
Financial assets valued at their fair value	5.6.10	3	3	3	3
Less: Provisions for devaluations	5.6.10	(3)	(3)	(45.646)	(31.780)
Other Long-term Receivables	5.6.6	442	1.121	291	972
Deferred tax receivables	5.6.21	1.417	159	0	0
		174.285	230.547	228.858	238.748
Current assets					
Inventories	5.6.7	126.068	122.689	33.598	38.682
Commercial receivables (clients)	5.6.9	137.876	137.769	103.252	99.648
Receivables from Affiliated and other investment interest Companies	5.6.13	41.862	49.216	66.875	51.032
Other Receivables	5.6.9	11.885	11.179	1.695	1.780
Financial assets valued at their fair value with changes in results	5.6.12	6	6	0	0
Other Current item Assets	5.6.11	1.234	3.074	1.104	1.700
Prepayments	5.6.11	33.467	39.955	2.469	6.293
Cash and cash equivalent	5.6.14	2.583	9.864	609	1.526
Owned assets held for sale	5.6.15	33.861	34.059	-	-
		388.842	407.811	209.602	200.661
Total Assets		563.127	638.358	438.460	439.409
Shareholders Equity & Liabilities					
Equity Capital					
Share Capital	5.6.16	143.076	143.076	143.076	143.076
Share Premium	5.6.16	129.629	129.629	129.629	129.629
Own Shares	5.6.17	0	(3.580)	0	(3.580)
Financial means fair value differences	5.6.16	0	0	(9.290)	4.322
Foreign Exchange Differences	5.6.18	(26.714)	(19.608)	0	0
Statutory Legal Reserve	5.6.16	13.075	12.704	11.880	11.667
Other Reserves	5.6.16	12.496	12.506	4.049	4.049
Retained Earnings	5.6.16	(91.289)	(33.803)	(93.552)	(88.499)
Equity Attributable to Parent Company Shareholders		180.273	240.923	185.792	200.664
Minority Rights		22.426	32.889	-	-
Total Equity		202.699	273.812	185.792	200.664
LIABILITIES					
Long-term Liabilities					
Other financial liabilities	5.6.19	6.173	6.673	6.173	6.673
Long-term borrowing liabilities	5.6.19	32.316	47.404	0	0
Provisions for employee retirement benefits	5.6.20	2.138	2.041	1.201	1.159
Deferred tax liabilities	5.6.21	22.338	34.589	11.658	10.602
Other Long-term Liabilities	5.6.22	3.618	3.734	2.465	2.531
Other Provisions	5.6.23	1.689	3.159	911	2.125
Total Long-term Liabilities		68.272	97.600	22.408	23.090
Short-term Liabilities					
Short-term Bank Loans	5.6.19	182.180	129.542	143.739	105.191
Short-term part of other long-term liabilities	5.6.19	478	478	478	478
Comercial Liabilities (trade creditors etc)	5.6.24	57.265	72.117	42.629	51.416
Taxes	5.6.25	112	320	0	0
Other liabilities	5.6.26	15.574	17.432	11.107	14.219
Advances	5.6.27	12.848	6.344	7.855	4.270
Derivative financial products	5.6.28	0	17.093	0	17.093
Liabilities to affiliated and other investment interest companies	5.6.26	23.699	23.621	24.452	22.987
Total Short-term Liabilities		292.156	266.946	230.260	215.655
Total Liabilities		360.428	364.546	252.668	238.745
Total Shareholders Equity and Liabilities		563.127	638.358	438.460	439.409

Possible differences in totals are due to number rounding

4.2 Period Profit & Loss Account

		Amounts in € thousand except from profits per share			
		THE GROUP		THE COMPANY	
	Note:	1/1- 31/12/2009	1/1- 31/12/2008	1/1- 31/12/2009	1/1- 31/12/2008
Sales Turnover	5.6.1	149.975	230.942	121.694	181.307
Cost of Sales	5.6.30	(127.572)	(180.090)	(98.602)	(141.717)
Gross Profit		22.403	50.853	23.092	39.590
Property Investment valuation result	5.6.3	(55.239)	36.052	0	0
Other Operating Income	5.6.34	2.064	2.367	1.302	1.222
Selling Expenses	5.6.32	(607)	(1.128)	(66)	(69)
Administrative Expenses	5.6.31	(14.980)	(12.826)	(8.814)	(9.373)
Other Operating Expenses	5.6.34	(14.091)	(1.896)	(7.602)	(779)
Profit before Interest, Financial and Investment Results		(60.450)	73.422	7.912	30.591
Depreciation	5.6.33	6.706	6.907	5.128	5.135
Profit before Interest, Financial and Investment Results and depreciation		(53.744)	80.328	13.040	35.725
Financial Income	5.6.35	3.972	4.889	5.266	5.421
Financial Expenses	5.6.35	(10.385)	(33.560)	(7.441)	(27.766)
Share of profit/valuation from associate companies	5.6.10	2.728	538	2.715	628
Financial Result		(3.685)	(28.133)	540	(21.717)
Depreciation		(6.706)	(6.907)	(5.128)	(5.135)
Profit before Tax		(64.135)	45.288	8.452	8.874
Income Tax	5.6.21/25	8.955	(17.414)	(2.337)	(6.616)
Profit after tax		(55.180)	27.874	6.115	2.257
<i>Equity shareholders of the parent company</i>		<i>(46.691)</i>	<i>21.956</i>	<i>6.115</i>	<i>2.257</i>
<i>Minority Rights</i>		<i>(8.489)</i>	<i>5.918</i>	<i>-</i>	<i>-</i>
		(55.180)	27.874	6.115	2.257
Profit after tax per share - basic (in €)	5.6.37	-0,5051	0,2378	0,0662	0,0245

Possible differences in totals are due to number rounding

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

4.3 Total Income Statement

		Amounts in € thousand			
		THE GROUP		THE COMPANY	
		1/1- 31/12/2009	1/1- 31/12/2008	1/1- 31/12/2009	1/1- 31/12/2008
Period Profits		(55.180)	27.874	6.115	2.257
Foreign Exchange Differences	5.6.18	(7.836)	(15.184)	0	0
Valuation of cash and cash equivalent assets held for sale		0	0	(13.612)	(15.011)
Comprehensive Total Period Income		(63.016)	12.690	(7.497)	(12.754)
<u>Distributed to:</u>					
Equity shareholders of the parent company		(53.797)	7.808	(7.497)	(12.754)
Minority Rights		(9.219)	4.882	0	0
		(63.016)	12.690	(7.497)	(12.754)

4.4 Group Statement of Changes in Equity

Note:

Amounts in € thousand

	Share Capital	Share Premium	Fair Value Reserves	Foreign Exchange Differences Conversion Reserve	Other Reserves	Retained Earnings	Total before minority rights	Minority Rights	Total
Balance at January 1st 2008	137.502	129.629	2.036	(5.460)	20.145	(35.402)	248.450	33.977	282.428
Change of net equity for the period 1/1-31/12/2008									
Purchases (Sales) of Own Shares					(183)		(183)	-	(183)
Net income recorded directly to the net equity							-		-
Dividends payable					5.204	(20.358)	(15.154)		(15.154)
Effect from change of investment percentage in subsidiary company						-	-	(5.971)	(5.971)
Capitalization of reserves	5.574				(5.574)		-		-
Other comprehensive period income from 01.01. up to 31.12.2008				(14.148)			(14.148)	(1.036)	(15.184)
Net Period Results 1/1-31/12/2008	-	-	-			21.956	21.956	5.918	27.873
Year End Equity Total Change	5.574	-	-	(14.148)	(553)	1.598	(7.529)	(1.088)	(8.619)
Balance at 31/12/2008	143.076	129.629	2.036	(19.608)	19.592	(33.804)	240.921	32.889	273.812
Balance at January 1st 2009	143.076	129.629	2.036	(19.608)	19.592	(33.804)	240.922	32.889	273.812
Change of net equity for the period 1/1-31/12/2009									
Subsidiary share capital increase expenditures						(92)	(92)		(92)
Sale of subsidiary own shares						(239)	(239)	621	382
Purchases (Sales) of Own Shares					3.580	(2.594)	986	-	986
Dividends payable					363	(8.724)	(8.362)		(8.362)
Effect from change of investment percentage in subsidiary company						855	855	(1.865)	(1.011)
Other comprehensive period income from 01.01. up to 31.12.2009				(7.106)			(7.106)	(730)	(7.836)
Net Period Results 1/1-31/12/2009	-	-	-			(46.691)	(46.691)	(8.489)	(55.181)
Year End Equity Total Change	-	-	-	(7.106)	3.943	(57.486)	(60.649)	(10.463)	(71.113)
Balance at 31/12/2009	143.076	129.629	2.036	(26.714)	23.535	(91.290)	180.271	22.426	202.699

Possible differences in totals are due to number rounding



4.5 Company Statement of Changes in Equity

	Share Capital	Share Premium	Fair value financial item reserves	Other Reserves	Retained Earnings	Total
Balance at January 1st 2008	137.502	129.629	19.333	12.689	(70.398)	228.755
Change of net equity for the period 1/1-31/12/2008						
Dividends payable				5.204	(20.358)	(15.154)
(Purchases) / Sales of Own Shares	5.6.17			(183)		(183)
Capitalization of reserves	5.574			(5.574)		-
Other comprehensive period income from 01.01. up to 31.12.2008						-
Net Period Results 1/1-31/12/2008	-	-	(15.011)		2.257	(12.754)
Year End Equity Total Change	5.574	-	(15.011)	(553)	(18.101)	(28.091)
Balance at 31/12/2008	143.076	129.629	4.321	12.136	(88.499)	200.664
Balance at January 1st 2009	143.076	129.629	4.321	12.136	(88.499)	200.664
Change of net equity for the period 1/1-31/12/2009						
Dividends payable				213	(8.574)	(8.362)
(Purchases) / Sales of Own Shares	5.6.17			3.580	(2.594)	986
Other comprehensive period income from 01.01. up to 31.12.2009			(13.612)			(13.612)
Net Period Results 1/1-31/12/2009	-	-		-	6.115	6.115
Year End Equity Total Change	-	-	(13.612)	3.793	(5.053)	(14.873)
Balance at 31/12/2009	143.076	129.629	(9.291)	15.929	(93.552)	185.792

Possible differences in totals are due to number rounding

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

4.6 Cash flow statement (Indirect method)

The cash flow statement on a consolidated and non consolidated basis is depicted below:

	Amounts in € thousand			
	THE GROUP		THE COMPANY	
	1/1- 31/12/2009	1/1- 31/12/2008	1/1- 31/12/2009	1/1- 31/12/2008
Operating activities				
Profit before tax	(64.135)	45.288	8.452	8.874
Plus / less adjustments for:				
Depreciation	6.822	7.022	5.195	5.201
Depreciation of grants	(116)	(115)	(67)	(66)
Losses / (Profits) from asset sales	82	(139)	55	73
Provisions / (Revenues from unused provisions of previous year-ends)	12.607	100	7.056	78
Losses / (Profits) of fair value property investments	55.239	(36.052)	0	0
Foreign exchange differences	(6.038)	(15.184)	0	0
Results (income, expenses, profits and losses) from investment activity	(5.208)	(825)	(5.013)	(2.589)
Credit interest and similar income	(265)	(469)	(58)	(103)
Debit interest and similar charges	10.580	29.990	7.441	25.036
<i>Plus/ less adjustments for changes of working capital accounts or accounts related with operating activities:</i>				
Decrease / (increase) of inventories	(3.285)	(20.249)	5.085	1.035
Decrease / (increase) of receivables	(2.799)	(43.521)	(3.775)	(40.123)
(Decrease) / increase of liabilities (except banks)	(5.461)	2.155	(3.543)	(3.761)
Less:				
Paid up Debit interest and similar charges	(10.580)	(13.403)	(7.441)	(8.449)
Paid up taxes	(4.559)	(11.966)	(1.234)	(9.410)
Total inflows / (outflows) from operating activities (a)	(17.115)	(57.368)	12.155	(24.204)
Investment activities				
Acquirement of subsidiaries, associates and other investments	(1.103)	(6.811)	(8.998)	(21.925)
Acquisition of tangible and Intangible assets	(1.775)	(7.010)	(1.528)	(6.771)
Loans to associated parties	0	0	(21.936)	0
Disposal/(Acquirement) of property investments	(4.954)	(17.738)	0	0
Collections from sales of tangible and intangible assets	713	278	678	56
Dividends received	0	1	1.352	925
Interest received	265	469	58	103
State grant collections	0	0	0	0
Settlement of Derivative Financial Items	(13.387)	1.664	(13.387)	1.664
Total inflows / (outflows) from investment activities (b)	(20.241)	(29.146)	(43.761)	(25.950)
Financial Activities				
Collections from issued / undertaken loans	49.021	104.879	38.547	74.439
Sales / (Purchases) of own shares	1.368	(183)	986	(183)
Loan settlements	(11.471)	(15.963)	0	(11.250)
Liability settlements from financial leases (amortization)	(500)	(469)	(500)	(469)
Dividends paid to parent company shareholders	(8.344)	(14.808)	(8.344)	(14.808)
Total inflows / (outflows) from financial activities (c)	30.074	73.457	30.690	47.730
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	(7.281)	(13.057)	(916)	(2.423)
Cash and cash equivalents at the beginning of the year-end	9.864	22.921	1.526	3.949
Cash and cash equivalents at the end of the year-end	2.583	9.864	609	1.526

The negative operating flows of the group, amounting to €17.115.000 are caused mainly due to the cash outflow from an international subsidiary company for the acquisition and development of investment assets.

Possible differences in totals are due to number rounding

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

5 Explanatory notes upon the financial statements of 31.12.2009

5.1 General Information

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

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

- The resumption and construction of technical works, public or private, through any method, including the assumption of technical projects through the "Study-Construction-Self Financed-Utilization" system.
- The elaboration of studies regarding the construction of technical projects, public or private.
- Investments for the development of civil and non civil real estate (indicatively: buildings, apartments, offices, commercial malls, hotels) and the construction of large residence units.
- The organization, utilization and management of commercial, industrial, tourist or agricultural establishments.
- The reclamation, management and utilization of civil and non civil buildings that belong to the Company or to third parties.
- The resumption of construction works, the building and utilization of real estate complexes and establishments upon privately owned plots or upon plots owned by third parties through the turnkey consideration system and with the scope to resale them with profit.
- The rendering of technical services and advice for the reclamation of real estate and the control of investment costs, through the elaboration of any kind of studies and technical reports.
- The rendering of technical support for bids regarding the assignment of technical projects.
- The utilization of hotel units and in general tourist complexes and establishments, in addition to the performance of all kinds of tourist businesses (indicatively: hotel accommodations, hostels, establishments of specific tourist infrastructure, including the lease, purchase, sale, erection of the equipment and the utilization of hotel units and tourist establishments of any kind and form and the tourist reclamation of stretches or buildings either owned by the Company or belonging to third parties, in addition to their utilization).
- The participation in any way either through contribution or through the acquirement of company securities, in other companies, that exist or will be established, domestic or foreign, in addition to the participation through a share capital increase of the above companies. The above companies include companies of the general financial sector, indicatively such as, banks, portfolio investment companies, financial services companies, abiding to the occasional legal framework in effect.
- Investments for the study, construction, development and utilization of energy works and mainly thermoelectric, hydroelectric and works arising from renewable sources of energy.
- The establishment and utilization of quarrying units and quarry production products and building materials in general.
- The industrial production, disposal and marketing of building and in general construction materials.
- The study, construction and assembly of any kind of industrial equipment and industrial installation.
- The construction of any kind of equipment and in general metallic, wood and all kinds of structures.
- The construction, complete or partial, and marketing of cars, tractors, agricultural machinery and in general vehicles of every type and use, in addition to their components and spare parts.
- The industrial processing of wood, up to the production, disposal and marketing of wood structures.
- The industrial production, disposal and marketing of metallurgy products of any kind, including iron pipes, and in general piping and plating products.

- The resumption of works related to factory equipment and buildings structures.
- The domestic representation of domestic or foreign houses and in general of corporations that pursue the same or similar activities with the ones previously mentioned.
- The participation in companies, which have the same or similar scope, up to real estate investment companies.

In order to achieve its scope the Company can:

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

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

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

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

The Company has been distinguished for a series of sophisticated and complex construction projects such as airports, hydroelectric stations, road construction projects, tunnels etc. Today the Company's aim, apart from its participation in public and private construction projects, is to develop its operations through the utilization of its



real estate equity, the development of civil buildings, the investment in companies that create vertical integrations and synergies and the development of operations abroad.

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

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

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

More over the assertion of the 6th class degree refers to the formation that was created from the merge of MICHANIKI S.A. 100% subsidiary companies, THOLOS S.A. (G' class degree), N. PAPADAKIS S.A. (F' class degree), AKRITAS S.A. (E' class degree) and CHRONOMICANIKI S.A. (E' class degree). During the fiscal year-end of 2002, MICHANIKI S.A. Group of companies obtained the above two degrees with the approval that it received from the qualified committee of the Ministry for the Environment, Planning and Public Works.

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

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

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

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

5.2 Nature of Activities

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

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

- I. Constructions,
- II. Real Estate Development-Utilization,
- III. Energy, and
- IV. Industries

The construction sector in which the parent company MICHANIKI S.A. and THOLOS S.A. operate in regard constructions of Public and Private Projects and mainly Building, Road, Bridge, Landscaping, Energy, Airport, Port, Tunnel and Environmental projects.

5.3 Financial statements form framework

The financial statements have been compiled according to the International Financial Reporting Standards (IFRS), including the International Accounting Standards (I.A.S.) and interpretations that have been published by the International Financial Reporting Interpretations Committee (I.F.R.I.C.), as adopted by the European Union up to December 31st 2009.

The current financial statements have been compiled according to the principle of the historical cost, as amended with the valuation of certain investments in shares, property investments and derivatives (foreign exchange term contracts) at fair value through the results.

The compilation of the financial statements according to the IFRS requires the use of accounting estimates. Additionally the Managements judgement is required for the implementation of the accounting principles. The sectors that require a higher judgment rate or which are extremely complicated or sectors where assumptions and estimates are essential for the financial statements, are mentioned in the significant accounting estimates and judgments in note 5.4.6.

5.4 Basic Accounting Principles

The accounting principles upon which the financial statements were formulated, are consistent to the ones used for the formulation of the financial statements of year-end 2008 and have been applied with consistency for all presented year-ends. In the case deemed necessary, the comparative data of previous year-ends were reformed in order to be similar to the current year-end data.

In particular new standards, amendments of standards and interpretations have been issued, which are obligatory for accounting periods that commence during the current year end or later.

5.4.1 Standards that are mandatory for the fiscal year-end of December 31st 2009

➤ **IFRS 8 "Operating Segments"**

This standard supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the financial statements based on this internal component classification. The Group applies the standard from the current year end.

➤ **IAS 1, (Revised) "Presentation of Financial Statements"**

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The most significant changes are: the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income"; and restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Group applied the above amendments and made where necessary the changes regarding the presentation of the financial statements for the year of 2009 in addition to the respective year end.

➤ **IFRS 7 (Amendment) "Financial Instruments: Notifications"**

This amendment requires the rendering of additional acknowledgments in respect to the calculation of the fair value in addition to the liquidity risk. In particular the amendment requires acknowledgments in respect to the calculation of the fair value through a hierarchy of three levels.

➤ **IAS 40 (Amendment) "Investment property" (and consequential amendments to IAS 16 "Property, plant and equipment")**

The amendment states that property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

➤ **IAS 23 (Amendment) "Borrowing Cost"**

The standard replaces the previous edition of IAS 23. The basic difference in respect to the previous edition refers to the abrogation of the option to recognize as an expense the borrowing cost that is related with assets for which a significant time frame is required in order to be operated or sold. The Group applied this amendment in the current year end.

5.4.2 Interpretations that are mandatory for the fiscal year-end of December 31st 2009

➤ **IFRIC 15 - Agreements for the construction of real estate**

This interpretation addresses the diversity in accounting for real estate sales. Some entities recognise revenue in accordance with IAS 18 (i.e. when the risks and rewards in the real estate are transferred) and others recognise revenue as the real estate is developed in accordance with IAS 11. The interpretation clarifies which standard should be applied to particular. This interpretation is not applicable to the Group.

5.4.3 Standards that are mandatory after the fiscal year-end of December 31st 2009

➤ **IFRS 3 (Revised) "Business Combinations" and IAS 27 (Amended) "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after July 1st 2009)**

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss. The amended IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by these standards must be applied prospectively and will affect future acquisitions and transactions with minority interests.

➤ **IFRS 9 "Financial Instruments" (applied to the yearly financial periods that commence at or after January 1st 2013)**

IFRS 9 constitutes the first part of the first phase of the IASB work (International Accounting Standards Board) for the replacement of IAS 39. The IASB intends to extend IFRS 9 during 2010 so that new requirements can be added for the classification and calculation of financial liabilities, the ex recognition of financial instruments, the value impairment, and the hedge accounting. According to IFRS 9, all financial assets are initially measured at their fair value plus, in the case of a financial asset that is not at fair value through the results, specific transaction costs. The subsequent measurement of financial assets takes place either at their depreciated cost or fair value

and it depends upon the business model of the financial entity in relation to the management of financial assets and the conventional cash flows of the financial asset. IFRS 9 forbids re-classifications, apart from rare cases where the business model of the financial entity changes, and in that case the financial entity is required to reclassify in the future the affected financial assets. According to the principles of IFRS 9, all investments in investment instruments must be measured at their fair value. Based upon that the management has the option to present in the other total income the realized and non realized fair value profits and losses of investment instruments (participating securities) that are not held for commercial exploitation. This assessment is done at the initial recognition for each one financial instrument separately and it can not be changed. Fair value profits and losses are not transferred to results subsequently, where as the income from dividends will continue to be recognized in the results. IFRS 9 abrogates the exception of the measurement in cost for the non listed shares and the derivatives in non listed shares, but provides guidelines regarding when the cost can be considered as a representative valuation of the fair value.

➤ **IAS 24 (Amendment) "Notifications of related parties" (applied to the yearly financial periods that commence at or after January 1st 2011)**

This amendment tries to decrease the notifications of transactions between government-related entities and to clarify the meaning of the related entity. Specifically, it abrogates the obligation of government-related entities to notify the details of all transactions with the state and other government-related entities, clarifies and simplifies the definition of related entity and requires the notification of not only the relations, the transactions and the balances between related entities but also the engagement to the parent and consolidated financial statements. The Group will apply these changes from the day that these will be implemented. This amendment has not yet been adopted by the European Union.

5.4.4 Interpretations that are obligatory after the fiscal year end of December 31st 2009

➤ **IFRIC 17 "Distribution Assets other than cash to owners" (applied for yearly financial periods that commence at or after July 1st 2009)**

The interpretation renders guidance in respect to the accounting handling of the following non-reciprocal distribution of assets from the financial entity to the shareholders that act under their quality as shareholders: a) distribution of non financial assets and b) distribution that give to the shareholders the choice to receive either non financial assets or cash.

5.4.5 Amendments to standards that constitute a part of the yearly improvement program of the IASB (International Accounting Standards Board)

The amendments below describe the most significant changes that regard the IFRS as a consequence of the results of the yearly improvement program of the IASB that was issued in July of 2009. These amendments have not yet been adopted by the European Union. The amendments below, unless otherwise designated, are in effect for the yearly financial periods that commence at or after January 1st 2010.

➤ **IFRS 2 "Share based payment" (applied to the yearly financial periods that commence at or after July 1st 2009)**

The amendment confirms that the contributions of a company for the setting up of a joint venture and the transactions of joint control are exempt from the field of application of IFRS 2.

➤ **IFRS 8 "Operating Segments"**

The amendment renders clarifications that relate to the notification of information in regards to the sector assets.

➤ **IAS 1 "Presentation of Financial Statements"**

The amendment renders clarifications that the possible settlement of a liability through the issue of participating securities has no relation to its classification as a current or a non current asset.

- **IAS 7 "Cash Flow Statements"**

This amendment requires that only the expenditures that end up in a recognized asset in the financial position statement can be classified as investment activities.

- **IAS 17 "Leases"**

The amendment renders clarifications regarding the classification of leases of plots and buildings as financial or operating leases.

- **IAS 18 "Income"**

The amendment renders an additional guidance in relation to the designation as to if the financial entity acts as an agent/assignor or broker.

- **IAS 36 "Impairment of Assets"**

The amendment clarifies that the biggest cash flow making unit to which the surplus value must be allocated for impairment control reasons is an operational sector as designated in paragraph 5 of IFRS 8 (that is before the concentration/sum of the sectors).

- **IAS 38 "Intangible Assets"**

The amendments clarify (a) the receivables based upon IFRS 3 (amendment) as far as the accounting handling is concerned of intangible assets that were acquired in a union of companies and (b) the description of valuation methods that are vastly used by financial entities at the measurement of the intangible assets fair value that were acquired in a union of companies and are not negotiated in active markets.

5.4.6 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with the IFRS requires the management to formulate judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those being estimated. Estimates and judgments are continuously re-evaluated and are based so much on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the particular circumstances. The estimates and assumptions that implicate an essential risk to provoke significant changes to the receivable and liability amounts within the next year-end are depicted below:

- **Construction contract budgets:** The handling of the earnings and the expenses of a construction contract, depends upon whether the final result from the execution of the contractual project can be estimated with credibility (and is expected to produce profit to the contractor or the result from the execution is loss-making). When the result of a contractual project can be estimated with credibility, then the earnings and the expenses of the contract are recognised through the duration of the project, correspondingly as an earning and expense. The Group uses the method of the percentage of completion in order to determine the appropriate amount of income and expense which will be recognised in a specific period. The completion stage is measured, according to the contractual expense that has been realised until the date of the financial statement in relation to the total expected contractual cost of every project. Therefore it is required by the management to make significant estimates relative to the gross result with which each construction contract will be executed (estimated cost of completion).
- **Income taxes:** The Group and the Company are subject to income taxes in numerous tax jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the exact tax determination is uncertain during the ordinary course of business of the company. The Group and the Company recognize liabilities for anticipated tax audit issues based upon estimates on whether additional taxes will be

due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and the deferred tax provisions for the period in which these amounts have been set.

- **Provisions for Doubtful accounts:** are being presented with the amounts that are likely to be recovered. As soon as it is known that a particular account is subject to a risk greater than the normal credit risk (e.g., low creditworthiness of customer, dispute as to the existence or the amount of the claim, etc.), then the account is analyzed and recorded if circumstances indicate that the receivable is uncollectible.
- **Contingencies:** The Group is involved in litigations and claims at its normal course of operations. The management deems that any resulting settlements would not significantly affect the financial position of the Group and the Company as at December 31st, 2009. However, the determination of contingent liabilities relating to litigations and claims is a complex process that includes judgments relative to the possible consequences and interpretations of laws and regulations. Changes in judgments or interpretations might be possible to lead in an increase or decrease of the Group's contingent liabilities in the future.

5.4.7 Segment reporting

For administrative reasons the Group's performance is monitored based upon the results in the operational sectors that it has defined with the scope of decision making and distribution of the required resources. The evaluation of the performance of each sector is done based upon the results it succeeds net after the possible obliteration of inter-company transactions.

An operational segment is defined as a group of assets and operations engaged in providing products and services, that are subject to different risks and returns from those of other business segments.

The Group operates in the following segments:

1. Technical Works
2. Industry-Energy (includes industry of wood, marble, piping and energy)
3. Real Estate Utilization (includes utilization of parking stations)
4. Other Sectors (included utilization of cemetery)

The adoption of the IFRS No 8 Operating Segments from the Group did not affect the presentation of the group's sectors in relation to the last yearly financial statements.

5.4.8 Consolidation

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

The acquisition of a subsidiary by the Group is accounted for using the acquisition method. The acquisition cost of a subsidiary is the fair value of the assets given, the shares issued and the liabilities undertaken on the date of the exchange. The individualized assets, liabilities and contingent liabilities that are acquired during a business combination are valued during the acquisition at their fair values regardless of the participation percentage. The acquisition cost over and above the fair value of the individual assets acquired is recorded as goodwill. If the total

cost of the acquisition is less than the fair value of the individual assets acquired, the difference is recorded directly in the income statement.

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

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

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

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

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

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

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

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

Associates: Associates are companies upon which the Group can exert significant influence but which do not fulfil the conditions in order to be classified either as subsidiaries or participation in joint ventures. The assumptions used by the Group constitute that the possessed percentage between 20% and 50% of a company's voting rights suggests significant influence upon that company. Investments in associates are initially recognized at cost and are subsequently valued using the equity method. At the end of each fiscal year-end, the cost increases by the proportion of the investing company in the changes in net worth of the company it invests in and decreases by the dividends received from the associate.

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

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

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

5.4.9 Group Structure

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

Company Name	Headquarters	Participation Percentage	Relation that dictated the consolidation
BALKAN EXPORT S.A.	AGHIALOS SALONIKA	67,51%	The participation percentage
THOLOS S.A.	AMAROUSIO ATTICA	100%	The participation percentage
HELLENIC PIPE WORKS S.A.	CHALKIDA	100%	The participation percentage
MARMARA KAVALAS S.A.	KAVALA	77,07%	The participation percentage
HELLENIC WOOD INDUSTRY S.A.	SAPES KOMOTINI	98,62%	The participation percentage
MICHANIKI UKRAINE S.A.	UKRAINE	100%	The participation percentage
MICHANIKI BULGARIA S.A.	BULGARIA	100%	The participation percentage
MICHANIKI RUSSIA S.A.	RUSSIA	68,75% direct 14,35% indirect	The participation percentage
MICHANIKI EGYPT	EGYPT	70,00% direct 21,88% indirect	The participation percentage
MICHANIKI BELARUS	BELARUS	75,00% direct 16,88% indirect	The participation percentage
MICHANIKI HOLDING (Cyprus) Limited	CYPRUS	100%	The participation percentage
VALKAN HOLDING Limited	CYPRUS	67,51% direct	The participation percentage
HELLENIK PIPEWORKS HOLDING Limited	CYPRUS	100% direct	The participation percentage
MICHANIKI REAL ESTATE (Cyprus) Limited	CYPRUS	100%	The participation percentage

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

Company Name	Headquarters	Participation Percentage	Un-audited Tax Year-Ends	Consolidation Method
JOINT VENTURE:"MICHANIKI S.A.-EDISTRA EDILIZIA STRADALE SPA"	GREECE	99,00%	2003-2006	NET EQUITY
JOINT VENTURE:"MICHANIKI S.A.-ELLISDON CONSTRUCTION INC."	GREECE	50,00%	2003-2007	NET EQUITY
JOINT VENTURE:"MICHANIKI S.A.-EMPEDOS S.A.-EYCLIDES-ELLINIKI DYNAMIKI"	GREECE	93,00%	2002-2006	NET EQUITY
JOINT VENTURE:"MICHANIKI S.A.-ATHINA S.A."	GREECE	50,00%	2005-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-TERNA S.A."	GREECE	2,00%	2003-2009	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-ATTI-KAT S.A."	GREECE	99,80%	2003-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-ATHINAIKI CONSTRUCTION S.A.-PARNON S.A."	GREECE	62,50%	2003-2006	NET EQUITY
JOINT VENTURE:"AKTOR-PANTEHNIKI- MICHANIKI"	GREECE	20,00%	2003-2009	NET EQUITY
JOINT VENTURE:"AKTOR- MICHANIKI-MOHLOS-ALTE"	GREECE	4,38%	2003-2009	NET EQUITY

JOINT VENTURE:"AKTOR- MICHANIKI-MOHLOS-ALTE(EGNATIA AVE. – VEROIA)"	GREECE	20,00%	2003-2009	NET EQUITY
JOINT VENTURE:" MICHANIKI – MOHLOS S.A."*	GREECE	50,00%	2001-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-THEMELI S.A.-PARNON S.A."	GREECE	90,00%	2003-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-PANTEHNIKI S.A."	GREECE	50,00%	2003-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-CHR. KONSTANTINIDIS S.A."	GREECE	50,00%	2000-2009	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-PARNON S.A."	GREECE	92,50%	2000-2006	NET EQUITY
JOINT VENTURE:" MICHANIKI S.A.-PANTEHNIKI S.A. (ALEXANDROUPOLI)"	GREECE	50,00%	2001-2006	NET EQUITY
JOINT VENTURE:"THESSALIKI-ELTER- MICHANIKI-TE CHR. KON/DIS"	GREECE	28,33%	2002-2009	NET EQUITY
JOINT VENTURE:"THESSALIKI- MICHANIKI-ELTER"	GREECE	25,00%	2002-2009	NET EQUITY
JOINT VENTURE:"ATHINA- MICHANIKI"	GREECE	50,00%	2006-2008	NET EQUITY
JOINT VENTURE:"TERNA- MICHANIKI"	GREECE	35,00%	2005-2009	NET EQUITY
JOINT VENTURE:"THEMELIODOMI- MICHANIKI-MOHLOS"	GREECE	40,00%	2003-2006	NET EQUITY

During 2009 the participation percentage of the company in "BALKAN S.A." was altered to 67,51% from 64,25% (31/12/2008).

The acquisition cost (through the A.S.E.) amounted to €1.010.000. From the acquisitions a profit emerged (negative surplus) for the group amounting to €854.900 which was recognised directly to the changes of the equity statement. There were no sales during the fiscal year-end of 2009.

In the current period a share capital increase took place regarding the 100% subsidiary company "THOLOS S.A." amounting to a total of €8.197.000. The increase was covered in full by the parent company "MICHANIKI S.A.". Additionally the operations of the company "MICHANIKI BELARUS" were terminated since it was ruled out that due to the financial crisis the area did not present any investment interest in the property investment development sector. With the above termination part of the company's share capital was returned to MICHANIKI amounting to €243.800 and to "BALKAN REAL ESTATE" amounting to €100.600. The relative decision does not affect the group's figures since the subsidiary did not have a significant activity neither assets.

During the previous "MICHANIKI S.A." and its subsidiaries "BALKAN REAL ESTATE S.A." and "HELLENIC PIPEWORKS S.A." proceeded in establishing the following companies registered in Cyprus:

- MICHANIKI HOLDING (CYPRUS) LIMITED
- VALKAN HOLDING LIMITED
- MICHANIKI REAL ESTATE (CYPRUS) LIMITED
- HELLENIC PIPEWORKS HOLDING LIMITED

The establishment of these companies is part of a plan that has been comprised for the Group's reorganization. The Company has issued an analytical information document at 30.05.2008 (prot. no. 19392). Due to the aggravation of the international financial environment, Michaniki S.A. Management has suspended its business plan until indications of sanitization and improvement appear. The share capital of the above companies was set at €1.000. The setting up of these companies does not affect the comparative figures of the Group since these companies have no transactions yet.

5.4.10 Foreign currency conversion

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

assessed. In this case the emerging exchange differences follow the accounting handling of the recognition of the difference between the prior accounting value of these items and the measurement at their fair value, or the other value except from the acquisition cost value.

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

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

5.4.11 Tangible Assets

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

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

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

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

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

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

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

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

5.4.12 Non current items occupied for sale

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

continue to be used. From the measurement of this ordinance the following data, which is related with the occupied for sale items and which are measured according to the relevant ordinances of this law, is excluded:

- 1) the asset deferred taxes.
- 2) the asset items that cover provisions for employee benefits.
- 3) the financial asset items.
- 4) property investments measured at fair value.
- 5) the asset items that are measured at their fair value decreased by the estimated costs at the point of sale.
- 6) the contractual rights that emerge from insurance contracts.

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

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

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

5.4.13 Property Investments

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

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

Property investments are initially recognised at their acquisition cost, which is surcharged with all expenses related to the transaction for their acquisition (e.g. notary fees, broker's fees, transfer taxes). The cost of investment of a property is equivalent, in cash, price. In the case where the payment for the acquisition of a

property for investment is postponed further from the usual credit limits, then the difference between the sum of payments and the equivalent, cash, amount will be recognized and depicted in the year-end results, as an interest (expenses) during the whole duration of the credit. The cost of an investment that is self-constructed from the company, includes all the expenses that were required in order to be build, with the condition that the total cost does not exceed the repossessed amount.

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

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

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

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

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

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

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

5.4.14 Intangible Assets

Intangible assets include software licenses and expenditures regarding the exploration and evaluation of mineral resources.

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

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

5.4.15 Impairment of Assets

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

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

5.4.16 Financial Instruments

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

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

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

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

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

ii) Loans and receivables

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

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

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

iii) Investments held to maturity

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

The Group did not hold investments of this category.

iv) Financial assets available for sale and Termination Activities.

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

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

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

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

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

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

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

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

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

5.4.17 Inventories

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

5.4.18 Trade receivables

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

that the Group is unable to collect all the amounts owed based on the contractual terms, are recognized in the income statement.

5.4.19 Cash and cash equivalents

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

5.4.20 Share capital

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

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

5.4.21 Income tax & deferred tax

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

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

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

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

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

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

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

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

5.4.22 Employee benefits

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

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

- **Defined contribution plan:** According to the defined contribution plan, the company's obligation (legal or inferred) is limited to the amount agreed to be contributed to the entity (e.g. social security entity), which manages the contributions and grants the benefits. Therefore, the amount of benefits received by the employee is defined by the amount contributed by the company (or the employee as well) and the paid investments of these contributions. The contribution paid by the company in a defined contribution plan is recognized either as a liability after deducting the contribution paid or as an expense.
- **Defined benefit plan:** The liability recorded in the balance sheet for the defined benefit plans constitutes the present value of the liability for the defined benefit less the fair value of the assets of the plan (if any) and the changes that result from any other actuarial profit or loss and the cost of the work experience. The commitment of the defined benefit is calculated on a yearly basis from an independent actuary with the projected unit credit method. For the discounting, the exchange rate of the long-term Greek Government bonds is used. The actuarial profits and losses are items of the company's rendering obligation and the cost which will be recognized in the Income Statement. The cost of previous service is recognized directly in the Income Statement, except for the case where the changes in the plan are dependent upon the remaining time of service of the employees. In this case, the cost of previous service is recorded in the Income Statement using the straight-line method within the maturity period.

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

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

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

5.4.23 Grants

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

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

5.4.24 Provisions

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

5.4.25 Recognition of income and expenses

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

Construction Contracts: The income from the execution of construction contracts is accounted for in the period the project is constructed, based on its completion stage.

Sale of goods: Sales of goods are recognized when the Group transfers goods to customers, the goods are accepted by them and the collection of the resulting claim is reasonably assured.

Rendering of services: Income from rendering of services is accounted for in the period during which the services are rendered, based on the stage of completion of the service rendered in relation to the total services to be rendered.

Income Interest: Interest income is recognized on a time proportion basis and with the use of the real interest rate. When there is impairment of assets, their book value is reduced to their recoverable amount which is the present value of the expected future cash flows discounted with the initial real interest rate. Interest is then recorded using the same interest rate calculated on the impaired (new book) value.

Dividends: Dividends are accounted for as revenue when the right to receive payment is substantiated.

Income from participation in Joint Ventures/Consortiums: Profits or losses from construction project joint ventures are recognized in the parent company's each quarter balance sheet. This accounting practise is followed since according to the joint venture operational practise in effect in

Greece, the members of the joint venture can assume profits during the duration of the year-end. The management believes that this specific accounting practise serves the essence principal.

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

5.4.26 Leases

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

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

Group Company as lessor: When fixed assets are leased through a financial lease, the present value of the rentals is registered as a receivable. The difference between the gross amount of the receivable and the present value of the receivable is registered as a deferred financial income. The income from the lease is recognized in the year-end results for the duration of the lease by using the net investment method, which represents a stable periodic return.

Assets that are being leased though an operating leasing are included in the tangible assets of the balance sheet. They are depreciated during the duration of their expected useful life on a base that is consistent with similar owned tangible assets. The rental income (net from possible motives given to the lessee's) is recognized with the stable method during the duration of the lease.

5.4.27 Construction contracts

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

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

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

- the income must be recognized only to the extent that the contractual cost may be recovered, and the contractual cost must be recognized in the expenses of the period in which it was undertaken.
- Thus, for such contracts income is recognized in order for the profit from the specific project to equal zero.

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

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

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

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

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

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

5.4.28 Dividend distribution

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

5.5 Risk Management

The Group's activity and its business plan that is being materialized in several countries and out of the European zone is consequently exposing it in financial risks and more specifically in risks related to the fluctuations of exchange rates and interest rates, credit risks, liquidity risks in addition to the unstable domestic and foreign financial system.

In the challenge of the above risks, the Group has created an experienced confrontation of the above risks through fit offsets and choices in order to minimize in the maximum possible rate the exposure to these mentioned financial risks in addition to the negative effects that a more intense than the anticipated fluctuation of the economic activity may induce.

More specifically, the selection of the cooperating financial institutes in Greece and abroad is done through the use of evaluation measures such as the credit rating from reliable credit organizations, the years of presence in the domestic banking system and their solvency, the branch network and the kind of banking services rendered, the possible synergies and collaborations with Greek financial institutions. The increased presence of Greek banking groups in the countries where the group operates is regarded as a positive outcome since it fulfills the above evaluation measures that have been selected and allows capable and necessary offsetting conditions of the instability risk regarding the financial system abroad.

Relative to the liquidity risks, the Group by evaluating the arising financing needs based upon the scheduled cash outflows, the business plan it undertakes in each country in addition to the non scheduled needs that may arise due to unforeseen events, secures the parent company and also the subsidiary companies abroad approved financing lines in euros or foreign currency with antagonistic terms in order to service in the most effective way the short-term and long-term loan needs. Even more, there's a provision and a capability to use financing lines abroad through counter guarantees from subsidiary banks of Greek institutions. In this way, the decrease of exposure in any foreign exchange risk and the decrease of exposure to possible unstable conditions of the foreign banking system is successfully achieved and also the decrease of the financing cost and the rendering of financing with significantly better terms compared to the local companies.

Through the financing in euros the Group's subsidiaries abroad are financed with lower interest rates compared to a financing taking place through the local currency.

The financial products that the Group uses are mainly deposits in banks (checking and time deposits), transactions in foreign currency in actual prices, fx forwards, currency swaps, accounts receivables and payable, loans to and from subsidiaries, associate companies, joint ventures/consortiums, investments in securities, dividends payable and liabilities that arise from real estate financial leasing.

Capital Management

A basic control ratio for the company's management is the net debt to equity ratio. This ratio is depicted below:

	Amounts in € thousand			
	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Bank Loans	214.496	176.946	143.739	105.191
Cash and cash equivalent	2.583	9.864	609	1.526
Net Debt	(211.912)	(167.082)	(143.129)	(103.666)
Total Equity	202.699	273.812	185.792	200.664
Equity to Net Debt Ratio	0,96	1,42	1,30	1,94

Financial risk factors

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

- 1) evaluation of risks related to the business activity of the group
- 2) methodology planning and selection regarding the most appropriate financial tools in order to minimize the financial risk exposure.
- 3) execution and application, of the approved by management, financial risk strategic management

Foreign exchange risk

In relation to the group's exposure to foreign exchange risks, these emanate mainly from investments that are realized through the use of forwards in dollars and yen and secondly from the existing or future scheduled cash flows in foreign currency from product sales, real estate sales in addition to investments regarding plots and other assets abroad. In regards to the foreign exchange risks from investments in time deposits these were all closed during the year end of 2009. From the final settlement losses resulted amounting to €13.682.000, and the relevant valuation at maturity amounted to €17.093.000 creating a profit from the final settlement of €3.411.000. The company is no longer exposed to the relevant risk.

The table below depicts the effect of the group's results before taxes in addition to its net equity from a possible fluctuation of the currency exchange rates of the countries in which the group has a foreign exchange risk exposure. The calculation is taking into account an exchange rate fluctuation range of +/-5% in relation to the effective exchange rate at the balance sheet date:

	Foreign Currency	Change	Before tax result effect	Equity effect
Amounts year-end 2008	USD	+5%	(395)	(296)
		-5%	395	296
	JPY	+5%	3.853	2.890
		-5%	(4.263)	(4.263)
	RUB	+5%	1	3.535
		-5%	(1)	(3.198)
	UAK	+5%	107	921
		-5%	(107)	(921)
	EGP	+5%	(22)	1.084
		-5%	20	(981)
	BYR	+5%	(8)	(6)
		-5%	8	6
Amounts year-end 2009	BYR	+5%	(4)	0
		-5%	4	(0)
	RUB	+5%	(124)	2.288
		-5%	124	(2.288)
	UAK	+5%	(20)	701
		-5%	20	(701)
	EGP	+5%	(142)	824
		-5%	142	(824)

The significant difference presented between the effect of the net equity and the results for the RUB-UAK-EGP currencies is caused mainly due to the fact that it refers to currencies which the group has activities through its subsidiaries and the charge of the exchange rate is recognized in the equity.

The Group's borrowing is almost in total in the EURO currency with the exception of part of a loan that the subsidiary company MICHANIKI UKRAINE has undertaken which is in U.S. Dollars amounting to \$11.000.000. The effect of the exchange is incorporated to the total calculation from the mentioned subsidiary.

In the current year end there is no effect from the change of the exchange rate USD-JPY which refers to time deposits in foreign currency since the Group had closed all of its positions at the balance sheet date. As far as the effect to the net equity of the previous year end when the result is negative tax is not recognized since it is not tax deductible whereas when it is positive the effect in net equity is calculated after the related tax.

Credit risk

The group is not facing significant credit risks since its bigger account refers to the Greek State for which an insurance coverage is not considered as an advisable credit guarantee. For the companies of the Group abroad, the credit risk is small since sales regarding apartments, commercial areas and offices is taking place through a substantial down payment and minor and short monthly installments that settle the purchases that have been realized. Additionally, the financial status of its clients abroad is continuously monitored through the cooperative banks.

Apart from the credit risks that emanate from the cash inflows of the companies of the Group, there is also the risk that emanates from the capability of financial institutions, from which several financial tools have been used, such as checking and time deposits in addition to financial product contracts, to meet its contractual obligations. In order to minimize such form of credit risk, the Financial Administration chooses institutions to cooperate with based upon their credit rating and also proceeds upon differentiating its portfolio taking into consideration as a major component the ability of the institution to tally the existing demands.

At December 31st of 2009, the cash and cash equivalents of the group was in time deposits and checking accounts in financial institutions with a substantial credit rating.

Interest rate change risk

Due to the decrease in 2008 of interest rates regarding euros but also dollars, due to the existing economic recession, it was decided that the financing of companies of the Group should take place through variable interest rates in order for the borrowing cost to decrease in parallel to the interest rate decrease. Additionally, the Group is taking advantage in total of the stable and low borrowing spreads that are lower than the average spreads of the sectors in which it operates. This strategy resulted in a positive way regarding the fluctuation effects in the year-end results and the cash flows of the Group's operating activities.

During 2009, the Group did not use financial offsetting tools regarding the fluctuations of interest rates as a counter measure from possible negative effects that may take place. However, the directive taken under consideration by the Financial Administration does not eliminate the use of appropriate products in the case there is a reversal of the existing downward trend of the market cost of money. Additionally, the Financial Administration's responsibility is the monitoring and review of trends and conditions when loan contracts, regarding all of the companies of the Group, are being received or are to be signed. Additionally, depending on the company of the Group, the amount of the loan and its estimated duration, the relevant decisions regarding the borrowing interest rate are taken into consideration on a case by case basis. At the balance sheet compilation date 31.12.2009, the total short-term loans have been agreed with variable interest rates whereas part of the long-term loans with fixed interest rates.

Total Loans (Short-term and Long-term Loans):

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Long-term Loans				
Long-term bank loans	32.316	47.404		
Short-term bank loans	182.180	129.542	143.739	105.191
Total Loans	214.496	176.946	143.739	105.191

If interest rates were to be changes by one percent base rate the effect in results and Equity would be the following:

	Foreign Currency	Change	Before tax result effect	Equity effect
Amounts year-end 2008	USD	+1%	(80)	(60)
		-1%	80	60
	EURO	+1%	(1.340)	(1.005)
		-1%	1.340	1.005
Amounts year-end 2009	USD	+1%	(63)	(47)
		-1%	63	47
	EURO	+1%	(1.566)	(1.175)
		-1%	1.566	1.175

The calculation of the effect in the company's results and equity resulting from the interest rate change was done through augmenting or decreasing the real weighted average borrowing interest rates in relation to the balance at the balance sheet date by one percent.

Liquidity risk

The association of a reliable cash flow planning of all of the Group's companies under the supervision of the Financial Administration in parallel to the securing of adequate cash funds and funds from approved financial lines from the cooperating banking institutions comprise the most appropriate and usual encounter of liquidity risks

that may arise. The table below summarizes the maturity dates of financial liabilities from December 31st 2009 and 2008, based upon the payments that emanate from the relevant loan contracts, in non discounted prices

	Immediately payable	Up to 6 months	From 6 up to 12 months	1 up to 5 years	>5 years	Total
Amounts of year-end 2008						
Loans			129.542	47.404		176.946
Other Long-term liabilities				8.280		8.280
Trade creditors and other short-term liabilities	56.650	23.102	1.504			81.256
Derivatives			17.093			17.093
Total	56.650	23.102	148.139	55.684	0	283.575
Amounts of year-end 2008						
Loans		182.180		32.316		214.496
Other Long-term liabilities				6.303		6.303
Trade creditors and other short-term liabilities	37.527	18.865	1.557			57.949
Derivatives						0
Total	37.527	201.045	1.557	38.619	0	278.748

The amounts being referred to as loans with a duration from 6 to 12 months refer to financing that has been received with a one year duration which during their duration are rolled over and their renewal is extended for one additional year.

The amounts that refer to payments of financial leases have not been discounted.

5.6 Financial Statement Notes

5.6.1 Financial Information by Segment

Primary sector information – Business sectors

The Group operates in eight main business sectors (note 5.4.8). The Group's results and the balance sheet items per sector are analyzed below:

1/1-31/12/2009	WORKS	INDUSTRY- ENERGY	REAL ESTATE UTILIZATION	OTHER	TOTAL
Total gross sales per sector	139.120	12.504	1.398	817	153.839
Domestic sales	(3.523)	(341)	-	-	(3.864)
Net Sales	135.597	12.163	1.398	817	149.975
Operating Result	1.685	(2.279)	(59.572)	(284)	(60.450)
Financial Results	(56)	(1.078)	(948)	(1.602)	(3.685)
Profits before tax	1.629	(3.357)	(60.520)	(1.886)	(64.135)
Income tax	-	-	-	-	8.955
Net profit	1.629	(3.357)	(60.520)	(1.886)	(55.180)

1/1-31/12/2008	ΕΡΓΑ	ΒΙΟΜΗΧΑΝΙΑ- ΕΝΕΡΓΕΙΑ	ΕΚΜΕΤΑΛΛΕΥΣΗ ΑΚΙΝΗΤΩΝ	ΛΟΙΠΑ	ΣΥΝΟΛΑ
Total gross sales per sector	209.901	15.709	7.996	901	234.507
Domestic sales	(1.554)	(2.010)	-	-	(3.564)
Net Sales	208.347	13.699	7.996	901	230.942
Operating Result	33.690	1.826	38.509	(603)	73.422
Financial Results	(3.328)	(916)	(2.403)	(21.486)	(28.133)
Profits before tax	30.363	910	36.106	(22.089)	45.289
Income tax	-	-	-	-	(17.414)
Net profit	30.363	910	36.106	(22.089)	27.874

31/12/2009	ΕΡΓΑ	ΒΙΟΜΗΧΑΝΙΑ- ΕΝΕΡΓΕΙΑ	ΕΚΜΕΤΑΛΛΕΥΣΗ ΑΚΙΝΗΤΩΝ	ΛΟΙΠΑ	ΣΥΝΟΛΑ
<i>Sector Assets</i>	222.175	107.887	213.903		543.965
Non distributable Asset items				19.163	19.163
Consolidated Assets	222.175	107.887	213.903	19.163	563.127
<i>Sector Liabilities</i>	109.699	33.959	46.384		190.041
Non distributable Liability items				170.387	170.387
Consolidated Liabilities	109.699	33.959	46.384	170.387	360.428
Total Depreciation	4.854	1.389	214	364	6.822
<i>Tangible & Intangible Asset Additions</i>	1.532	47	197		1.776

31/12/2008	ΕΡΓΑ	ΒΙΟΜΗΧΑΝΙΑ- ΕΝΕΡΓΕΙΑ	ΕΚΜΕΤΑΛΛΕΥΣΗ ΑΚΙΝΗΤΩΝ	ΛΟΙΠΑ	ΣΥΝΟΛΑ
<i>Sector Assets</i>	240.573	83.947	303.082		627.602
Non distributable Asset items				10.756	10.756
Consolidated Assets	240.573	83.947	303.082	10.756	638.358
<i>Sector Liabilities</i>	93.911	34.665	68.529		197.105
Non distributable Liability items	-	-	-	167.441	167.441
Consolidated Liabilities	93.911	34.665	68.529	167.441	364.546
Total Depreciation	4.822	1.605	198	397	7.022
<i>Tangible & Intangible Asset Additions</i>	6.356	20	204	430	7.010

Secondary sector information – Geographical sectors

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

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

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Greece	153.839	227.815	121.694	181.307
Other Countries		6.692	-	-
Total Group Sales	153.839	234.507	121.694	181.307
Less Intragroup Sales	(3.864)	(3.565)	-	-
Total Sales	149.975	230.942	121.694	181.307

5.6.2 Tangible Assets

The analysis and account activity of the Group's and the Company's assets are presented in the following tables:

	THE GROUP				
	Plots, Quarries & Buildings	Transportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Accumulated Depreciation and impairment value	(24.220)	(44.864)	(4.749)	-	(73.833)
Book Value January 1st 2008	28.427	38.045	785	2.315	69.572
Gross Book Value	38.642	73.421	6.068	2.356	120.487
Accumulated Depreciation and impairment value	(12.366)	(34.259)	(5.033)	0	(51.658)
Book Value January 1st 2009	26.276	39.162	1.035	2.356	68.829
Gross Book Value	38.665	73.140	5.313	2.923	120.041
Accumulated Depreciation and impairment value	(13.115)	(38.918)	(4.301)	0	(56.334)
Book Value December 31st 2009	25.550	34.222	1.012	2.923	63.707
ASSETS WITH FINANCIAL LEASING					
Book Value January 1st 2008	-	1.790	-	-	1.790
Gross Book Value	-	5.580	-	-	5.580
Accumulated Depreciation and impairment value	-	(4.400)	-	-	(4.400)
Book Value January 1st 2009	-	1.180	-	-	1.180
Gross Book Value	-	5.580	-	-	5.580
Accumulated Depreciation and impairment value	-	(4.965)	-	-	(4.965)
Book Value December 31st 2009	-	615	-	-	615

	Plots, Quarries & Buildings	Transportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Book Value January 1st 2008	28.427	38.045	785	2.315	69.572
Additions	12	6.419	532	41	7.004
Sales - Reductions	(38)	(8.933)	(122)	-	(9.093)
Total depreciation in Results	(904)	(5.042)	(398)	-	(6.344)
Depreciation of Sold Assets	(39)	(8.794)	(121)	-	(8.954)
Depreciation in Acc. Statement	(865)	3.752	(277)	-	2.610
Transfers	(1.259)	(121)	116	-	(1.264)
Net Foreign Exchange Differences	-	-	-	-	-
Book Value December 31st 2008	26.277	39.162	1.034	2.356	68.829
Book Value January 1st 2009	26.277	39.162	1.034	2.356	68.829
Additions	22	888	289	567	1.766
Sales - Reductions	-	(1.226)	(3)	-	(1.229)
Total depreciation in Results	(749)	(5.092)	(311)	-	(6.152)
Depreciation of Sold Assets	-	(493)	(3)	-	(496)
Depreciation in Acc. Statement	(749)	(4.599)	(308)	-	(5.656)
Transfers	-	-	-	-	-
Net Foreign Exchange Differences	-	-	-	-	-
Book Value December 31st 2009	25.550	34.225	1.012	2.923	63.710
ASSETS WITH FINANCIAL LEASING					
Book Value January 1st 2008	-	1.790	-	-	1.790
Sales - Reductions	-	(5)	-	-	(5)
Total depreciation in Results	-	(608)	-	-	(608)
Depreciation of Sold Assets	-	(3)	-	-	(3)
Transfers	-	-	-	-	-
Depreciation in Acc. Statement	-	(605)	-	-	(605)
Book Value December 31st 2008	-	1.180	-	-	1.180
Book Value January 1st 2009	-	1.180	-	-	1.180
Sales - Reductions	-	-	-	-	-
Total depreciation in Results	-	(565)	-	-	(565)
Depreciation of Sold Assets	-	-	-	-	-
Transfers	-	-	-	-	-
Depreciation in Acc. Statement	-	(565)	-	-	(565)
Book Value December 31st 2009	-	615	-	-	615

	Plots, Quarries & Buildings	Transportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Accumulated Depreciation and impairment value	(3.915)	(14.435)	(2.808)	-	(21.158)
Book Value January 1st 2008	16.788	29.034	556	2.315	48.693
Gross Book Value	20.715	49.454	3.675	2.356	76.200
Accumulated Depreciation and impairment value	(4.360)	(17.986)	(3.096)	-	(25.442)
Book Value January 1st 2009	16.355	31.468	579	2.356	50.757
Gross Book Value	20.738	49.076	3.761	2.923	76.498
Accumulated Depreciation and impairment value	(4.804)	(21.463)	(3.296)	-	(29.563)
Book Value January 1st 2009	15.934	27.613	465	2.923	46.936

ASSETS WITH FINANCIAL LEASING

Book Value January 1st 2008	-	1.790	-	-	1.790
Gross Book Value	-	5.580	-	-	5.580
Accumulated Depreciation and impairment value	-	(4.400)	-	-	(4.400)
Book Value January 1st 2009	-	1.180	-	-	1.180
Gross Book Value	-	5.580	-	-	5.580
Accumulated Depreciation and impairment value	-	(4.965)	-	-	(4.965)
Book Value December 31st 2009	-	615	-	-	615

	Plots, Quarries & Buildings	Transportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Book Value January 1st 2008	16.788	29.034	556	2.315	48.693
Additions	12	6.409	315	41	6.777
Sales - Reductions	-	(423)	(4)	-	(427)
Total depreciation in Results	(444)	(3.842)	(292)	-	(4.578)
Depreciation of Sold Assets	-	(290)	(4)	-	(294)
Depreciation in Acc. Statement	(444)	(3.552)	(288)	-	(4.284)
Transfers	-	-	-	-	-
Net Foreign Exchange Differences	-	-	-	-	-
Book Value December 31st 2008	16.356	31.468	579	2.356	50.757
	1	0	0	(0)	(0)
Book Value January 1st 2009	16.356	31.468	579	2.356	50.757
Additions	22	849	90	567	1.528
Sales - Reductions	-	(1.226)	(3)	-	(1.229)
Total depreciation in Results	(444)	(3.970)	(203)	-	(4.617)
Depreciation of Sold Assets	-	(493)	(3)	-	(496)
Depreciation in Acc. Statement	(444)	(3.477)	(200)	-	(4.121)
Transfers	-	-	-	-	-
Net Foreign Exchange Differences	-	-	-	-	-
Book Value December 31st 2009	15.934	27.613	465	2.923	46.936

ASSETS WITH FINANCIAL LEASING

Book Value January 1st 2008	-	1.790	-	-	1.790
Sales - Reductions	-	(5)	-	-	(5)
Total depreciation in Results	-	(608)	-	-	(608)
Depreciation of Sold Assets	-	(3)	-	-	(3)
Depreciation in Acc. Statement	-	(605)	-	-	(605)
Book Value December 31st 2008	-	1.180	-	-	1.180
Book Value January 1st 2009	-	1.180	-	-	1.180
Sales - Reductions	-	-	-	-	-
Total depreciation in Results	-	(565)	-	-	(565)
Depreciation of Sold Assets	-	-	-	-	-
Depreciation in Acc. Statement	-	(565)	-	-	(565)
Book Value December 31st 2009	-	615	-	-	615

The Tangible items of the Assets in total, are depicted in the financial statements at their acquisition cost less, the accumulated depreciation and secondly possible asset impairments. The acquisition cost includes all the directly attributed expenditures for the acquisition of the items. The group's assets are free of mortgages and charging orders in favor of third parties.

5.6.3 Property Investments

The analysis of the Group's and the company's property investments is depicted below:

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
At the beginning of the period	143.970	118.769	-	-
Transfers-Cost		4.117		
Transfers-Fair value difference	-	-		
Additions	4.954	17.664	-	-
Sales/Write off	-	-	-	-
Profits / (losses) from fair value	(55.239)	36.052	-	-
Property investment buildings from subsidiary absor	-	-	18.952	18.952
Transfer held for sale		(32.706)		
Foreign exchange differences	(1.798)	75		
At the end of the period	91.886	143.970	18.952	18.952

The transfers in the account "Held for sale" amounting to € 32.706.000 in the previous year end refer to a property investment held by "BALKAN REAL ESTATE" which is decided to be sold (Anal. Par. 5.6.15)

The transfers to property investments amounting to € 4.117.000 in the previous year end refer to the acquisition cost of a plot in Russia that received a construction license and the development procedure of the relevant property has commenced.

The property investment held by the company " MICHANIKI RUSSIA" with the code name " HELLAS" is constituted by five smaller plots three of which are owned by the specific scope vehicle company Zhedochi-16 LLC and the remaining two plots owned by the specific scope vehicle company Zhedochi-33 LLC. These companies are 100% owned by "MICHANIKI RUSSIA". The relevant companies constitute asset acquisition legal vehicle entities and they hold no other asset or liability.

During the current year-end the group readjusted the value of its property investments for those cases where the value differed significantly from the value presented in the yearly financial statements of December 31st 2008. The estimations regarding the value of the buildings are based upon valuations performed by independent assessors. Due to the unfavorable financial environment the asset value depicted a significant decrease. The total resulted loss value of the year-end amounted to € 55.239.000 (against profits of € 36.052.000 in the previous year-end). The relevant amount, after the deduction of the correspondent taxes, has been recognised within the profit and loss statement

Additionally during the current period additions amounting to a total of €4.954.000 took place that refer mainly to development works of the subsidiary company "MICHANIKI RUSSIA".

The property investment valuation result per geographical category from which the emerged are presented in the table below:

	Property Investment Valuation Result	
	1/1 - 31/12/2009	1/1 - 31/12/2008
Greece	0	16.747
Russia	(48.138)	18.391
Bulgaria	(3.887)	(952)
Egypt	(3.213)	1.866
Total	(55.239)	36.052

5.6.4 Intangible assets-Expenditures for the exploration and evaluation of mineral resources

The intangible assets of the Group and the Company, include software that has been acquired. The company based upon the ordinances of I.F.R.S. 6 proceeded in consolidating the expenditures for the exploration and evaluation of mineral resources, which are depreciated within a time period of 1 to 5 years. Analytically:

	THE GROUP		
	Software	Expenditures for the exploration and evaluation of mineral resources	Total
Book Value January 1st 2008	64	472	536
Gross Book Value	189	1,296	1,485
Accumulated Depreciation and impairment value	(139)	(868)	(1,007)
Book Value December 31st 2008	50	428	478
Book Value January 1st 2009	50	428	478
Gross Book Value	198	1,290	1,488
Accumulated Depreciation and impairment value	(160)	(913)	(1,073)
Book Value December 31st 2009	38	377	415
	Software	Δαπάνες για εξερεύνηση και εκτίμηση ορυκτών πόρων	Σύνολο
Book Value January 1st 2008	64	472	536
Additions from subsidiary company acquisitions	0	0	0
Additions	10	0	10
Sales - Reductions	0	0	0
Depreciation	(23)	(44)	(67)
Depreciation reductions	0	0	0
Book Value December 31st 2008	50	428	478
Book Value January 1st 2009	50	428	478
Additions from subsidiary company acquisitions	0	0	0
Additions	11	0	11
Sales - Reductions	0	0	0
Depreciation	(22)	(43)	(65)
Depreciation reductions	0	0	0
Book Value December 31st 2009	38	385	423

THE COMPANY

	Software	Expenditures for the exploration and evaluation of mineral resources	Total
Book Value January 1st 2008	29	0	29
Gross Book Value	115	-	115
Accumulated Depreciation and impairment value	(99)	-	(99)
Book Value December 31st 2008	16	0	16
Book Value January 1st 2009	16	0	16
Gross Book Value	116	-	116
Accumulated Depreciation and impairment value	(113)	-	(113)
Book Value December 31st 2009	3	0	3

	Software	Δαπάνες για εξερεύνηση και εκτίμηση ορυκτών πόρων	Σύνολο
Book Value January 1st 2008	29		29
Additions from subsidiary company acquisitions	-	-	-
Additions	1	-	1
Sales - Reductions	-	-	0
Depreciation	(15)	-	(15)
Depreciation reductions	-	-	0
Book Value December 31st 2008	16	0	16
Book Value January 1st 2009	16		16
Additions from subsidiary company acquisitions	-	-	-
Additions	1	-	1
Sales - Reductions	-	-	0
Depreciation	(14)	-	(14)
Depreciation reductions	-	-	0
Book Value December 31st 2009	3	0	3

5.6.5 Investments

The parent company participates in subsidiaries, joint ventures in addition to other companies. The participations/investments in the parent company financial statements have been evaluated at their acquisition cost less potential impairments. The company consolidates all of its subsidiaries through the full consolidation method. The variations of the company's participations/investments in its subsidiaries are the following:

	THE GROUP Other Investments	
	31/12/2009	31/12/2008
Beginning of period	3	9
Additions-Valuations	-	-
Sales-Reclassifications	-	(6)
End Balance	3	3
Provisions for devaluations	(3)	(3)
End Balance	0	0

	THE COMPANY				Total	
	Subsidiaries		Other		31/12/2009	31/12/2008
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Beginning of period	184.325	162.053	3	3	184.328	162.056
Additions	9.300	22.272	-	-	9.300	22.272
Subsidiary absorption	-	-	-	-	-	-
Sales>Returns	(244)	-	-	-	(244)	-
End Balance	193.381	184.325	3	3	193.384	184.328
Provisions for devaluations	(45.642)	(31.777)	(3)	(3)	(45.645)	(31.780)
End Balance	147.739	152.548	-	-	147.739	152.548

During the current year end the parent company recognized impairment losses of its investment in the subsidiary company "BALKAN REAL ESTATE" amounting to €13,612.000, against €15.011.000 in the previous year end. The relevant impairment losses were recognized in the expanded income statement. Additionally impairment losses were recognized of the subsidiary company "MICHANIKI BELARUS" amounting to €253.000 which were recognized to the year end results. The impairment loss was equally decreased through the write off of installments due amounting to €58.000.

5.6.6 Other long-term receivables

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Long-Term maturity bills receivable	0	714	0	714
Less: Non accrued interest	0	(21)	0	(21)
Other long-term receivables	442	428	291	279
Total other long-term receivables	442	1.121	291	972

5.6.7 Inventories

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Merchandise	282	12	4	4
Finished and Semi Finished Products - By-Products and Residues	39.540	40.041	16.439	17.037
Production in progress	84.528	78.894	15.729	20.031
Raw and auxiliary materials - Consumables - Spare parts and Packing Materials	1.718	3.743	1.425	1.611
Total	126.068	122.689	33.598	38.682

The total inventories have been valued at the end of the year-end at their net liquidation value. The increase of the account "Production in progress" is mainly due to the initiation of the construction activity of the subsidiary company "MICHANIKI RUSSIA" which operates in the real estate development sector.

5.6.8 Construction contracts

Construction contracts refer to the construction of assets or a group of affiliated assets specifically for customers according to the terms provided for in the relevant contracts and whose execution usually lasts for a period of over one fiscal year. The analysis regarding receivables and liabilities and the cost and profit development recognized from construction contracts of the Group and the Company is depicted below:

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Accrued cost up to today	718.991	599.933	605.133	509.650
Plus recognized profit	147.208	131.564	135.212	117.120
Less Losses	(665)	(963)	(429)	(730)
Less accumulated invoicing	(792.694)	(658.430)	(687.846)	(573.651)
Balance	72.840	72.102	52.070	52.388
Amount owed by clients	80.238	73.538	57.767	53.421
Amount owed to clients	(6.733)	(473)	(5.268)	(303)
Loss making contract provisions	(665)	(963)	(429)	(730)
Offset balance from clients	72.840	72.102	52.070	52.388
Unexecuted Projects	151.943	260.187	123.515	223.363
Total advances received	4.576	5.049	2.577	3.844
Retention of clients for good performance	84	783	84	783
Receivable within 12 months	84	699	84	699
Receivable more than 12 months	0	84	0	84
Income recognized in the year end	134.702	206.874	113.575	175.419
Less cost recognized in year end	(119.058)	(165.539)	(95.483)	(138.480)
Less provisions of lossmaking contracts	298	390	301	301
Result from construction contracts	15.942	41.725	18.393	37.241

5.6.9 Trade and Other commercial receivables

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Trade receivables	57.707	60.160	44.931	44.879
Bills receivable	296	141	163	141
Client accruals (IAS 11)	80.238	73.538	57.767	53.421
Bills receivable overdue		133		
Cheques receivable	2.127	2.659	718	717
Receivables from executed projects	26.301	26.301	26.301	26.301
Cheques receivable overdue	2.020	166	145	145
Doubtful receivables	3.196	5.542	2.751	1.759
Sundry debtors	14.975	13.190	2.111	2.943
Prepayment and credit accounts	2.625	1.389	74	222
Less:Bad debt provisions	(39.723)	(34.271)	(30.013)	(29.101)
Total other receivables	149.761	148.948	104.947	101.428

	ΜΕΤΑΒΟΛΕΣ ΠΡΟΒΛΕΨΕΩΝ			
	Ο ΟΜΙΛΟΣ		Η ΕΤΑΙΡΕΙΑ	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<i>Beginning of period</i>	34.271	34.288	29.101	29.092
Provisions formed in the period	13.091	9	7.083	9
Provisions that were reversed	(79)	(26)	(79)	
Receivable write off	(1.263)	-	-	-
End of period	46.020	34.271	36.105	29.101

During the current year-end additional provisions were formed for doubtful receivables of € 13.091.000 for the Group and € 7.083.000 for the company. The subsidiary company "BALKAN REAL ESTATE" proceeded in the write off of doubtful receivables amounting to € 1.263.000. The cumulative provision amounts per category of receivables are analyzed below:

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Commercial and other receivables	39.723	34.271	30.013	29.101
Advances	209	-	4	0
Receivables from associate companies	6.088		6.088	
Total	46.020	34.271	36.105	29.101

The value of receivables whose time limit surpasses one year and no impairment provision has been formed amounts to €16.926.000. This value is analyzed to "Trade Receivables" amounting to €16.203.000 "Bills Receivable" amounting to €5.000 and "Cheques Receivables" amounting to €718.000. From these relevant amounts the cheques refer to the last outstanding balance resulting from a financial mean sale transaction that the parent company had and the considered amount was collected partially. The amount regarding trade receivables refers to receivables from the execution of a project by the parent company which is under the procedure of a judicial settlement as analytically mentioned in par. 5.6.38

5.6.10 Joint Ventures/Consortiums

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

The most significant joint venture/consortium participations of the company are mentioned in § 5.4.9 "Group Structure-Consolidated Financial Statements". From these joint ventures/consortiums most of them are inactive. For the active joint ventures/consortiums the management estimates that they will be profitable and no potential liabilities will emerge apart from liabilities that have been recorded through the valuation with the net equity method.

The analysis regarding the account of joint ventures/consortiums at a Group level is depicted below:

	Joint Ventures	
	31/12/2009	31/12/2008
Beginning of period	14.811	16.252
Additions-Reclassifications		7
Year-end profits proportion	3.187	1.797
Reductions / Withdrawals against profit	(2.206)	(3.245)
End of period balance	15.792	14.811
<i>Joint Ventures with a negative net equity</i>		
Beginning of period	22.867	21.608
Year-end losses	459	1.259
J/V with a negative net equity accumulated losses	23.326	22.867
Trade (commercial) balance	373	754
End period balance	23.699	23.621
Net result from joint ventures	2.728	538

The Company profits from joint ventures in the current fiscal year-end amounted to € 3.174.000 against € 1.797.000 in the previous fiscal year-end. Whereas losses amounted to € 460.000 against € 1.170.000 in the previous fiscal year-end.

5.6.11 Other Short-term receivables and Prepayments

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Escrow accounts Μακροπρόθεσμες απαιτήσεις εισπρακτέες στην επόμενη χρήση	5			
Deferred expenses	1.229	1.813	1.104	1.700
Accrued income	-	2		
Other interim accounts	-	1.259		
Total	1.234	3.074	1.104	1.700

The **prepayments** of the company and the Group are:

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Income tax prepayments	3.131	7.864	2.118	5.809
Asset acquisition prepayments	0	55	0	0
Inventory purchase prepayments	592	582	351	484
Payments for the acquisition of property investment buildings	29.953	31.454	0	0
Impairment provisions	(209)	0	0	0
Total prepayments	33.467	39.955	2.469	6.293

Payments for the acquisition of property investments refer to payments made by the group's subsidiary companies in order to obtain land usage rights. The relevant amounts remain within the prepayment account until the developmental procedure of each building is initiated.

5.6.12 Fair value Financial Items though results

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Shares			0	0
Other securities	6	6	0	0
Total	6	6	0	0

5.6.13 Receivables from affiliated and other participation/investment interest Companies

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Short-term receivables from subsidiary companies	0	0	24.256	2.159
Short-term receivables against other investment interest companies	47.950	49.216	48.708	48.873
Provisions of bad debts against associate companies	(6.088)	0	(6.088)	0
TOTAL	41.862	49.216	66.875	51.032

The table above presents receivables from joint ventures amounting to €47.950.000. Part of these receivables refer to joint ventures with a negative net equity which are presented as liabilities to affiliate companies (amount 23.326.000€). Consequently apart from the provision of the amount of € 6.088.000 that has taken place and refers to direct receivables that are set as non secure collections, the remaining receivables that refer to joint ventures with a negative net equity have been directly written off through the valuation.

5.6.14 Cash and cash equivalents

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Cash at hand	191	174	59	67
Short-term bank deposits	2.392	9.690	550	1.459
Total	2.583	9.864	609	1.526

Cash represents cash at hand in addition to bank deposits available at first demand. The real weighted average interest rate of the bank deposits for the period presented is 1,85% against 2,85% regarding the previous period. During the above dates there were no overdrafts from bank accounts.

5.6.15 Assets held for sale

The subsidiary company "BALKAN REAL ESTATE" decided the sale of its premises in Aghialos Thessalonica. The sale constitutes part of the company's decision regarding the dereliction of the production and commerce timber sector. After the decision all of the assets were reclassified in the category "Assets held for sale" with a total value of €34.059.000. The analysis per category of the relevant amount is presented in the table below:

<u>Asset category</u>	Amounts in € thousand	
	31/12/2009	31/12/2008
Property Investments	32.706	32.706
Tangible Assets	1.155	1.259
Inventory	0	94
Total	33.861	34.059

The amount of € 2.035.000 relevant to the asset has been directly recorded in the net equity in the account "Fair Value Reserves". With the conclusion of the sale it will be transferred directly to the account "Retained earnings" as set by the relevant standard.

It is noted that the relevant activity has an insignificant participation to the group's figures and does not meet the classification criteria as a terminated utilization based upon the ordinances of IFRS N°5, based upon the Michaniki Group level.

Analytically the activity figures on a sale (turnover) level amount to € 2.000 for the current period against €50.000 of the previous period.

The activity participation to the Group results amounted to a loss of € 1.930.000 for the current period against losses of €301.000 the respective previous period. The Timber activity constitutes a sub sector of the "Energy Industry". The losses from the activity in the current year end are caused mainly due to the performance of impairment of doubtful receivables that are related to the commercial activity.

5.6.16 Equity

i) Share capital

During the previous year end a share capital increase took place amounting to €5.574.000. The increase took place through a reserve capitalization. From the above increase the number of shares was not altered whereas the face value was set at €1,54 from €1,48. Therefore the company's share capital is constituted from 66.937.526 ordinary shares with a face value of € 1,54/per share, that is € 103.083.790,04 and 25.968.987 preferred shares with a face value of € 1,54/per share, that is €39.992.239,98.

ii) Share Premium

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Share premium	129.629	129.629	129.629	129.629
Less :Own Shares	-	(3.580)	-	(3.580)
Total	129.629	126.049	129.629	126.049

The Company's share premium (above par value) capital resulted from the issue of shares against cash in a value greater than its face value. During the year-end of 2009 the company sold all of its own shares in hand amounting to 584.567.

"MICHANIKI S.A." shares as well as the shares of the subsidiary "BALKAN EXPORT" are freely negotiable in the Athens Exchange.

iii) Other Reserves

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

	THE GROUP									
	Statutory Legal Reserve	Fair Value Property Investment Reserves	Readjustm ent Differences	Tax free reserves	Reserves from tax free profits of construction & Technical Companies	Reserves from specially taxed revenues	Own shares reserves	Foreign Exchange Differences Conversion Reserves	Other Reserves	Total
Balance at 31/12/2007	7.557	2.036	795	7.117	831	997	(3.397)	(5.460)	6.247	49.900
Foreign exchange differences								(14.148)		(14.148)
Changes during the year-end	5.147	-			243				(5.761)	(371)
Other							(183)			(183)
Balance at 31/12/2008	12.704	2.036	795	7.117	1.074	997	(3.580)	(19.608)	486	2.021
Foreign exchange differences								(7.106)		(7.106)
Changes during the year-end							3.580			3.580
Other	371								(8)	363
Balance at 31/12/2009	13.075	2.036	795	7.117	1.074	997	0	(26.714)	478	(1.143)

	THE COMPANY							
	Statutory Legal Reserve	Readjustment Differences	Tax free reserves	Reserves from tax free profits of construction & Technical Companies	Reserves from specially taxed revenues	Own Shares	Other Reserves	Total
Balance at 31/12/2007	6.579	20.128	3.830	831	995	(3.397)	3.056	32.022
Foreign exchange differences								-
Changes during the year-end	5.088	(15.011)		243		(183)	(10.023)	(19.886)
Other								-
Balance at 31/12/2008	11.667	5.117	3.830	1.074	995	(3.580)	(6.967)	12.136
Foreign exchange differences								-
Changes during the year-end						3.580		3.580
Other	213							213
Balance at 31/12/2009	11.880	5.117	3.830	1.074	995	0	(6.967)	15.929

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

iv) Retained earnings

The amount of €(91.289.000)/€(93.552.000)€ refers to accumulated losses of the Group/Company at 31/12/2009. The Groups retained earnings include the effect of the results from the valuation of property investments. The analysis of the account item is presented in the table below:

	THE GROUP		
	Cumulative results	Cumulative of asset valuation	Total retained earnings
Beginning balance	(68.581)	33.179	(35.402)
Distribution Approval	(20.358)		(20.358)
Period results	1.817	20.138	21.955
Balance at December 31st 2008	(87.122)	53.317	(33.803)
Beginning balance	(87.122)	53.317	(33.805)
Sale of own shares	(2.833)		(2.833)
Share capital increase expenses	(92)		(92)
Percentage change of subsidiary	855		855
Distribution Approval	(8.724)		(8.724)
Period results	(4.519)	(42.173)	(46.691)
Balance at December 31st 2009	(102.435)	11.144	(91.289)

5.6.17 Own Shares

The company at December 31st 2008 had 584.567 own shares (ordinary) with an acquisition cost amounting to €3.580.000. During the current period all of the own shares were sold for the amount of €986.000. From the transaction a loss emerged amounting to €2.594.000 which equally decreased the company's and the Group's equity in the "retained earnings" account.

Additionally during the current period the subsidiary company "BALKAN REAL ESTATE" sold its 252.658 own shares with an acquisition cost of €813.000. The sale value amounted to €382.000 and the negative difference in relation to the acquisition cost amounting to € (431.000) was recognized directly to the Group's equity and the account item "Retained earnings".

5.6.18 Foreign exchange differences

During the current period negative foreign exchange differences were recognized in the Group's net equity amounting to €(7.836.000) against €(15.184.000) in the respective period of the previous year-end. The amount refers to foreign exchange conversion differences of foreign consolidated companies. The charge is caused mainly due to the devaluation of the currency from the investment in the subsidiary company "MICHANIKI RUSSIA" (amount €4.080.000) and the investment in the subsidiary company "MICHANIKI UKRAINE" (amount €3.259.000). From the investment in the subsidiary company "MICHANIKI EGYPT" the foreign exchange differences that resulted amounted to €468.000 where as from the subsidiary company "MICHANIKI BELARUS" amounted to €29.000

5.6.19 Loan liabilities-Leases

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Long-term Loans				
Bank Loans	32.316	47.404	-	-
Financial Lease Liabilities	6.173	6.673	6.173	6.673
Total Long-term loans	38.489	54.077	6.173	6.673
Short-term loans				
Bank loans	182.180	129.542	143.739	105.191
Financial Lease Liabilities	478	478	478	478
Total Short-term loans	182.658	130.020	144.217	105.669
Total Loans	221.147	184.097	150.390	112.342

The company has undertaken loans in USD amounting to \$11.000.000.

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

	31/12/2009	31/12/2008
Bank loans in €	4,97%	6,77%
Bank loans in U.S.D \$	4,84%	6,68%

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

	THE GROUP				THE COMPANY			
	<1 year € '000s	1<5 years € '000s	>5 years € '000s	Total € '000s	<1 year € '000s	1<5 years € '000s	>5 years € '000s	Total € '000s
Future minimum lease payment rentals at December 31st, 2008								
Rental Payments	478	6673	-	7151	478	6673	0	7151
Discount (Future financial charges of financial leases)	-	-	-	-	-	-	-	-
Net Present Value	478	6.673	-	7.151	478	-	-	7.151
Net Present Value	478	6.673	-	7.151	478	-	-	7.151
Future minimum lease payment rentals at December 31st, 2009								
Rental payments	478	6.173	-	6.651	478	6.173	-	6.651
Discount (Future financial charges of financial leases)	-	-	-	-	-	-	-	-
Net Present Value	478	6.173	-	6.651	478	-	-	6.651

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Operating leases which will be paid in 1 year				
BUILDINGS	321	364	54	54
EQUIPMENT	0	0	0	0
TRANSPORTATION MEANS	537	626	473	548
OTHER EQUIPMENT	0	0	0	0
Subtotal 1: Short-term operating leases	858	990	527	602
Operating leases which will be paid in 2 to 5 years				
BUILDINGS	1.184	1.226	219	217
EQUIPMENT	0	0	0	0
TRANSPORTATION MEANS	379	813	355	751
OTHER EQUIPMENT	0	0	0	0
Subtotal 2	1.563	2.039	574	968
Operating leases which will be paid after 5 years				
BUILDINGS	0	0		
EQUIPMENT	0	0	0	0
TRANSPORTATION MEANS	0	0	0	0
OTHER EQUIPMENT	0	0	0	0
Subtotal 3	0	0	0	0
Subtotal 4 (=2+3): Long-term operating leases	1.563	2.039	574	968
TOTAL (=1+4)	2.421	3.029	1.101	1.570

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Operating leases which will be collected in 1 year				
BUILDINGS	457	469	401	414
EQUIPMENT				
TRANSPORTATION MEANS				
OTHER EQUIPMENT				
Subtotal 1: Short-term operating leases	457	469	401	413
Operating leases which will be collected in 2 to 5 years				
BUILDINGS	427	866	207	646
EQUIPMENT				
TRANSPORTATION MEANS				
OTHER EQUIPMENT				
Subtotal 2	427	866	207	646
Operating leases which will be collected after 5 years				
BUILDINGS				
EQUIPMENT				
TRANSPORTATION MEANS				
OTHER EQUIPMENT				
Subtotal 3	0	0	0	0
Subtotal 4 (=2+3): Long-term operating leases	427	866	207	646
TOTAL (=1+4)	884	1.335	608	1.059

5.6.20 Employee Benefit Liabilities

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Balance Sheet Liabilities for:				
Retirement benefits	2.138	2.041	1.201	1.159
Total	2.138	2.041	1.201	1.159
Charges to results:				
Beginning balance	2.041	1.541	1.159	788
Cost of current employment	328	985	234	791
Financial Cost	99	75	48	35
Indemnities	(380)	(568)	(295)	(455)
Net Actuarial (profits) / losses registered in the period	50	8	55	0
Total	2.138	2.041	1.201	1.159

The main actuarial acknowledgements that were used are the following:

THE GROUP / THE COMPANY			
Future Salary Increases			3,15%
Yearly average of long-term increase rate			2,00%
Discount interest rate			5,70%
G.N.P. yearly average increase			3,00%
Personnel mobility:			
	Age Group	Voluntary Resignation	Dismissal
	up to 30 years old	4%	15%
	31-40	2%	12%
	41 and above	1%	10%

5.6.21 Deferred tax receivable and liability and tax agreement

The deferred tax receivables and liabilities are analyzed below:

	THE GROUP				THE COMPANY			
	31/12/2009		31/12/2008		31/12/2009		31/12/2008	
	D.T. Receivable	D.T. Liability	D.T. Receivable	D.T. Liability	D.T. Receivable	D.T. Liability	D.T. Receivable	D.T. Liability
Non Current Items								
Tangible Assets & property Investments	-	(9.962)		(23.630)			(2.672)	(2.425)
Investments and other Long-term Receivables	-	-						
Current Items								
Construction Contracts	3.348	(17.492)	2.605	(15.280)	2.152	(12.998)	1.865	(12.020)
Inventories	-	-	21		-		21	
Equity Capital								
Reserves	-	(1.263)	-	(1.782)				
Grants	37	(53)	88		37		132	
Long-term Liabilities								
Personel Benefits	415	-		384	227		219	
Joint Ventures	-	-	3	(115)				
Short-term Receivables-Liabilities								
Financial Leases	1.494	-	1.606		1.494		1.606	
Other short-term receivables-liabilities	361	-	873	(3)	102			
Other								
Tax deductible losses	-	2.193	800					
Total	5.655	(26.577)	5.996	(40.426)	4.012	(15.670)	3.843	(14.445)
Offsetting		(20.922)		(34.430)		(11.658)		(10.602)

The income tax rate in which the companies of the Group, operating in Greece, are subject to for 2009 is 25%.

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

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

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

	CONSOLIDATED DATA		COMPANY DATA	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Current income tax	1.715	6.456	1.558	1.203
Deferred tax	(11.580)	9.778	645	4.838
Previous year-ends tax audit tax	695	487	(81)	
Potential taxes	215	693	215	575
TOTAL INCOME TAX	(8.955)	17.414	2.337	6.616
Profit before tax	(64.135)	12.532	8.452	19.402
Tax rate	25%	25%	25%	25%
Current income tax upon profits before tax	(16.034)	11.322	2.113	2.218
Tax effect of non taxed income and expenses that are not deducted for tax reasons	1.995	864	1.756	762
Tax effect of taxed income at its source (dividends, j/v etc)	(679)	(276)	(1.054)	(458)
Tax effect of non deductible IFRS recordings	(623)	4.260	(623)	4.147
Tax provision of tax audit of un-audited year-ends	1.202	693	134	575
Reserve distribution	-	-		
Tax effect of losses for which an asset deferred tax was not recognized	4.562	1.004		
Other taxes	11	95	11	84
Recognition of deferred taxed losses of previous year-ends	-	491		
Effect from ratio changes-Subsidiary ratio difference	611	(1.039)		(712)
TOTAL INCOME TAX	(8.955)	17.414	2.337	6.616

The significant increase in the effect of the income tax expenditure to the non recognized expenses (amount 4.260.000) is caused mainly due to the non recognition of a tax discount for losses arising from derivative valuations of the parent company. Additionally in the current year end, deferred tax receivables for accounting losses were not recognized amounting to €4.562.000 (€1.004.000 in the previous year end since it was decided that they were non recoverable).

5.6.22 Other long-term liabilities

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

	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2008	31/12/2008	31/12/2008
Other Long-term Liabilities	3.618	3.734	2.465	2.531

5.6.23 Provisions

Provisions regarding the Group and the Company are recognized with the condition that the current legal or implicit liabilities as a consequence of past events, if there is a possibility to settle them through outflow resources and if the liability of the amount can be reliably calculated. The other provisions on a parent company but also group level are analyzed below:

	THE GROUP		
	Provisions of loss-making construction projects	Other provisions	Total Provisions
1/1/2008	190	1.622	1.812
Additional year-end provisions		687	687
Non used provisions that were reversed	(388)	(313)	(701)
31/12/2008	963	2.196	3.159
Additional year-end provisions		262	262
Non used provisions that were reversed	(298)	(1.433)	(1.731)
31/12/2009	665	1.025	1.689

	THE COMPANY		
	Provisions of loss-making construction projects	Other provisions	Total Provisions
1/1/2008	1.030	821	1.851
Additional year-end provisions		575	575
Non used provisions that were reversed	(301)		(301)
31/12/2008	729	1.396	2.125
Additional year-end provisions		215	215
Non used provisions that were reversed	(300)	(1.129)	(1.429)
31/12/2009	429	482	911

In the other provisions account, provisions that the company and the Group have performed for potential taxes are included. The provision of €665.000 (€429.000 for the company) refers to the loss making projects that according to I.A.S. 11 "Construction Contracts" the estimate of the loss making result of the project is registered directly to the results. Apart from the above provisions it is estimated that there are no potential receivables and liabilities that may arise from construction contracts.

5.6.24 Commercial Liabilities and prepayments

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

Commercial Liabilities	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Trade creditors	31,853	42,128	22,828	27,078
Bills payable	0	646	0	562
Cheques payable	25,412	29,343	19,801	23,776
	57.265	72.117	42.629	51.416

5.6.25 Tax liabilities

The income tax expense in addition to the tax liabilities are analyzed below:

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Income Tax	(10,033)	16,160	2,192	5,982
Tax audit differences provision	262	693	215	575
Previous year-ends tax audit taxation	805	491	(81)	0
Other taxes	11	70	11	59
Period tax expense proportion	(8.955)	17.414	2.337	6.616

	Ο ΟΜΙΛΟΣ		Η ΕΤΑΙΡΕΙΑ	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Tax liabilities	112	320	0	0
Total	112	320	0	0

The parent company was audited in the current year-end for the un-audited tax year-ends from 2005 up to and 2008. From the audit differences resulted amounting to €517.300. For these fiscal year-ends additional provisions have been formed amounting to €611.400 which were reversed.

During the current year-end the tax audit of the subsidiary company " Hellenic Pipeworks S.A." was concluded for the fiscal year-ends from 2001 up to and 2006. From the audit differences resulted amounting to a total of €2.673.000. For this amount a provision of €1.814.000 had been formed and the remaining amount of €859.000 charged the period's results. From the formed provision the amount of €150.000 had been recognized in the account "Other provisions" and the amount of €1.664.000 was included in the account "Deferred tax liabilities". The tax un-audited fiscal year-ends for the other companies of the Group are depicted in the table below:

COMPANY NAME	TAX UN-AUDITED FISCAL YEAR-ENDS
HELLENIC PIPE WORKS S.A.	2007-2009
BALKAN EXPORT S.A.	2000-2009
MARMARA KAVALAS S.A.	2006-2009
THOLOS S.A.	2006-2009
HELLENIC WOOD INDUSTRY S.A.	2007-2009
MICHANIKI BULGARIA S.A.	1995-2009

MICHANIKI UKRAINE	1.4.08-2009
MICHANIKI RUSSIA LTD	2004-2009
MICHANIKI EGYPT	2007-2009
MICHANIKI BELARUS	2007-2009
MICHANIKI HOLDING (Cyprus) Limited	-
VALKAN HOLDING Limited	-
HELLENIK PIPEWORKS HOLDING Limited	-
MICHANIKI REAL ESTATE (Cyprus) Limited	-

During the current period the tax audit was concluded for eleven joint ventures/consortiums through the L.3697/08 up to and fiscal year-end of 2006, and additionally an audit regarding a Joint Venture was concluded through an ordinary tax audit up to fiscal year-end of 2007. From the audit differences resulted amounting to €98.300. For these differences a provision of €193.100 had been formed. The amount of €94.800 was reversed. For the un-audited tax year-ends of the companies and joint ventures of the Group sufficient provisions have been taken for possible taxes.

There have been recognized potential taxes for the parent company amounting to € 482.000 and for the Group €1.025.000 that are assessed as sufficient. Within the amount regarding the provisions of un-audited tax year-ends of the parent company the amount of € 238.000 is included which refers to joint ventures/consortiums that are mentioned in the group structure in par. 5.4.9. Nine from the mentioned joint ventures/consortiums have terminated their tax liabilities up to and including the year-end of 2006, in January of 2009, with a total charge of €35.000. It is estimated that the above provisions for the parent company, the subsidiaries and the joint ventures/consortiums are sufficient and no substantial differences will emerge at the conclusion of the audit.

5.6.26 Other short-term liabilities

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Dividends Payable	1.091	1.073	1.091	1.073
Deferred revenues - Grants	66	227	66	66
Accrued expenses	8	22	8	0
Other liability interim accounts	476	867	472	867
Social Security	1.623	1.680	1.151	1.238
Other taxes-duties	6.369	6.410	3.547	4.996
Sundry creditors	5.941	7.152	4.772	5.978
Total	15.574	17.432	11.107	14.219
Amounts owed to affiliated parties	23.699	23.621	24.452	22.987
Total	23.699	23.621	24.452	22.987

From the total account "Amounts owed to affiliated parties", the amount of € € 23.326.000 refers to a liability registered by the company from the valuation of the joint ventures in which it participates in with the Net Equity method. More information is mentioned in § 5.6.13.

5.6.27 Advances

Advances refer mainly to advances that have been received from clients in addition to liabilities to clients that arise from the income recognition according to the I.A.S. 11. The analysis of the balance is presented in the table below.

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Client Advances	6.115	5.871	2.587	3.967
Amounts owed to clients (I.A.S. 11)	6.733	473	5.268	303
Other	-	-	-	-
Total	12.848	6.344	7.855	4.270

5.6.28 Derivative Financial Items

The company during the year end preserved foreign exchange time deposit dealings (options, forward), which it evaluates according to the IFRS ordinances. The total investment amount in foreign exchange time deposit dealings at 31/12/2009 was null since all foreign exchange positions were closed where as in the previous year end these amounted to €63.000.000.

The scope of the foreign exchange time deposit dealings (fx forwards) is the management of foreign exchange risk for commercial or investment reasons. Profits or losses from foreign exchange time deposit dealings arising from interest rate and foreign exchange fluctuations may be significant. The risk is resulting from the fluctuations of the exchange rate of the reporting currencies of the financial tool taken under consideration and from the course of the saving and borrowing interest rates of the two currencies. For the foreign exchange time deposit dealings there does not exist any coverage for the above risks.

The company is capable in proceeding at any time with the termination of the use of this specific tool even after the commencement in effect of the time deposit contract. The company mainly proceeds in signing time deposit contracts with a duration of one year. Last the profit taking or the loss deposit may take place either at the time the contract is terminated through the discounting of the profit or loss or at any other date up to the maturity of the foreign exchange time deposit dealing contract.

The analysis of the outstanding balance of the account in addition to the effect in results is presented in the following table:

	THE GROUP-THE COMPANY	
	31/12/2009	31/12/2008
Beginning Balance	17.093	506
Reversion of valuation provisions	(17.093)	(506)
Valuation provision at end		17.093
End Balance	0	17.093
	1/1 - 31/12/2009	1/1 - 31/12/2008
Reversion of valuation provisions	17.093	506
Profits from settlement	354	4.394
Losses from settlement	(13.741)	(2.730)
Valuation of open positions at end	0	(17.093)
Amount recognized in results	3.706	(14.923)

5.6.29 Turnover

The turnover analysis of the Group and the Company is analyzed in § 5.6.1.

5.6.30 Cost of sales

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

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Cost of inventories recognized as an expense	49.140	78.350	41.687	64.920
Cost of sales of property investments	-	-	-	-
Personnel Fees	26.895	33.048	20.913	28.300
Fees and expenses of third parties	25.327	39.573	16.868	25.435
Third party grants	16.881	17.800	11.258	14.295
Taxes and duties	1.216	1.321	1.069	1.081
Other general expenses	1.992	3.454	2.111	2.793
Asset depreciation	6.121	6.544	4.696	4.894
Total	127.572	180.090	98.602	141.717

5.6.31 Administrative expenses

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

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Personnel fees	5.800	5.527	3.955	4.365
Fees and expenses of third parties	2.730	1.365	1.139	836
Third party grants	1.280	1.572	961	1.457
Taxes and duties	702	344	449	180
Other general expenses	3.856	3.648	1.873	2.287
Asset depreciation	612	370	437	247
Total	14.980	12.826	8.814	9.373

5.6.32 Selling expenses

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

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Personnel fees	173	167	0	0
Fees and expenses of third parties	39	24	0	0
Third party grants	55	56	3	3
Taxes and duties	4	7	2	6
Other general expenses	248	767	0	0
Asset depreciation	88	107	61	60
Total	607	1.128	66	69

5.6.33 Depreciation

The allocation of the depreciation is depicted below:

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Cost of Sales	6.121	6.544	4.696	4.894
Selling Expenses	88	370	61	60
Administrative Expenses	612	107	437	247
Total	6.822	7.022	5.194	5.201

5.6.34 Other operating revenues/ expenses

The other operating revenues/expenses are analyzed below:

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Other operational income				
Foreign exchange differences profits	19	181	19	6
Income from Subsidies - Grants	368	554	82	72
Insurance Indemnities	160	269	160	269
Other idemnities	144	-	144	-
Income from rents	466	478	452	430
Income from unused/used provisions	79	25	79	-
Profits from asset sales	335	652	315	311
Other income from previous year-ends	198	55	18	7
Other income	296	155	52	134
Total	2.064	2.367	1.302	1.222
Other operating expenses				
Foreign exchange differences losses	13	595	13	193
Bad debt provision	-	-	-	-
Losses from asset sales	86	186	60	56
Tax fines and increments	161	356	161	77
Insurance Indemnities	73	-	73	-
Other Indemnities	272	428	169	428
Impairment losses of bad debts	13.091	-	7.083	-
Other expenses from previous year-ends	395	214	43	26
Other expenses	-	118	-	-
Total	14.091	1.897	7.602	780

5.6.35 Financial revenues/expenses – Other financial results

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

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Financial Income from:				
- Bank interest	265	494	58	103
- Derivative financial product valuation	3.706	-	3.706	-
- Securities	-	-	1.502	925
Total	3.971	494	5.266	1.027
Financial Expenses from:				
- Derivative financial product valuation	-	16.587	-	16.587
- Bank Loans	7.844	10.889	5.367	6.324
- Guarantees commission	1.859	1.954	1.458	1.611
- Financial Leases	181	423	181	423
- Other bank expenses	500	129	240	84
Total	10.384	29.982	7.246	25.029
Other Financial Results				
- Profits from investment and securities sales	-	-	-	-
- Derivative settlement financial product result	-	1.664	-	1,664
- Losses from sales of investments and securities	-	-	-	-
- Expenses and Losses of investments and securities	-	(7)	(195)	(7)
-Other financial expenses	-	-	-	-
Subsidiary percentage change acquisition result	-	(841)	-	-
Profit-loss proportion to associate company	2.728	539	2.715	628
Total	2.728	1.355	2.520	2.285
PERIOD FINANCIAL RESULT	(3.685)	(28.133)	540	(21.717)

The positive effect from the derivatives valuation is caused mainly to the reverse valuation that took place at 31.12.2008 after the final settlement of all of the open positions.(anal. note 5.6.28).

5.6.36 Transactions with associated parties

The transactions referring to sales and purchases in addition to the remaining balance to and from associate parties of the group for the fiscal year-end of 2009, are analyzed below:

INTERCOMPANY TRANSACTIONS	MICHANIKI S.A.				
	PERIOD 01.01-31.12.2009			BALANCE 31.12.2009	
	AMOUNTS IN € THOUSAND	COMMODITIES & SERVICES SALES	COMMODITIES & SERVICES PURCHASES	OTHER INCOME (INTEREST)	RECEIVABLES
HELLENIC PIPE WORKS S.A.	-	121	-	-	-
BALKAN REAL ESTATE S.A.	-	-	-	2.949	-
MARMARA KAVALAS S.A.	29	9	-	9	-
THOLOS S.A.	3.298	196	-	377	1.287
HELLENIC WOOD INDUSTRY S.A.	-	-	-	64	-
MICHANIKI BULGARIA S.A.	-	-	-	-	-
MICHANIKI UKRAINE	-	-	4	2.986	-
MICHANIKI RUSSIA LTD	-	-	310	17.872	-
MICHANIKI EGYPT	-	-	-	-	-
JOINT VENTURES THAT THE PARENT COMPANY PARTICIPATES	571	24	0	42.619	23.165
PARENT COMPANY TOTAL	3.898	350	314	66.876	24.452
CONSOLIDATION EFFACEMENTS	-3.327	-326	-314	-24.257	-1.287
CONSOLIDATION ADJUSTMENT OF PARENT COMPANY JOINT VENTURES WITH THE NET EQUITY METHOD	-	-	-	-809	-
CONSOLIDATION ADJUSTMENT OF SUBSIDIARY JOINT VENTURES WITH THE NET EQUITY METHOD	-	-	-	51	534
GROUP TOTAL	571	24	0	41.861	23.699

AMOUNTS IN € THOUSAND	GROUP	COMPANY	
Transactions and fees to executive members and members of management	5.241	2.739	PERIOD 01.01-31.12.2009
Receivables from executive members and members of management	-	-	BALANCE 31.12.2009
Liabilities to executive members and members of management	1.128	1.092	BALANCE 31.12.2009

AMOUNTS IN € THOUSAND		
PURCHASES/SALES BETWEEN SUBSIDIARIES	211	PERIOD 01.01-31.12.2009
OTHER INCOME FROM INTEREST BETWEEN SUBSIDIARIES	102	PERIOD 01.01-31.12.2009
LIABILITIES - RECEIVABLES BETWEEN SUBSIDIARIES	4.791	BALANCE 31.12.2009

Based upon the above the following clarifications are presented:

1) The company HELLENIC PIPE WORKS S.A. a) sold steel pipes of € 98 thousand value before V.A.T. to MICHANIKI S.A., with an outstanding amount of € 0 thousand, b) rented a building to MICHANIKI S.A. to be used as a repair workshop and the rentals amounted to €23 thousand, with an outstanding amount of € 0 thousand, c) from dividends there is an outstanding amount of €0 thousand to MICHANIKI S.A.

The company MARMARA KAVALAS S.A., a) leased equipment for €29 thousand value before V.A.T. from MICHANIKI S.A., with an outstanding amount of €9 thousand, b) sold marble of € 9 thousand before V.A.T. to MICHANIKI S.A., with an outstanding amount of €0 thousand.

The company THOLOS S.A. a) leased equipment for €3.298 thousand value before V.A.T. from MICHANIKI S.A., with an outstanding amount of €377 thousand, b) leased equipment for €196 thousand value before V.A.T. to MICHANIKI S.A., with an outstanding amount of €25 thousand, c) from dividends there is an outstanding amount of €0 thousand to MICHANIKI S.A.

4) The company MICHANIKI S.A. a) rendered services of €571 thousand to Joint Ventures in which it participates in, with an outstanding amount of €1.411 thousand. b) received services of €24 thousand from Joint Ventures in which it participates in, with an outstanding amount of €373 thousand.

5) The company MICHANIKI S.A. has other receivables amounting to €69.673 thousand, a) from HELLENIC WOOD INDUSTRY S.A. amounting to €64 thousand, b) from MICHANIKI UKRAINE amounting to €2.986 thousand, c) from BALKAN REAL ESTATE S.A. € 2.949 thousand, d) from MICHANIKI RUSSIA LTD € 17.872 thousand, e) from Joint Ventures in which it participates in amounting to €41.208 thousand.

- 6) The company MICHANIKI S.A. has other liabilities of €24.054 thousand a) to THOLOS S.A. of €1.263 thousand, b) to Joint Ventures in which it participates in amounting to €22.791 thousand.
- 7) MICHANIKI S.A. had income from interest a) from MICHANIKI RUSSIA LTD amounting to € 310 thousand, b) from MICHANIKI UKRAINE amounting to € 4 thousand.
- 8) The company THOLOS S.A. a) rendered services of € 0 thousand value to Joint Ventures in which it participates in, with an outstanding amount of € 3 thousand, b) received services of €0 thousand value from Joint Ventures in which it participates in, with an outstanding amount of € 0 thousand
- 9) The company THOLOS S.A. has other receivables from Joint Ventures in which it participates in amounting to €35 thousand
- 10) The company THOLOS S.A. has other liabilities to Joint Ventures in which it participates in amounting to €534 thousand.
- 11) The company MARMARA KAVALAS S.A., sold marble of €49 thousand value before V.A.T. to THOLOS S.A., with an outstanding amount of € 0 thousand.
- 12) The company HELLENIC PIPE WORKS S.A. a) sold steel pipes of € 162 thousand value before V.A.T. to THOLOS S.A., with an outstanding amount of €88 thousand.
- 13) The company MICHANIKI RUSSIA LTD has liabilities a) to MICHANIKI EGYPT amounting to € 3.991 thousand and b) to MICHANIKI BULGARIA amounting to € 610 thousand.
- 14) The company MICHANIKI RUSSIA LTD has expenses for interest a) to MICHANIKI EGYPT amounting to € 91 thousand, b) to MICHANIKI BULGARIA amounting to € 10 thousand.
- 15) The company MICHANIKI UKRAINE has a liability to BALKAN REAL ESTATE S.A. OF € 102 thousand, and additionally has expenses for interest to BALKAN REAL ESTATE S.A. amounting to €1 thousand.

The respective comparative fiscal year-end of 2008 is presented in the table below:

INTERCOMPANY TRANSACTIONS	MICHANIKI S.A.			
	PERIOD 01.01-31.12.2008		BALANCE 31.12.2008	
	COMMODITIES & SERVICES SALES	COMMODITIES & SERVICES PURCHASES	RECEIVABLES	LIABILITIES
HELLENIC PIPE WORKS S.A.	-	1.878	-	68
BALKAN REAL ESTATE S.A.	-	-	-	-
MARMARA KAVALAS S.A.	36	6	20	-
THOLOS S.A.	1.138	380	224	45
HELLENIC WOOD INDUSTRY S.A.	-	-	44	-
MICHANIKI BULGARIA S.A.	-	-	-	-
MICHANIKI UKRAINE	-	-	1.871	-
MICHANIKI RUSSIA LTD	-	-	-	-
MICHANIKI EGYPT	-	-	-	-
JOINT VENTURES THAT THE PARENT COMPANY PARTICIPATES	141	112	48.873	22.874
PARENT COMPANY TOTAL	1.315	2.376	51.032	22.987
CONSOLIDATION EFFACEMENTS	-1.174	-2.264	-2.159	-113
CONSOLIDATION ADJUSTMENT OF PARENT COMPANY JOINT VENTURES WITH THE NET EQUITY METHOD	-	-	76	-
CONSOLIDATION ADJUSTMENT OF SUBSIDIARY JOINT VENTURES WITH THE NET EQUITY METHOD	-	-	267	747
GROUP TOTAL	141	112	49.216	23.621

AMOUNTS IN € THOUSAND	GROUP	COMPANY	
Transactions and fees to executive members and members of management	4.820	3.754	PERIOD 01.01-31.12.2008
Receivables from executive members and members of management	5	5	BALANCE 31.12.2008
Liabilities to executive members and members of management	70	51	BALANCE 31.12.2008

AMOUNTS IN € THOUSAND		
PURCHASES/SALES BETWEEN SUBSIDIARIES	126	PERIOD 01.01-31.12.2008
LIABILITIES - RECEIVABLES BETWEEN SUBSIDIARIES	46	BALANCE 31.12.2008

5.6.37 Profits per share

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Profits proportioned to the parent company shareholders	(33.574)	15.786	4.397	1.628
Weighted Number of Ordinary Shares	66.469.286	66.353.511	66.469.286	66.353.511
Total basic profits per share (€ per share)	(0,5051)	0,2378	0,0662	0,0245

(*) Profits are in € thousand

The weighted average of shares is calculated based upon the acquisitions and sales of own shares from the parent company during the fiscal year-end. The calculation of the weighted average shares is presented in the table below:

	THE GROUP	THE COMPANY
	31/12/2009	31/12/2008
Total Shares	66.937.526	66.937.526
Existing own shares at beginning	(584.567)	(547.935)
Weighted number of period purchases-sales	116.327	(36.080)
Number of shares for E.P.S.calculation	66.469.286	66.353.511

5.6.38 Potential receivables-liabilities

In the presence of the Multimember Court of First Instance of Athens, there is a pending lawsuit dated 20.06.2007 against the company PYLAIA S.A. based upon the framework of execution of the project Commercial Center Mediterranean Cosmos (E119), with a general filing number 139965/2007 and a judicial notice number 6200/2007, with the application of a deposit of a total capital amounting to € 14.322.745,00 plus V.A.T., in addition to a financial compensation of € 5.000.000,00, plus interest. Upon the above lawsuit a decision has been issued by the above Court with the number 8172/2009, with which an expert opinion was ordered in order to a) to designate the type and quantity of works that were assigned from PYLAIA S.A. and were actually executed from MICHANIKI S.A., within the framework of the three contracts between the litigants, b) to designate the owed construction consideration for the measurement of works and c) to designate if there is any case of deviation regarding the executed works of more than 30% of the total value of the contractual works, in addition to the precise works, that surpass this percentage, which have to be invoiced with revised prices. The said report, after the assessor's oath, is under way.

In the presence of the Multimember Court of First Instance of Athens, there is a pending lawsuit dated 27.06.2007 against the company PYLAIA S.A. based upon the framework of execution of the above project, with a general filing number 149741/2007 and a judicial notice number 6535/2007, with the application of a deposit of a total capital amounting to € 4.623.926,41, in addition to a financial compensation of € 5.000.000,00, plus interest. This lawsuit has been jointly trialed directly with the previous one and the issued decision no 8172/2009 incidental decision of the Multimember Court of First Instance of Athens. Thus and in regards to this lawsuit the immediate prior quoted estimates are in effect.

In the presence of the Multimember Court of First Instance of Athens a lawsuit has been filed dated 28.01.2008 of the company PYLAIA S.A. with a general filing number 18873/2008 and a judicial notice number 926/2008, based upon the framework of execution of the project Commercial Center Mediterranean Cosmos (E119), with the application of a deposit of a total capital amounting to € 10.792.816,37, in addition to a financial compensation of € 1.000.000,00, plus interest. Upon the above lawsuit, after the joint trial of the two above lawsuit of MICHANIKI S.A. against PYLAIA S.A., decision no. 8172/2009 has been issued by the Multimember Court of First Instance of Athens, with which, based upon the above, a expert opinion has been ordered regarding the receivables of MICHANIKI S.A.

Regarding the said lawsuit of PYLAIA S.A. the Court through a final ordinance has rejected all that was deemed as rejected. Amongst these the Court's acknowledgement is included to the fact that the a' lawsuit of PYLAIA S.A. regarding the part with which PYLAIA S.A. has applied for the litigation of a total amount of € 10.792.816,37 is rejected in essence due to the deficiency of an active legitimate authorization of the prosecutor in regards to the petitioned adjudication, since the emanated from these construction contracts claim have been assigned from PYLAIA S.A. to a third party and thus the prosecutor PYLAIA S.A. is not entitled to collect them. The said

ordinance of the above decision is final and thus as far as the above request and amount the lawsuit has been rejected on first instance.

In the presence of the Multimember Court of First Instance of Athens, there is a pending lawsuit dated 28.01.2008 of the company PYLAIA S.A. with a general filing number 18899/2008 and a judicial notice number 928/2008, based upon the framework of execution of the project Commercial Center Mediterranean Cosmos (E119), with the application of a deposit of a total capital amounting to € 5.548.115,12, in addition to a financial compensation of €1.000.000,00, plus interest. It is noted that against the capital of € 5.548.115,12 the prosecutor has already collected the amount of € 2.293.016,59 through letters of guarantee. Therefore, the capital of the said receivable has in essence been formed to the amount of € 3.255.088,53. Upon the above lawsuit, after the joint trial of the two above lawsuit of MICHANIKI S.A. against PYLAIA S.A., decision no. 8172/2009 has been issued, as stated, by the Multimember Court of First Instance of Athens, with which, based upon the above an expert opinion has been ordered regarding MICHANIKI S.A. receivables.

As far as lawsuit b' of PYLAIA S.A. the Court through a final ordinance has rejected all that was deemed as rejected. Amongst these the Court's acknowledgement is included to the fact that and the b' lawsuit of PYLAIA S.A. regarding the part with which PYLAIA S.A. has applied for the litigation of a total amount of € 3.833.364,10 is rejected in essence due to the deficiency of an active legitimate authorization of the prosecutor in regards to the petitioned adjudication, since the emanated from these construction contracts claim have been assigned from PYLAIA S.A. to a third party and thus the prosecutor PYLAIA S.A. is not entitled to collect them. The said ordinance of the above decision is final and thus as far as the above request and amount the lawsuit has been rejected on first instance.

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

5.6.39 Engagements

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

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
L/G Good Performance	182.523	212.449	155.233	172.984
L/G Retention Replacement	21.569	21.788	18.382	18.249
L/G Advance Payment	5.050	7.519	2.693	4.313
TOTAL	209.142	241.756	176.308	195.546

The assets of the companies of the Group are free of mortgages and charging orders in favour of third parties, except from one asset of the company "MICHANIKI RUSSIA" upon which a mortgage exist of €16.038.000 for the collateral of a long-term loan.

5.6.40 Dividends

The Company's Management, intends to suggest to the G.A. of the shareholders for the fiscal year end of 2009 the distribution of a dividend amounting to 0,035 euros per share of which dividend after the tax retaining obligation for dividends of 10% in favor of the Greek State (par. 1, article 18, l. 3697/2008) the remaining dividend will be attributed to the shareholders which amounts to € 0,0315 net per share.

5.6.41 Number and grants of Employed personnel

The evolution of the Group's and the company's personnel is presented below:

	THE GROUP		THE COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Salaried	440	506	311	355
Daily Wage	486	518	379	406
Total Employees	926	1.024	690	761

Fees and other grants that were deposited to the personnel are presented below:

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Personnel Emoluments	24.125	29.229	19.204	23.992
Employers' Contributions	8.033	10.024	6.379	8.346
Personnel Indemnities	698	571	525	455
Other personnel grants	12	34	4	26
Total	32.868	39.858	26.112	32.819
Amount charged to the Profit & Loss account	31.010	37.299	24.491	30.518
Amount capitalized within the asset self productions		0		
Amount in Inventories	3.970	2.559	1.621	2.301
Total	34.980	39.858	26.112	32.819

5.6.42 Management grants

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Short-term grants to personnel				
Salaries & Fees	1.579	1.735	996	1.026
Social Security Cost	140	130	61	61
Board of Directors Fees	3.373	2.805	1.533	2.667
Total	5.092	4.670	2.590	3.754

5.6.43 Reclassification of item accounts

During the current period a reclassification of certain net equity account items took place only on a Group level. From the relevant reclassification the net equity and the minority rights were not affected. In more analysis the amount of €53.317.000 which at December 31st 2008 had been registered in the account "Fair value reserves" of the statement of changes in net equity, was transferred to the account "Retained earnings".

The reclassification took place in order for the "Fair value reserves" account to include only the amount referring to the valuation differences resulting from a transfer of an asset to property investments (I.A.S. 16).

5.6.44 Events after the date of the balance sheet

The B' Repetitive Extraordinary General Assembly of the shareholders, of ordinary shares, dated 17.02.2010 and the B' Repetitive Extraordinary General Assembly of the shareholders, of preferred shares, dated 17.02.2010 of MICHANIKI S.A. decided the nominal diminution of the Company's share capital through a decrease of its share nominal value from 1,54 euros to 0,70 euros according to the ordinances of article 4 par. 4a of L. 2190/1920 and the formation of an equivalent, in amount, special reserve. Due to the above diminution, the Company's share capital was decreased by 78.041.470,92 euros and came up to 65.034.559,10 euros, divided into 66.937.526 ordinary registered with voting rights shares and 25.968.987 preferred shares with no voting rights, of nominal value amounting to 0,70 euros each.

In parallel, the above General Assemblies decided the Company's share capital increase with cash, up to 60.000.000,00 euros and the issue of 46.453.256 new ordinary with voting right shares, of 0,70 euros nominal value, with a pre-emptive right in favour of the old shares with a proportion of one (1) new ordinary with voting rights registered share per two (2) old ordinary or preferred shares.

The relevant, in conjunction to the above changes, Company Statute amendment was approved by the Minister of Finance decision no. K2-2381/15.03.2010 (Official Legal Notice Issue 1978/18.03.2010).

Additionally the above General Assemblies, based upon the defined ordinance of paragraph 6 of article 13 of C.L. 2190/1920, as it has been replaced with paragraph 3 of article 19 of L.3604/2007, authorized the Board of Directors to proceed itself with the designation of the offering price of the new shares within a time frame of one year, with the scope to formulate the offering price based upon the levels that will reflect the market conditions at the time the decision is taken by the Board of Directors. The capital deposit deadline will commence from the notification of the Board of Directors decision with which the offering price will be designated.

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

The yearly financial statements of the Group and the Company from page 17 up to and page 80 were approved by the Board of Directors assembly dated 26.3.2010.

THE CHAIRMAN

PRODROMOS S. EMFIETZOGLOU
ID No: Ξ 498825/86

THE MANAGING DIRECTOR

MELPOMENI PR. EMFIETZOGLOU
ID No: AE 034080/06

THE FINANCIAL DIRECTOR

APOSTOLOS N. ATHANASOPOULOS
ID No: Ξ 288898/87

THE CHIEF ACCOUNTING MANAGER

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

7 Appropriation of Raised Funds Report

MICHANIKI S.A.																	
REGISTERED OFFICES: AMAROUSIO "SOCIETE ANONYME" REGISTERED NUMBER 8440/06/B/86/16																	
APPROPRIATION OF RAISED FUNDS FROM THE SHARE CAPITAL INCREASE REPORT																	
(IN € MILLION)																	
It is notified, according to the Decisions: a) no. 58/28.12.2005 of the A.E. Board of Directors (Official Legal Notice Issue: 129/5/08.02.2001) and b) no. 33/24.11.2005 of the A.E. Board of Directors, that the partial coverage of the share capital increase, that took place based upon the decision of the B' Repetitive General Assembly of the shareholders dated 02.09.2000, was certified at 03.01.2001 and the procedure regarding the Share Capital increase and the relevant amendment of the Statute was completed with the decision of the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision no. K2 1636 (5C)/14.02.2001 of the Ministry of Development and the decision of the A.E. Board of Directors dated 09.11.2000. The raised capital amounted to approximately € 66,82 million and the offering expenses amounted to approximately € 0,79 million. The number of the new shares resulting from the share capital increase is 14.920.778 ordinary shares and 5.404.329 preferred of € 1,47 face value each and an offering price of € 3,52 for the ordinary shares and € 2,64 for the preferred. The execution right was from 22.11.2000 – 22.12.2000 and the commencement date regarding the trading of the new shares in the A.E. occurred at 28.02.2001. The anticipated matters within the Report of the mentioned share capital increase in addition to the disposal of funds up to 31.12.2009, are analyzed in the table below, based upon the application of the prementioned decision of the A.E. Board of Directors.																	
APPROPRIATION OF CAPITAL	APPROPRIATION OF RAISED FUNDS BASED UPON THE ANNUAL REPORT G.A. AT 02.08.2000 (page 46)						AMENDMENT OF APPROPRIATION OF FUNDS AS G.A. DATED 31.01.2001			AMENDMENT OF APPROPRIATION OF FUNDS AS G.A. DATED 29.06.2001			AMENDMENT OF APPROPRIATION OF FUNDS AS G.A. DATED 21.02.2002		DISPOSED CAPITAL FROM 01.01.2001 UP TO 31.12.2009 (TOTAL)	DISPOSED CAPITAL FROM 01.07.2009 UP TO 31.12.2009 (LAST SIX MONTH PERIOD)	
	2001		Total 2001	2002		Total 2002	Total	2001	2002	Total	2001	2002	Total	2001	2002	Total	
	A Semiannual	B Semiannual		A Semiannual	B Semiannual												
1. URBAN INVESTMENTS			30,81			35,22	66,03	2,93	2,93	5,87	2,93	2,93	5,87	2,35	13,02	15,37	2,48
a) Urban development of asset in Corfu	2,93	7,34	10,27	7,34	7,34	14,67	24,94	2,93	2,93	5,87	-	-	-	-	-	-	-
b) Construction of multiple use building in Thessalonica	2,93	7,34	10,27	7,34	7,34	14,67	24,94	-	-	-	-	-	-	-	-	-	-
c) Exploitation of asset in Larisa	2,93	7,34	10,27	4,40	1,47	5,87	16,14	-	-	-	-	-	-	-	-	-	-
d) Acquisition of Plots																	
2. ENERGY INVESTMENTS			11,74			24,94	36,68	1,47	27,88	29,35	1,47	19,08	20,54	2,93	13,02	15,37	2,93
a) Completion of HY station in river Gours (4MW)	1,47	0,00	1,47	0,00	0,00	0,00	1,47	1,47	-	-	1,47	1,47	-	-	-	-	-
b) Construction of HY station in river Venetiko (2,2MW)	0,00	1,47	1,47	1,47	1,47	2,93	4,40	-	1,47	1,47	-	-	-	-	-	-	-
c) Construction of HY station in river Alakmonas (3,2MW)	0,00	1,47	1,47	1,47	1,47	2,93	4,40	-	-	-	-	-	-	-	-	-	-
d) Construction of Grand HY stations	0,00	7,34	7,34	8,80	10,27	19,08	26,41	26,41	-	-	19,08	19,08	-	2,93	2,93	-	-
3. CONSTRUCTION OF OLYMPIC WORKS/ CO-FINANCING WORKS			5,87			8,80	14,67	7,34	7,34	7,34	7,34	7,34	7,34	7,34	7,34	7,34	7,34
a) Olympic works and infrastructure works	0,00	2,93	2,93	2,93	1,47	4,40	7,34	-	-	-	-	-	-	-	-	-	-
b) Road works with co-financing and concession contract	1,47	1,47	2,93	1,47	2,93	4,40	7,34	7,34	7,34	7,34	7,34	7,34	7,34	7,34	7,34	7,34	7,34
4. BALKAN EXPORT S.A.	0,00	22,01	22,01	0,00	0,00	0,00	22,01	-	-	-	-	-	-	-	-	-	-
5. MARMARA KAVALAS S.A.	0,00	1,47	1,47	1,47	0,00	0,00	2,93	2,93	2,93	2,93	2,93	2,93	2,35	-	-	2,35	2,34
a) Acquisition of marble and quarry company	0,00	1,47	1,47	1,47	0,00	0,00	1,47	2,93	2,93	2,93	2,93	2,93	2,35	-	-	2,35	2,34
b) Working Capital	1,17	1,17	2,35	1,47	0,00	1,47	3,82	1,47	1,47	1,47	1,47	1,47	0,88	-	0,88	0,87	0,87
c) Acquisition of equipment assets	1,47	0,59	2,05	0,00	0,00	0,00	2,05	1,47	1,47	1,47	1,47	1,47	1,47	-	1,47	1,47	1,47
6. HELLENIC PIPEWORKS S.A.	0,59	0,88	1,47	0,00	0,00	0,00	1,47	-	-	-	-	-	-	-	-	-	-
a) Improvement of mechanical equipment	0,59	0,88	1,47	0,00	0,00	0,00	1,47	-	-	-	-	-	-	-	-	-	-
b) Working Capital	1,47	0,00	1,47	0,00	0,00	0,00	1,47	-	-	-	-	-	-	-	-	-	-
7. BIEK S.A.	0,59	2,35	2,93	2,93	1,47	4,40	7,34	-	-	-	1,47	1,47	0,73	-	0,73	0,73	0,73
a) MICHANIKI BULGARIA S.A.	0,59	2,35	2,93	2,93	1,47	4,40	7,34	-	-	-	1,47	1,47	0,73	-	0,73	0,73	0,73
b) MICHANIKI SKOPIA S.A.	0,88	2,05	2,93	0,00	0,00	0,00	2,93	-	-	-	-	-	-	-	-	-	-
8. SPECIAL MECHANICAL EQUIPMENT	2,05	3,82	5,87	1,47	1,47	2,93	8,80	-	-	-	-	-	-	-	-	-	-
9. WORKING CAPITAL	8,80	2,93	11,74	2,93	0,00	2,93	14,67	14,67	14,67	22,01	22,01	22,01	22,01	22,01	22,01	22,01	37,29
10. TECHNICAL COMPANIES							4,40	1,47	5,87	5,87	5,87	1,76	20,88	22,64	22,64	22,64	22,64
11. S.P.O EXPENSES							1,89	0,79	0,79	0,79	0,79	0,79	0,79	0,79	0,79	0,79	0,79
TOTAL DISPOSED CAPITAL																	66,27
NON DISPOSED CAPITAL																	0,55
TOTAL							186,78			66,82			66,82		66,82		66,82

EXPLANATIONS UPON THE ACCOUNT ITEMS REGARDING THE APPROPRIATION OF RAISED FUNDS MEANS

Analytical information regarding the means and the reasons of the reallocation of the raised funds, is included in the information report (February / 2002), which as announced remained at disposal of investors, at MICHANIKI S.A. offices, at the A.E. and at the A.E.M.A.

a. case 4: Michaniki disposed through its subsidiaries the amount of € 2,48 million for the acquisition of assets.

b. case 5: The company "MARMARA KAVALAS S.A." increased its share capital, covered by MICHANIKI S.A. by the amount of € 2,34 million, based upon the Extraordinary General Assembly dated 10.04.2000 in conjunction with decision of the Ordinary General Assembly dated 28.06.2001.

c. case 7: The company "BIEK S.A." increased its share capital and MICHANIKI S.A. deposited in total the amount of € 0,73 million, based upon the Extraordinary General Assembly dated 25.04.2001 in conjunction with decision of the Extraordinary General Assembly dated 21.11.2001.

d. case 11: The differentiation (deviation) of the "working capital" from approximately € 15,28 million is temporary and was done for cost saving reasons regarding financial expenses, based upon the decision 1818/26.01.2006 of the company's Board of Directors regarding the execution of Decision 33/24.11.2005 of the Board of Directors of the A.E. (case a) of paragraph A.3).

e. case 12: Refers to the acquisition of nine construction companies based upon the framework of L.2940/2001.

f. Data for case b) paragraph A.2 of Decision 33/24.11.2005 of the Board of Directors of the A.E.

The remaining amount to be covered amounting to € 0,55 million is temporarily placed into short-term investments of low risk (Bank Deposits-€ 0,55 million) case b) of the prementioned decision.

Already the General Assembly of the shareholders dated 20.01.2010 decided the amendment regarding the appropriation of raised funds amounting to € 15,83 million of the above share capital increase as working capital.

Amarousio, March 26th, 2010			
THE CHAIRMAN	MANAGING DIRECTOR	THE FINANCIAL DIRECTOR	THE CHIEF ACCOUNTING MANAGER
PRODRAMOS S. EMFIETZOGLU ID No: Ε 498825 / 86	MELPOMENI PR. EMFIETZOGLU ID No: AE 034080 / 06	APOSTOLOS N. ATHANASOPOULOS ID No: Ε 288898 / 87	KIKIANTONIS I. CHRISTOS ID No: N 296442 / 83 License Register No. of the Chartered Auditors Association 13476

Report upon Findings from the Execution of Pre-agreed Procedures regarding the Appropriation of Raised Funds from the Share Capital Increase Report.

To the Board of Directors of the company "MICHANIKI S.A."

According to the order that we received from the Board of Directors of MICHANIKI S.A. (the Company), we performed the following pre-agreed procedures based upon the framework of the anticipated regulatory framework of the Athens Exchange in addition to the relevant legislative framework of the Committee, relevant to the Company's Appropriation of Raised Funds Report, which regard the share capital increase with cash that was certified at 03/01/2001. The Company's Management has the responsibility for the completion of the prementioned Report. We undertook this project in accordance to the International Standard of Interrelated Services 4400, which is in effect for "Assignments of Execution of Pre-agreed Procedures Interrelated with Financial Information". Our responsibility is to execute the above pre-agreed procedures and to inform you upon our findings.

Procedures:

1) We compared the amounts that are mentioned as cash disbursements in the attached "Appropriation of Raised Funds from the Share Capital Increase Report", with the respective amounts that have been recognized in the books and data of the Company, at the period mentioned.

2) We examined the completeness of the Report and the consistency of its contents with the information of the S.P.O. Report, issued by the Company for this reason, in addition to relevant decisions and announcements of the instruments of the Company in charge.

Findings:

a) The per year-end category amounts presented as cash disbursements in the attached "Appropriation of Raised Funds from the Share Capital Increase Report" result from the books and data of the Company, at the time period mentioned.

b) The contents of the Report include the minimum information anticipated for this scope from the regulatory framework of the Athens Exchange in addition to the relevant legislative framework of the committee and is consistent to the mentioned S.P.O. Report and the relevant decisions and announcements of the instruments of the Company in charge.

Taking into consideration that the performed project, does not constitute an audit or inspection, according to the International Auditing Standards or the International Standards regarding the Assignment of Inspection Projects, we do not express any other assurance apart from the information mentioned above. If we have conducted additional procedures or performed an audit or inspection it could be possible that other matters could have fallen to our attention, apart from the mentioned ones in the previous paragraph.

The current Report is exclusively addressed to the Company's Board of Directors, upon the framework of maintaining its obligations towards the regulatory framework of the Athens Exchange in addition to the relevant legislative framework of the committee. Therefore, this Report is not allowed to be used for other reasons since it is limited, only to the data mentioned above and it does not extend to the financial statements compiled by the Company for the year of 2009 for which we issued a separate Audit report dated March 26th, 2010.

Amarousio, March 26th, 2010	
THE CERTIFIED AUDITOR PUBLIC ACCOUNTANT	
GEORGIOS ATH. SKABAVIRIAS REG. NO (ICPA (GR)) 14661 S.O.L. S.A.	

8 Information of Article 10 of Law 3401/2005 of Fiscal Year End 2009

<u>SUBJECT</u>	DATE
<u>SUMMARY OF MICHANIKI S.A. STATUTE ARTICLE AMENDMENT DRAFT SUMMARY (according to article 19 §2 of I.3556/2007)</u>	30/12/2009
<u>Board of Directors Report of MICHANIKI S.A. according to the ordinances of article 9 of L. 3016/2002 and paragraphs 4.1.4.1.1 and 4.1.4.1.2 of the Athens Exchange Regulation for a share capital increase with cash.</u>	29/12/2009
<u>Regulated Information Announcement</u>	29/12/2009
<u>Extraordinary General Assembly Invitation of Shareholders of Ordinary Shares</u>	28/12/2009
<u>Extraordinary General Assembly Invitation of Shareholders of Preferred Shares Regulated Information Announcement</u>	28/12/2009
<u>Regulated Information Announcement</u>	23/12/2009
<u>Regulated Information Announcement</u>	21/12/2009
<u>Regulated Information Announcement</u>	16/12/2009
<u>Regulated Information Announcement</u>	11/12/2009
<u>Regulated Information Announcement</u>	8/12/2009
<u>Regulated Information Announcement</u>	3/12/2009
<u>Regulated Information Announcement</u>	30/11/2009
<u>Nine Month Results of 2009 Regulated Information Announcement</u>	26/11/2009
<u>Regulated Information Announcement</u>	6/11/2009
<u>Regulated Information Announcement</u>	4/11/2009
<u>Notification of Shareholder Percentage Change</u>	2/11/2009
<u>Regulated Information Announcement</u>	23/10/2009
<u>Completion of the restoration of the National Theatre Building</u>	20/10/2009

<u>ANNOUNCEMENT REGARDING THE COMPLETION OF OWN SHARES SALE</u>	20/10/2009
<u>Regulated Information Announcement</u>	14/10/2009
<u>Sale of Own Shares</u>	2/10/2009
<u>Participation on the 4th Yearly Greek Road show organized by the Athens Exchange in collaboration with Bloomberg</u>	1/10/2009
<u>Regulated Information Announcement</u>	30/9/2009
<u>Regulated Information Announcement</u>	25/9/2009
<u>Regulated Information Announcement</u>	24/9/2009
<u>MICHANIKI underbids on a Project budgeted at 65 million euros</u>	22/9/2009
<u>Regulated Information Announcement</u>	22/9/2009
<u>Regulated Information Announcement</u>	14/9/2009
<u>Regulated Information Announcement</u>	9/9/2009
<u>Regulated Information Announcement</u>	4/9/2009
<u>Vevis Mining area in Florina Prefecture</u>	4/9/2009
<u>Regulated Information Announcement</u>	31/8/2009
<u>Six Month Results of 2009</u>	26/8/2009
<u>Regulated Information Announcement</u>	20/8/2009
<u>Regulated Information Announcement</u>	18/8/2009
<u>Regulated Information Announcement</u>	14/8/2009
<u>Regulated Information Announcement</u>	10/8/2009
<u>Regulated Information Announcement</u>	5/8/2009
<u>Regulated Information Announcement</u>	31/7/2009
<u>Regulated Information Announcement</u>	28/7/2009
<u>Regulated Information Announcement</u>	23/7/2009
<u>Regulated Information Announcement</u>	16/7/2009
<u>Michaniki remains on a development track</u>	16/7/2009
<u>Regulated Information Announcement</u>	13/7/2009

<u>Regulated Information Announcement</u>	7/7/2009
<u>Regulated Information Announcement</u>	3/7/2009
<u>Regulated Information Announcement</u>	30/6/2009
<u>Regulated Information Announcement</u>	26/6/2009
<u>Announcement of dividend payment for fiscal year of 2008</u>	24/6/2009
<u>Announcement regarding the decisions of the ordinary General Assembly of the shareholders at 24.06.2009</u>	24/6/2009
<u>Regulated Information Announcement</u>	23/6/2009
<u>Regulated Information Announcement</u>	18/6/2009
<u>Regulated Information Announcement</u>	16/6/2009
<u>Regulated Information Announcement</u>	11/6/2009
<u>Regulated Information Announcement</u>	5/6/2009
<u>MICHANIKI underbids for a work budgeted at 46,9 million euros</u>	3/6/2009
<u>Regulated Information Announcement</u>	2/6/2009
<u>Invitation of the 34th Ordinary General Assembly of the Shareholders</u>	2/6/2009
<u>Regulated Information Announcement</u>	28/5/2009
<u>A' Quarter Month Results of 2009</u>	28/5/2009
<u>Replacement of Equipment and Supplies Manager</u>	26/5/2009
<u>Regulated Information Announcement</u>	21/5/2009
<u>Regulated Information Announcement</u>	18/5/2009
<u>Regulated Information Announcement</u>	13/5/2009
<u>Regulated Information Announcement</u>	8/5/2009
<u>Republication of the Yearly Financial Report</u>	5/5/2009
<u>Regulated Information Announcement</u>	5/5/2009
<u>Regulated Information Announcement</u>	29/4/2009
<u>Regulated Information Announcement</u>	24/4/2009
<u>Regulated Information Announcement</u>	21/4/2009

<u>Regulated Information Announcement</u>	15/4/2009
<u>Regulated Information Announcement</u>	9/4/2009
<u>Regulated Information Announcement</u>	6/4/2009
<u>Information to Analysts regarding the results and prospects of the Company</u> <u>Regulated Information Announcement</u>	3/4/2009
<u>Regulated Information Announcement</u>	1/4/2009
<u>Regulated Information Announcement</u>	27/3/2009
<u>Fiscal year End 2008 Results</u> <u>Regulated Information Announcement</u>	26/3/2009
<u>Regulated Information Announcement</u>	23/3/2009
<u>Regulated Information Announcement</u>	18/3/2009
<u>Regulated Information Announcement</u>	13/3/2009
<u>Regulated Information Announcement</u>	10/3/2009
<u>Participation in the International Exhibition of Business Real Estate in Cannes</u> <u>Regulated Information Announcement</u>	9/3/2009
<u>Regulated Information Announcement</u>	6/3/2009
<u>Regulated Information Announcement</u>	3/3/2009
<u>Financial Calendar of 2009</u> <u>Regulated Information Announcement</u>	27/2/2009
<u>Regulated Information Announcement</u>	25/2/2009
<u>Regulated Information Announcement</u>	20/2/2009
<u>Regulated Information Announcement</u>	19/2/2009
<u>Regulated Information Announcement</u>	16/2/2009
<u>Regulated Information Announcement</u>	11/2/2009
<u>Regulated Information Announcement</u>	9/2/2009
<u>Regulated Information Announcement</u>	4/2/2009
<u>Notification of Shareholder Percentage Change</u> <u>Regulated Information Announcement</u>	3/2/2009
<u>Regulated Information Announcement</u>	2/2/2009
<u>Regulated Information Announcement</u>	29/1/2009
<u>Regulated Information Announcement</u>	27/1/2009
<u>Regulated Information Announcement</u>	23/1/2009



<u>Regulated Information Announcement</u>	20/1/2009
<u>Regulated Information Announcement</u>	16/1/2009
<u>Regulated Information Announcement</u>	9/1/2009
<u>Regulated Information Announcement</u>	7/1/2009
<u>Regulated Information Announcement</u>	2/1/2009

All of the above information is sited in the company's website address link below:

<http://www.michaniki.gr/sitenev/index.cfm?pageid=129&category=news&lang=1>