

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



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

**SIX – MONTH FINANCIAL REPORT**  
**(In accordance with article 5 of Law 3556/2007)**

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We hereby confirm that the attached Interim Financial Statements for the period 01/01-30/06/2008 are those approved by the Board of Directors of "I. KLOUKINAS - I. LAPPAS Construction and Commerce S.A." on 20/08/2008 and are disclosed to the company's website [www.klmate.gr](http://www.klmate.gr) . It is noted that the summary financial data published in the press are intended to provide to the reader with certain general information but do not provide a comprehensive picture of the financial position and results of the company and the Group in accordance with the International Accounting Standards. It is also noted that certain items in the summary financial data have been condensed for the sake of simplicity.

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

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## **STATEMENTS OF MEMBERS OF THE BOARD**

**(In accordance with article 5 par. 2 of Law 3556/2007)**

The members of the Board of Directors of I. KLOUKINAS- I. LAPPAS CONSTRUCTION AND COMMERCE S.A.:

1. Mr Ioannis Kloukinas, President and CEO of the BoD
2. Mr Ioannis Lappas, Vice-President and CEO of the BoD
3. Mr Loukas Spentzaris , Executive member of the BoD

### **WE DECLARE THAT:**

as far as we know:

a. The company's and the consolidated financial statements for the 1st half of 2008 which were drawn up in accordance with applicable accounting standards, reflect in a true manner the assets and liabilities, equity and results of I. KLOUKINAS- I. LAPPAS CONSTRUCTION AND COMMERCIAL COMPANY S.A as well as of the entities included in the consolidation process, taken as a whole, in accordance with the provisions of Article 5(3) to (5) of Law 3556/2007.

b. The half-yearly report of the Board of Directors contains the true information required by Article 5(6) of Law 3556/2007.

Athens, 20.08.2008

**PRESIDENT OF BOD**

**VICE-PRESIDENT OF BOD**

**MEMBER OF BOD**

**IOANNIS KLOUKINAS**

**IOANNIS LAPPAS**

**LOUKAS SPENTZARIS**

**I. KLOUKINAS- I. LAPPAS CONSTRUCTION AND COMMERCE S.A.**

**HALF YEAR FINANCIAL REPORT OF THE BOARD OF DIRECTORS  
FOR THE PERIOD 1.1.2008 -30.6.2008**

This reports includes a brief description of financial information about the group and of the company "I. KLOUKINAS - I.LAPPAS SA." for the first six months of 2008, important events that took place in this period along with their effect on the semiannual financial statements, the major risks and uncertainties which the group companies will face within the second quarter of the current fiscal year, and finally the important transactions effected between the publisher and its related parties.

**Comments on the group's financial results**

The Group's turnover amounted to 33.330 thousand euro over 26.338 thousand euro, an increase of 26,55 % over the first semester of 2007.

The Group's gross profits amounted to 15.972 thousand euro over 13.932 thousand euro for the first semester of 2007, increased by 14,64 %.

The Group's operating profits before taxes interest and depreciation ( EBITDA ) amounted to 6.072 thousand euro over 7.665 thousand euro , decreased by 20,78 %.

The Group's profits before taxes amounted to 4.222 thousand euro over 6.368 thousand euro, decreased by 33,70 %.

The profits after taxes and rights of minority amounted to 2.936 thousand euro , over 4.520 thousands euro decreased by 35,04% .

We should take into consideration that the operating profits before taxes interest and depreciation ( EBITDA ) is decreased over the first semester of 2007 as a result of the installation cost of the new stores which operated during the second quarter or will operate during the second half of 2008 . In addition the company leased a new warehouse in Tavros in order to contribute to the warehousing and logistic support of the sales network. This increased the total lease cost in the current period by 0.365 thousand euro. Moreover, the results of the company's 100% subsidiary COMPTON HOUSE HELLAS (ELC) participated in the group's profit & loss account as at 30.06.08

(Sales 2.557 thousand euro and losses after taxes 0.132 thousand euro). In the comparative interim financial statements as at 30.06.07, COMPTON HOUSE HELLAS is not consolidated due to its acquisition by the parent company in November 2007. We should note that the activity of the aforementioned company (Children's products & Learning toys) indicates intense seasonality .

Finally the finance cost is increased by 51,55% due to the 6.000 thousand euro loan which was raised for the acquisition of the Early Learning Centre.

### **Significant events of the first six-month period of the current fiscal year**

The significant events for the first six month period and their effect on the interim financial statements as at 30.06.08 are the following.

#### **1. Separation of the construction sector**

In accordance with the resolutions of the Annual General Meeting dated 29.05.08, the shareholders of the company approved the spin off process of the construction sector and its transfer to the 100% subsidiary company under the corporate name "IOANNIS KLOUKINAS – IOANNIS LAPPAS CONSTRUCTION SOCIETE " pursuant to L.2166/1993.

An evaluation report of the construction sector dated 31.03.08, has been approved by the Annual General meeting of the shareholders. After the conclusion of the procedure the listed company will operate only in the commercial sector.

#### **2. New stores**

During the first semester of the fiscal year 2008 the Group has leased new stores : Chios, Korinthos, Tavros, Larissa, Rethymno, Thessaloniki, Romania 2 stores. From the aforementioned stores only 2 (Chios, Thessaloniki) have operated during the second trimester of 2008 . This resulted in an increase of the group's operating cost of the Group without the realization of any revenues.

### **3. New Projects**

During the current period the company undertook new projects amounting to 10.000.000 euro.

Specifically:

- (a) Kosmocar SA for the construction of a car show room in Marousi
- (b) Media Saturn Administration SA for the construction of the company's head offices in Alimos and

Ektasis Development SA for the construction and repairing of two preservable buildings one in 70 Ermou str. and the other in 22 Ermou str. in Athens.

The aforementioned contracts, which will be completed mainly during the current fiscal year, have improved the construction sector's turnover and profits in line with the percentage of completion.

### **Risks and Insecurities for the second six – month period of the fiscal year 2008:**

#### **Foreign Exchange Risk**

The Group has not implemented hedging instruments for the foreign exchange risk, which will derive mainly from its futures transactions and liabilities in foreign currency (GBP, USD). The Group contacts constantly its financial advisors in order to determine the appropriate hedging policy .

#### **Credit Risk & Liquidity Risk**

A substantial part of the Group sales are on retail basis. For the construction sector, the policies that the group has developed, ensure that construction contracts are signed with clients that have a satisfactory credit standing. For the liquidity risk the Group has sufficient cash as well as sufficient credit lines with cooperating banks.

## Interest Rate Risk

The Group is subject to cash flow risk which, in case of interest rates fluctuations, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities. The policy of the Group is to preserve its debt mainly, at a floating interest rate. At the end of the fiscal period, the total of the Group's debt was with a floating interest rate. The risk of interest rate change derives mainly from the finance lease liabilities.

## Significant Transactions with Related Parties

The company's commercial transactions with related parties during the first six – month period of 2008 have been realized in accordance with regular market terms, present no significant differences with the transactions which took place in the previous year 2007 and as a result they don't affect substantially the financial position of the company during the first six – month period of 2008.

The following tables present intra-company sales and other transactions between the company and its subsidiaries for the first six – month period of 2008, as well as the receivables and payables balances of the company and its subsidiaries as of June 30, 2008.

Inter-company transactions- Income statement 30.06.08

	Purchases											TOTAL		
	KLM SA	KLM ATE	TEDRA	ENERGIAKI	KERASOVO	ISTOS	ENTELEIA	COMPTON	ROMANIA	FYROM	BULGARIA		ALBANIA	SERBIA
KLM SA									160.612	47.015	112.790	108.182	119.852	548.452
KLM ATE						5.366	2.000							7.366
TEDRA														0
ENERGIAKI														0
KERASOVO														0
ISTOS														0
ENTELEIA		56.950												56.950
COMPTON	201.929													201.929
ROMANIA														0
FYROM														0
BULGARIA														0
ALBANIA														0
SERBIA														0
TOTAL	201.929	56.950	0	0	0	0	5.366	2.000	160.612	47.015	112.790	108.182	119.852	814.697

Inter-company transactions-Balance sheet 30.06.08

	Liabilities											TOTAL		
	KLM SA	KLM ATE	TEDRA	ENERGIAKI	KERASOVO	ISTOS	ENTELEIA	COMPTON	ROMANIA	FYROM	BULGARIA		ALBANIA	SERBIA
KLM SA									70.934	135.806	224.861	348.398	119.852	4.039.981
KLM ATE	84.238						6.386	2.380						93.003
TEDRA														0
ENERGIAKI														0
KERASOVO														0
ISTOS														0
ENTELEIA		64.382												64.382
COMPTON	410.790													410.790
ROMANIA														0
FYROM														0
BULGARIA														0
ALBANIA														0
SERBIA														0
TOTAL	495.028	187.887	1.431.296	170.021	60.000	909.357	452.336	2.380	70.934	135.806	224.861	348.398	119.852	4.608.156



## I. KLOUKINAS – I. LAPPAS S.A.

### Inter-company transactions- Income statement 30.06.07

		Purchases									
		KLM SA	KLTH LTD	TEDRA	ENERGIAKI	KERASOVO	ISTOS	ROMANIA	FYROM	BULGARIA	TOTAL
Sales	KLM SA					653.000		53.037	44.213	82.594	832.844
	KLTH LTD	279.671									279.671
	TEDRA										0
	ENERGIAKI										0
	KERASOVO										0
	ISTOS										0
	ROMANIA										0
	FYROM										0
	BULGARIA										0
	<b>TOTAL</b>	<b>279.671</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>653.000</b>	<b>0</b>	<b>53.037</b>	<b>44.213</b>	<b>82.594</b>	<b>1.112.515</b>

### Inter-company transactions-Balance sheet 31.12.07

		Liabilities											
		KLM SA	KLTH LTD	TEDRA	ENERGIAKI	KERASOVO	ISTOS	ROMANIA	FYROM	BULGARIA	SERBIA	ALBANIA	TOTAL
Receivables	KLM SA												3.132.997
	KLTH LTD	84.238											84.238
	TEDRA												0
	ENERGIAKI												0
	KERASOVO												0
	ISTOS												0
	ROMANIA												0
	FYROM												0
	BULGARIA												0
	<b>TOTAL</b>	<b>84.238</b>	<b>64.888</b>	<b>1.176.189</b>	<b>170.021</b>	<b>60.000</b>	<b>914.635</b>	<b>24.493</b>	<b>188.992</b>	<b>170.712</b>	<b>122.818</b>	<b>240.249</b>	<b>3.217.235</b>

The above mentioned transactions which took place either between the company and its subsidiaries or between the subsidiaries companies have been eliminated from the consolidated financial statements.

The inter-company profit and loss transactions relate with purchases and sales of merchandises / goods (children's clothes and toys), except of the transactions between the companies ENTELEIA SA and KLM ATE which relate to sales from other services.

Inter-company transactions – balance sheet (receivables – liabilities) have derived from commerce transactions between the companies.

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

	GROUP		COMPANY	
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
<b>Salaries and other short-term benefits</b>				
Salaries of BOD members (salaried)	46.204	31.153	46.204	31.153
Senior management executives	98.874	85.006	98.874	85.006
BOD fees	360.000	360.000	360.000	360.000
<b>Total</b>	<b>505.077</b>	<b>476.159</b>	<b>505.077</b>	<b>476.159</b>

Interim Financial Statements 30.06.2008

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To The Shareholders of I.KLOUKINAS – I. LAPPAS CONSTRUCTION & COMMERCE S.A.

### ***Introduction***

We have reviewed the accompanying company and consolidated balance sheet of I.KLOUKINAS – I. LAPPAS CONSTRUCTION & COMMERCE S.A. as at 30 June 2008, and the related income statements, statements of changes in equity, and cash flow statements for the six-month period then ended, as well as the explanatory notes that constitute the interim financial information, which is an integral part of the six-month financial report of article 5 Law 3556/2007. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union and apply to interim financial reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

### ***Scope of review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", to which the Greek Auditing Standards refer. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Review Conclusion***


Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Reference on Other Legal and Regulatory Requirements

Apart from the aforementioned interim financial information, we also reviewed the remaining components included in the six-month financial report as required by article 5 of L.3556/2007 as well as the information required by the relevant Decisions of the Capital Markets Committee as set-out in the Law. Based on our review we concluded that the financial report includes the data and the information that are required by the Law and the Decisions referred to above and is consistent with the accompanying financial information.

Athens, 28<sup>th</sup> August 2008  
The Certified Public Accountant

John V. Kalogeropoulos  
SOEL. Reg. No: 10741

 **BAKER TILLY HELLAS**  
Certified Public Accountants- Consultants A.E.  
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SOEL Reg.No: 148

## 1. Balance Sheet

Amounts reported in €

	NOTES	GROUP		COMPANY	
		30/6/2008	31/12/2007	30/6/2008	31/12/2007
<b>ASSETS</b>					
<b>Non current assets</b>					
Tangible Assets		25.115.772	24.780.178	15.874.037	17.668.810
Intangible Assets		2.204.282	2.017.604	2.111.983	2.017.112
Goodwill	8.2	8.603.002	8.597.468	2.710.160	2.710.160
Investment Property		34.680.000	34.680.000	34.680.000	34.680.000
Investment in Subsidiaries		0	0	11.114.034	11.063.534
Investment in Associates		18.052	60.051	0	79.310
Other long term receivables		854.355	563.604	717.775	468.638
Deferred Tax		158.722	142.962	0	0
		<b>71.634.185</b>	<b>70.841.867</b>	<b>67.207.989</b>	<b>68.687.563</b>
<b>Current assets</b>					
Inventories		10.563.412	9.127.814	7.184.451	6.697.956
Trade debtors and other trading		26.117.556	22.168.504	11.010.730	21.072.213
Prepayments		972.642	593.687	201.072	487.798
Other receivables		575.605	415.286	686	240.916
Financial Assets		284.043	284.043	284.043	284.043
Cash and cash equivalents		6.732.797	12.537.920	2.031.736	8.129.780
		<b>45.246.055</b>	<b>45.127.254</b>	<b>20.712.718</b>	<b>36.912.707</b>
Non current assets held for sale	8.6	0	0	18.729.050	0
		<b>0</b>	<b>0</b>	<b>18.729.050</b>	<b>0</b>
<b>Total Assets</b>		<b>116.880.241</b>	<b>115.969.121</b>	<b>106.649.757</b>	<b>105.600.270</b>
<b>EQUITY AND LIABILITIES</b>					
Share Capital	8.13	7.425.086	7.425.086	7.425.086	7.425.086
Share Premium		10.988.065	10.988.065	10.988.065	10.988.065
Reserves of fair value		-32.877	-32.877	-32.877	-32.877
Exchange differences		-94.130	-83.386	0	0
Other Reserves		3.070.157	2.722.338	2.995.645	2.647.826
Accumulated profits/(losses)		40.693.452	44.293.380	39.738.894	43.653.136
<b>Attributable to ordinary shareholders</b>		<b>62.049.753</b>	<b>65.312.606</b>	<b>61.114.814</b>	<b>64.681.236</b>
<b>Minority Interest</b>		<b>687.085</b>	<b>1.070.281</b>	<b>0</b>	<b>0</b>
<b>Total Shareholders' Equity</b>		<b>62.736.838</b>	<b>66.382.888</b>	<b>61.114.814</b>	<b>64.681.236</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Interest bearing borrowings		22.588.826	23.538.408	21.255.680	22.092.973
Deferred Tax		3.637.410	3.479.307	2.735.099	3.110.871
Retirement benefit obligation		661.664	603.641	496.840	591.401
Other long term liabilities		494.949	415.066	429.249	365.066
<b>Total Non-current liabilities</b>		<b>27.382.849</b>	<b>28.036.422</b>	<b>24.916.867</b>	<b>26.160.312</b>
<b>Current Liabilities</b>					
Trade and other payables		17.858.913	16.038.691	7.045.505	12.863.007
Short term borrowings		5.160.717	1.887.427	742.885	61.882
Current portion of interest bearing borrowings		1.887.340	1.846.969	1.624.472	1.590.120
Other current liabilities		1.853.584	1.776.725	297.755	243.713
		<b>26.760.554</b>	<b>21.549.812</b>	<b>9.710.616</b>	<b>14.758.722</b>
Liabilities relating to non current assets held for sale	8.6	0	0	10.907.459	0
<b>Total current liabilities</b>		<b>26.760.554</b>	<b>21.549.812</b>	<b>20.618.075</b>	<b>14.758.722</b>
<b>Total Liabilities</b>		<b>54.143.403</b>	<b>49.586.234</b>	<b>45.534.942</b>	<b>40.919.033</b>
<b>Total Equity and Liabilities</b>		<b>116.880.241</b>	<b>115.969.121</b>	<b>106.649.757</b>	<b>105.600.270</b>

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

## 2. Income Statement

Amounts reported in €

	GROUP			
	01.01 - 30.6.2008	01.01 - 30.6.2007	01.04 - 30.6.2008	01.04 - 30.6.2007
Sales	33.330.026	26.337.961	18.396.881	14.637.801
Cost of Sales	-17.357.975	-12.406.299	-9.426.764	-6.568.583
<b>Gross Profit</b>	<b>15.972.051</b>	<b>13.931.662</b>	<b>8.970.118</b>	<b>8.069.219</b>
Other operating income	686.647	584.128	253.586	365.905
Distribution costs	-8.704.234	-5.198.370	-5.050.496	-2.920.128
Administrative expenses	-2.740.516	-2.297.946	-1.656.345	-1.501.035
Other operating expenses	-8.000	-4.166	-8.000	83.402
<b>Operating profit</b>	<b>5.205.948</b>	<b>7.015.308</b>	<b>2.508.863</b>	<b>4.097.363</b>
Finance cost	-978.760	-645.924	-615.244	-445.253
Income from associates	-4.759	-1.693	-13.691	810
<b>Profit before tax</b>	<b>4.222.429</b>	<b>6.367.690</b>	<b>1.879.928</b>	<b>3.652.921</b>
Tax	-1.172.656	-1.736.447	-615.506	-1.144.038
<b>Profit after tax</b>	<b>3.049.774</b>	<b>4.631.244</b>	<b>1.264.421</b>	<b>2.508.883</b>
<b>Net profit after tax attributable to:</b>				
Shareholders of Kloukinas-Lappas	2.936.461	4.519.921	1.142.334	2.437.698
Minority interests	113.312	111.323	122.087	71.185
	<b>3.049.774</b>	<b>4.631.244</b>	<b>1.264.421</b>	<b>2.508.883</b>
Basic earnings per share	0,12	0,18	0,05	0,10

Amounts reported in €

COMPANY

	01.01 - 30.6.2008		01.01 - 30.6.2007			
	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
Sales	15.463.806	12.153.442	27.617.248	14.819.222	8.746.874	23.566.095
Cost of Sales	-5.662.309	-9.731.220	-15.393.529	-5.455.301	-6.067.244	-11.522.545
<b>Gross Profit</b>	<b>9.801.497</b>	<b>2.422.222</b>	<b>12.223.719</b>	<b>9.363.921</b>	<b>2.679.630</b>	<b>12.043.551</b>
Other operating income	561.960	11.234	573.194	474.104	27.323	501.428
Distribution costs	-6.351.564	0	-6.351.564	-4.772.203	0	-4.772.203
Administrative expenses	-1.268.684	-984.869	-2.253.553	-828.473	-1.068.476	-1.896.949
Other operating expenses	0	0	0	-4.166	0	-4.166
<b>Operating profit</b>	<b>2.743.208</b>	<b>1.448.588</b>	<b>4.191.796</b>	<b>4.233.183</b>	<b>1.638.477</b>	<b>5.871.661</b>
Finance cost	-528.438	-302.445	-830.883	-357.669	-226.715	-584.383
Income from associates	0	181.157	181.157	0	200.183	200.183
<b>Profit before tax</b>	<b>2.214.770</b>	<b>1.327.300</b>	<b>3.542.070</b>	<b>3.875.514</b>	<b>1.611.946</b>	<b>5.487.460</b>
Tax	-611.364	-309.557	-920.920	-1.146.677	-375.942	-1.522.619
<b>Profit after tax</b>	<b>1.603.406</b>	<b>1.017.743</b>	<b>2.621.150</b>	<b>2.728.838</b>	<b>1.236.003</b>	<b>3.964.841</b>

**Net profit after tax attributable to:**

Shareholders of Kloukinas-Lappas	1.603.406	1.017.743	2.621.150	2.728.838	1.236.003	3.964.841
Minority interests	0	0	0	0	0	0

Basic earnings per share

	0,06	0,04	0,11	0,11	0,05	0,16
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I. KLOUKINAS – I. LAPPAS S.A.

COMPANY

Amounts reported in €

	01.04 - 30.6.2008		01.04 - 30.6.2007		
	Continued operations	Discontinued operations	Continued operations	Discontinued operations	Total
Sales	8.287.222	6.653.123	7.553.170	4.709.607	12.262.776
Cost of Sales	-2.941.224	-5.457.001	-2.367.421	-3.029.902	-5.397.323
<b>Gross Profit</b>	<b>5.345.997</b>	<b>1.196.121</b>	<b>5.185.749</b>	<b>1.679.705</b>	<b>6.865.454</b>
Other operating income	179.522	4.634	309.559	19.161	328.721
Distribution costs	-3.678.655	0	-2.617.182	0	-2.617.182
Administrative expenses	-755.695	-634.083	-596.379	-700.903	-1.297.282
Other operating expenses	0	0	-4.166	0	-4.166
<b>Operating profit</b>	<b>1.091.170</b>	<b>566.673</b>	<b>2.277.581</b>	<b>997.963</b>	<b>3.275.545</b>
Finance cost	-326.176	-191.759	-222.970	-170.288	-393.257
Income from associates	0	208.898	0	98.546	98.546
<b>Profit before tax</b>	<b>764.994</b>	<b>583.812</b>	<b>2.054.611</b>	<b>926.222</b>	<b>2.980.833</b>
Tax	-282.499	-132.476	-414.975	-247.411	-1.008.493
<b>Profit after tax</b>	<b>482.495</b>	<b>451.336</b>	<b>1.293.529</b>	<b>678.811</b>	<b>1.972.340</b>

**Net profit after tax attributable to:**

Shareholders of Kloukinas-Lappas  
Minority interests

Shareholders of Kloukinas-Lappas	482.495	451.336	1.293.529	678.811	1.972.340
Minority interests	0	0	0	0	0

Basic earnings per share

Basic earnings per share	0,02	0,02	0,05	0,03	0,08
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### 3. Consolidated Statement of Changes in Equity

	Attributable to the parent company shareholders							Minority Interests	Total
	Share capital	Share premium	Reserves of fair value	Exchange differences	Other reserves	Accumulated profit/(losses)	Total		
<i>Amounts reported in €</i>									
<b>Balance as of January 1 2007, according to IFRS</b>	<b>6.187.572</b>	<b>11.275.656</b>	<b>-32.877</b>	<b>36.039</b>	<b>2.531.577</b>	<b>34.133.672</b>	<b>54.131.638</b>	<b>568.358</b>	<b>54.699.996</b>
Changes in equity during the period 01/01 - 30/6/2007									
Share capital increase	1.237.514	-287.591	0	0	0	-949.924	0	0	0
Subsidiary's share capital increase	0	0	0	0	0	0	0	198.553	198.553
Dividends	0	0	0	0	0	-4.331.300	-4.331.300	-254.957	-4.586.257
Exchange differences	0	0	0	76.264	0	0	76.264	0	76.264
Transfer from accumulated profits	0	0	0	0	182.552	-182.552	0	0	0
Change due to percentage change in subsidiary company	0	0	0	0	0	-24.584	-24.584	24.584	0
Net income recognised directly in Equity	0	0	0	0	3.333	-3.333	0	0	0
Net operating profit for the period: 01/01 - 30/6/2007	0	0	0	0	0	4.519.921	4.519.921	111.323	4.631.244
<b>Total recognised profit/loss for the period</b>	<b>1.237.514</b>	<b>-287.591</b>	<b>0</b>	<b>76.264</b>	<b>185.885</b>	<b>-971.773</b>	<b>240.300</b>	<b>79.503</b>	<b>319.803</b>
<b>Balance as of June 30, 2007</b>	<b>7.425.086</b>	<b>10.988.065</b>	<b>-32.877</b>	<b>112.302</b>	<b>2.717.462</b>	<b>33.161.898</b>	<b>54.371.938</b>	<b>647.861</b>	<b>55.019.799</b>
<b>Balance as of January 1 2008, according to IFRS</b>	<b>7.425.086</b>	<b>10.988.065</b>	<b>-32.877</b>	<b>-83.386</b>	<b>2.722.338</b>	<b>44.293.380</b>	<b>65.312.606</b>	<b>1.070.281</b>	<b>66.382.888</b>
Changes in Equity during the 01/01-30/6/08 period									
Dividends	0	0	0	0	0	-6.187.572	-6.187.572	-497.507	-6.685.079
Exchange differences	0	0	0	-10.745	0	0	-10.745	0	-10.745
Net operating profit for the 01/01-30/06/2008 period	0	0	0	0	0	2.936.461	2.936.461	113.312	3.049.774
<b>Total recognized profit/loss for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10.745</b>	<b>0</b>	<b>-3.251.111</b>	<b>-3.261.856</b>	<b>-384.194</b>	<b>-3.646.050</b>
<b>Balance as of June 30, 2008</b>	<b>7.425.086</b>	<b>10.988.065</b>	<b>-32.877</b>	<b>-94.130</b>	<b>2.722.338</b>	<b>41.042.269</b>	<b>62.050.751</b>	<b>686.087</b>	<b>62.736.838</b>



#### 4. Parent Company Statement of Changes in Equity

<i>Amounts in €</i>	Attributable to the parent company shareholders					Total
	Share capital	Share premium	Reserves of fair value	Other reserves	Accumulated profit/(losses)	
<b>Balance as of January 1 2007, according to IFRS</b>	<b>6.187.572</b>	<b>11.275.656</b>	<b>-32.877</b>	<b>2.465.273</b>	<b>34.385.083</b>	<b>54.280.707</b>
Changes in equity during the period 01/01-30/06/2007						<b>0</b>
Share capital increase	1.237.514	-287.591	0	0	-949.924	<b>0</b>
Dividends	0	0	0	0	-4.331.300	<b>-4.331.300</b>
Transfer from accumulated profits	0	0	0	182.552	-182.552	<b>0</b>
Net operating profit for the period 01/01-30/06/2007	0	0	0	0	3.964.841	<b>3.964.841</b>
<b>Total recognised profit/loss for the period</b>	<b>1.237.514</b>	<b>-287.591</b>	<b>0</b>	<b>182.552</b>	<b>-1.498.936</b>	<b>-366.460</b>
<b>Balance as of June 30, 2007</b>	<b>7.425.086</b>	<b>10.988.065</b>	<b>-32.877</b>	<b>2.647.826</b>	<b>32.886.148</b>	<b>53.914.248</b>
<b>Balance as of January 1 2008, according to IFRS</b>	<b>7.425.086</b>	<b>10.988.065</b>	<b>-32.877</b>	<b>2.647.826</b>	<b>43.653.136</b>	<b>64.681.236</b>
Changes in equity during the period 01/01-30/06/2008						
Dividends	0	0	0	0	-6.187.572	-6.187.572
Transfer from accumulated profits	0	0	0	347.819	-347.819	0
Net operating profit for the period 01/01-30/06/2008	0	0	0	0	2.621.150	2.621.150
<b>Total recognised profit/loss for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>347.819</b>	<b>-3.914.242</b>	<b>-3.566.422</b>
<b>Balance as of June 30, 2008</b>	<b>7.425.086</b>	<b>10.988.065</b>	<b>-32.877</b>	<b>2.995.645</b>	<b>39.738.894</b>	<b>61.114.814</b>

## 5. Cash flow Statement

Amounts reported in €

Note	GROUP		COMPANY	
	01.01 - 30.6.2008	01.01 - 30.6.2007	01.01 - 30.6.2008	01.01 - 30.6.2007
<b>Cash flows from operating activities</b>				
8.1	<b>493.998</b>	<b>4.934.133</b>	<b>3.547.941</b>	<b>5.524.440</b>
Less: Interest paid	(698.378)	(440.054)	(255.106)	(151.798)
Less: Income taxes paid	(792.237)	(590.383)	(583.926)	(413.499)
Operating activities from discontinued operations	0	0	(2.977.502)	(1.671.223)
<b>Net Cash flows from operating activities(a)</b>	<b>(996.617)</b>	<b>3.903.697</b>	<b>(268.592)</b>	<b>3.287.920</b>
<b>Cash flows from investing activities</b>				
Purchase of tangible and intangible assets	(1.379.632)	(2.687.269)	(1.155.659)	(1.008.059)
Proceeds of sale of tangible asset	2.000	200	0	200
Acquisition of subsidiaries, affiliates, joint venture and other investment	(60.000)	0	(60.000)	(2.060.000)
Cash and cash equivalents of acquired company	438.709	0	0	0
Share capital return from associates	0	0	0	0
Interest received	18.810	3.096	11.612	3.096
Dividends received	12.810	8.674	12.810	8.674
Investing activities from discontinued activities	0	0	(16.474)	62.494
<b>Net Cash flows from investing activities(b)</b>	<b>(967.303)</b>	<b>(2.675.300)</b>	<b>(1.207.710)</b>	<b>(2.993.596)</b>
<b>Cash flows from financing activities</b>				
Proceeds from share capital increase	0	198.553	0	0
Expenses due to share capital increase	0	0	0	0
Proceeds from issued/undertaken loans	7.214.808	9.714.377	4.243.826	8.264.061
Repayment of loans	(4.170.247)	(6.861.439)	(3.810.247)	(6.538.343)
Payment of finance lease liabilities	(581.288)	(453.853)	(485.107)	(453.853)
Dividends paid	(6.304.475)	(4.478.428)	(6.184.475)	(4.328.428)
Financing activities from discontinued activities	0	0	2.499.774	0
<b>Net Cash flows from financing activities(c)</b>	<b>(3.841.202)</b>	<b>(1.880.790)</b>	<b>(3.736.229)</b>	<b>(3.056.562)</b>
<b>Net increase in cash and cash equivalents(a)+(b)+ ( c )</b>	<b>(5.805.123)</b>	<b>(652.393)</b>	<b>(5.212.532)</b>	<b>(2.762.238)</b>
Cash and cash equivalents at beginning of period	12.537.920	6.881.825	8.129.780	5.356.593
<b>Net increase in cash and cash equivalents at end of period</b>	<b>6.732.797</b>	<b>6.229.432</b>	<b>2.917.249</b>	<b>2.594.356</b>

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

## **6. ADDITIONAL INFORMATION**

### **6.1 General Information**

The financial statements include the company financial statements of "I. KLOUKINAS – I. LAPPAS CONSTRUCTION & COMMERCE SOCIETE ANONYME" operating as K.L.M. S.A. (the Company), and the consolidated financial statements of the company and its subsidiaries (the Group) for the period ended on 30<sup>st</sup> June 2008, according to the International Financial Reporting Standards (IFRS).

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

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

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

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

### **6.2 Basis of Preparation**

The financial statements include the company financial statements of "I. KLOUKINAS – I. LAPPAS CONSTRUCTION & COMMERCE SOCIETE ANONYME" operating as K.L.M. S.A. (the Company), and the consolidated financial statements of the company and its subsidiaries (the Group) for the six month period of 2008 covering the period from the 1st of January to the 30<sup>st</sup> of June 2008, have been prepared on the principles of the historic cost, adjusted for certain assets and liabilities to fair value and going concern.

They are in accordance with the International Financial Reporting Standards (I.F.R.S.) and more specifically with International Financial Reporting Standard (I.A.S.) 34 "Interim Financial Statements".

The principal accounting policies adopted in the preparation of the Financial Statements as of December 31, 2007 were consistently applied herein.

### **6.3 New standards, amendments and interpretations to existing standards**

#### New standards, amendments and interpretations to existing standards effective from January 1st 2008

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

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

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

##### **IFRIC 12-Service Concession Arrangements**

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

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

IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 applies to post-employment and other long-term employee defined benefit plans. The interpretation clarifies when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. As the Company does not currently operate any such benefit plans with defined benefit assets for its employees, this interpretation is not presently relevant to the Company.

New standards, amendments and interpretations to existing standards not yet effective or applied

### **IFRS 23 (Amendment) Borrowing Cost**

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

### **IFRS 8 Operating Sectors**

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

### **IFRIC 13 Customer Loyalty Programmes**

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

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

## **6.4 Group `s structure and consolidation method**

Group companies that are included in the consolidated financial statements are:

## I. KLOUKINAS – I. LAPPAS S.A.

GROUP STRUCTURE				
Name	Headquarters	Participation %	Relation that dictated consolidation	Consolidation method
I.Kloukinas-I.Lappas Construction & Commerce S.A.	Greece	<b>Parent Company</b>	-	-
K.L.M. ATE	Greece	100,00%	Direct	Full Consolidation (1)
I.Kloukinas-I.Lappas Energy S.A.	Greece	93,14%	Direct	Full Consolidation
MYIE Kerasovou S.A.	Greece	82,89%	Indirect(I.Kloukinas-I.Lappas Energy S.A με 89%)	Full Consolidation
KLM SA-TEDRA SA joint venture	Greece	70,00%	Direct	Full Consolidation
KLM SA-ISTOS LTD joint venture	Greece	75,00%	Direct	Full Consolidation
COMPTON HOUSE PROPERTIES LIMITED COMPANY	Cyprus	100,00%	Direct	Full Consolidation
COMPTON HOUSE HELLAS(ELC)	Greece	100,00%	Indirect	Full Consolidation
SYSMEROM COM SRL	Romania	100,00%	Direct	Full Consolidation
KLM BULGARIA EOOD	Bulgaria	100,00%	Direct	Full Consolidation
KLMS COM DOOEL	FYROM	100,00%	Direct	Full Consolidation
KLSAL LTD	Albania	100,00%	Direct	Full Consolidation
KLSEK COMMERCE LTD	Serbia	100,00%	Direct	Full Consolidation
KLM TRGOVINA KROATIA	Croatia	100,00%	Direct	Full Consolidation
KLSLV D.O.O	Slovenia	100,00%	Direct	Full Consolidation
ENTELEIA S.A..	Greece	100,00%	Direct	Full Consolidation
KLOUKINAS-LAPPAS SA-ERGO SA joint venture	Greece	50,00%	Direct	Equity
K.L.M.SA &SIA ERGO PALLINIS EE	Greece	70,00%	Direct	Equity
K.L.M.ATE &SIA EE	Greece	70,00%	Direct	Equity
ATHONIKI TECHNIKI-KLM SA joint venture	Greece	50,00%	Direct	Equity
ATTIKAT	Greece	10,00%	Direct	Equity

(1) KLTH Carpentry works Ltd is transformed to Societe Anonyme and change its name note 8.17

In the financial statements as at 30.06.08 the companies under the name "Compton House Properties Limited" and "Compton House Hellas" were consolidated using the full consolidation method .The above entities were not included in the financial statements as at 30.06.07 due to their recent acquisition in November 2007.

In the consolidated financial statements as at 30.06.08 the company under the name "ENTELEIA SA" participated in the group's financial statements with the full consolidation method due to the acquisition by the parent company of the remaining 60% of the share capital in April 2008. The acquisition cost amounted to 60.000 €.The above company participated in the consolidated financial statements as at 31.12.2007 and 31.03.2008 using the equity method as KLM SA acquired 40% since the foundation of the company in 2007.

The results after tax of "ENTELEIA SA" affected the group's results by 2.131,27 € loss , and the company' s turnover by 27.141,20 € after the elimination of the related parties transactions.

The participation of the company in its subsidiary "KLM ATE" (ex KLTH LTD) has increased from 99,59% to 100% due to the donation of the remaining percentage from a third party.

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

## 7. SEGMENT INFORMATION

### 7.1 Review by business segment

The Group activates in four business segments: Commerce , Construction, Energy and Woodwork activity.

The results of these activities are presented in detail below:

#### COMPANY (01.01-30.06.08)

	Commercial segment	Construction segment	Total
<i>Amounts reported in €</i>			
Sales	15.463.806	12.153.442	27.617.248
Cost of Sales	-5.662.309	-9.731.220	-15.393.529
<b>Gross Profit</b>	<b>9.801.497</b>	<b>2.422.222</b>	<b>12.223.719</b>
Other operating income	561.960	11.234	573.194
Distribution costs	-6.351.564	0	-6.351.564
Administrative expenses	-1.268.684	-984.869	-2.253.553
Other operating expenses	0	0	0
<b>Operating profit</b>	<b>2.743.208</b>	<b>1.448.588</b>	<b>4.191.796</b>
Finance cost	-528.438	-302.445	-830.883
Income from associates	0	181.157	181.157
<b>Profit before tax</b>	<b>2.214.770</b>	<b>1.327.300</b>	<b>3.542.070</b>
Tax			-920.920
<b>Profit after tax</b>			<b>2.621.150</b>

**COMPANY (01.01-30.06.07)**

	Commercial segment	Construction segment	Total
<i>Amounts reported in €</i>			
Sales	14.819.222	8.746.874	23.566.095
Cost of Sales	-5.455.301	-6.067.244	-11.522.545
<b>Gross Profit</b>	<b>9.363.921</b>	<b>2.679.630</b>	<b>12.043.551</b>
Other operating income	474.104	27.323	501.428
Distribution costs	-4.772.203	0	-4.772.203
Administrative expenses	-828.473	-1.068.476	-1.896.949
Other operating expenses	-4.166	0	-4.166
<b>Operating profit</b>	<b>4.233.183</b>	<b>1.638.477</b>	<b>5.871.661</b>
Finance cost	-357.669	-226.715	-584.383
Income from associates	0	200.183	200.183
<b>Profit before tax</b>	<b>3.875.514</b>	<b>1.611.946</b>	<b>5.487.460</b>
Tax			-1.522.619
<b>Profit after tax</b>	<b>3.875.514</b>	<b>1.611.946</b>	<b>3.964.841</b>

**GROUP (01.01-30.06.08)**

	Commercial segment	Construction segment	Energy segment	Carpentry segment	Total
<i>Amounts reported in €</i>					
Sales	19.757.052	13.148.045	382.497	42.432	33.330.026
Cost of Sales	-6.889.656	-10.352.459	-107.868	-7.992	-17.357.975
<b>Gross Profit</b>	<b>12.867.397</b>	<b>2.795.587</b>	<b>274.628</b>	<b>34.439</b>	<b>15.972.051</b>
Other operating income	655.630	11.234	14.440	5.342	686.647
Distribution costs	-8.697.149	0	0	-7.085	-8.704.234
Administrative expenses	-1.596.056	-1.038.923	-35.768	-69.770	-2.740.516
Other operating expenses	-8.000	0	0	0	-8.000
<b>Operating profit</b>	<b>3.221.822</b>	<b>1.767.898</b>	<b>253.301</b>	<b>-37.073</b>	<b>5.205.948</b>
Finance cost	-591.524	-302.740	-46.076	-38.420	-978.760
Income from associates	0	-4.759	0	0	-4.759
Proceeds from acquisition of subsidiary	0	0	0	0	0
<b>Profit before tax</b>	<b>2.630.298</b>	<b>1.460.399</b>	<b>207.225</b>	<b>-75.492</b>	<b>4.222.429</b>
Tax					-1.172.656
<b>Profit after tax</b>					<b>3.049.774</b>

**GROUP (01.01-30.06.07)**

	Commercial segment	Construction segment	Energy segment	Carpentry segment	Total
<i>Amounts reported in €</i>					
Sales	16.420.008	9.559.875	317.287	40.791	26.337.961
Cost of Sales	-5.963.468	-6.352.469	-54.191	-36.171	-12.406.299
<b>Gross Profit</b>	<b>10.456.540</b>	<b>3.207.406</b>	<b>263.096</b>	<b>4.620</b>	<b>13.931.662</b>
Other operating income	551.055	27.323	2.407	3.342	584.128
Distribution costs	-5.179.459	0	0	-18.911	-5.198.370
Administrative expenses	-1.056.330	-1.120.463	-44.971	-76.181	-2.297.946
Other operating expenses	-4.166	0	0	0	-4.166
<b>Operating profit</b>	<b>4.767.641</b>	<b>2.114.266</b>	<b>220.532</b>	<b>-87.131</b>	<b>7.015.308</b>
Finance cost	-362.803	-229.715	-13.343	-40.064	-645.924
Income from associates	0	-1.693	0	0	-1.693
<b>Profit before tax</b>	<b>4.404.838</b>	<b>1.882.858</b>	<b>207.189</b>	<b>-127.194</b>	<b>6.367.690</b>
Tax					-1.736.447
<b>Profit after tax</b>					<b>4.631.244</b>



## 7.2 Review by geographical segment

Domestic sales are generated by the companies I.KLOUKINAS - I.LAPPAS S.A., K.L.M. ATE (CARPENTRY WORKS), KL ENERGY SA, MYHE KERASOVO SA, KLM SA-TEDRA SA joint venture, KLM SA-ISTOS LTD joint venture ,COMPTON HOUSE HELLAS SA and ENTELEIA SA.

Sales abroad are generated by the companies SYSMEROM COM SRL (Romania), KLMS KOM DOOEL (FYROM) and KLM BULGARIA LTD (Bulgaria),KLSAL LTD (ALBANIA),KLSER COMMERSE LTD (SERBIA).

	01.01 - 30.6.2008		01.01 - 30.6.2007	
	Domestic	Abroad	Domestic	Abroad
<b>Group sales</b>	<b>30.870.261</b>	<b>2.459.765</b>	<b>24.636.597</b>	<b>1.701.364</b>

## 7.3 Review of construction segment

The revenue recognized from construction contracts as at 30.06.08 and 30.06.07 is 26.865.118,89 € and 34.904.420,10 € respectively.

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

The total realized cost and the recognized profits (less losses) for the work in progress as at 30.06.2008 and 30.06.2007 are 22.286.130,81 € and 14.791.223,41 €.

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

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Amounts in €	Company	
	30.06.2008	30.06.2007
Realized cost	22.219.758,15	11.296.340,91
Plus: recognized profit	4.645.360,74	3.494.882,50
Less: total recognized losses	0,00	0,00
Less: invoiced amounts	25.270.502,33	13.393.535,89
<b>Amounts receivables/ payables</b>	<b>1.594.616,56</b>	<b>1.397.687,52</b>

## 8. Additional Information and Notes on the Interim Financial Statements.

### 8.1 Cash flow from operating activities

Amounts reported in €

	GROUP		COMPANY	
	01.01 - 30.6.2008	01.01 - 30.6.2007	01.01 - 30.6.2008	01.01 - 30.6.2007
<b>Cash flows from operating activities</b>				
<b>Net profit before taxation (continued operations)</b>	<b>4.222.429</b>	<b>6.367.690</b>	<b>2.214.770</b>	<b>3.875.514</b>
<b>Net profit before taxation (discontinued operations)</b>			<b>1.327.300</b>	<b>1.611.946</b>
<b>Adjustments for</b>				
Depreciation	865.968	649.233	571.717	435.460
Provisions	58.023	34.200	41.461	26.334
Exchange differences	(6.620)	(80.246)	(6.620)	(56.387)
Depreciation of government grant	(17.783)	(5.749)	0	0
Revaluation of Investment property	0	0	0	0
Dividends received	(12.810)	(8.674)	(12.810)	(8.674)
Proceeds of sale of tangible assets	(2.000)	(200)	0	(200)
Income/Loss from associates	4.759	1.693	0	0
Profit from acquired company	0	0	0	0
Interest received	(18.810)	(3.096)	(11.612)	(3.096)
Interest expense	1.010.380	657.694	552.861	369.438
<b>Operating profit before working capital changes</b>				
(Increase) /Decrease in inventories	(1.005.598)	(148.541)	(538.342)	(32.883)
(Increase)/Decrease in trade receivables	(4.621.286)	1.168.017	1.158.751	1.293.239
Increase/(Decrease) in trade payables	17.346	(3.697.889)	(1.749.534)	(1.986.253)
<b>Cash flows from operating activities</b>	<b>493.998</b>	<b>4.934.133</b>	<b>3.547.941</b>	<b>5.524.440</b>

### 8.2 Goodwill

	Group		Company	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
<b>Balance as at 01.01.2008 &amp; 01.01.2007</b>	8.597.468	3.009.854	2.710.160	2.710.160
Additions	5.534	5.587.614	0	0
<b>Balance as at 30.06.2008 &amp; 31.12.2007</b>	<b>8.603.002</b>	<b>8.597.468</b>	<b>2.710.160</b>	<b>2.710.160</b>

Goodwill recognized for the period in the consolidated financial statements is relating to the acquisition of 60% of the share capital of the greek company under the name ENTELEIA SA .As a result of the acquisition the participation of KLM S.A in the company " ENTELEIA SA" has increased to 100% from the initial 40%. Therefore the company above is included in the group's financials statement with the full consolidation method. The acquisition cost amounted to 60.000 €.

Goodwill analysis is as follows:

<b>Goodwill Analysis</b>	<b>Amounts in €</b>
<b>Acquisition cost</b>	
Acquisition cost	60.000
<b>Less:</b>	
Fair Value of assets acquired by the Group	54.466
<b>Goodwill</b>	<b>5.534</b>

The fair value of the assets and liabilities acquired are as follows:

<b>Amounts in €</b>	<b>Fair value</b>
Deffered Tax Assets	4.159
Inventory	258.000
Trade Debtors and other Receivables	94.674
Cash and Cash equivalent	263.225
Long term Liabilities	(9.420)
Suppliers and other Liabilities	(556.173)
<b>Total assets of subsidiary</b>	<b>54.466</b>

### **8.3 Tax Un-audited fiscal year**

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

The non audited fiscal years for the Group, are presented as follows :

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Name	Headquarters	Tax Un-audited fiscal year	Notes
I.Kloukinas-I.Lappas Construction & Commerce S.A.	Greece	2005-2007	
K.L.M. ATE	Greece	2005-2007	(1)
I.Kloukinas-I.Lappas Energy S.A.	Greece	2003-2007	
MYIE Kerasovou S.A.	Greece	2001-2007	
KLM SA-TEDRA SA joint venture	Greece	2004-2007	
KLM SA-ISTOS LTD joint venture	Greece	2005-2007	
COMPTON HOUSE PROPERTIES LIMITED COMPANY	Cyprus	-	
COMPTON HOUSE HELLAS(ELC)	Greece	2004-2007	
ENTELEIA SA	Greece	2007	
SYSMEROM COM SRL	Romania	2006-2007	
KLM BULGARIA EOOD	Bulgaria	2005-2007	
KLMS COM DOOEL	FYROM	2007	
KLSAL LTD	Albania	-	(2)
KLSER COMMERCE LTD	Serbia	2006-2007	
KLM TRGOVINA KROATIA	Croatia	2006-2007	
KLSLV D.O.O	Slovenia	2006-2007	

(1) KLTH Carpentry works Ltd is transformed to Societe Anonyme and change its name note 8.17

(2). Establishment on 26.6.2007

### 8.4 Existing encumbrances

Encumbrances over company assets are reported in the following Table:

Serial no	Description	Location	Encumbrance	Bank	Amount in €
				"Commercial Bank"	453.104
				"National Bank"	336.625
1.	Plot of land fit for building 177,10sqm with all buildings	Athens-"Ambelokipi Attica" at 3 Loudovikou Pasteur St.	Mortgage prenotations dated 31.12.2002	"Alpha-Pisteos"	265.444
				"Eurobank-EFG"	265.444
				"Commercial Bank"	654.483
2.	Plot of land fit for building 558,00sqm	Spata, location "Mazareko" O.T(135) on Irakliou St.	Mortgage prenotations dated 28.02.2002	"National Bank"	486.236
				"Alpha-Pisteos"	383.419
				"Eurobank-EFG"	265.444
			<b>Total :</b>		<b>3.228.174</b>

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

### 8.5 Commitments

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

	GROUP		COMPANY	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
Work in progress	26.675.273	18.356.997	25.265.273	17.719.090
Letters of guarantee				
Other letters of guarantee for safeguarding liabilities	2.554.077	2.762.433	2.486.202	2.694.558
Letters of guarantee for fulfilment of a contract secure	13.422.901	11.794.591	13.389.401	11.726.168
Letters of guarantee for participation to auction	0	3.783.680	0	3.783.680
<b>Total</b>	<b>15.976.978</b>	<b>18.340.704</b>	<b>15.875.603</b>	<b>18.204.406</b>

### 8.6 Assets held for sale

#### 8.6.1 Non current assets held for sale

In accordance with the resolutions of the Annual General Meeting dated 29.05.08, the shareholders of the company approved the spin off process of the construction sector and its transfer to the 100% subsidiary company under the corporate name "IOANNIS KLOUKINAS – IOANNIS LAPPAS CONSTRUCTION SOCIETE " (ex KLTH Carpentry L.T.D.) pursuant to L.2166/1993. The total assets and liabilities of the transferred sector are recorded, until the completion of the procedure, in KLM SA' s books pursuant to Law 2166. The company by implementing IFRS 5 "Non current assets held for sale and Discontinued operations" has recorded the construction sector in the Balance Sheet under the name "Non current assets for sale". The analysis of the total assets is as follows:

*Amounts reported in €*

**30/6/2008**

**Non current assets**

Tangible Assets	2.229.667
Investment in Subsidiaries	49.500
Investment in Associates	39.310

**2.318.477**

**Current assets**

Inventories	62.714
Trade debtors and other trading receivables	14.550.239
Prepayments	645.988
Other receivables	266.121
Cash and cash equivalents	885.512

**16.410.573**

**Total Assets**

**18.729.050**

**8.6.2 Liabilities relating to non current assets held for sale**

The analysis of the liabilities relating to the non current assets held for sale is as follows:

*Amounts reported in €*

**Non-current liabilities**

Deferred Tax	515.908
Retirement benefit obligation	148.407

**664.314**

**Current Liabilities**

Trade and other payables	7.736.187
Short term borrowings	2.506.496
Other current liabilities	461

**10.243.144**

**Total Liabilities**

**10.907.459**

## 8.7 Discontinued operations

The discontinued operations are relating to the transferred construction sector. The discontinued operations are presented only in company' s level and no in group level as the construction sector is transferred to 100% subsidiary which is fully consolidated. The company adjusted the comparative profit and loss account and cash flow statements as at 30.6.2007, in accordance with IFRS 5, to continued and discontinued operations to provide a fully- detailed information. Also, the company adjusted the profit and loss accounts of the first quarter 2008 and 2007, to continued and discontinued operations in order for the second quarter' s results to be comparable.

The profit and loss account of the first quarter 2008 is presented analytically as follows:

	COMPANY					
	Continued Operations	01.01-31.03.08 Discontinued Operations	Total	Continued Operations	01.01-31.03.07 Discontinued Operations	Total
Sales	7.176.584	5.500.319	12.676.903	7.266.052	4.037.267	11.303.319
Cost of Sales	-2.721.085	-4.274.218	-6.995.303	-3.087.880	-3.037.342	-6.125.222
<b>Gross Profit</b>	<b>4.455.499</b>	<b>1.226.101</b>	<b>5.681.600</b>	<b>4.178.172</b>	<b>999.925</b>	<b>5.178.097</b>
Other operating income	382.438	6.600	389.038	164.545	8.162	172.707
Distribution costs	-2.672.910	0	-2.672.910	-2.155.021	0	-2.155.021
Administrative expenses	-512.989	-350.786	-863.775	-232.094	-367.573	-599.667
Other operating expenses	0	0	0	0	0	0
<b>Operating profit</b>	<b>1.652.038</b>	<b>881.915</b>	<b>2.533.953</b>	<b>1.955.602</b>	<b>640.514</b>	<b>2.596.116</b>
Finance cost	-202.262	-110.686	-312.948	-134.699	-56.427	-191.126
Income from associates	0	-27.741	-27.741	0	101.637	101.637
Proceeds from acquisition of subsidiary	0	0	0	0	0	0
<b>Profit before tax</b>	<b>1.449.776</b>	<b>743.488</b>	<b>2.193.264</b>	<b>1.820.903</b>	<b>685.724</b>	<b>2.506.627</b>
Tax	-328.864	-177.081	-505.945	-385.595	-128.532	-514.126
<b>Profit after tax</b>	<b>1.120.912</b>	<b>566.407</b>	<b>1.687.319</b>	<b>1.435.309</b>	<b>557.193</b>	<b>1.992.501</b>
<b>Net profit after tax attributable to:</b>						
Shareholders of Kloukinas-Lappas	1.120.912	566.407	1.687.319	1.435.309	557.193	1.992.501
Minority interests	0	0	0	0	0	0
Basic earnings per share	0,05	0,02	0,07	0,06	0,02	0,08

The discontinued operations as at 30.6.2008 and 30.6.2007 respectively, are as follows:



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<b>Discontinued operations</b>	<b>01.01 - 30.6.2008</b>	<b>01.01 - 30.6.2007</b>
Sales	12.153.442	8.746.874
Cost of Sales	-9.731.220	-6.067.244
<b>Gross Profit</b>	<b>2.422.222</b>	<b>2.679.630</b>
Other operating income	11.234	27.323
Distribution costs	0	0
Administrative expenses	-984.869	-1.068.476
Other operating expenses	0	0
<b>Operating profit</b>	<b>1.448.588</b>	<b>1.638.477</b>
Finance cost	-302.445	-226.715
Income from associates	181.157	200.183
<b>Profit before tax</b>	<b>1.327.300</b>	<b>1.611.946</b>
Tax	-309.557	-375.942
<b>Profit after tax</b>	<b>1.017.743</b>	<b>1.236.003</b>

The cash flow statements of discontinued operations are as follows:

	<b>COMPANY</b>	
	<b>01.01 - 30.6.2008</b>	<b>01.01 - 30.6.2007</b>
Operating activities from discontinued activities	(1.650.202)	(59.277)
Investing activities from discontinued activities	(16.474)	62.494
Financing activities from discontinued activities	2.499.774	0

### 8.8 Contingent Claims and Liabilities

#### Litigations

On 05.09.2001, the company has lodged a lawsuit with the Court of First Instance of Athens (Ordinary Proceedings), recorded under number 6942/2001, against a banking societe anonyme, , for an amount of € 389.046,02. After several postponements the hearing is set for 09.10.08 while settlement talks are pending .

The company has filed lawsuit GNA 87626 against an individual, claiming the amount of €964.296,17 plus interest, as contractor's consideration for the execution of a project. The initial hearing was set for 17/5/2007, when it was postponed again for 22/05/2008 in view of pending settlement talks . In relation to the same claim, the Company has lodged a request for provisional measures, scheduled for hearing initially on 26/3/2007

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at the Court of First Instance of Athens, when it was postponed again for 04/06/2007, when it was cancelled in view of pending settlement talks . In light of the evidence in this case, it is deemed likely for the Company's suit to be accepted, at least for its largest part.

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

In relation to the same claim, has lodged a request for attachment of real property up to the amount of 3.500.000 euro scheduled for hearing on 20/3/2007 at the Court of First Instance of Athens, when it was postponed for 04/06/2007, when it was cancelled in view of pending settlement talks.

According to a letter by the I. KLOUKINAS – I. LAPPAS S.A. legal counsel, there are claims by private parties (against the company) for a total amount of approximately €1.275,000.

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

### 8.9 Employees and employee benefits

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

	GROUP		COMPANY	
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
<b>Salaried</b>	<b>476</b>	<b>350</b>	<b>335</b>	<b>301</b>
<b>Wage-earners</b>	<b>45</b>	<b>70</b>	<b>39</b>	<b>70</b>
<b>Total</b>	<b>521</b>	<b>420</b>	<b>374</b>	<b>371</b>

## 8.10 Related party transactions

Inter-company transactions- Income statement 30.06.08

		Purchases											TOTAL		
		KLM SA	KLM ATE	TEDRA	ENERGIAKI	KERASOVO	ISTOS	ENTELEIA	COMPTON	ROMANIA	FYROM	BULGARIA	ALBANIA	SERBIA	
Sales	KLM SA									160.612	47.015	112.790	108.182	119.852	548.452
	KLM ATE						5.366	2.000							7.366
	TEDRA														0
	ENERGIAKI														0
	KERASOVO														0
	ISTOS														0
	ENTELEIA														56.950
	COMPTON	201.929	56.950												201.929
	ROMANIA														0
	FYROM														0
	BULGARIA														0
ALBANIA														0	
SERBIA														0	
TOTAL	201.929	56.950	0	0	0	0	5.366	2.000	160.612	47.015	112.790	108.182	119.852	814.697	

Inter-company transactions-Balance sheet 30.06.08

		Liabilities											TOTAL		
		KLM SA	KLM ATE	TEDRA	ENERGIAKI	KERASOVO	ISTOS	ENTELEIA	COMPTON	ROMANIA	FYROM	BULGARIA	ALBANIA	SERBIA	
Receivables	KLM SA									70.934	135.806	224.861	348.398	119.852	4.039.981
	KLM ATE	84.238						6.386	2.380						93.003
	TEDRA														0
	ENERGIAKI														0
	KERASOVO														0
	ISTOS														0
	ENTELEIA														64.382
	COMPTON	410.790	64.382												410.790
	ROMANIA														0
	FYROM														0
	BULGARIA														0
ALBANIA														0	
SERBIA														0	
TOTAL	495.028	187.887	1.431.296	170.021	60.000	909.357	452.336	2.380	70.934	135.806	224.861	348.398	119.852	4.608.156	

Inter-company transactions- Income statement 30.06.07

		Purchases									TOTAL
		KLM SA	KLTH LTD	TEDRA	ENERGIAKI	KERASOVO	ISTOS	ROMANIA	FYROM	BULGARIA	
Sales	KLM SA										832.844
	KLTH LTD	279.671									279.671
	TEDRA										0
	ENERGIAKI										0
	KERASOVO										0
	ISTOS										0
	ROMANIA										0
	FYROM										0
	BULGARIA										0
	TOTAL	279.671	0	0	0	653.000	0	53.037	44.213	82.594	1.112.515

Inter-company transactions-Balance sheet 31.12.07

		Liabilities											TOTAL
		KLM SA	KLTH LTD	TEDRA	ENERGIAKI	KERASOVO	ISTOS	ROMANIA	FYROM	BULGARIA	SERBIA	ALBANIA	
Receivables	KLM SA												3.132.997
	KLTH LTD	84.238											84.238
	TEDRA												0
	ENERGIAKI												0
	KERASOVO												0
	ISTOS												0
	ROMANIA												0
	FYROM												0
	BULGARIA												0
	TOTAL	84.238	64.888	1.176.189	170.021	60.000	914.635	24.493	188.992	170.712	122.818	240.249	3.217.235

## 8.11 Benefits of Board of Directors

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

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	GROUP		COMPANY	
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
<b>Salaries and other short-term benefits</b>				
Salaries of BOD members (salaried)	46.204	31.153	46.204	31.153
Senior management executives	98.874	85.006	98.874	85.006
BOD fees	360.000	360.000	360.000	360.000
<b>Total</b>	<b>505.077</b>	<b>476.159</b>	<b>505.077</b>	<b>476.159</b>

Receivables by the members of the BoD amounted to 41.724 euro as at 30.6.2008 for the company and the group.

### 8.12 Earnings per share

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

Earnings per share	GROUP		COMPANY					
	01.01 - 30.6.2008 Cotinued Operations	01.01 - 30.6.2007 Cotinued Operations	Cotinued Operations	01.01 - 30.6.2008 Discontinued Operations	Total	Cotinued Operations	01.01 - 30.6.2007 Discontinued Operations	Total
Amounts in €								
Profits after income tax	3.049.774	4.631.244	1.603.406	1.017.743	2.621.150	2.728.838	1.236.003	3.964.841
Profits after income tax (1)	3.049.774	4.631.244	1.603.406	1.017.743	2.621.150	2.728.838	1.236.003	3.964.841
<b>Distributed as follows:</b>								
Parent company shareholders (2)	2.936.461	4.519.921	1.603.406	1.017.743	2.621.150	2.728.838	1.236.003	3.964.841
Minority rights	113.312	111.323						
	3.049.774	4.631.244	1.603.406	1.017.743	2.621.150	2.728.838	1.236.003	3.964.841
<b>Weighted number of shares outstanding (3)</b>	<b>24.750.288</b>	<b>24.750.288</b>	<b>24.750.288</b>	<b>24.750.288</b>	<b>24.750.288</b>	<b>24.750.288</b>	<b>24.750.288</b>	<b>24.750.288</b>
<b>Basic earnings per share (euro/share) (2/3)</b>	<b>0,12</b>	<b>0,18</b>	<b>0,06</b>	<b>0,04</b>	<b>0,11</b>	<b>0,11</b>	<b>0,05</b>	<b>0,16</b>

### 8.13 Share Capital

In the current period the share capital of the company remained unchanged. The company's share capital is shown analytically below:

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<b>Share capital</b>	Share Capital	Share Premium	Total
Balance at January 1st, 2007	6.187.572	11.275.656	17.463.228
Issue of bonus shares 2 new for 10 existing shares held	1.237.514	-287.591	949.924
<b>Balance at December 31st, 2007</b>	<b>7.425.086</b>	<b>10.988.065</b>	<b>18.413.152</b>

	Share Capital	Share Premium	Total
Balance at January 1st, 2008	7.425.086	10.988.065	18.413.152
<b>Balance at June 30st, 2008</b>	<b>7.425.086</b>	<b>10.988.065</b>	<b>18.413.152</b>

	<b>Issued shares</b>	
Balance at January 1st, 2007		20.625.240
Issue of bonus shares 2 new for 10 existing shares held		4.125.048
<b>Balance at December 31st, 2007</b>		<b>24.750.288</b>

	<b>Issued shares</b>	
Balance at January 1st, 2008		24.750.288
<b>Balance at June 30st, 2008</b>		<b>24.750.288</b>

### 8.14 Dividends payable

The Annual Ordinary General Meeting of the Company's Shareholders held on May 29, 2008 approved the distribution of dividend for the fiscal year 2007 amounting to 0.25 € per share.

### 8.15 Seasonality

The sales of the company's 100% subsidiary "COMPTON HOUSE HELLAS (ELC)" indicate intense seasonality because of its activity (Children's products & Learning toys), which is the exclusive activity of the company Early Learning Centre Limited.

Specifically, Compton House Hellas generates 27% of its annual turnover in December due to Christmas period. The above company is included in the group's financial statements since November 2007, due to its acquisition from the parent company.

### 8.16 Other Contingent Liabilities

None incurred.

### **8.17 Subsequent events**

a) According to the decision of the Ministry of Development no 6798/31.03.2008 KLTH Carpentry Works is transformed into Societe Anonyme under the name I.Kloukinas-I.Lappas SA Constuction company (KLM ATE).

b) In accordance with the resolutions of the Annual General Meeting dated 29.05.08, the shareholders of the company approved the spin off process of the construction sector and its transfer to the 100% subsidiary company under the corporate name "IOANNIS KLOUKINAS – IOANNIS LAPPAS CONSTRUCTION SOCIETE " (ex KLTH Carpentry L.T.D.) .The construction sector represents above 30% of the total sales turnover of the previous fiscal year. Due to this fact the company issued informative note.

c) In accordance with the decision 18202/31/07/2008 of the Athens District Authority and the Resolutions of the Annual General Meeting of the Shareholders of the company " IOANNIS KLOUKINAS- IOANNIS LAPPAS CONSTRUCTION SOCIETE ANONYME"it has been decided :

The spin off process of the construction sector of the Company "I. KLOUKINAS- I. LAPPAS CONSTRUCTION AND COMMERCIAL SA" and the transfer of the construction sector to the 100% subsidiary company under the corporate name «IOANNIS KLOUKINAS - IOANNIS LAPPAS CONSTRUCTION SOCIETE ANONYME».

(d) Regarding the commencement of the reorganization proceedings of the Cypriot Company under the name "COMPTON HOUSE PROPERTIES LIMITED", in accordance with the decision of the company 's BoD dated 29/01/2008 which was previously announced, the proceedings are not yet completed and the decision by the Cypriot authorities is still pending. With the fulfillment of the procedure above, the company "I. KLOUKINAS- I. LAPPAS CONSTRUCTION AND COMMERCIAL SA" will absorb the company under the name "COMPTON HOUSE (HELLAS) TRADE OF CHILDREN' S PRODUCTS & LEARNING TOYS SOCIETE ANONYME" and under the distinctive title "COMPTON HOUSE (HELLAS) S.A."

I. KLOUKINAS – I. LAPPAS S.A.

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THE CHAIRMAN OF  
THE BOARD OF  
DIRECTORS

THE VICE CHAIRMAN OF  
THE BOARD OF  
DIRECTORS

THE CHIEF FINANCIAL  
OFFICER & ACCOUNTING  
MANAGER

IOANNIS KLOUKINAS

IOANNIS LAPPAS

PANAYOTIS KANDIROS

