

# **GROUP OF COMPANIES**

S.A. REG. NO. 8440/06/B/86/16 91 M. Alexandrou Str., Amarousio Attica 15124

# ANNUAL FINANCIAL REPORT

For the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2008

The yearly financial report of 2008 was constructed according to article 4 of I. 3556/2007 and was approved by the Board of Directors of MICHANIKI S.A. at 26/3/2009 and has been disclosed through the internet, at the website address www.michaniki.gr.



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1 Statement by the members of the Board of Directors (According to article 4 par.2b of law 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, specifically appointed for this reason by the Board of Directors at 20.03.2009

#### **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 31.12.2008 and the results of fiscal year-end of 2008 of MICHANIKI S.A., as well as of the companies included in the consolidation as a whole"

#### ΔND

"To the best of our knowledge, the Board of Directors Report of fiscal year-end of 2008 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: Ξ 288898/87



#### 2 BOARD OF DIRECTORS ANNUAL REPORT FOR FISCAL YEAR 2008

During 2008 the international financial environment experienced a significant aggravation due to the global financial crisis that had as a result the bigger economies (U.S.A., Europe etc) to entered a substantial industrial and economic recession. The decrease of sales and values in the global real estate market, the decrease of industrial production and consumer demand, the decrease of the bank loans and credit lines towards enterprises and consumers, the continuous interventions from the IMF and the World Bank towards Eastern European countries and not only, led the global economy to a significant lurch, making any recovery attempt through increased state interventions uncertain.

In the domestic market the freeze of private investments, the delays of public projects biddings, the slow progress of PPPs, the hundreds of millions of the State debt, the increase of interest rates in regards to the financing amounts from the financial institutions, led the Company's Management to understood, adapted, and revised its investment and construction strategy.

Due to the significant aggravation of the global economic environment, Michaniki's Management postponed its business plan regarding the merge of the Group's international activities in a new business entity, whose scope was to raise funds in order to finance further its construction projects abroad. The business plan will continue when financial, and non, indications of restoration and improvement appear. The Management's decision is to continuously monitor the financial and banking developments, ratios and interventions, with the assistance of professional contribution of outsourcing advisors.

During 2008 the Company continued the execution in a slower pace of its business plan regarding the development of real estate in the countries in which it operates (Bulgaria, Russia, Ukraine, Egypt and Belarus). The main objective in particular regarding the second six month period of 2008 was to renegotiate significant contracts with subcontractors in order to reduce the construction and maintenance cost of works in Russia and Ukraine.

On a <u>Group</u> level, the consolidated Turnover (Sales) for 2008 amounted to  $\[Engline{\in}\]$ 230,94 million, against  $\[Engline{\in}\]$ 26,14 million of the respective year of 2007, an increase by 2,12%. EBITDA amounted to  $\[Engline{\in}\]$ 80,45 million, depicting an increase by 2,1% which is mainly due to the decrease of the cost of raw materials which positively affected the cost of sales. Profits before tax amounted to  $\[Engline{\in}\]$ 45,29 million, depicting a decrease of 36,76% mainly due to the significant effect of the debit interest and the increased financial expenses. Net profits after tax amounted to  $\[Engline{\in}\]$ 27,87 million against  $\[Engline{\in}\]$ 53,51 million in 2007.

On a parent company level, Turnover (Sales) increased by 24,51% reaching the amount of  $\in$ 181,31 million against  $\in$ 145,62 million in 2007. EBITDA amounted to  $\in$ 35,79 million, depicting an increase by 47,37% which is mainly due to the increase in sales by  $\in$ 35,69 million. Profits before tax amounted to  $\in$ 8,87 million, depicting a decrease of 71,40% mainly due to the significant effect of the debit interest and the increased financial expenses (increase by  $\in$ 20,51 million). Net profits after tax amounted to  $\in$ 2,26 million against  $\in$ 24,77 million in 2007.

The decreased profits of the Group and the parent company are caused mainly due to (a) the decrease of financial income, (b) the increase of financial expenses (increase of loan interest rates during the last three quarters of 2008), (c) losses due to derivatives products and contracts; and (d) due to the international economic recession of countries abroad that has as a result the reduction of activities and financial results of the subsidiary companies.

The remaining balance of the un-executed contracts of Michaniki SA and its subsidiary company THOLOS S.A. at the end of 2008 amounted to €260,19 million. (Michaniki S.A.: €223,36 million, Tholos S.A.: €36,82 million).



The <u>Group's</u> Gross Profit Margin against the Total Turnover (Sales) remained at a satisfactory level for 2008 and came up to 22% from 17,3% (2007). Gross profits increased by 30% at €50,85 million against €39,13 million of the respective year-end of 2007. On a <u>Company</u> level the Gross Profit Margin against the Total Turnover (Sales) came up to 21,8% from 19,4% in 2007 (gross profit €39,59 million against €28,20 million), that is an increase of 40,4%. The consolidated and company financial results for 2008 in comparison to 2007 are summarized in the tables below:

Consolidated Results in €million.	31.12.2008	31.12.2007	% ∆
Sales Turnover	230,94	226,14	2,12%
EBITDA	80,44	78,80	2,08%
EBT	45,29	71,62	-36,76%
EAT	27,87	53,51	-47,91%
Profits after Tax , Board of Directors Fees, Tax Audits and Minority Rights	21,96	47,12	-53,40%
Income per share (€)	0,24	0,51	

Company Results in €million.	31.12.2008	31.12.2007	% ∆
Sales Turnover	181,31	145,62	24,51%
EBITDA	35,79	24,29	47,37%
EBT	8,87	31,03	-71,40%
EAT	2,26	24,77	-90,89%
Income per share (€)	0,09	0,27	-67,54%

#### Assets Items

During 2008 the Group invested in new and existing assets the amount of €25,20 million in order to expand its activities in property investments abroad, where €18,39 million were invested in Egypt, €6,55 million in Russia and €264,87 thousand in Bulgaria. The Group's Commercial Receivables amounted to €137,78 million against €104,19 million at December  $31^{st}$  2007, depicting an increase of 32,2%. The Group's Inventories amounted to €122,78 million against €106,65 million in 2007 depicting an increase of 15,1%, that is €16,13 million.

#### Liability Items

The Group's long-term loans rise to €47,40 million from €20,47 million at December 31<sup>st</sup> 2007 depicting an increase of 131,6%, where on the contrary the parent company's long-term loans remain null.

The total Long-term Liabilities for 2008 amounted to €97,60 million against €60,75 million in 2007 depicting an increase of 60,7%. The outstanding balance of the Group's Trade Creditors amounted to €72,12 million against €57,80 million at December 31<sup>st</sup> 2007 depicting an increase of 24,8%, that is €14,32 million.

The Group's short-term loans (Banks short-term liabilities) amounted to €129,54 million (20,3% of Total Assets) against €67,56 million (12,7% of TA07) at December  $31^{st}$  2007 depicting an increase of 91,7%, that is €61,98 million. The increase is caused due to the acquisition, construction and the alike expenses of the existing property investments. During the first half of 2008 the company participated in the financing of the abroad projects though share capital increases, while on the second half, financing came through Greek banks' Euro loans. The Net debt (after Cash accounts) is approximately €167,08 million versus €65,11 million in 2007. The average loan interest rate regarding loans in Euros was 6,77% (6,49% the previous period) whereas for loans in US\$ the interest rate was 6,68% (7,79% the previous period).



# Financial Ratios (Group)

For a thorough information upon the proceedings of fiscal year-end 2008, the following ratios are presented that refer to the development of the Group's and the parent company's financial figures.

FI	FINANCIAL RATIOS (Group)		2007
	A. Growth Ratios		
1	Sales (Turnover)	2,12%	35,65%
2	Profits before Tax	-36,76%	111,62%

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

	B. Index Ratios		
3	Net Income before Tax / Sales	19,61%	31,67%
4	Net Income after Tax / Sales	12,07%	23,66%
5	Net Income before Tax / Equity	16,54%	25,36%
6	Gross Income / Sales	22,02%	17,30%

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)	1,51	1,00
8	Bank Liabilities / Equity	0,67	0,33

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

D. I	Financial Structure Ratios		
9 Curi	rent Assets / Total Assets	0,64	0,61
10 Tota	al Liabilities / Equity	1,33	0,88
<u>11 Tan</u>	gible & intangible assets / Equity	0,26	0,25
12 Curi	rent assets / Short-term liabilities	1,53	1,71
13 EBI	TDA / Equity	0,29	0,28

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.

FII	NANCIAL RATIOS (Parent Company)	2008	2007
	A. Growth Ratios		
1	Sales (Turnover)	24,51%	120,40%
2	Profits before Tax	-71,40%	163,11%
_	/		
	B. Index Ratios		
_ 3	Net Income before Tax / Sales	4,89%	21,31%
4	Net Income after Tax / Sales	1,25%	17,01%
5	Net Income before Tax / Equity	4,42%	13,56%



6	Gross Income / Sales	21,84%	19,37%
	C. Debt Management Ratios		
7	Total Liabilities / Equity (except Minority rights)	1,19	0,71
8	Bank Liabilities / Equity	0,56	0,22
	D. Financial Structure Ratios		
9	Current Assets / Total Assets	0,46	0,41
10	Total Liabilities / Equity	1,19	0,71
11	Tangible & intangible assets / Equity	0,26	0,22
12	Current assets / Short-term liabilities	0,93	1,14
13	EBITDA / Equity	0,18	0,11

The Group's financial position remains at satisfactory levels since cash and cash equivalents amounted to €9,86 million for 2008 and €1,53 million for the parent Company. The Return on Equity index ratio referring to the correlation between profits after tax to Equity is at 10,0% against 20,6% in 2007 versus 11.6% in 2007. The Group's liquidity remains timelessly positive presenting stability and stands in acceptable general levels (current: 1,53:1 against 1,71 in the previous year-end for the Group, and 0,93:1 for 2008 versus 1,14:1 for 2007 for the parent).

#### **SIGNIFICANT EVENTS AND PROSPECTS FOR 2009**

The Group today has under construction 25 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 4<sup>th</sup> Community Support Framework with the objective to keep a stable increasing profitability.

Apart domestic projects, abroad Michaniki is proceeding with a) the construction of the building complex "Alexander the great" of a total area of 166.000 sq.m. in Moscow, b) the construction of the building complex "Artemis" of a total area of 53.000 sq.m in the eastern suburbs of the town of Kiev, and c) the construction of the building complex "Hera" of a total area of 15.000 sq.m. in Moscow.

Other significant developments during 2008 that were/are realized for all sectors of activity of the Group are listed as followed:

#### **Construction Sector:**

In March of 2008 the construction company THOLOS S.A. – a 100% subsidiary of MICHANIKI S.A. – signed a contract for the work project: "Infrastructure Construction of the Polikastro Idomenis section, 10,8 kilometer length (phase B')", of €11,95 million value. The scope of Phase B' of this project includes infrastructure earthmoving operations, railway bridges of 84 m. and 46 m. length, upper and lower Crossings, railway trail fencing, electrical operation and hydraulic works. The work execution deadline is 18 months from the contract's signature.

In November of 2008, after 23 months, with its decision Attiko Metro S.A. cancelled the bidding regarding the extension of the Metro Line 3 in the West Suburbs with Piraeus as the last station, the project amounted to €570 million. Michaniki had filed its file of interest and had proceeded significantly towards the last stage regarding the prequalification assignment. However, due to continuous objections by other domestic construction companies and with the final intervention being made by the Greek judicial authority and the European Committee, the bidding was cancelled and was reissued in the beginning of 2009, where Michaniki did reapplied.

In December of 2008, the construction company THOLOS S.A. - 100% subsidiary of MICHANIKI S.A. - signed a contract with the Ministry of Agricultural Development for the work project "Renovation and modernization of irrigation networks of Axios river (Phase B')" amounting to  $\in$ 14,33 million. Specifically, the project includes the renovation and the modernization of irrigation channels, agricultural road construction, cleaning of drained ditches, replacement of steel pipes in low area pumping plants and the repair of level and water supply measurement apparatus.

#### **Energy sector:**



Exploiting the Company's infrastructure and know-how in the construction of significant projects, MICHANIKI's objective is to become an electric energy producer through Hydroelectric Stations. In 2008 Michaniki Group announced that it received from the Ministry of Development the license for electrical power production for the hydroelectric station Karpenisiotis. The station to be built in the Eyrytania Prefecture will have a 5,4 MW power, whereas the production of electrical power will be 22 GWh on a yearly basis, amounting to an annual sales of €1,7 million. The project's budget is estimated at €9 million.

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

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

Michaniki SA portfolio's Net Asset Value (NAV) abroad, appraised by the international real estate valuators of Cushman & Wakefield as of December 2008 is €496,55 million versus €513,03 million in 2007.

Other significant events that took place during 2008 for the Group's subsidiaries abroad are as following:

- In January of 2008 MICHANIKI Group of companies announced that its subsidiary MICHANIKI RUSSIA received at 16.01.2008 the final construction permit to build the HERA residential complex, which will be built in the northwest suburb of Chimki, Moscow. The complex area is a 15.500 sq.m.project and includes apartments, shops, gymnasiums and underground parking plots.
- Additionally, in January of 2008, MICHANIKI Group of companies parallel to the share capital
  increase of its subsidiary company MICHANIKI EGYPT (Michaniki Egypt Real Estate and Tourism
  Enterprises SAE) announced the acquisition of a plot in the area of the town of Cairo. The area of
  the plot has a surface of 17.820 sq.m. and it is characterized from its very good accessibility. The
  land plot was bought for €3,56 million.
- In April of 2008, MICHANIKI Group of companies announced the acquisition of a plot from its subsidiary company Michaniki Egypt Real Estate and Tourism Enterprises SAE in Cairo. The plot area, which is the second one been acquired by the group in Egypt, is 147.500 sq.m. and is positioned in the El-Azezeya area of Cairo. The total acquisition value amounted to €11,3 million.
- In June of 2008 MICHANIKI Group of companies announced that the subsidiary company MICHANIKI UKRAINE received the permission approval to build the settlement and amusing park by the name "ODYSSEUS DREAM".
- During the current period "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) LMT VALKAN HOLDING LIMITED MICHANIKI REAL ESTATE (CYPRUS) LIMITED HELLENIC PIPEWORKS HOLDING LIMITED

The establishment of the above companies is part the group's reorganization business plan -as analytically presented in the information memorandum dated 30.05.2008 (prot. no. 19392). Due to the existing global financial crisis the project has been postponed until the current international financial conditions present a noticeable improvement.

 In October of 2008, Michaniki's S.A. Management signed with the company CALTHA TRADING LTD, which is registered in Nicosia (Cyprus) a preliminary sales agreement regarding the premises of "BALKAN REAL ESTATE" in Aghialos Thessalonica which consist of an area of 356.000 sqm. The sale constitutes part of the company's decision regarding the dereliction of the production and



commerce timber. The sale value was agreed to the amount of  $\in$ 37 million. Note that the amount of  $\in$ 32.71 million that refers to the building of the subsidiary company "BALKAN REAL ESTATE" was transferred from the property investment category to the assets held for sale after the signature of the preliminary sale agreement.

Additionally the Company's Management announced in June of 2008 the termination of its own share acquisition program. Specifically, according to article 16 of c.l. 2190/1920 in effect, based upon the application of article 290 of the A.E. Regulation and in continuation of the decision of the ordinary General Assembly of its Shareholders dated 22.06.2007, and the repetitive extraordinary particular General Assembly of its Shareholders dated 10.07.2007 and the decision taken by the Board of Directors dated 11.07.2007, the Company informed that at 20.06.2008 its own share acquisition program was concluded. During the period from 24.07.2007 up to 09.01.2008 MICHANIKI S.A. acquired 584.567 common shares with an average acquisition cost of €6,12 per share.

# Significant events after the end of the fiscal year-end of 2008

In March of 2009, MICHANIKI S.A. participated for the fifth straight year in the international exhibition of property investors MIPIM (Marche International des Professionnels de l' Immobillier) that took place from March 10th to March 13 in the Palais des Festivals of France, Cannes. In the MIPIM exhibition, which is considered as the top international exhibition for professionals in the real estate sector, there are hundreds of exhibitors representing more then 70 countries, who have the capability to realize significant contacts and collaborations regarding the development and exploitation of real estate. MICHANIKI projects the following work in the international exhibition: Building Complex "MELINA Towers" in Chimki, Moscow.

#### **PROSPECTS & RISKS FOR 2009**

The prospects for 2009 are expected to be affected from the deceleration of the global financial development and the obvious dissociation of developed and mature markets. Even though emerging markets may continue their development in lower paces, the opinion that seems to prevail foresees the correction possibility of the U.S. market and the deceleration of the economy in Europe for the whole year of 2009. Under these hard and unstable circumstances it is hard to make any precise forecast regarding the real estate markets for 2009.

In Greece, the existing situation of the construction sector and specifically the infrastructure work sector is anticipated to be partially financed from the European Union through the 4<sup>th</sup> European Community Support Framework package for the next five to seven years. The total financial resources that will be distributed to Greece amount to  $\in$ 16,1 billion. From 2000 until today, the total amount of the financial resources deriving in sum from the 3<sup>rd</sup> Community Framework, the Cohesion Fund and the Community Initiative, approaches the amount of  $\in$ 28,42 billion.

Numerous significant challenges Michaniki S.A. Management will face during 2009. The main target is the securitization of a stable positive course and satisfaction return to its shareholders and investors. We are summarizing some of the main challenges that in general the construction sector in Greece will face, i.e.:

- The country's financing from the 4<sup>th</sup> European Community Support Framework package
- The materialization of major and medium size infrastructure works in the region
- The undertaking of works in emerging market abroad
- The active involvement in real estate works in addition to complex investments (tourist and professional)

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

- The way public works are assigned requires significant quarantees and that leads to significant discounts
- Government's delay of paying the accrued amounts for work done
- The lack of a complete institutional framework that will regulate the private work market
- The intense competition for the undertaking of works that compresses the offered price
- Unexpected shifts in the prices of raw materials that can 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, out of the Euro zone, is consequently exposing it in financial risks and more specifically in risks related to the fluctuations of exchange rates, interest rates, credit risks, liquidity risks in addition to the unstable domestic and foreign financial system.

In Note 5.5 of the Annual Financial Report we present in detail 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 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 matched, thus our company faced lower financing cost and rendering with significantly better terms compared to the local companies and competitors.

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 5 executive and 4 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 delimitated 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 General Assembly of its shareholders for 2008, the distribution of a dividend amounting to €0,09 per share which after the proportion of the dividend that is proportionate to the own shares, amounts to €0,09057 per share, of which dividend after the tax retaining obligation for dividends of 10% in favour of the Greek State (par. 1, article 18, I. 3697/2008) the remaining dividend amounts to €0,081513 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 1<sup>st</sup> 2008 up to December 31<sup>st</sup> 2008

#### 1. Share Capital Structure.

The Company's share capital amounts to €143.076.030,02 divided in 66.937.526 common registered voting shares & 25.968.987 preferred, of €1,54 face value each. All of the shares are listed in the Athens Stock Exchange, in the Large Capitalization category. The Company's shares are common registered voting shares and preferred registered non-voting shares.

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

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

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

Mr. Emfietzoglou Prodromos at 19.3.2009 holds a percentage of 24,08% of the Company's share capital. No other physical or legal entity holds a percentage bigger than 5% of the share capital.

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

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

#### 5. Limitations regarding voting rights.

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

# 6. Agreements between Company shareholders.

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

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

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

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

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

During the period from January  $1^{st}$  2008 to December  $31^{st}$  2008, no decision regarding the acquisition of own shares took place. During the above period though, 36.632 own common shares were acquired in execution of



the decision taken at the Ordinary General Assembly of its shareholders, common stock shareholders, dated June 22<sup>nd</sup> 2007.

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

  No such agreement exists.
- 10. Every agreement signed between the Company and the members of its Board of Directors or with its employees, which provides compensation in case of resignation or discharge in the absence of a substantial reason or termination of their term or occupation due to a public offer.

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

Prodromos S. Emfietzoglou

Chairman of the Board of Directors MICHANIKI S.A.

The current Report constituted by 9 pages is the one mentioned in the Auditor's Report that I have issued dated 26.03.2009.

Salonika, March 26<sup>th</sup> 2009 THE CERTIFIED AUDITOR PUBLIC ACCOUNTANT

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





# 3 Independent Auditors Report

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

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

We have audited the accompanying company and consolidated Financial Statements of Societe Anonyme "MICHANIKI S.A" (the "Company"), which are constituted from the company and the consolidated balance sheet as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended at that date, as well as the summary of the significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

The company's Management is responsible for the preparation and fair presentation of these Financial Statements in accordance to the International Financial Reporting Standards, as adopted by the European Union. This responsibility includes the designing, implementation and maintenance of an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, due to fraud or error. This responsibility also includes the selection and application of appropriate accounting policies and the making of accounting estimates that are reasonable for the circumstances.

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

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance to the Greek Auditing Standards, which are attuned to the International Standards on Auditing. These standards require that we comply with ethical requirements and the planning and effect of our audit with the scope to obtain reasonable assurance upon whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence upon the amounts and information that are included in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, due to fraud or error. For the estimation of this risk, the auditor considers the internal control system relevant to the formation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion regarding the effectiveness of the company's internal control system. An audit also includes the evaluation of the appropriateness of the accounting policies used and the reasonableness of the estimates made by the company's Management, as well as the evaluation of the overall presentation of the financial statements.



We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# **Opinion**

In our opinion, the attached company and consolidated Financial Statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2008, its financial performance and its Cash Flows for the year ended at that date in accordance with the International Financial Reporting Standards as adopted by the European Union (EU).

# Report upon other legal matters

We verified the agreement and equivalence of the contents of the Board of Directors Report with the attached financial statements, based upon the designated information provided by articles 43a, 107 and 37 of the C.L. 2190/20.

Amarousio, March 26<sup>th</sup> 2009
THE CERTIFIED AUDITOR PUBLIC ACCOUNTANT

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





# 4 Yearly Financial Statements

# 4.1 Balance Sheet

		Amounts in € thousand			
		THE GROUP THE COMPA			
ASSETS	Note:	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Non Current Assets	Mote.	51, 12, 2000	51, 11, 2007	51, 11, 1000	01, 11, 100,
Own Used Tangible Assets	5.6.2	70.009	71.362	51.938	50.481
Property Investment	5.6.3	143.970	118.769	18.952	18.952
Other Intangible Assets	5.6.4	50	64	16	29
Expenditures for exploration and evaluation of mineral					_
resources	5.6.4	428	472	0	0
Investments in Subsidiaries	5.6.5	(0)	16 252	184.325 14.321	162.053 14.321
Investments in Joint Ventures/Consortiums Financial assets valuated at their fair value	5.6.10 5.6.10	14.811 3	16.252 9	14.321	14.321
Less: Provisions for devaluations	5.6.10	(3)	(3)	(31.780)	(16.770)
Other Long-term Receivables	5.6.6	1.121	2.458	972	2.298
Deferred tax receivables	5.6.21	159	43	0	0
		230.547	209.425	238.748	231.370
Current assets					
Inventories	5.6.7	122.689	106.651	38.682	39.717
Commercial receivables (clients)	5.6.9	137.769	104.188	99.648	67.185
Receivables from Affiliated and other investment	5.6.13	49.216	36.919	51.032	40,492
interest Companies Other Receivables	5.6.9	11.179	8.648	1.780	1.698
Financial assets valuated at their fair value with	3.0.3	11.175	0.040	1.700	1.050
changes in results	5.6.12	6	6	0	0
Other Current item Assets	5.6.11	3.074	4.488	1.700	2.212
Prepayments	5.6.11	39.955	37.329	6.293	5.292
Cash and cash equivalent	5.6.14	9.864	22.921	1.526	3.949
Owned assets held for sale	5.6.15	34.059			
		407.811	321.149	200.661	160.545
Total Assets		638.358	530.575	439.409	391.915
Shareholders Equity & Liabilities					
Equity Capital Share Capital	5.6.16	143.076	137.502	143.076	137.502
Share Premium	5.6.16	129.629	129.629	129.629	129.629
Own Shares	5.6.17	(3.580)	(3.397)	(3.580)	(3.397)
Financial means fair value differences	5.6.16	0	0	4.322	19.334
Foreign Exchange Differences	5.6.18	(19.608)	(5.459)	0	0
Statutory Legal Reserve	5.6.16	12.704	7.557	11.667	6.579
Other Reserves	5.6.16	65.823	51.201	4.049	9.506
Retained Earnings	5.6.16	(87.120)	(68.581)	(88.499)	(70.398)
Equity Attributable to Parent Company		240.022	240 451	200.664	220 755
Shareholders Minority Rights		<b>240.923</b> 32.889	<b>248.451</b> 33.977	200.664	228.755
Total Equity		273.812	282.428	200.664	228.755
LIABILITIES		2,01012	2021120	200,00	220.700
Long-term Liabilities					
Other financial liabilities	5.6.19	6.673	7.142	6.673	7.142
Long-term borrowing liabilities	5.6.19	47.404	20.470	0	0
Provisions for employee retirement benefits	5.6.20	2.041	1.541	1.159	788
Deferred tax liabilities	5.6.15	34.589	24.577	10.602	9.494
Other Long-term Liabilities	5.6.22	3.734	3.848	2.531	2.597
Other Provisions	5.6.23	3.159 <b>97.600</b>	3.174 <b>60.753</b>	2.125 <b>23.090</b>	1.851 <b>21.872</b>
Total Long-term Liabilities Short-term Liabilities		97.000	00.733	23.090	21.672
Bank Loans	5.6.19	129,542	67.559	105.191	42.002
Short-term part of other long-term liabilities	5.6.19	478	478	478	478
Comercial Liabilities (trade creditors etc)	5.6.24	72.117	57.800	51.416	42.194
Taxes	5.6.25	320	2.196	0	1.715
Other liabilities	5.6.26	17.432	16.020	14.219	13.394
Advances	5.6.27	6.344	19.355	4.270	16.829
Derivative financial products	5.6.28	17.093	506	17.093	506
Liabilities to affiliated and other investment interest	5.6.26	22 621	23.477	22.987	24 160
companies Total Short-term Liabilities	5.0.20	23.621 <b>266.946</b>	187.393	215.655	24.169 <b>141.288</b>
rotal Short-term Liabilities		200.540	107.393	213.035	171.200
Total Liabilities		364.546	248.145	238.745	163.161
<b>Total Shareholders Equity and Liabilities</b>		638.358	530.575	439.409	391.915

Possible differences in totals are due to number rounding



# 4.2 Income Statement

		Amounts in € thousand except from profits per share  THE GROUP  THE COMPANY			
		1/1-	1/1-	1/1-	1/1-
	Note:	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Sales Turnover	5.6.1	230.942	226.142	181.307	145.620
Cost of Sales	5.6.30		(187.016)	(141.717)	(117.416)
Gross Profit		50.853	39.127	39.590	28.204
Property Investment valuation result	5.4.14	36.052	46.853	0	0
Other Operating Income	5.6.34	2.367	2.595	1,222	674
Selling Expenses	5.6.32	(1.128)	(1.763)	(69)	(94)
Administrative Expenses	5.6.31	(12.826)	(11.500)	(9.373)	(8.359)
Other Operating Expenses	5.6.34	(1.896)	(3.022)	(779)	(343)
The second secon		( :: : )	(3 3 )	( - 7	( )
Profit before Interest, Financial and Investment Results		73.422	72.290	30.591	20.081
Depreciation	5.6.33	7.022	6.515	5,201	4.205
Profit before Interest, Financial and Investment	3.0.33				
Results and depreciation		80.444	78.806	35.792	24.287
					_
Financial Income	5.6.35	4.889	5.688	5.421	13.961
Finacial Expenses	5.6.35	(33.560)	(10.553)	(27.766)	(7.254)
Share of profit/valuation from associate companies	5.6.10	538	4.190	628	4.241
Financial Result		(28.133)	<u>(674)</u>	(21.717)	10.948
Depreciation Profit before Tax		(7.022) <b>45.288</b>	(6.515) <b>71.616</b>	(5.201) <b>8.874</b>	(4.205) <b>31.029</b>
Profit Defore Tax		45.200	/1.010	0.074	31.029
Income Tax	5.6.25	(17.414)	(18.105)	(6.616)	(6.262)
Profit after tax		27.874	53.512	2.257	24.767
Equity shareholders of the parent company		21.956	47.119	2.257	<i>24.767</i>
Minority Rights		5.918	6.393	-	-
, 5		27.874	53.512	2257,287698	24766,91981
Profit after tax per share - basic (in €)	5.6.37	0,2378	0,5094	0,0245	0,2677

Possible differences in totals are due to number rounding

The attached notes constitute an integral part of these financial statements

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# 4.3 Group Statement of Changes in Equity

Ralance	at	January	1ct	2007

Change of Equity Capital for the period 1/1-31/12/2007

Profit and (losses) of Own Shares sales

Change of foreign exchange differences conversion reserve

Property Investments valuation differences

Net profit / (loss) recorded directly to the net equity

Effect from change of investment percentage in subsidiary company

Property investments sales

(Purchases) / sales of Own Shares

Distributed dividends

Property investment valuation profits

Net Period Results 1/1-31/12/2007

**Period Equity Total Change** 

Equity balance at 31/12/2007

#### Balance at January 1st 2008

Change of Equity Capital for the period 1/1-31/12/2008

(Purchases) / Sales of Own Shares

Net income recorded directly to the net equity

Reserve Change of Foreign Exchange differences Conversion

Net profit / loss recorded directly to the net equity

Dividends payable

Effect from change of investment percentage in subsidiary company

Capitalization of reserves

Property investment valuation profits

Net Period Results 1/1-31/12/2008

**Period Equity Total Change** 

Equity balance at 31/12/2008

					Amounts in	€ thousand			
Sh	are Capital	Share Premium	Fair Value Reserves	Foreign Exchange Differences Conversion Reserve	Other Reserves	Retained Earnings	Total before minority rights	Minority Rights	Total
	137.502	129.629	10.325	(1.022)	21.925	(80.790)	217.569	19.609	237.178
					7.4	4 404	4 400		4 400
	-	-		(4.420)	74	1.424	1.498	(202)	1.498
			2.035	(4.438)	_	(17)	(4.454) 2.035	(283) 1.840	(4.737) 3.876
	_	_	2.035 <b>2.035</b>	(4.438)	74	1,407	(921)	1.557	636
			2.055	(4.450)	, ,	21-107	-	6.418	6.418
			(4.571)			4.571			-
			, ,		(2.309)	-	(2.309)	-	(2.309)
					456	(13.463)	(13.007)		(13.007)
			27.426			(27.426)			-
						47.119	47.119	6.393	53.512
		-	24.890	(4.438)	(1.780)	12.209	30.882	14.368	45.250
_	137.502	129.629	35.215	(5.460)	20.145	(68.581)	248.451	33.977	282.428
	137.502	129.629	35.215	(5.460)	20.145	(68.581)	248.450	33.977	282.428
	107.002	123.023	55.215	(51.100)	2012 15	(00.501)	2101100	55.577	202.120
					(183)		(183)	-	(183)
							-		-
	-	-		(14.148)			(14.148)	(1.035)	(15.184)
	-	-	-	(14.148)	(183)	<del>.</del>	(14.331)	(1.035)	(15.366)
					5.204	(20.358)	(15.154)	(5.071)	(15.154)
	5.574				(E E74)	-		(5.971)	(5.971)
	5.5/4		20.138		(5.574)	(20.138)			
	_	_	20.130			21.956	21.956	5.918	27.873
	5.574	_	20.138	(14.148)	(553)	(18.539)	(7.529)	(1.088)	(8.619)
	143.076	129.629	55.353	(19.608)	19.592	(87.120)	240.921	32.889	273.812

Possible differences in totals are due to number rounding

# Company

#### Amounts in € thousand

	Share Capital	<b>Share Premium</b>	Fair value financial item reserves	Other Reserves	Retained Earnings	Total
Balance at January 1st 2007	137.502	129.629	12.653	17.456	(90.491)	206.749
Change of Equity Capital for the period 1/1-31/12/2007						
Profit and (losses) of Own Shares sales	-	-	-	74	1.424	1.498
Cash and cash equivalents valuation of financial items for sale	-	-	7.775	-	-	7.775
Profits / (losses) from sale of cash equivalents of available for sale financial intruments			(1.095)			(1.095)
Net profit / (loss) recorded directly to the net equity	-	-	6.679	74	1.424	8.177
Distributed dividends (Purchases) / sales of Own Shares	_	_		(2.531) (2.309)	(10.476)	(13.007) (2.309)
Effect from subsidiary merge				(2.303)	4.378	4.378
Net Period Results 1/1-31/12/2007	-	-	-	-	24.767	24.767
Period Equity Total Change		-	6.679	(4.767)	20.093	22.006
Equity balance at 31/12/2007	137.502	129.629	19.333	12.689	(70.398)	228.755
Balance at January 1st 2008	137.502	129.629	19.333	12.689	(70.398)	228.755
Change of Equity Capital for the period 1/1-31/12/2008						-
Cash and cash equivalents valuation of financial items for sale		-	(15.011)	-	-	(15.011)
Net profit / loss recorded directly to the net equity	-	-	(15.011)	- - 204	(20.250)	(15.011)
Dividends payable (Purchases) / sales of Own Shares				5.204 (183)	(20.358)	(15.154) (183)
Capitalization of reserves	5.574			(5.574)		(103)
Net Period Results 1/1-31/12/2008		-			2.257	2.257
Period Equity Total Change	5.574	-	(15.011)	(553)	(18.101)	(28.091)
Equity balance at 31/12/2008	143.076	129.629	4.321	12.136	(88.499)	200.664

Possible differences in totals are due to number rounding
The attached notes constitute an integral part of these financial statements.

# 4.4 Cash flow statement (Indirect method)

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

	Amounts in € thousand				
	THE G		THE COMPANY		
	1/1- 1/1-		1/1-	1/1-	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Operating activities					
Profit before tax	45.288	71.617	8.874	31.029	
Plus / less adjustments for:					
Depreciation	7.022	6.515	5.201	4.205	
Depreciation of grants	(115)	(71)	(66)	(71)	
Losses / (Profits) from asset sales	(139)	(836)	73	17	
Provisions / (Revenues from unused provisions of previous year-	100	936	78	922	
ends)	100	930	70	922	
Losses / (Profits) of fair value property investments	(36.052)	(48.538)	-	-	
Foreign exchange differences	(15.184)	(4.737)	-	-	
Results (income, expenses, profits and losses) from investment	(825)	(621)			
activity			(2.589)	(13.885)	
Credit interest and similar income	(469)	(630)	(103)	(76)	
Debit interest and similar charges	29.990	10.746	25.036	7.254	
Plus/ less adjustments for changes of working capital accounts or					
accounts related with operating activities:					
Decrease / (increase) of inventories	(20.249)	(13.974)	1.035	(2.255)	
Decrease / (increase) of receivables	(43.521)	(26.868)	(40.123)	(17.448)	
(Decrease) / increase of liabilities (except banks)	2.155	19.967	(3.761)	34.230	
Less:				··	
Paid up Debit interest and similar charges	(13.403)	(10.746)	(8.449)	(7.254)	
Paid up taxes	(11.966)	(8.636)	(9.410)	(6.322)	
Total inflows / (outflows) from operating activities (a)	( <u>57.368</u> )	( <u>5.878</u> )	( <u>24.204</u> )	<u>30.346</u>	
Investment activities					
Disposal/(Acquirement) of subsidiaries, associates, joint ventures	(6.811)	(888)			
and other investments			(21.925)	(33.373)	
Purchases of tangible and intangible assets	(7.010)	(16.108)	(6.771)	(14.342)	
Collections from sales of tangible and intangible assets	(17.738)	(18.974)		0	
Acquirement-Disposal of property investments	278	2.285	56	22	
Dividends received	1	0	925	3.141	
Interest received	469	630	103	76	
State grant collections	-	369	0	0	
Settlement of Derivative Financial Items	1.664	4.760	1.664	4.760	
Total inflows / (outflows) from investment activities (b)	( <u>29.146</u> )	( <u>27.926</u> )	( <u>25.950</u> )	( <u>39.715</u> )	
<u>Financial Activities</u>			74.400	40.440	
Collections from issued / undertaken loans	104.879	70.500	74.439	40.149	
Sales / (Purchases) of own shares	(183)	(410)	(183)	(410)	
Loan settlements	(15.963)	(34.620)	(11.250)	(27.151)	
Liability settlements from financial leases (amortization)	(469)	(530)	(469)	(74)	
Dividends paid to parent company shareholders	(14.808) <b>73.457</b>	(12.908) <b>22.033</b>	(14.808)	(12.908)	
Total inflows / (outflows) from financial activities (c)	/3.45/	22.033	<u>47.730</u>	( <u>393</u> )	
Net increase / (decrease) in cash and cash equivalents (a) +	(13.057)	(11.771)	(2.423)	(9.762)	
(b) + ( c )	( <u>13.037</u> )	( <u>±±.//±</u> )	( <u>2.423</u> )	( <u>3.702</u> )	
Cash and cash equivalents at the beginning of the year-end	22.921	34.692	3.949	9.725	
Plus cash and cash equivalents of absorbed company	0	0	0	3.985	
Cash and cash equivalents at the end of the year-end	9.864	22.921	1.526	3.949	

The negative operating flows of the group, amounting to €57.368.000 (€24.204.000 for the company) are caused mainly due to the cash outflow from our international subsidiary companies against advances for acquisitions of assets, in addition to the delay of collections from executed works regarding the parent company.

Possible differences in totals are due to number rounding

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



### 5 Data and information upon the financial statements of 31.12.2008

#### 5.1 General Information

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

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

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

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

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

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

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

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

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

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

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

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

## 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 31<sup>st</sup> 2008.

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 5.4.7.

### 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 2007 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.

# 5.4.1 New accounting standards, interpretations and amendment of existing standards

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period or subsequent reporting periods. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is presented below.

5.4.2 Standards that are mandatory for the fiscal year-end of December 31 $^{\rm st}$  2008 IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" and IFRS 7 (Amendment) "Financial instruments: Disclosures" — Reclassification of Financial Assets (effective prospectively from July  $1^{\rm st}$  2008).

This amendment permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. This amendment will not have any impact on the Company's financial statements.

#### 5.4.3 Interpretations that are mandatory for the fiscal year-end of December 31<sup>st</sup> 2008

**IFRIC 11 – IFRS 2: Group and Treasury share transactions** (effective for annual periods beginning on or after March 1st 2007).

This interpretation clarifies the treatment where employees of a subsidiary receive the shares of a parent. It also clarifies whether certain types of transactions are accounted for as equity-settled or cash-settled transactions. This interpretation is not expected to have any impact on the Company's financial statements.



**IFRIC 12 – Service Concession Arrangements** (effective for annual periods beginning on or after January 1<sup>st</sup> 2008).

This interpretation applies to companies that participate in service concession arrangements. This interpretation is not relevant to the Company's operations.

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

This interpretation 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. This interpretation is not expected to have any impact on the Company's financial statements.

# 5.4.4 Standards that are mandatory after the fiscal year-end of December 31st 2008

**IAS 1, (Revised) "Presentation of Financial Statements"** (effective for annual periods beginning on or after January 1st 2009).

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 Company will apply the above amendments and will make the necessary changes to the presentation of its financial statements for the fiscal year-end of 2009.

**IAS 23 (Amendment) "Borrowing Costs"** (effective for annual periods beginning on or after January 1<sup>st</sup> 2009).

This standard replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. The Company does not expect these amendments to have an impact on its financial statements.

IAS 32 (Amendment) "Financial Instruments: Presentation" and IAS 1 (Amendment) "Presentation of Financial Statements" — Puttable Financial Instruments (Amended), (effective for annual periods beginning on or after January 1st 2009).

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Company does not expect these amendments to have an impact on its financial statements.

**IAS 39 (Amended) "Financial Instruments: Recognition and Measurement" – Eligible Hedged Items** (effective for annual periods beginning on or after July 1st 2009).

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. This amendment is not applicable to the Company as it does not apply hedge accounting in terms of IAS 39.



# IFRS 1 (Amendment) "First time adoption of IFRS" and IAS 27 (Amendment) "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1 January 2009)

The amendment to IFRS 1 allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Company does not expect these amendments to have an impact on its financial statements since the transition procedure has been concluded.

# **IFRS 2 (Amendment) "Share Based Payment" – Vesting Conditions and Cancellations** (effective for annual periods beginning on or after January 1<sup>st</sup> 2009)

The amendment clarifies the definition of "vesting condition" by introducing the term "non-vesting condition" for conditions other than service conditions and performance conditions. The amendment also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. The Company does not have such programs.

# IFRS 3 (Revised) "Business Combinations" and IAS 27 (Amended) "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after July 1<sup>st</sup> 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. The Company will apply these changes from their effective date.

# IFRS 8 "Operating Segments" (effective for annual periods beginning on or after January 1st 2009).

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 Company does not have the obligation to apply IFRS 8 since the relevant information is given only on a group basis.

# 5.4.5 Interpretations that are applied after the fiscal year-end of December 31st 2008

**IFRIC 13 – Customer Loyalty Programmes** (effective for annual periods beginning on or after July1st 2008). This interpretation clarifies the treatment of entities that grant loyalty award credits such as 'points' and 'travel miles' to customers who buy other goods or services. This interpretation is not applicable to the Company.

**IFRIC 15 - Agreements for the construction of real estate** (effective for annual periods beginning on or after January 1st 2009).

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 Company.



# **IFRIC 16 - Hedges of a net investment in a foreign operation** (effective for annual periods beginning on or after October 1st 2008).

This interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and qualifies for hedge accounting in accordance with IAS 39. The interpretation provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. This interpretation is not relevant to the Company as it does not apply hedge accounting for any investment in a foreign operation.

#### 5.4.6 Amendments to Standards that form part of the IASB's annual improvements project.

The amendments set out below describe the key changes to IFRSs following the publication in May 2008 of the results of the IASB's annual improvements project. Unless otherwise stated the following amendments are effective for annual periods beginning on or after January 1st 2009.

# IAS 1 (Amendment) "Presentation of financial statements"

The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39 "Financial instruments: Recognition and measurement" are examples of current assets and liabilities respectively. The Company will apply this amendment from January  $1^{st}$  2009 but it is not expected to have an impact on its financial statements.

# IAS 16 (Amendment) "Property, plant and equipment" (and consequential amendment to IAS 7 "Statement of cash flows")

This amendment requires that entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the Company's operations.

# IAS 19 (Amendment) "Employee benefits"

The changes to this standard are as follows:

- A plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
- IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The Company will apply these amendments from January  $1^{st}$  2009. It is not expected that these amendments will have an impact on the Company's financial statements.



# IAS 20 (Amendment) "Accounting for government grants and disclosure of government assistance"

The amendment requires that the benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 "Financial instruments: Recognition and measurement" and the proceeds received with the benefit accounted for in accordance with IAS 20. The amendment will not have an impact on the Company's operations as there are no loans received from the State.

# IAS 27 (Amendment) "Consolidated and separate financial statements"

This amendment states that where an investment in a subsidiary that is accounted for under IAS 39 "Financial instruments: Recognition and measurement" is classified as held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations" that IAS 39 would continue to be applied. The amendment will not have an impact on the Company's financial statements.

# IAS 28 (Amendment) "Investments in associates" (and consequential amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial instruments: Disclosures")

In terms of this amendment, an investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The amendment will not have an impact on the Company's financial statements.

# IAS 28 (Amendment) "Investments in associates" (and consequential amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial instruments: Disclosures")

This amendment states that where an investment in associate is accounted for in accordance with IAS 39 "Financial instruments: Recognition and measurement" only certain, rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures". The amendment will not have an impact on the Company's financial statements.

#### IAS 29 (Amendment) "Financial reporting in hyperinflationary economies"

The guidance in this standard has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the Company's financial statements.

# IAS 31 (Amendment) "Interests in joint ventures" and consequential amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial instruments: Disclosures")

This amendment states that where an investment in joint venture is accounted for in accordance with IAS 39 "Financial instruments: Recognition and measurement" only certain, rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures". The amendment will not have an impact on the Company's financial statements.

# IAS 36 (Amendment) "Impairment of assets"

This amendment requires that were fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Company will apply this amendment and provide the required disclosure where applicable for impairment tests from January 1<sup>st</sup> 2009.

#### IAS 38 (Amendment) "Intangible assets"

This amendment states that a payment can only be recognised as a prepayment if that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment effectively means that once the Group has access to the goods or has received the services then the payment has to be expensed. The Company will apply this amendment from January  $1^{st}$  2009.

#### IAS 38 (Amendment) "Intangible assets"

This amendment deletes the wording that states that there is "rarely, if ever" support for use of a method that results in a lower rate of amortisation than the straight line method. The amendment will not currently have an impact on the Company's operations as all intangible assets are amortised using the straight line method.



### IAS 39 (Amendment) "Financial instruments: Recognition and measurement"

The changes to this standard are as follows:

- It is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
- The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.
- The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes this requirement so that IAS 39 is consistent with IFRS 8, 'Operating segments' which requires disclosure for segments to be based on information reported to the chief operating decision maker.
- When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used.

The amendment will not have an impact on the Company's financial statements.

# 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. The amendment will not have an impact on the Company's operations, as there are no investment properties under construction.



# IAS 41 (Amendment) "Agriculture"

This amendment requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment will not have an impact on the Company's operations as no agricultural activities are undertaken.

IFRS 5 (Amendment) "Non-current assets held for sale and discontinued operations" (and consequential amendment to IFRS 1 "'First-time adoption") (effective for annual periods beginning on or after July  $1^{st}$  2009).

The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS.

# 5.4.7 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: Doubtful accounts** are being presented with the amounts that are likely to be recovered. As soon as it is known that a particular account is subject to a risk greater than the normal credit risk (e.g., low creditworthiness of customer, dispute as to the existence or the amount of the claim, etc.), then the account is analyzed and recorded if circumstances indicate that the receivable is uncollectible.
- **Contingencies:** The Group is involved in litigations and claims at its normal course of operations. The management deems that any resulting settlements would not significantly affect the financial position of the Group and the Company as at December 31<sup>st</sup>, 2006. However, the determination of contingent liabilities relating to litigations and claims is a complex process that includes judgments relative to the possible consequences and interpretations of laws and regulations. Changes in judgments or interpretations might be possible to lead in an increase or decrease of the Group's contingent liabilities in the future.

#### 5.4.8 Segment reporting

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

The Group operates in the following segments:

- 1. Hydroelectric Energy
- 2. Utilization of Parking Stations
- 3. Utilization of a Cemetery
- 4. Technical Works
- 5. Wood Industry
- 6. Pipelines
- 7. Marble Quarrying & Marketing
- 8. Real Estate Utilization

For financial statement presentation purposes, but also for purposes relating to consistency with the internal reporting system, the merge of certain business sectors was decided which do not meet the criteria of independent presentation. The new classification of the Group's sectors is presented below:

- 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 new classification was also used with the comparative information data. The above segregation was set in order to present in the most appropriate way the Group's progress within the relative sectors in which it operates.

#### 5.4.9 Consolidation

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



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

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

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

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

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

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



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

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

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

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

#### **5.4.10 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	64,25%	The participation %	
THOLOS S.A.	AMAROUSIO ATTICA	100%	The participation %	
HELLENIC PIPE WORKS S.A.	CHALKIDA	100%	The participation %	
MARMARA KAVALAS S.A.	KAVALA	77,07%	The participation %	
HELLENIC WOOD INDUSTRY S.A.	SAPES KOMOTINI	98,62%	The participation %	
MICHANIKI UKRAINE S.A.	UKRAINE	100%	The participation %	
MICHANIKI BULGARIA S.A.	BULGARIA	100%	The participation %	
MICHANIKI RUSSIA S.A.	RUSSIA	68,75% direct 13,92% indirect	The participation %	
MICHANIKI EGYPT	EGYPT	70,00% direct 21,38% indirect	The participation %	
MICHANIKI BELARUS	BELARUS	75,00% direct 16,38% indirect	The participation %	
MICHANIKI HOLDING (Cyprus) Limited	CYPRUS	100%	The participation %	
VALKAN HOLDING Limited	CYPRUS	64,25% indirect	The participation %	
HELLENIK PIPEWORKS HOLDING Limited	CYPRUS	100% indirect	The participation %	
MICHANIKI REAL ESTATE (Cyprus) Limited	CYPRUS	100%	The participation %	

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.AEDISTRA EDILIZIA STRADALE SPA"	GREECE	99,00%	2003-2008	NET EQUITY
JOINT VENTURE: "MICHANIKI S.AELLISDON CONSTRUCTION INC."	GREECE	50,00%	2008	NET EQUITY
JOINT VENTURE:"MICHANIKI S.AEMPEDOS S.AEYCLIDES- ELLINIKI DYNAMIKI"	GREECE	93,00%	2002-2008	NET EQUITY
JOINT VENTURE:"MICHANIKI S.AATHINA S.A."	GREECE	50,00%	2007-2008	NET EQUITY
JOINT VENTURE:" MICHANIKI S.ATERNA S.A."	GREECE	2,00%	2003-2008	NET EQUITY
JOINT VENTURE:" MICHANIKI S.AATTI-KAT S.A."	GREECE	99,80%	2003-2008	NET EQUITY
JOINT VENTURE:" MICHANIKI S.AATHINAIKI CONSTRUCTION S.APARNON S.A."	GREECE	62,50%	2003-2008	NET EQUITY
JOINT VENTURE:"AKTOR-PANTEHNIKI- MICHANIKI"	GREECE	20,00%	2003-2008	NET EQUITY
JOINT VENTURE:"AKTOR- MICHANIKI-MOHLOS-ALTE"	GREECE	4,38%	2003-2008	NET EQUITY
JOINT VENTURE:"AKTOR- MICHANIKI-MOHLOS-ALTE( EGNATIA AVE. – VEROIA)"	GREECE	20,00%	2003-2008	NET EQUITY
JOINT VENTURE:" MICHANIKI – MOHLOS S.A."*	GREECE	50,00%	2001-2008	NET EQUITY
JOINT VENTURE:" MICHANIKI S.ATHEMELI S.APARNON S.A."	GREECE	90,00%	2003-2008	NET EQUITY
JOINT VENTURE:" MICHANIKI S.APANTEHNIKI S.A."	GREECE	50,00%	2003-2008	NET EQUITY
JOINT VENTURE:" MICHANIKI S.ACHR. KONSTANTINIDIS S.A."	GREECE	50,00%	2000-2008	NET EQUITY
JOINT VENTURE:" MICHANIKI S.APARNON S.A."	GREECE	92,50%	2000-2008	NET EQUITY
JOINT VENTURE:" MICHANIKI S.APANTEHNIKI S.A. (ALEXANDROUPOLI)"	GREECE	50,00%	2001-2008	NET EQUITY
JOINT VENTURE: "THESSALIKI-ELTER- MICHANIKI-TE CHR. KON/DIS"	GREECE	28,33%	2002-2008	NET EQUITY
JOINT VENTURE:"THESSALIKI- MICHANIKI-ELTER"	GREECE	25,00%	2002-2008	NET EQUITY
JOINT VENTURE:"ATHINA- MICHANIKI"	GREECE	50,00%	2006-2008	NET EQUITY
JOINT VENTURE:"TERNA- MICHANIKI"	GREECE	35,00%	2005-2008	NET EQUITY
JOINT VENTURE:"THEMELIODOMI- MICHANIKI-MOHLOS"	GREECE	40,00%	2007-2008	NET EQUITY

During 2008 Michaniki S.A.'s participation percentage to the subsidiary company of "BALKAN S.A." was 64.25% from 52,2% (31/12/2007).

The acquisition cost (through the A.S.E.) amounted €6.632.000. From the purchases, loss was emerged (positive surplus) for the group amounting €840.000 which was recognised as an expense in the Group's results. There were no sales during the fiscal year-end of 2008.

The Management of Michaniki Group of companies during the current period proceeded with a share capital increase to the company "MICHANIKI EGYPT" amounting €13.000.000. Additionally, the companies that participate in the share capital of the company "MICHANIKI EGYPT" proceeded in depositing an owed capital, from the previous year-end, amounting €5.250.000.

After the completion of the relevant share capital increases the share capital of the company "MICHANIKI EGYPT" amounts to €20.000.000 and the participant companies are "MICHANIKI S.A." with the amount of €14.000.000 (percentage 70%) "BALKAN REAL ESTATE" with the amount of €5.000.000 (percentage 25%) and "HELLENIC PIPEWORKS" with the amount of €1.000.000 (percentage 5%).



The share capital increase was necessary for the completion of the company's development business plan. Specifically the company "MICHANIKI EGYPT" during the current period acquired two investment property plots which are analyzed in note 5.6.3.

During the current period the owed capital to the subsidiary "MICHANIKI BELARUS" was deposited amounting to €316.000. After the conclusion of the relevant increases the share capital of the company "MICHANIKI BELARUS" amounts to €663.000 and the participating companies are "MICHANIKI S.A." with the amount of €497.000 (75%) and "BALKAN REAL ESTATE" with the amount of €166.000 (25%).

During the current period "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 the above companies is part the group's reorganization business plan -as analytically presented in the information memorandum dated 30.05.2008 (prot. no. 19392). Due to the existing global financial crisis the project has been postponed until the current international financial conditions present a noticeable improvement. The share capital of the above companies was set at  $\{0.000$ . The establishment of these companies does not affect the comparative figures of the Group since no transactions have taken place yet.

During the current year-end "MICHANIKI S.A." acquired from its 1005 subsidiary company "HELLENIC PIPEWORKS S.A." the investment participation that the subsidiary held (2,48%) in "MICHANIKI RUSSIA". The price amounted to €2.281.600. From the transaction no effect emerged on a Group level.

During the previous year-end "MICHANIKI S.A." absorbed its 100% subsidiary company "MICHANIKI REAL ESTATE S.A." The absorption took place with an absorption balance sheet of the subsidiary company dated 31.10.2007. The absorption was based upon the decision K2-18653/31.12.2007 of the Athens Prefecture. From the absorption there was no effect in the net equity and the results of the Group. Additionally there was no effect to the minority rights since the absorbed company was a subsidiary company by 100%. From 01.11.2007 the results are included in "MICHANIKI S.A." and for the two-month period of 2007 amounted to a loss of €749.000. The most part of these losses are due to the conveyance tax that amounted to €614.000.

#### **5.4.11 Foreign currency conversion**

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

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

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



# 5.4.12 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.

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

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

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

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



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

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

# **5.4.14 Property Investments**

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

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

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

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

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

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

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

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



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

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

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

# **5.4.15 Intangible Assets**

Intangible assets include software licenses.

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

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

### **5.4.16 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.

# **5.4.17 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 though 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.

#### 5.4.18 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.

#### 5.4.19 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.

### 5.4.20 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.

### 5.4.21 Non-current assets classified as held for sale

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

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



# 5.4.22 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.

#### 5.4.23 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.



# 5.4.24 Employee benefits

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

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

**Defined contribution plan:** According to the defined contribution plan, the company's obligation (legal or inferred) is limited to the amount agreed to be contributed to the entity (e.g. social security entity), which manages the contributions and grants the benefits. Therefore, the amount of benefits received by the employee is defined by the amount contributed by the company (or the employee as well) and the paid investments of these contributions. The contribution paid by the company in a defined contribution plan is recognized either as a liability after deducting the contribution paid or as an expense.

**Defined benefit plan:** The liability recorded in the balance sheet for the defined benefit plans constitutes the present value of the liability for the defined benefit less the fair value of the assets of the plan (if any) and the changes that result from any other actuarial profit or loss and the cost of the work experience. The commitment of the defined benefit is calculated on a yearly basis from an independent actuary with the projected unit credit method. For the discounting, the exchange rate of the long-term Greek Government bonds is used.

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

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

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

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



#### 5.4.25 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.

#### 5.4.26 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.

# **5.4.27 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.



#### 5.4.28 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.

#### **5.4.29 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 by reliably valuated, 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 valuated 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".

# 5.4.30 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 Euro zone is consequently exposing in financial risks and more specifically in risks related to the fluctuations of exchange rates, 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 choices in order to minimize, in the maximum possible way, the exposure to these mentioned financial risks, in addition to the negative effects, that a more intense then 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 presence of Greek banking groups in those 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 Euro currency financing, 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 G	ROUP	THE COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Bank Loans	176.946	88.029	105.191	42.002	
Cash and cash equivalent	9.864	22.921	1.526	3.949	
Net Debt	(167.082)	(65.108)	(103.666)	(38.053)	
Total Equity	273.812	282.428	200.664	228.755	
Equity to Net Debt Ratio	1,64	4,34	1,94	6,01	

#### **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: (a) evaluation of risks related to the business activity of the group; (b) methodology planning and selection regarding the most appropriate financial tools in order to minimize the financial risk exposure; (c) 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.

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
	USD	+5% -5%	(395) 395	(296) 296
	JPY	+5% -5%	3.853 (4.263)	2.890 (4.263)
A	RUB	+5% -5%	1 (1)	3.535 (3.198)
Amounts year-end 2008	UAK	+5% -5%	107 (107)	921 (921)
	EGP	+5% -5%	(22) 20	1.084 (981)
	BYR	+5% -5%	(8) 8	(6) 6
	USD	+5% -5%	670 (741)	502 (741)
	JPY	+5% -5%	1.189 (1.319)	892 (1.319)
Amounts year-end 2007	RUB	+5% -5%	34 (31)	1.212 (3.735)
	UAK	+5% -5%	145 (145)	1.306 (1.306)
	EGP	+5% -5%	4 (4)	88 (88)

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 effect regarding the exchange rate USD-JPY refers to open positions that the group had at the balance sheet sate. Regarding the effect upon the net equity when the result refers to losses there is no tax deduction since it is not deductible where as if it refers to profits the effect of the net equity is calculated after the retention of the proportionate tax expense.

#### 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 31<sup>st</sup> of 2008, 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 2008, 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 31.12.2008, 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 G	ROUP	THE COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Long-term Loans					
Long-term bank loans	47.404	20.470		-	
Short-term bank loans	129.542	67.559	105.191	42.002	
Total Loans	176.946	88.029	105.191	42.001	

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	USD	+1% -1%	(80) 80	(60) 60
2008	EURO	+1% -1%	(1.340) 1.340	(1.005) 1.005
Amounts year-end	USD	+1% -1%	(48) 48	(36) 36
2007	EURO	+1% -1%	(842) 842	(632) 632

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 base rate.

## 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 31<sup>st</sup> 2008, and 2007 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 2007						
Loans			67.559	20.470		88.029
Other Long-term liabilities				9.360		9.360
Trade creditors and other short-term liabilities	36.459	15.437	480			52.376
Derivatives			506			506
Total	36.459	15.437	68.545	29.830	0	150.271

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 referred to as derivatives for the fiscal year-end of 2007 are non existent since their maturity date has already expired. The amounts related to leasing are not 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:

1/1-31/12/2008					
		INDUSTRY-	REAL ESTATE		
	WORKS	ENERGY	UTILIZATION	OTHER	TOTAL
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
1/1-31/12/2007		INDUSTRY-	REAL ESTATE		
	WORKS	ENERGY	UTILIZATION	OTHER	TOTAL
Total gross sales per sector	176.534	26.018	27.168	768	230.489
Domestic sales	(915)	(3.431)	-	-	(4.346)
Net Sales	175.619	22.587	27.168	768	226.142
Operating Result	20.324	233	52.423	(691)	72.290
Financial Results	1.634	(778)	(1.305)	(224)	(673)
Profits before tax	21.958	(544)	<b>51.118</b>	(915)	<b>71.617</b>
Income tax	-	(416)	(10.917)	(6.772)	(18.105)
Net profit	21,958	(961)	40,201	(7.686)	53,512
	-	-	-	•	-
	-	-	-	-	-
1/1-31/12/2008		INDUSTRY-	REAL ESTATE		
1/1-31/12/2008	WORKS	INDUSTRY- ENERGY	REAL ESTATE UTILIZATION	OTHER	TOTAL
1/1-31/12/2008  Sector Assets	<b>WORKS</b> 240.573			OTHER	<b>TOTAL</b> 627.602
	240.573	<b>ENERGY</b> 83.947	UTILIZATION 303.082	10.756	627.602 10.756
Sector Assets		ENERGY	UTILIZATION		627.602
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities	240.573	<b>ENERGY</b> 83.947	UTILIZATION 303.082	10.756 <b>10.756</b>	627.602 10.756 <b>638.358</b> 197.105
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items	240.573 240.573 93.911	83.947 83.947 34.665	303.082 303.082 68.529	10.756 <b>10.756</b> 167.441	627.602 10.756 <b>638.358</b> 197.105 167.441
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities	240.573 240.573	83.947 83.947	303.082 303.082	10.756 <b>10.756</b>	627.602 10.756 <b>638.358</b> 197.105
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items	240.573 240.573 93.911	83.947 83.947 34.665	303.082 303.082 68.529	10.756 <b>10.756</b> 167.441	627.602 10.756 <b>638.358</b> 197.105 167.441
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items Consolidated Liabilities	240.573 240.573 93.911 93.911	83.947 83.947 34.665	303.082 303.082 68.529 68.529	10.756 10.756 167.441 167.441	627.602 10.756 <b>638.358</b> 197.105 167.441 <b>364.546</b>
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items Consolidated Liabilities Total Depreciation Tangible & Intangible Asset Additions	240.573 240.573 93.911 93.911 4.822	83.947 83.947 34.665 - 34.665 20	303.082 303.082 68.529 68.529 198 204	10.756 10.756 167.441 167.441 397	627.602 10.756 <b>638.358</b> 197.105 167.441 <b>364.546</b> 7.022
Sector Assets Non distributable Asset items Consolidated Assets  Sector Liabilities Non distributable Liability items Consolidated Liabilities  Total Depreciation	240.573 240.573 93.911 93.911 4.822 6.356	83.947 83.947 34.665 - 34.665 1.605 20	303.082 303.082 68.529 68.529 198 204 REAL ESTATE	10.756 10.756 167.441 167.441 397 430	627.602 10.756 <b>638.358</b> 197.105 167.441 <b>364.546</b> 7.022 7.010
Sector Assets Non distributable Asset items Consolidated Assets  Sector Liabilities Non distributable Liability items Consolidated Liabilities  Total Depreciation Tangible & Intangible Asset Additions  1/1-31/12/2007	240.573 240.573 93.911 93.911 4.822 6.356 WORKS	83.947 83.947 34.665 34.665 1.605 20  INDUSTRY-ENERGY	303.082 303.082 68.529 68.529 198 204 REAL ESTATE UTILIZATION	10.756 10.756 167.441 167.441 397 430	627.602 10.756 638.358 197.105 167.441 364.546 7.022 7.010
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items Consolidated Liabilities Total Depreciation Tangible & Intangible Asset Additions  1/1-31/12/2007 Sector Assets	240.573 240.573 93.911 93.911 4.822 6.356	83.947 83.947 34.665 - 34.665 1.605 20	303.082 303.082 68.529 68.529 198 204 REAL ESTATE	10,756 10,756 167,441 167,441 397 430 OTHER	627.602 10.756 638.358 197.105 167.441 364.546 7.022 7.010
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items Consolidated Liabilities Total Depreciation Tangible & Intangible Asset Additions 1/1-31/12/2007 Sector Assets Non distributable Asset items	240.573 240.573 93.911 93.911 4.822 6.356 WORKS 196.624	83.947 83.947 34.665  1.605 20  INDUSTRY- ENERGY 64.781	198 204 REAL ESTATE UTILIZATION	10.756 10.756 167.441 167.441 397 430 OTHER 17.771 31.221	627.602 10.756 638.358 197.105 167.441 364.546 7.022 7.010 TOTAL 499.353 31.221
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items Consolidated Liabilities Total Depreciation Tangible & Intangible Asset Additions  1/1-31/12/2007 Sector Assets	240.573 240.573 93.911 93.911 4.822 6.356 WORKS	83.947 83.947 34.665 34.665 1.605 20  INDUSTRY-ENERGY	303.082 303.082 68.529 68.529 198 204 REAL ESTATE UTILIZATION	10,756 10,756 167,441 167,441 397 430 OTHER	627.602 10.756 638.358 197.105 167.441 364.546 7.022 7.010
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items Consolidated Liabilities Total Depreciation Tangible & Intangible Asset Additions 1/1-31/12/2007 Sector Assets Non distributable Asset items	240.573 240.573 93.911 93.911 4.822 6.356 WORKS 196.624	83.947 83.947 34.665  1.605 20  INDUSTRY- ENERGY 64.781	198 204 REAL ESTATE UTILIZATION	10.756 10.756 167.441 167.441 397 430 OTHER 17.771 31.221	627.602 10.756 638.358 197.105 167.441 364.546 7.022 7.010 TOTAL 499.353 31.221
Sector Assets Non distributable Asset items Consolidated Assets  Sector Liabilities Non distributable Liability items Consolidated Liabilities  Total Depreciation Tangible & Intangible Asset Additions  1/1-31/12/2007  Sector Assets Non distributable Asset items Consolidated Assets	240.573 240.573 93.911 93.911 4.822 6.356 WORKS 196.624	83.947 83.947 34.665 34.665 20 INDUSTRY-ENERGY 64.781	198 204 REAL ESTATE UTILIZATION 220.178	10,756 10,756 167,441 167,441 397 430 OTHER 17,771 31,221 48,992	627.602 10.756 638.358 197.105 167.441 364.546 7.022 7.010 TOTAL 499.353 31.221 530.575
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items Consolidated Liabilities Total Depreciation Tangible & Intangible Asset Additions  1/1-31/12/2007  Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities	240.573 240.573 93.911 93.911 4.822 6.356 WORKS 196.624	83.947 83.947 34.665 34.665 20 INDUSTRY-ENERGY 64.781	198 204 REAL ESTATE UTILIZATION 220.178	10.756 10.756 167.441 167.441 397 430  OTHER 17.771 31.221 48.992	627.602 10.756 638.358 197.105 167.441 364.546 7.022 7.010 TOTAL 499.353 31.221 530.575
Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items Consolidated Liabilities Total Depreciation Tangible & Intangible Asset Additions  1/1-31/12/2007  Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items Consolidated Liabilities	240.573 240.573 93.911 93.911 4.822 6.356 WORKS 196.624 196.624 85.689	83.947 83.947 34.665 34.665 20 INDUSTRY-ENERGY 64.781 28.763	198 204 REAL ESTATE UTILIZATION  220.178 44.599	10.756 10.756 167.441 167.441 397 430  OTHER 17.771 31.221 48.992 1.326 87.770 89.096	627.602 10.756 638.358 197.105 167.441 364.546 7.022 7.010  TOTAL 499.353 31.221 530.575 160.375 87.770 248.145
Sector Assets Non distributable Asset items Consolidated Assets  Sector Liabilities Non distributable Liability items Consolidated Liabilities  Total Depreciation Tangible & Intangible Asset Additions  1/1-31/12/2007  Sector Assets Non distributable Asset items Consolidated Assets Sector Liabilities Non distributable Liability items	240.573 240.573 93.911 93.911 4.822 6.356 WORKS 196.624 85.689	83.947 83.947 34.665 34.665 20 INDUSTRY-ENERGY 64.781 28.763	198 204 REAL ESTATE UTILIZATION 220.178 44.599	10.756 10.756 167.441 167.441 397 430  OTHER 17.771 31.221 48.992 1.326 87.770	627.602 10.756 638.358 197.105 167.441 364.546 7.022 7.010 TOTAL 499.353 31.221 530.575

# **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 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007	
Greece	227.815	221.869	181.307	145.620	
Euro Countries	-	-	-	-	
Other Countries	6.692	8.619	-	-	
Total Group Sales	234.507	230.488	181.307	145.620	
Less Intragroup Sales	(3.565)	(4.346)			
Total Sales	230.942	226.142	181.307	145.620	



# 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		
			THE GROUP		
	Plots, Quarries & Buildings	Fransportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Book Value January 1st 2007	32.646	31.094	732	988	65.460
Gross Book Value Accumulated Depreciation and impairment value	52.647 (24.220)	82.909 (44.864)	5.535 (4.749)	2.315	143.406 (73.833)
•	, ,	· , ,	, ,		<u> </u>
Book Value January 1st 2008 Gross Book Value	<b>28.427</b> 38.642	<b>38.045</b> 73.421	<b>785</b> 6.068	<b>2.315</b> 2.356	<b>69.572</b> 120.487
Accumulated Depreciation and impairment value	(12.366)	(34.259)	(5.033)	0	(51.658)
Book Value December 31st 2008	26.276	39.162	1.035	2.356	68.829
ASSETS WITH FINANCIAL LEASING					
Book Value January 1st 2007	-	4.147	-	-	4.147
Gross Book Value Accumulated Depreciation and impairment value	-	5.584 (3.794)	-	-	5.584 (3.794)
Book Value January 1st 2008	-	1.790	-	-	1.790
Gross Book Value Accumulated Depreciation and impairment value	-	5.580	-	-	5.580 (4.400)
Book Value December 31st 2008	-	(4.400) <b>1.180</b>	-	-	1.180
			THE GROUP		
		Fransportation means			
	Plots, Quarries & Buildings	& mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Book Value January 1st 2007	32.646	31.094	732	988	65.460
Additions	_	12.059	434	1.545	14.038
Sales - Reductions	(3.256)	(5.358)		(218)	(9.220
Total depreciation in Results	` '	(4.616)	• •	` -	(5.820
	(905)				
Depreciation of Sold Assets	-	(4.056)	, ,	-	(4.363
Depreciation in Acc. Statement Transfers	(905) (58)	(560) 815	9	-	(1.457 757
Net Foreign Exchange Differences	-	(2)	(3)		(5
Book Value December 31st 2007	28.427	38.045	785	2.315	69.572
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)	(5)		-	(1.264
Net Foreign Exchange Differences	-	-	-	-	-
Book Value December 31st 2008	26.277	39.278	918	2.356	68.829
ASSETS WITH FINANCIAL LEASING					
Book Value January 1st 2007 Sales - Reductions	-	3.235	-	-	3.235 -
Total depreciation in Results	-	(632)	-	-	(632)
Depreciation of Sold Assets Depreciation in Acc. Statement		(814)			(814)
Book Value December 31st 2007	-	1.790	-		1.790
Book Value January 1st 2008	_	1.790	-	_	1.790
Sales - Reductions Total depreciation in Results	-	(5) (608)		-	(5) (608)
Depreciation of Sold Assets	-	(3)		-	(3
Transfers Depreciation in Acc. Statement		(605)	<u> </u>		(605)
Book Value December 31st 2008	•	1.180	-	-	1.180



#### THE COMPANY

		Transportation			
	Plots, Quarries & Buildings	means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Book Value January 1st 2007	17.232	21.611	419	988	40.251
Gross Book Value	20.703	43.468	3.364	2.315	69.851
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 December 31st 2008	16.355	31.468	579	2.356	50.757
ASSETS WITH FINANCIAL LEASING					
Book Value January 1st 2007		2.422			2.422
Gross Book Value	=	5.584	=	=	5.584
Accumulated Depreciation and impairment value	_	(3.794)		_	(3.794
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 December 31st 2008	-	1.180	-	-	1.180

#### THE COMPANY

	Plots, Quarries & Buildings	Transportation means & mechanical equipment	Furniture and Other Equipment	Tangible assets under construction	Total
Book Value January 1st 2007	17.232	21.609	419	988	40.251
Additions from acquisition of subsidiary companies	<u> </u>	10.368	346	- 1,545	12.259
Additions Sales - Reductions	-	(78)		(218)	(304)
Total depreciation in Results	(444)	٠,	. ,	-	(3.558)
Depreciation of Sold Assets		(41)	(5)	-	(46)
Depreciation in Acc. Statement	(444)	(2.865)	(202)	-	(3.511)
Transfers Net Foreign Exchange Differences	-	-	-	- -	-
Book Value December 31st 2007	16.788	29.034	556	2.315	48.693
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 Transfers	(444)	(3.552)	(288)	<del>-</del> -	(4.284)
Net Foreign Exchange Differences	-	-	-	-	-
Book Value December 31st 2008	16.356	31.468	579	2.356	50.757
ASSETS WITH FINANCIAL LEASING					
Book Value January 1st 2007	<u>-</u>	2.422		-	2.422
Sales - Reductions Total depreciation in Results Depreciation of Sold Assets	- -	(632)			(632)
Depreciation in Acc. Statement	-	(632)			(632)
Book Value December 31st 2007	-	1.790	-	-	1.790
Book Value January 1st 2008		1.7 70	<u>-</u>	-	1.790
Sales - Reductions	-	(5)			(5)
Total depreciation in Results Depreciation of Sold Assets	- -	(608) (3)			(608) (3)
Depreciation in Acc. Statement		(605)			(605)
Book Value December 31st 2008	-	1.180	-	-	1.180

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 CO	MPANY
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
At the beginning of the period	118.769	42.833	-	-
Transfers-Cost .	4.117	3.256		
Transfers-Fair value difference	-	5.168		
Additions	17.664	35.854	-	-
Sales/Write off	-	(15.195)	-	-
Profits / (losses) from fair value	36.052	46.853	-	-
Property investment buildings from subsidiary absorption	-	-	18.952	18.952
Transfer held for sale	(32.706)			
Foreign exchange differences	75_			
At the end of the period	143.970	118.769_	<u> 18.952</u>	<u> 18.952</u>

The transfers in the account "Held for sale" amounting to €32.706.000 refer to a property investment held by "BALKAN REAL ESTATE" for which a preliminary sale agreement has been signed. (see note. 5.6.15)

The transfers to property investments amounting to €4.117.000 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.

During the current year-end the group readjusted the value of its property investments for those cases were the value differed significantly from the value presented in the yearly financial statements of December  $31^{\text{st}}$  2007. The estimations regarding the value of the buildings are based upon valuations performed by independent assessors. The total resulted surplus value of the year-end amounted to  $\le 36.052.000$  ( $\le 46.853.000$  in the previous year-end). The relevant amount, after the deduction of the correspondent taxes, has been recognised within the profit and loss statement.

During the current year-end the Group proceeded in significant acquisitions of land parcels in Egypt from its stationed subsidiary. The realized purchases are presented in the table below:

Land Plot	Area	Location	Acquisition Cost
Kerdasa	17.912 cm	Kerdassa Cairo	3.717.000
Azezeya	147.538 cm	El-Azezeya Cairo	12.730.000
Total	165.450 cm		16.447.000

Additionally purchases amounting to €216.000 took place from the subsidiary company "MICHANIKI BULGARIA" which refer to additional expenditures upon an existing asset.

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

	Property Investment Valuation Result				
	1/1 - 31/12/2008	1/1 - 31/12/2007			
Greece	16.747	3.913			
Russia	18.391	41.199			
Bulgaria	(952)	1.740			
Egypt	1.866	0			
Total	36.052	46.852			

In the previous year-end property investments were sold that have been valuated in the amount of 15.195.000. The sale value amounted to 16.890.000 and the resulted profit were transferred to the year-end results. In addition, fair value differences that had been recognized from previous valuations regarding these relevant buildings amounting to 4.571.000 were transferred from the "Fair value reserves" to the "Retained earnings" as realized profits capable to be distributed.

In 2007, MICHANIKI S.A. absorbed its 100% subsidiary "MICHANIKI REAL ESTATE S.A." From the absorption property investments owned by the absorbed company were transferred amounting to €18.952.000. The



buildings had been valuated at their fair value and no differences resulted at the transfer; additionally the relevant buildings continue to fulfill the property investment classification terms.

# 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:

Gross Book Value         180         1.296         1           Accumulated Depreciation and impairment value         (116)         (824)         (9           Book Value January 1st 2008         64         472           Gross Book Value         189         1.296         1           Accumulated Depreciation and impairment value         (139)         (868)         (1.0	<b>617</b> .476 940) <b>536</b> .485 007) <b>478</b>
Software resources Total  Book Value January 1st 2007  88  529  Gross Book Value  180  1.296  1 Accumulated Depreciation and impairment value  (116)  (824)  (9824)  Gross Book Value January 1st 2008  64  472  Gross Book Value  189  1.296  1 Accumulated Depreciation and impairment value  (139)  (868)  (1.8  Book Value December 31st 2008  Expenditures for the exploration and evaluation of mineral	.476 940) <b>536</b> .485 007)
Software resources Total  Book Value January 1st 2007  88  529  Gross Book Value  180  1.296  1 Accumulated Depreciation and impairment value  (116)  (824)  (9824)  Gross Book Value January 1st 2008  64  472  Gross Book Value  189  1.296  1 Accumulated Depreciation and impairment value  (139)  (868)  (1.8  Book Value December 31st 2008  Expenditures for the exploration and evaluation of mineral	.476 940) <b>536</b> .485 007)
Software resources Total  Book Value January 1st 2007  88 529  Gross Book Value 180 1.296 1 Accumulated Depreciation and impairment value (116) (824) (9824)  Gross Book Value January 1st 2008 64 472  Gross Book Value 189 1.296 1 Accumulated Depreciation and impairment value (139) (868) (1.8  Book Value December 31st 2008  Expenditures for the exploration and evaluation of mineral	.476 940) <b>536</b> .485 007)
Book Value January 1st 2007         88         529           Gross Book Value         180         1.296         1           Accumulated Depreciation and impairment value         (116)         (824)         (9           Book Value January 1st 2008         64         472           Gross Book Value         189         1.296         1           Accumulated Depreciation and impairment value         (139)         (868)         (1.4           Book Value December 31st 2008         50         428    Expenditures for the exploration and evaluation of mineral	.476 940) <b>536</b> .485 007)
The control of the	.476 940) <b>536</b> .485 007)
Accumulated Depreciation and impairment value (116) (824) (924) (925)  Book Value January 1st 2008 64 472  Gross Book Value 189 1.296 1  Accumulated Depreciation and impairment value (139) (868) (1.000)  Book Value December 31st 2008 50 428  Expenditures for the exploration and evaluation of mineral	940) <b>536</b> .485 007)
Gross Book Value 189 1.296 1 Accumulated Depreciation and impairment value (139) (868) (1.8	<b>536</b> .485 007)
Gross Book Value  Accumulated Depreciation and impairment value  Book Value December 31st 2008  Expenditures for the exploration and evaluation of mineral	.485 007)
Accumulated Depreciation and impairment value (139) (868) (1.6 Book Value December 31st 2008 50 428  Expenditures for the exploration and evaluation of mineral	007)
Book Value December 31st 2008 50 428  Expenditures for the exploration and evaluation of mineral	_
Expenditures for the exploration and evaluation of mineral	478
and evaluation of mineral	
and evaluation of mineral	
and evaluation of mineral	
Software resources Total	
Book Value January 1st 2007 88 529	<u>617</u>
	_
Additions 0 0	0
Sales - Reductions 0 0	0
	(82) <b>536</b>
	<del>330</del> 0
Additions from subsidiary company acquisitions 0 0 Additions 10 0	10
Sales - Reductions 0 0	0
	(67)
Depreciation reductions 0 0	07)
Book Value December 31st 2008 50 428	



## **THE COMPANY**

	Software	Expenditures for the exploration and evaluation of mineral resources	Total
Book Value January 1st 2007	30	-	30
Gross Book Value	115	-	115
Accumulated Depreciation and impairment value	(84)	<del>-</del>	(84)
Book Value January 1st 2008	29	0	29
Gross Book Value	115	-	115
Accumulated Depreciation and impairment value	(99)	<del>-</del>	(99)
Book Value December 31st 2008	16	0	16

	Expenditures for the exploration and evaluation of				
	Software	mineral resources	Total		
Book Value January 1st 2007	46		46		
	0	0	0		
Additions		-	0		
Sales - Reductions		-	0		
Depreciation	(16)	-	(16)		
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		

## 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 G Other Invo 31/12/2008	estments
Beginning of period	9	9
Additions-Valuations	(6)	
Sales-Reclassifications	(6)	-
End Balance	3	9
Provisions for devaluations	(3)	(3)
End Balance	0	6

THE COMPANY						
	Subsid	diaries	Othe	er	Tot	al
	31/12/2008	31/12/2007	31/12/2008 3	31/12/2007	31/12/2008	31/12/2007
Beginning of period	162.053	131.171	3	3	162.056	131.174
Additions	22.272	53.288		-	22.272	53.288
Subsidiary absorption	-	(20.650)				
Sales	-	(1.756)		-	-	(1.756)
End Balance	184.325	162.053	3	3	184.328	162.056
					-	-
Provisions for devaluations	(31.777)	(16.766)	(3)	(3)	(31.780)	(16.769)
End Balance	152.548	145.284	-	-	152.548	145.284

During the previous year-end MICHANIKI S.A. absorbed its subsidiary by 100% "MICHANIKI REAL ESTATE S.A.".



## **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	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Long-Term maturity bills receivable	714	2.143	714	2.143
Less:Non accrued interest	(21)	(90)	(21)	(90)
Other long-term receivables	428	405	279	243
Total other long-term receivables	1.121	2.458	972	2.296

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

## **5.6.7 Inventories**

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

	THE GROUP 31/12/2008 31/12/2007		THE CO 31/12/2008	MPANY 31/12/2007
Merchandise	12	26	4	4
Finished and Semi Finished Products - By-Products and Residues	40.041	38,842	17.037	17.636
Production in progress	78.894	63.785	20.031	19.595
Raw and auxiliary materials - Consumables - Spare parts and Packing Materials	3.743	3.998	1.611	2,482
Total	122.689	106.651	38.682	39.717

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

The significant raise 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 CO	MPANY
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Accrued cost up to today	590.718	426.279	500.435	363.056
Plus recognized profit	134.150	92.480	119.706	82.431
Less Losses	(963)	(1.354)	(730)	(1.030)
Less accumulated invoicing	(651.801)	(474.397)	(567.022)	(419.768)
Balance	72.103	43.008	52.389	24.689
Amount owed by clients	73.538	56.016	53.421	37,373
Amount owed to clients	(473)	(11.654)	(303)	(11.654)
Offset balance from clients Unexecuted Projects	73.065 260.187	44.362 426.490	53.118 223.363	25.719 384.245



#### 5.6.9 Trade and Other commercial receivables

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

	THE GI	ROUP	THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Trade receivables	60.160	48.766	44.879	20 611
	141	154	44.679 141	28.611
Bills receivable			= :=	130
Client accruals (IAS 11)	73.538	56.016	53.421	37.373
Bills receivable overdue	133	133		-
Cheques receivable	2.659	-	717	-
Receivables from executed projects	26.301	26.301	26.301	26.301
Cheques receivable overdue	166	1.751	145	145
Doubtful receivables	5.542	2.133	1.759	1.774
Sundry debtors	13.190	10.378	2.943	3.429
Prepayment and credit accounts	1.389	1,492	222	212
Less:Bad debt provisions	(34.271)	(34.288)	(29.101)	(29.092)
Total other receivables	148.948	112.836	101.428	68.883
		PROVISION		
	THE GI	ROUP	THE COI	MPANY
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Beginning of period	34.288	44.936	29.092	28.995
Provisions formed in the period	9	97	9	97
Reverce of provisions	(26)	3,	,	5,
Receivable write off	-	(10.745)	_	_
End of period	34.271	34.288	29.101	29.092

During the current year-end additional provisions were formed for doubtful receivables of €9,000.

During the previous year-end the subsidiary company "BALKAN S.A." proceeded in the write off of receivables amounting to €10.745.000 for which it had formed impairment provisions in previous year-ends.

#### 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 par. 5.4.10 "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			
	31/12/2008	31/12/2007		
Beginning of period	16.252	14.977		
Additions-Reclassifications	7	0		
Year-end profits proportion	1.797	4.963		
Reductions / Withdrawals against profit	(3.245)	(3.688)		
End of period balance	14.811	16.252		
Joint Ventures with a negative net	eguity			
Beginning of period	21.608	20.835		
Year-end losses	1.259	773		
J/V with a negative net equity accumulated losses	22.867	21.608		
Trade (commercial) balance	754_	1.869		
End period balance	23.621	23.477		
Net result from joint ventures	538	4.190		



The parent company profits from joint ventures in the current fiscal year-end amounted to €1.797.000 against €4.959.000 in the previous fiscal year-end. Losses amounted to €1.170.000 against €718.000 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	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Escrow accounts				-
Deferred expenses	1.813	3.110	1.700	2.212
Accrued income	2	9		-
Other interim accounts	1.259	1.369		-
Total	3.074	4.488	1.700	2.212

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

	THE G	ROUP	THE COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Income tax prepayments Asset acquisition prepayments Inventory puchase prepayments Payments for the acquisition of property investment buildings	7,864 55 582 31,454	6.326 - 575 30.428	5.809 484	4,926 - 366	
Total prepayments	39.955	37.329	6.293	5.292	

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 31/12/2008 31/1		THE CO 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 C	GROUP	THE COMPANY		
	31/12/2008 31/12/2007		31/12/2008	31/12/2007	
Short-term receivables from affiliated companies	0	0	2.159	2.388	
Short-term receivables from other investment interest companies	49.216	36.919	48.873	38.104	
TOTAL	49.216	36.919	51.032	40.492	

The table above presents receivables from joint ventures amounting to  $\leq$ 49.216.000. Part of these receivables (approximately 23.621.000 $\leq$ ) are considered as non secure collections. There's no reason though for a bad debt provision since these receivables have been indirectly written off through the valuation (with the formation of the liability resulted, as in par. 5.6.26).



# 5.6.14 Cash and cash equivalents

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

	THE G	ROUP	THE CO	MPANY
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Cash at hand	174	109	67	60
Short-term bank deposits	9.690	22.812	1.459	3.889
Total	9.864	22.921	1.526	3.949

Cash represents cash at hand in addition to bank deposits available at first demand. The real weighted average interest rate of the bank deposits for the period presented is 2,85% against 3,02% 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" signed a preliminary agreement at 21/10/2008 regarding 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. The sale value was set to the amount of €37.000.000 and it is payable with the signature of the final contract. After the existence of the sale preliminary agreement all of the assets that constitute part of this transaction were reclassified in the category "Assets held for sale" with a total value of €34.064.000. The analysis per category of the relevant amount is presented in the table below:

Asset category	Amounts in € Thousands
Investment property	32.706
Tangible assets	1.259
Inventories	94
Total	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 €50.000 for the current period (0,03% of the consolidated sales) against €4.597.000 of the previous period (2,6% of the consolidated sales).

The activity participation to the Group results amounted to a loss of  $\leq$ 301.000 for the current period (0,9% of the consolidated results) against losses of  $\leq$ 809.000 the previous period (1,5% of the consolidated results). The Timber activity constitutes a sub sector of the "Energy Industry" presentation sector.



# 5.6.16 **Equity**

# i) Share capital

During the current period a share capital increase took place amounting to  $\in$ 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  $\in$ 1,54 from  $\in$ 1,48. Therefore the company's share capital is constituted from 66.937.526 ordinary shares with a face value of  $\in$ 1,54/per share, that is  $\in$ 103.083.790,04 and 25.968.987 preferred shares with a face value of  $\in$ 1,54/per share, that is  $\in$ 39.992.239,98.

## ii) Share Premium

	THE G	ROUP	THE COI	MPANY
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Share premium	129.629	129.629	129.629	129.629
Less :Own Shares	(3.580)	(3.397)	(3.580)	(3.397)
<b>Total</b>	<b>126.049</b>	<b>126.232</b>	<b>126.049</b>	<b>126.232</b>

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

During the year-end of 2008 the company acquired 36.632 own shares with an acquisition cost of €183.000.

"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:

Foreign exchange differences		Statutory Legal Reserve	Fair Value Property Investment Reserves	Readjustmen t Differences	THE GR Tax free reserves	ROUP 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
Changes during the year-end Other     3.535     24.890     -     1.958     176     -     (2.309)     -     (5.140)     23.       Other     -     -     -     -     -     (5.460)     6.247     49.       Balance at 31/12/2007     7.557     35.215     795     7.117     831     997     (3.397)     (5.460)     6.247     49.       Foreign exchange differences     -     (14.148)     (14.148)     (14.148)     (5.761)     19.       Changes during the year-end     5.147     20.138     243     (183)     (183)     (5.761)     19.	Balance at 1/1/2007	4.022	10.325	795	5.159	655	997	(1.088)	(1.022)	11.386	31.229
Other         Balance at 31/12/2007         7.557         35.215         795         7.117         831         997         (3.397)         (5.460)         6.247         49.           Foreign exchange differences         (14.148)         (14.188)         (14.188)         (14.188)         (14.188)         (14.188)         (14.188)         (18.1888)         (18.1888)	Foreign exchange differences	-			-	-	-		(4.437)	-	(4.437)
Balance at 31/12/2007         7.557         35.215         795         7.117         831         997         (3.397)         (5.460)         6.247         49.           Foreign exchange differences         Changes during the year-end         5.147         20.138         243         (5.761)         19.           Other         (183)         (5.761)         19.	Changes during the year-end	3.535	24.890	-	1.958	176	-	(2.309)	-	(5.140)	23.111
Foreign exchange differences  Changes during the year-end  Other  (14.148)  (14.148)  (14.148)  (5.761)  19.  (183)	Other	-			-	-	-		-	·	-
Changes during the year-end       5.147       20.138       243       (5.761)       19.         Other       (183)       (183)       (183)	Balance at 31/12/2007	7.557	35.215	795	7.117	831	997	(3.397)	(5.460)	6.247	49.900
Other	Foreign exchange differences								(14.148)		(14.148)
	Changes during the year-end	5.147	20.138			243				(5.761)	19.767
	Other							(183)			(183)
Balance at 31/12/2008 <u>12.704</u> 55.353 795 7.117 1.074 997 (3.580) (19.608) 486 55.	Balance at 31/12/2008	12.704	55.353	795	7.117	1.074	997	(3.580)	(19.608)	486	55.338

				THE COM						
					Reserves from tax			Foreign		
		Fair Value			free profits of			Exchange		
		Property			construction &	Reserves from		Differences		
	Statutory Legal	Investment	Readjustmen	Tax free	Technical	specially taxed	Own shares	Conversion	Other	
	Reserve	Reserves	t Differences	reserves	Companies	revenues	reserves	Reserves	Reserves	Total
Balance at 1/1/2007	3.368		- 13.448	1.872	655	995	(1.088)	-	10.859	30.110
Foreign exchange differences	-			-	-	-		-	-	-
Changes during the year-end	3.211		- 6.680	1.958	176	-	(2.309)	-	(7.803)	1.913
Other				-	-	-		-	-	<u> </u>
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

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

## iv) Retained earnings

The amount of  $\in$ (87.120.000)/ $\in$ (88.499.000)€refers to accumulated losses of the Group/Company at 31/12/2008.

#### **5.6.17 Own Shares**

The company at December  $31^{st}$  2008 had 584.567 own shares (ordinary) with an acquisition cost amounting to €3.580.000. During the current period 36.632 own shares were acquired with an average acquisition price of €4,99/per share.

## **5.6.18 Foreign exchange differences**

During the current period negative foreign exchange differences were recognized in the Group's net equity amounting to  $\in$ (15.184.000) against  $\in$ (4.737.000) ) in the respective period of the previous year-end. The amount refers to foreign exchange conversion differences of foreign consolidated companies. The significant charge is caused mainly due to the devaluation of the currency from the investment in the subsidiary company "MICHANIKI RUSSIA" (amount  $\in$ 6.613.000) and the investment in the subsidiary company "MICHANIKI UKRAINE" (amount  $\in$ 9.855.000). From the investment in the subsidiary company "MICHANIKI EGYPT" positive foreign exchange differences emerged (amount  $\in$ 1.241.000).

#### 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 G	ROUP	THE COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Long-term Loans					
Bank Loans	47.404	20.470	-	-	
Financial Lease Liabilities	6.673	7.142	6.673	7.142	
Total Long-term loans	54.077	27.612	6.673	7.142	
<b>Short-term loans</b> Bank loans Financial Lease Liabilities	129.542 478	67.559 478	105.191 478	42.002 478	
Total Short-term loans	130.020	68.037	105.670	42.001	
Total Loans	184.097	95.649	112.343	49.143	

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:

	31/12/2008	31/12/2007
Bank loans in €	6,77%	6,49%
Bank loans in UD \$	6,68%	7,79%

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



	THE COMPANY							
Future minimum lease payment rent	als at Decembe	er 31st, 200	7					
	<b>&lt;1 year €</b> <b>`000</b> s	1<5 years € '000s	> <b>5 years</b> <b>€ '000</b> s	Total € '000s	<1 year € '000s	1<5 years € '000s	> <b>5 years</b> <b>€ `000</b> s	Total € '000s
Rental payments Discount (Future financial charges of financial leases)	478	7.142	-	7.620 -	478	7.142	-	7.620
Net Present Value	478	7.142	-	7.620	478	7.142	-	7.620
	THE GROUP					THE CO	MPANY	
Future minimum lease payment rent	als at Decembe	er 31st, 200	8					
	<1 year € '000s	1<5 years € '000s	> <b>5 years</b> € '000s	Total € '000s	<1 year € '000s	1<5 years € '000s	> <b>5 years</b> <b>€ '000</b> s	Total € '000s
Rental payments Discount (Future financial charges of financial leases)	478	6.673	_	7.151	478	6.673	-	7.151
Net Present Value	478	6.673	-	7.151	478	-	-	7.151

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

	THE GR	OUP	THE COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Operating leases which will be					
paid in 1 year					
BUILDINGS	364	77	54	51	
EQUIPMENT	0	0	0	0	
TRANSPORTATION MEANS	626	587	547	513	
OTHER EQUIPMENT	0	0	0	0	
Subtotal 1: Short-term					
operating leases	990	664	601	563	
Operating leases which will be					
paid in 2 to 5 years					
BUILDINGS	1.226	203	217	203	
EQUIPMENT	0	0	0	0	
TRANSPORTATION MEANS	813	1.024	751	931	
OTHER EQUIPMENT	0	0	0	0	
Subtotal 2	2.039	1.227	968	1.135	
Operating leases which will be					
paid after 5 years					
BUILDINGS	0	0	0	0	
EQUIPMENT	0	0	0	0	
TRANSPORTATION MEANS	0	0	0	0	
OTHER EQUIPMENT	0	0	0	0	
Subtotal 3	0	0	0	O	
Subtotal 4 (=2+3): Long-term					
operating leases	2.039	1.227	968	1.135	
TOTAL (=1+4)	3.029	1.891	1.569	1.698	



	THE GR	DUP	THE COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Operating leases which will be collected in 1 year					
BUILDINGS EQUIPMENT TRANSPORTATION MEANS OTHER EQUIPMENT	469	442 0 0 0	413	390 0 0 0	
Subtotal 1: Short-term operating leases	469	442	413	390	
Operating leases which will be collected in 2 to 5 years					
BUILDINGS	866	1.200	646	991	
EQUIPMENT TRANSPORTATION MEANS		0		0 0	
OTHER EQUIPMENT		0		0	
Subtotal 2	866	1.200	646	991	
Operating leases which will be collected after 5 years					
BUILDINGS		0		0	
EQUIPMENT TRANSPORTATION MEANS		0		0 0	
OTHER EQUIPMENT		0		0	
Subtotal 3	0	0	0	0	
Subtotal 4 (=2+3): Long-					
term operating leases	866	1.200	<u>646</u>	991	
TOTAL (=1+4)	1.335	1.642	1.059	1.381	

# **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 GR	OUP	THE CO	<b>OMPANY</b>
31/12/2008	31/12/2007	31/12/2008	31/12/2007
2.041	1.541	1.159	788
2.041	1.541	1.159	788
31/12/2008	31/12/2007	31/12/2008	31/12/2007
1.541	1.865	788	803
985	265	768 791	509
75	61	35	28
(568)	(555)	(455)	(572)
8	(95)	0	20
2.041	1.541	1.159	788

The main actuarial acknowledgements that were used are the following:

		THE GROUP / THE COMPANY	,
Future Salary Increases Yearly average of long-term Discount interest rate G.N.P. yearly average increas		3,15% 2,00% 5,30% 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	2/2008	31/12	2/2007	31/12/2008		31/12	2/2007
	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 Investments and other Long-term Receivables Current Items	259	(23.889)	235	(16.208)		(2.425)	192	(2.072)
Construction Contracts Inventories  Equity Capital	2.605 21	(15.280)	2.914 277	(11.601) (1.506)	1.865 21	(12.020)	277	(9.301)
Reserves Grants Long-term Liabilities	88	(1.782)	175	(788)	132		16	
Personel Benefits Joint Ventures	3	384 (115)	386 41	(5)	219		197	(5)
Short-term Receivables-Liabilities Financial Leases Other short-term receivables-liabilities	1.606 873	(3)	1.202		1.606		1.202	
Other Tax deductible losses	800	(40 carl	344	(20. 100)	2.442	(14.445)	1.004	(11 370)
<i>Total</i> Offsetting	6.255	<i>(40.685)</i> (34.430)	5.574	<i>(30.108)</i> (24.534)	3.943	(14.445) (10.602)	1.994	<i>(11.378)</i> (9.494)

The income tax rate in which the companies of the Group operate in Greece, are subject to a 25% for 2008.

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 he 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 INFO		COMPANY INFO	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Current income tax	6.456	6.972	1.203	5.699
Deferred tax	9.778	10.220	4.838	50
Previous year-ends tax audit tax	487	-		-
Potential taxes	693	913	575	513
TOTAL INCOME TAX	17.414	18.105	6.616	6.262
Profit before tax	45.288	71.616	8.874	31.029
Tax rate	25%	25%	25%	25%
Current income tax upon profits before tax	11.322	17.904	2.218	7.757
Tax effect of non taxed income and expenses that are not deducted for tax reasons	864	(225)	762	(225)
Tax effect of taxed income at its source (dividends, j/v etc)	(276)		(458)	(2.512)
Tax effect of non deductible IFRS recordings	4.260	(179)	4.147	
Tax provision of tax audit of un-audited year-ends	693	913	575	513
Reserve distribution	-	502		502
Tax effect of losses for which an asset deferred tax was not recognized	1.004	178		
Other taxes	95	117	84	14
Recognition of deferred taxed losses of previous year-ends	491	-		
Effect from ratio changes-Subsidiary ratio difference	(1.039)	(1.105)	(712)	213
TOTAL INCOME TAX	17.414	18.105	6.616	6.262

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 company.



# 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 31/12/2007 31/12/2008 31/12/2007
3.734 3.848 2.531 2.597

#### 5.6.23 Provisions

Other long-term liabilities

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:

	Ti Provisions of loss- making construction projects	HE GROUP Other provisions	Total Provisions
1/1/2007	190	1.622	1.812
Additional year-end provisions	1.161	908	2.069
Non used provisions that were reversed		(708)	(708)
31/12/2007	1.351	1.822	3.174
Additional year-end provisions		687	687
Non used provisions that were reversed	(388)	(313)	(701)
31/12/2008	963	2.196	3.159

#### THE COMPANY

#### Provisions of lossmaking Other Total construction provisions **Provisions** projects 1/1/2007190 1.022 1.212 Additional year-end provisions 840 1.347 507 Non used provisions that were (708)(708)reversed 31/12/2007 1.030 821 1.851 Additional year-end provisions 575 575 Non used provisions that were (301)(301)reversed 31/12/2008 729 1.396 2.125

In the other provisions account, provisions that the company and the Group have performed for potential taxes are included.

The provision of  $\in$ 963.000 ( $\in$ 729.000 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 Liabilites	THE GROUP 31/12/2008 31/12/2007		THE CO 31/12/2008	MPANY 31/12/2007
Trade creditors	42.128	38.695	27.078	26.723
Bills payable	646	1.237	562	429
Cheques payable	29.343	17.868	23.776	15.042
	72.117	57.800	51.416	42.194

# 5.6.25 Tax liabilities

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

	THE G	ROUP	THE COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Income Tax Tax audit differences provision Previous year-ends tax audit taxation Other taxes	16.160 693 491 70	17.192 913 0 0	5.982 575 0 59	5.749 513 0 0	
Period tax expense proportion	17.414	18.105	6.616	6.262	
	THE G 31/12/2008	ROUP 31/12/2007	THE CO 31/12/2008		
Tax liabilities Total	320 <b>320</b>	2.196 <b>2.196</b>	<u>0</u>	1.715 1.715	

The parent company has not been audited by the tax authorities for the fiscal year-ends 2005 to 2008. During the previous year-end the tax audit was concluded regarding the fiscal year-ends from 2002 up to and 2004. From the relevant audit additional taxes resulted amounting to €708.000. The relevant amount did not encumber the period's results since the company had formed sufficient provisions.

The tax un-audited fiscal year-ends for the other companies of the Group are depicted in the table below:

COMPANY NAME	TAX UN-AUDITED FISCAL YEAR-ENDS
HELLENIC PIPE WORKS S.A.	2001-2008
BALKAN REAL ESTATE S.A.	2000-2008
MARMARA KAVALAS S.A.	2006-2008
THOLOS S.A.	2006-2008
HELLENIC WOOD INDUSTRY S.A.	2007-2008
MICHANIKI REAL ESTATE S.A.	2005-2008
MICHANIKI BULGARIA S.A.	1995-2008
MICHANIKI UKRAINE	01.04.2008 to 31.12.2008
MICHANIKI RUSSIA LTD	2004-2008
MICHANIKI EGYPT	First over twelve month fiscal year
MICHANIKI BELARUS LTD	First over twelve month fiscal year



During the current period the tax audit of the subsidiary company THOLOS S.A. was concluded regarding the fiscal year-ends from 2003 to 2005. From the audit, differences amounting to €313.000 emerged which were covered from adequate provisions that the company had already performed.

During the current period the tax audit of the subsidiary company "MARMARA KAVALAS S.A." was concluded regarding the fiscal year-ends from 2003 to 2005. From the audit, differences amounting to €487.000 that were recognized to the results.

During the current period the tax audit of the subsidiary company "HELLENIC WOOD INDUSTRY S.A." was concluded regarding the fiscal year-ends from 2000 to 2006. From the audit, differences amounting to €4.000 that were recognized to the results.

During the current period the tax audit of two joint ventures/consortiums was concluded regarding the fiscal year-ends up to and 2006 whereas a tax audit for one more joint venture/consortium up to and 2007. From the audit, total differences amounting to €449.000 that were equally recognized to the results from affiliate companies.

There have been recognized potential taxes for the parent company amounting to €1.396.000 and for the Group €2.196.000 that are assessed as sufficient. Within the amount regarding the provisions of un-audited tax year-ends of the parent company the amount of €267.000 is included which refers to joint ventures/consortiums that are mentioned in the group structure in par. 5.4.10. 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 G	ROUP	THE COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Dividends Payable Deferred revenues - Grants Accrued expenses Other liability interim accounts Social Security Other taxes-duties Sundry creditors Total	1.073	728	1.073	728	
	227	66	66	66	
	22	33	0	11	
	867	1.371	867	1.093	
	1.680	1.964	1.238	1.414	
	6.410	6.296	4.996	6.006	
	7.152	5.562	5.978	4.076	
	<b>17.432</b>	16.020	14.219	13.394	
Amounts owed to affiliated parties	23.621	23.477	22.987	24.169	
Total	<b>23.621</b>	23.477	<b>22.987</b>	24.169	

From the total amount of "Amounts owed to affiliated parties", an amount of €22.867.000 refers to a liability recognized 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 note 5.6.10.

# 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 31/12/2007 31/12/2008 31/12/2008 31/12/2007 Client Advances 5.871 7.701 3.967 5.175 Amounts owed to clients (I.A.S. 11) 473 11.654 303 11.654 Other 6.344 Total 19.355 4.270 16.829

#### 5.6.28 Derivative Financial Items

The company preserves 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 31/12/2008 came up to €63.000.000 (€94.000.000 during the previous year-end).

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		
	31/12/2008	31/12/2007	
Beginning Balance	506	123	
Reversion of valuation	(506)	(123)	
Valuation at end	17.093	506	
End Balance	17.093	506	
	1/1 - 31/12/2008	1/1 - 31/12/2007	
Reversion of valuation	506	(123)	
Profits from settlement	4.394	4.969	
Losses from settlement	(2.730)	(1.246)	
Valuation of open positions at end	(17.093)	-506	
Amount recognized in results	(14.923)	3.094	

#### **5.6.29 Turnover**

The turnover analysis of the Group and the Company is analyzed in note 5.6.2.

#### 5.6.30 Cost of sales

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



	THE G	ROUP	THE COMPANY		
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007	
Cost of inventories recognized as an expense	78.350	72.690	64.920	48.967	
Cost of sales of property investments		15.300		-	
Personnel Fees	33.048	25.587	28,300	18.583	
Fees and expenses of third parties	39.573	43.986	25,435	30.109	
Third party grants	17.800	18.004	14.295	11.981	
Taxes and duties	1.321	1.477	1.081	1.217	
Other general expenses	3.454	4.064	2.793	2.606	
Asset depreciation	6.544	5.908	4.894	3.953	
Total	180.090	187.016	141.717	117.416	

# **5.6.31 Administrative expenses**

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

	THE G	ROUP	THE COMPANY		
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007	
Personnel fees	5.527	4.359	4.365	2,568	
Fees and expenses of third parties	1.365	1.067	836	593	
Third party grants	1.572	1.523	1.457	1.400	
Taxes and duties	344	907	180	877	
Other general expenses	3.648	3,355	2.287	2.701	
Asset depreciation	370	290	247	219	
Total	12.826	11.500	9.373	8.359	

# **5.6.32 Selling expenses**

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

	THE G	ROUP	THE CON	MPANY
	1/1 -	1/1 -	1/1 -	1/1 -
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Personnel fees	167	585	0	0
Fees and expenses of third parties	24	47	0	0
Third party grants	56	97	3	3
Taxes and duties	7	15	6	5
Other general expenses	767	928	0	53
Asset depreciation	107	87	60	33
Total	1.128	1.763	69	94

# 5.6.33 Depreciation

The allocation of the depreciation is depicted below:

	THE G	THE GROUP THE COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Cost of Sales	6.544	6.052	4.894	3.953
Selling Expenses	370	89	60	33
Administrative Expenses	108	374	247	219
Not incorporated in the operational cost		-		-
Own production				
	7.022	6.515	5.201	4.205



# 5.6.34 Other operating revenues/ expenses

The other operating revenues/expenses are analyzed below:

	THE GR	ROUP	THE COMPANY	
Other operational income	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Foreign exchange differences profits	181	988	6	205
Income from Subsidies - Grants	554	248	72	97
Insurance Indemnities	269	70	269	70
Other idemnities	-	-		-
Income from rents	478	118	430	115
Income from unused/used provisions	25	-		-
Profits from asset sales	652	805	311	79
Fair value of property investments		226		-
Profits from sale and leaseback of assets			_	
Other income from previous year-ends	55	26	7	11
Other income	155	115	134	97
Total	2.367	2.595	1.222	674
Total	2,301	2,595	1,222	
Other operating expenses		2,000		
Foreign exchange differences losses	595	286	193	0
Bad debt provision	-	97	200	97
Losses from asset sales	186	994	56	17
Tax fines and increments	79	39	77	14
Tax fines and increments of previous year-ends	277	2		0
Insurance Indemnities	-	-		-
Other Indemnities	428	52	428	52
Depreciation not incorporated to the operational cost	-	-		-
Other expenses from previous year-ends	214	509	26	24
Other expenses	118	1.044		139
Total	1.897	3.022	780	343

# 5.6.35 Financial revenues/expenses – Other financial results

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

	THE GI	ROUP	THE CO	MPANY
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Financial Income from:				
- Bank interest	494	315	103	74
- Undertaken Loans	-	-		
- Securities		116	925	6.132
Total	494	431	1.027	6.206
Financial Expenses from:				
- Derivative financial product valuation	16.587	1.666	16.587	1.666
- Bank Loans	10.889	6.646	6.324	3.809
- Guarantees commission	1.954	1.812	1.611	1.531
- Financial Leases	423	78	423	78
- Other bank expenses	129	76	84	76
Total	29.982	10.278	25.029	7.160
Other Financial Results				
- Profits from investment and securities sales		-	-	2.995
- Derivative settlement financial product result	1.664	4.760	1.664	4.760
- Losses from sales of investments and securities	-	(16)		(16)
- Expenses and Losses of investments and securities	(7)	(77)	(7)	(77)
-Other financial expenses	(0.44)	(28)		-
Subsidiary percentage change acquisition result  Profit-loss proportion to associate company	(841) 539	344 4.190	628	4,240
Total	1.355	9.173	2.285	11.902
PERIOD FINANCIAL RESULT	(28.133)	(674)	(21.717)	10.948
I ENZOD I ZITINOZNE NEGOLI	(20.133)	(0/1)	\21.11/	10.540

The significant charge of the financial cost during the current year-end is caused mainly due to the losses amounting to  $\in$ 16.587.000 that emerged from the valuation of derivative financial products that the Group uses. (see 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 2008, are analyzed below:

INTERCOMPANY TRANSACTIONS	MICHANIKI S.A.			
	PERIOD 01.0	1-31.12.2008	BALANCE 3	1.12.2008
AMOUNTS IN € THOUSAND	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
Libilities 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

Based upon the above the following clarifications are presented:

- 1) The company HELLENIC PIPE WORKS S.A. a) sold steel pipes of €1.836 thousand value before V.A.T. to MICHANIKI S.A., with an outstanding amount of €68 thousand, b) rented a building to MICHANIKI S.A. to be used as a repair workshop and the rentals amounted to €42 thousand, with an outstanding amount of €0 thousand.
- 2) The company MARMARA KAVALAS S.A., a) leased equipment for €36 thousand value before V.A.T. from MICHANIKI S.A., with an outstanding amount of €20 thousand, b) sold marble of €6 thousand before V.A.T. to MICHANIKI S.A., with an outstanding amount of €0 thousand.
- 3) The company THOLOS S.A. a) leased equipment for €1.138 thousand value before V.A.T. from MICHANIKI S.A., with an outstanding amount of €224 thousand, b) leased equipment for €380 thousand value before V.A.T. to MICHANIKI S.A., with an outstanding amount of €45 thousand.
- 4) The company MICHANIKI S.A. a) rendered services of €141 thousand value to Joint Ventures in which it participates in, with an outstanding amount of €2.233 thousand, b) received services of €112 thousand value from Joint Ventures in which it participates in, with an outstanding amount of €542 thousand.
- 5) The company MICHANIKI S.A. has other receivables amounting to €48.555 thousand, a) from HELLENIC WOOF INDUSTRY S.A. amounting to €44 thousand, b) from MICHANIKI UKRAINE amounting to €1.871 thousand, c) from Joint Ventures in which it participates in amounting to €46.640 thousand.
- 6) The company MICHANIKI S.A. has other liabilities to Joint Ventures in which it participates in amounting to €22.332 thousand.



- 7) 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 €213 thousand.
- 8) The company THOLOS S.A. has other receivables from Joint Ventures in which it participates in amounting to €378 thousand.
- 9) The company THOLOS S.A. has other liabilities to Joint Ventures in which it participates in amounting to €648 thousand.
- 10) The company HELLENIC PIPE WORKS S.A. sold steel pipes of €10 thousand value before V.A.T. to THOLOS S.A., with an outstanding amount of €0 thousand.
- 11) The company MARMARA KAVALAS S.A., sold marble of €116 thousand value before V.A.T. to THOLOS S.A., with an outstanding amount of €46 thousand.

The respective comparative fiscal year-end of 2007 is presented in the table below:

INTERCOMPANY TRANSACTIONS	MICHANIKI S.A.			
	PERIOD 01.0	PERIOD 01.01-31.12.2007 PERIOD 31.12.2007		
AMOUNTS IN € THOUSAND	COMMODITIE S & SERVICES SALES	COMMODITIE S & SERVICES PURCHASES	RECEIVABLE S	LIABILITIES
HELLENIC PIPE WORKS S.A.	89	2.586	-	1.311
BALKAN REAL ESTATE S.A.	-	-	-	-
MARMARA KAVALAS S.A.	44	62	23	-
THOLOS S.A.	521	261	84	46
HELLENIC WOOD INDUSTRY S.A.	-	-	63	-
MICHANIKI REAL ESTATE S.A.	-	-	-	-
MICHANIKI BULGARIA S.A.	-	-	347	-
MICHANIKI UKRAINE	-	-	1.871	-
MICHANIKI RUSSIA LTD	-	-	-	-
MICHANIKI EGYPT	-	-	-	-
JOINT VENTURES THAT THE PARENT COMPANY PARTICIPATES	122	1.179	38.104	22.812
PARENT COMPANY TOTAL	776	4.088	40.492	24.169
CONSOLIDATION EFFACEMENTS	-654	-2.909	-2.388	-1.357
CONSOLIDATION ADJUSTMENT OF PARENT COMPANY JOINT VENTURES WITH THE NET EQUITY METHOD	-	-	-1.371	_
CONSOLIDATION ADJUSTMENT OF SUBSIDIARY JOINT VENTURES WITH THE NET EQUITY METHOD	2	-	186	665
GROUP TOTAL	124	1.179	36.919	23.477

AMOUNTS IN € THOUSAND	GROUP	COMPANY	
Transactions and fees to executive members and members of management	9.315	1.606	PERIOD 01.01-31.12.2007
Receivables from executive members and members of management	0	0	PERIOD 31.12.2007
Libilities to executive members and members of management	41	41	PERIOD 31.12.2007

AMOUNTS IN € THOUSAND		
PURCHASES/SALES BETWEEN SUBSIDIARIES	784	PERIOD 01.01-31.12.2007
LIABILITIES - RECEIVABLES BETWEEN SUBSIDIARIES	1.043	PERIOD 31.12.2007

During the current year-end the subsidiary company "HELLENIC PIPEWORKS" sold its participation percentage of "MICHANIKI RUSSIA" to the parent company for the amount of  $\[ \in \] 2.281.600$ . From this transaction a profit was realized amounting to  $\[ \in \] 2.81.600$  which on a Group level was crossed out. The transaction had no effect to the Group's minority rights nor to its equity.

In the previous year-end the company "MICHANIKI REAL ESTATE" sold a property investment to an associate member of the Management for the amount of €6.890.000. The fair value of the property had been designated to the amount of €6.529.000 and the initial acquisition cost amounted to €5.931.000. From this transaction a profit for the company was realized amounting to €361.000. This amount had been fully paid at the balance sheet date.



## 5.6.37 Profits per share

Profits proportioned to the parent company shareholders Weighted Number of Ordinary Shares

Total basic profits per share (€ per share)

TI	THE GROUP	
31/12/	31/12/2007	31/12/2008
:	33.970	15.786
66.35	66.687.986	66.353.511
0,	0,5094	0,2379

THE GROUP THE COMPANY

**THE COMPANY 31/12/2008 31/12/2007**1.628
17.855
66.353.511
66.687.986
0,0245
0,2677

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 GROOT TH	L COMI ANT
	31/12/2008	31/12/2007
Total Shares	66.937.526	66.937.526
Existing own shares at beginning	(547.935)	(247.184)
Weighted number of period purchases-sales	(36.080)	(2.356)
Number of shares for E.P.S.calculation	66.353.511	66.687.986

### 5.6.38 Potential receivables-liabilities

MICHANIKI S.A. has receivables from anti-contractual behavior against the company PYLAIA S.A. regarding the MEDITERRANEAN COSMOS project. For these receivables there are pending two lawsuits from MICHANIKI against PYLAIA S.A. in the multimember court of first instance of Athens amounting to  $\in$ 28.950.000. MICHANIKI S.A. has recognized the amount of  $\in$ 18.500.000 which is included in its receivables. For the same work project the counterpart has filed two lawsuit amounting to  $\in$ 18.340.000. The company's management based upon the technical and legal reports reckons that the receivables emanating from PYLAIA S.A. lawsuit are unsubstantiated. 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 GR	OUP	THE CON	1PANY
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
L/G Good Performance	212.449	261.805	172.984	235.088
L/G Retention Replacement	21.788	14.640	18.249	11.777
L/G Advance Payment	7.519	11.558	4.313	7.841
TOTAL	241.756	288.003	195.546	254.706

### 5.6.40 Dividends

The Company's Management, intends to suggest to the General Assembly of its shareholders for 2008, the distribution of a dividend amounting to €0,09 per share which after the proportion of the dividend that is proportionate to the own shares, amounts to €0,09057 per share, of which dividend after the tax retaining obligation for dividends of 10% in favour of the Greek State (par. 1, article 18, I. 3697/2008) the remaining dividend amounts to €0,081513 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:

		ROUP 31/12/2007	THE CO 31/12/2008	
Salaried Daily Wage	506 518	508 668	355 406	349 572
Total Employees	1.024	1.176	761	921

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



	THE G	ROUP	THE COMPANY				
	1/1 -	1/1 -	1/1 -	1/1 -			
	31/12/2008	31/12/2007	31/12/2008	31/12/2007			
Personnel Emoluments	29,229	21.904	23.992	15.603			
Employers' Contributions	10,024	7.184	8.346	5.169			
Personnel Indemnities	571	1.574	455	573			
Other personnel grants	34	25	26	6			
<b>Total</b>	<b>39,858</b>	<b>30.687</b>	32.819	<b>21.351</b>			
Amount charged to the Profit & Loss account Amount capitalized within the asset self productions	37.299 0	30.008 0	30.518	20.816 0			
Amount in Inventories  Total	2,559	679	2.301	535			
	<b>39,858</b>	<b>30.687</b>	32.819	21.351			

# 5.6.42 Management grants

	1/1 -	1/1 -	MPANY 1/1 -
2/2008	31/12/2007	31/12/2008	31/12/2007
1.735	1.609	1.026	1.057
130	112	61	55
2.805	704	2.667	493
4 670	2 425	3 754	1.606
	1.735 130	1.735 1.609 130 112 2.805 704	1.735 1.609 1.026 130 112 61 2.805 704 2.667

## 5.6.43 Reclassification of item accounts

During the current year-end a reclassification of an account item took place regarding liabilities from derivative financial products amounting to  $\in$ 506.000. Analytically the account due to its insignificant size had been registered in the account "Other Short-term Liabilities". In the current year-end and due to the fact that the balance of this particular account came up to the significant figure of  $\in$ 17.093.000 the amount is presented on a separate line as designated by the ordinances of the relevant standard. From the reclassification neither the equity nor the results were affected. Additionally also the relation between short-term and long-term liabilities was not affected.



## 5.6.44 Events after the date of the balance sheet

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

The annual financial statements of the Group and the Company from page 16 to page 75 were approved by the Board of Directors at 26.3.2009.

**THE CHAIRMAN** 

THE MANAGING DIRECTOR

PRODROMOS S. EMFIETZOGLOU

ID No:  $\Xi$  498825/86

**MELPOMENI PR. EMFIETZOGLOU** 

ID No: AE 034080/06

THE FINANCIAL DIRECTOR

THE CHIEF ACCOUNTING MANAGER

**APOSTOLOS N. ATHANASOPOULOS** 

ID No: Ξ 288898/87

**KIKIANTONIS I. CHRISTOS** 

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



#### **Data and Information**



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

#### DATA AND INFORMATION OF FISCAL YEAR-END FROM JANUARY 1ST, 2008 TO DECEMBER 31ST, 2008

(published according to L. 2190/20, article 135 for companies that compile yearly financial statements, consolidated and non consolidated according to the I.A.S.) - (Amounts in € thousand)

The data and information below resulting form the financial statements, aim to provide a general briefing for the financial status and the results of "MICHANIKI S.A." and its GROUP. We therefore recommend to the reader, before proceeding in any kind of invest decision or other transaction with the company, to access the company's website address where the financial statements in addition to the certified auditor public accountant's report are presented.

Qualified Authority: Ministry of Development Company Website Adress : www.michaniki.gr

Board of Directors Composition :
Chairman: (Exec. Member) Pr. Emfietzoglou
Man. Director: (Exec. Member) M. Emfietzoglou
Exec. Members: G. Dimakis, El.Trivoulidis

( Yearly consolidated and non consolidated )	THE	ROUP	THE COMPANY			
	31/12/2008	31/12/2007	31/12/2008	31/12/2007		
ASSETS						
Asset Tangible Items for own use	70.009	71.362	51.938	50,481		
Property Investments	143.970	118.769	18.952	18.952		
Intangible Asset Items	50	64	16	29		
Other non current asset items	16.518	19.231	167.842	161.907		
Inventory	122,689	106.651	38.682	39.717		
Receivables from clients	137.769	104.188	99.648	67.185		
Other current asset items	113,294	110,310	62.331	53.644		
Non current asset items destined						
for sale	34.059	0	0	0		
TOTAL ASSETS	638.358	530.575	439.409	391.915		
NET EQUITY AND LIABILITIES						
Share capital	143.076	137.502	143.076	137.502		
Other net equity items	97.847	110.949	57.588	91.253		
Total Net Equity of Company's Shareholders (a)	240.923	248.451	200.664	228.755		
Minority rights (b)	32.889	33.977	0	0		
T-4-1 M-4 F-11/4- (-) - (-) + (h)		200 100		000 755		

143.076	137.502	143.076	137.502
97.847	110.949	57.588	91.253
240.923	248.451	200.664	228.755
32.889	33.977	0	0
273.812	282.428	200.664	228.755
47,404	20.470	0	0
50.196	40.283	23.090	21.872
129.542	67.559	105.191	42.002
137.404	119.834	110.463	99.286
364.546	248.146	238.745	163.160
638.358	530.575	439.409	391.915
	97.847 240.923 32.889 273.812 47.404 50.196 129.542 137.404 364.546	97 647 110 949 240 923 248.451 32 889 33 977 273.812 282.428 47.404 20.470 50.196 40.283 129.542 67.559 137.404 119.834 364.546 248.146	97.847 110.949 57.586 240.923 248.451 200.664 32.869 33.977 0 273.812 282.428 200.664 47.404 20.470 0 50.196 40.283 20.909 129.542 67.559 105.191 137.404 119.834 110.463 364.546 248.146 238.749

## YEAR-END PROFIT AND LOSS STATEMENT (amounts in thousand €)

( Yearly consolidated and non consolidated )	THE	ROUP	THE COMPANY			
	31/12/2008	31/12/2007	31/12/2008	31/12/2007		
Total sales turnover	230.942	226.142	181.307	145.620		
Gross profits/ (losses)	50.853	39.127	39.590	28.204		
Profits / (losses) before tax, financial						
and investment results	73.422	72.290	30.591	20.081		
Profits / (losses) before tax	45.288	71.616	8.874	31.029		
Less taxes	(17.414)	(18.105)	(6.616)	(6.262)		
Profits / (losses) after tax	27.874	53.512	2.257	24.767		
Distributed to:						
Company shareholders	21.956	47.119	2.257	24.767		
Minority Shareholders	5.918	6.393	0	0		
Profits after tax per Share (in €/share)	0,2378	0,5094	0,0245	0,2677		
Suggested dividend per Share- (€/share)			0,07	0,16		
Profits / (losses) before tax, financial						
and investment results and depreciation	80.444	78.806	35.792	24.287		

Total shares:92.906.513 Ordinary:66.937.526 Preferred:25.968.987

Exec. Members: Ap. Athanasopoulos

Non Exec. Members: N. Kambas, El. Vozani

Non Exec. Independent Members: Agg. Tseglekanos, D. Petrotos

Type of auditing report of chartered accountants: With agreeable opinion

#### YEAR-END CASH FLOW STATEMENT INFORMATION (Indirect Method) (amounts in € thousand)

( Yearly consolidated and non consolidated )	THE	ROUP	THE COMPANY		
Operating Activities		1/1-31/12/07		1/1-31/12/07	
Profit before tax	45.288	71.617	8.874	31.029	
Plus / less adjustments for:					
Depreciation	7.022	6.515	5.201	4.205	
(Depreciation of assets grants)	(115)	(71)	(66)	(71)	
Losses / (Profits) from asset sale	(139)	(836)	73	17	
Provisions / (Revenues from unused provisions of					
previous year-ends)	100	936	78	922	
Losses / (Profits) of fair value Property Investments	(36.052)	(48.538)	0	0	
Foreign exchange differences	(15.184)	(4.737)	0	0	
Results (income, expenses, profits and losses)					
from investment activity.	(825)	(621)	(2.589)	(13.885)	
Credit interest and similar income	(469)	(630)	(103)	(76)	
Debit interest and similar charges	29 990	10.746	25 036	7.254	
Plus/ less adjustments for changes of working capital accounts					
that are related with operating activities:					
Decrease / (increase) of inventories	(20.249)	(13.974)	1.035	(2.255)	
Decrease / (increase) of receivables	(43.521)	(26.868)	(40.123)	(17,448)	
(Decrease) / Increase of liabilities (except banks)	2.155	19.967	(3.761)	34.230	
Less:	2.100	10.001	(0.701)	04.200	
Paid up Debit interest and similar charges	(13.403)	(10.746)	(8.449)	(7.254)	
Paid up taxes	(11.966)	(8.636)	(9.410)	(6.322)	
Total inflows / (outflows) from operating activities (a)	(57.368)	(5.878)	(24.204)	30.346	
		- 0			
Investment activities					
Disposal/(Acquirement) of subsidiaries, associates and other inves	(6.811)	(888)	(21.925)	(33.373)	
Purchases of tangible and intangible assets	(7.010)	(16.108)	(6.771)	(14.342)	
Collections from sales of tangible and intangible assets	278	2.285	56	22	
Disposal/(Acquirement) of property investments	(17.738)	(18.974)	0	0	
Collected dividends	- 1	0	925	3.141	
Interest received	469	630	103	76	
Collections from Government grants	0	369	0	0	
Settlement of Derivative Financial Items	1.664	4,760	1.664	4.760	
Total inflows / (outflows) from investment activities (b)	(29.146)	(27.926)	(25.950)	(39.715)	
Financial Activities					
Collections from issued / undertaken loans	104 879	70 500	74 439	40 149	
Sales / (Purchases) of own shares.	(183)	(410)	(183)	(410)	
Loan settlements.	(15.963)	(34.619)	(11.250)	(27,150)	
Liability settlements from financial leases (amortization)	(469)	(530)	(469)	(74)	
Paid dividends to parent company shareholders	(14.808)	(12.908)	(14.808)	(12.908)	
Total inflows / (outflows) from financial activities ( c ).	73.457		47.730		
Total Illiows / (outliows) Iron Illiancial activities ( c ).	/3.45/	22.033	47.730	(393)	
Net increase / (decrease) in cash and cash					
equivalents (a) + (b) + ( c)	(13.057)	(11,771)	(2.423)	(9.762)	
Cash and cash equivalents at the beginning of year-end	22.921	34.692	3,949	9.725	
Plus cash and cash equivalents of absorbed company	0	0	0.0.10	3,985	
Cash and cash equivalents at the end of the year-end	9.864	22,921	1.526	3,949	
you will will be a second of the year wi	5.004	TT:0E1	1.020	0.040	

#### YEAR-END NET EQUITY CHANGES STATEMENT (amounts in € thousand)

( Yearly consolidated and non consolidated )	THE	GROUP	THE COMPANY			
	31/12/2008	31/12/2007	31/12/2008	31/12/2007		
Total Net equity at beginning of year-end (01.01.2008						
and 01.01.2007 respectively)	282.428	237.179	228.755	206.749		
Year-end Profits/(losses) after tax	27.873	53.512	2.257	24.767		
Profits/(Losses) from sale of own shares	0	1.498	0	1.498		
Change of foreign exchange differences conversion reserve	(15.184)	(4.737)	0	0		
Effect from change of investment percentage to a subsidiary company	(5.971)	6.418	0	0		
Effect from subsidiary merge	0	0	0	4.378		
Property Investment valuation differences	0	3.876	0	0		
Distributed Dividends (profits)	(15.154)	(13.007)	(15.154)	(13.007)		
Cash and cash equivalent for sale financial items valuation	0	0	(15.011)	7.775		
Profits/(losses) from sale of cash and cash equivalents for sale financial items	0	0	0	(1.095)		
Own shares (purchases)/sales	(183)	(2.309)	(183)	(2.309)		
Net Equity at end of year-end (31.12.2008 and						
31.12.2007 respectively)	273.812	282.428	200.664	228.755		

#### ADDITIONAL DATA AND INFORMATION

ADDITIONAL DATA AND INFORMATION

1) All of the companies of the Group are consolidated with the full consolidation method, except the joint ventures which are consolidated with the net equity method. Analytical data relevant to the company name, the country of registration, the participation percentages (direct or indirect) of the parent Company, the un-audited tax year-ends to consolidated method are presented for all of the above companies and joint ventures in paragraphs (8, 419) and (5, 629) of the financial statements.

2) The changes of the Goup's composition structure during the fiscal year-end of 2008 are the following. a) Michanisk (9,419) and (5, 629) of the financial statements.

2) The changes of the Goup's composition structure during the fiscal year-end of 2008 are the following. Company and the following company and the financial statements.

2) The changes of the Goup's composition structure during the fiscal year-end of 2008 are the following. Company and the Goup's and the Corpus's All the parent Company's provisions amount to € 963 housand 6 € 1,306 thousand respectively and (1) the Group's & the parent Company's brownisions amount to € 963 housand 6 € 1,306 thousand respectively and (1) the Group's & the parent Company's brownisions amount to € 963 thousand 6 € 1,306 thousand respectively and (1) the Group's & the parent Company's brownisions amount to € 963 thousand 6 € 1,306 thousand respectively and (1) the Group's & the parent Company's brownisions amount to € 963 thousand 6 € 1,306 thousand respectively and (1) the Group's & the parent Company's brownisions amount to € 963 thousand 6 € 1,306 thousand respectively and (1) the Group's & the parent Company's brownisions amount to € 963 thousand 6 € 1,306 thousand respectively and (1) the Group's & the parent Company's brownish is paragraph (1) and the Group's & the parent Company's brownish is paragraph (1) and the Group's & the parent Company's brownish and the Group's & the parent Company's brownish and the Group's & the parent Company's

THE CHAIRMAN OF THE BOARD

THE MANAGING DIRECTOR

THE FINANCIAL DIRECTOR

THE CHIEF ACCOUNTING MANAGER

THE FINANCIAL DIRECTION

APOSTOLOS N. ATHANASOPOULOS

ID No: 2 28898/87

ID No: N 299442/93 License Register No. of the Chartered Auditors Association 13476

PRODROMOS S. EMFIETZOGLOU
ID No: E 498825/86
MELPOMENI PR. EMFIETZOGLOU
ID No: E 498825/86
ID No: AE 0349800/86

Annual Financial Report for the period from 01.01.2008 to 31.12.2008



# **Appropriation of Raised Funds**

#### 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. 68/28.12.2005 of the A.E. Board of Directors (Official Legal Notice Issue 128/07/80.82.2001) and b) no. 33/24.11.2005 of the A.E. Board of Directors, that the partial coverage of the share capital increase, that book place based upon the decision of the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase was approved with the decision not the Extraordinary General Assembly dated 31.01.2001. The above increase and advantage of the A.E. Board of Directors and the Extraordinary General Assembly dated 31.01.2001. The above increase and advantage of the A.E. Board of Directors and the Extraordinary General Assembly dated 31.01.2001. The above increase 31.01.2001 and the protection of the Ex anticipated matters within the Report of the mentioned share capital increase in addition to the disposal of funds up to 31.12.2008, 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 92.09.2000 (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		ON	DISPOSED CAPITAL FROM 01.01.2001 UP TO 31.12.2008 (TOTAL)	DISPOSED CAPITAL FROM 01.07.2008 UP TO 31.12.2008 (LAST SIX MONTH PERIOD)			
	20	01	Total 2001	20	02	Total 2002	Total	2001	2002	Total	2001	2002	Total	2001	2002	Total		
	A Semiannual	B Semiannual		A Semiannual	B Semiannua													
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			-	-	-	-		
β) Construction of multiple use building in																		
Thesalonica	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											2,93	2,93	5,87	2,35	13,02	15,37	2,48	
2. ENERGY INVESTMENTS			11,74			24,94	36,68	1,47	27,88	29,35	1,47	19,08	20,54	-	2,93	2,93		
a) Completion of H/Y station in river Goura																		
(4MW)	1,47	0,00	1,47	0,00	0,00	0,00	1,47	1,47		1,47	1,47		1,47	-	-	-		
b) Construction of H/Y station in river Venetiko																		
(4,2MW)	0,00	1,47	1,47	1,47	1,47	2,93	4,40		1,47	1,47			-	-	-	-		
c) Construction of H/Y station in river																		
Aliakmonas (3,2MW)	0,00	1,47	1,47	1,47	1,47	2,93	4,40			-			-	-	-	-		
d) Construction of Grand H/Y stations	0,00	7,34	7,34	8,80	10,27	19,08	26,41		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	-	-	-		
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	-	-	-		
4. BALKAN EXPORT S.A.	0,00	22,01	22,01	0,00	0,00	0,00	22,01			-				-	-	-		
5. MARMARA KAVALAS S.A.			5,87			2,93	8,80	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	1,47	2,93			-			-	-	-	-		
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	0,88	-	0,88	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	
6. HELLENIC PIPEWORKS S.A.			2,93			0,00	2,93			-			-	-	-	-		
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. BIEX S.A.											1,47		1,47	0,73	-	0,73	0,73	
8. MICHANIKI BULGARIA S.A.	0,59	2,35	2,93	2,93	1,47	4,40	7,34			-				-	-	-		
9. MICHANIKI SKOPIA S.A.	0,88	2,05	2,93	0,00	0,00	0,00	2,93			-				-	-	-		
10. SPECIAL MECHANICAL EQUIMENT	2,05	3,82	5,87	1,47	1,47	2,93	8,80			-			-	-	-	-		
11. 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	36,38	5,75
12. TECHNICAL COMPANIES								4,40	1,47	5,87		5,87	5,87	1,76	20,88	22,64	22,64	
13. S.P.O EXPENSES							1,89	0,79		0,79	0,79		0,79	0,79	-	0,79	0,79	
TOTAL DISPOSED CAPITAL																	65,36	5,75
NON DISPOSED CAPITAL																	1,46	
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.

ocase 1: 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 conjuction with decision of the Ordinary General Assembly dated 26.00.2001.

c.case 7: The company "MEX 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 conjuction with decision of the Extraordinary General Assembly dated 21.11.2001.

Beard of Directors regarding financial expenses, based upon the decision 1818/26.01.2006 of the company's Board of Directors regarding fine execution of Decision 33/24.11.2005 of the Board of Directors of the A.E. (case a) of paragraph A.3.).

Assembly dated 21.11.2001.

Assembly d

THE CHAIRMAN MANAGING DIRECTOR

THE FINANCIAL DIRECTOR THE CHIEF ACCOUNTING MANAGER

PRODROMOS S. EMFIETZOGLOU MELPOMENI PR. EMFIETZOGLOU APOSTOLOS N. ATHANASOPOULOS ID No: E 498825 / 86 ID No: AE 034080 / 06 ID No: = 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 form 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 articipated regulative framework of the artici

1) We compared the amounts that are mentioned as cash disbursements in the attached "Appropriation of Raised Fuds 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 be relevant decisions and announcements of the instruents of the Company in

a) The per year-end category amounts presented as cash disbursements in the attached "Appropriation of Raised Fuds from the Share Capital Increase Report" result from the books and data of the Company, at the time period mentioned b) The contacts 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 consistent or 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 failer to our attention, apart from the mentioned ones in the previous

paragraph.
The current Report is exclusively addresses to te Company's Board of Directors, upon the framework of maintaining its obligations towards the regulatory framework of the Afthers 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 1/1/2008 – 31/12/2008 for which we issued a separate Audit report dated March 26th, 2009.

Amarousio, March 26th, 2009

THE CERTIFIED AUDITOR PUBLIC ACCOUNTANT

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



# 8 Company Announcements as per Art. 10 Law 3401/2005 being published during year 2008

DATE	COMPANY	ANNOUCEMENT - TITLE
		Announcement as regards the consolidation of
02/01/08	MICHANIKI S.A.	companies MICHANIKI S.A. and MICHANIKI REAL
		ESTATE S.A.
08/01/08	MICHANIKI S.A.	Announcement
09/01/08	MICHANIKI S.A.	ANNOUNCEMENT
09/01/08	MICHANIKI S.A.	Publication of regulated information
11/01/08	MICHANIKI S.A.	Publication of regulated information
17/01/08	MICHANIKI RUSSIA	Construction Permit for the Residential Complex 'Hera'
23/01/08	MICHANIKI S.A.	Publication of regulated information
24/01/08	MICHANIKI S.A.	Publication of regulated information
25/01/08	MICHANIKI EGYPT	Purchase of land plot in the city of Cairo.
29/01/08	MICHANIKI S.A.	Publication of regulated information
31/01/08	MICHANIKI S.A.	Publication of regulated information
04/02/08	MICHANIKI S.A.	Publication of regulated information
		Presentation of the perspectives and the results at
06/02/08	MICHANIKI S.A.	institutionals investors
07/02/08	MICHANIKI EGYPT	Increase of the Share Capital of Michaniki Egypt
07/02/08	MICHANIKI S.A.	Publication of regulated information
11/02/08	MICHANIKI S.A.	Publication of regulated information
13/02/08	MICHANIKI S.A.	Publication of regulated information
14/02/08	MICHANIKI S.A.	New website of MICHANIKI Group of Companies
14/02/08	MICHANIKI S.A.	Publication of regulated information
15/02/08	MICHANIKI S.A.	MICHANIKI S.A. Schedule for intended Corporate
13/02/00	MICHANINI S.A.	Actions for 2008
19/02/08	MICHANIKI S.A.	Publication of regulated information
21/02/08	MICHANIKI S.A.	Publication of regulated information
25/02/08	MICHANIKI S.A.	Publication of regulated information
27/02/08	MICHANIKI S.A.	Publication of regulated information
29/02/08	MICHANIKI S.A.	Publication of regulated information
03/03/08	MICHANIKI S.A.	Publication of Regulated Information
07/03/08	MICHANIKI S.A.	Publication of regulated information
11/03/08	MICHANIKI S.A.	Michaniki is participating in MIPIM international fair in
		Cannes, France
12/03/08	MICHANIKI S.A.	Publication of Regulated Information
14/03/08	MICHANIKI S.A.	Publication of Regulated Information
25/22/22		Full-year 2007 Financial Results - Total Turnover
26/03/08	MICHANIKI S.A.	€226,14 m., +35.65% - Net Income €53.51m.,
27/02/00	NATOLIA NITIZI C. A	+106.24%
27/03/08	MICHANIKI S.A.	Publication of Regulated Information
31/03/08	MICHANIKI S.A.	MICHANIKI subsidiary THOLOS S.A. signed contract worth 11,9 m. euros
01/04/08	MICHANIKI S.A.	Publication of Regulated Information
03/04/08	MICHANIKI S.A.	Publication of Regulated Information
		Michaniki Egypt - Purchase of land plot in the city of
03/04/08	MICHANIKI S.A.	Cairo
07/04/08	MICHANIKI S.A.	Analyst's briefing
08/04/08	MICHANIKI S.A.	Publication of Regulated Information
10/04/08	MICHANIKI S.A.	Replacement of Director of Executed Work
11/04/08	MICHANIKI S.A.	Publication of Regulated Information
15/04/08	MICHANIKI S.A.	Publication of Regulated Information
21/04/08	MICHANIKI S.A.	Karpenisiotis Hydroelectric Power Station
24/04/08	MICHANIKI S.A.	Publication of Regulated Information
02/05/08	MICHANIKI S.A.	Publication of regulated information
09/05/08	MICHANIKI S.A.	Publication of regulated information
13/05/08	MICHANIKI S.A.	Publication of regulated information
21/05/08	MICHANIKI S.A.	Publication of regulated information
22/05/08	MICHANIKI S.A.	Publication of regulated information



27/05/08	MICHANIKI S.A.	Publication of regulated information
28/05/08	MICHANIKI S.A.	MICHANIKI S.A 1Q 2008 Financial Results
29/05/08	MICHANIKI S.A.	Information document on the establishment of
29/03/06	MICHANINI S.A.	Subsidiary companies in Cyprus
29/05/08	MICHANIKI S.A.	Publication of regulated information
02/06/08	MICHANIKI S.A.	Invitation to the 33rd Ordinary General Meeting of Shareholders
02/06/08	MICHANIKI S.A.	Invitation to an Special General Meeting of Shareholders, holders of preferred shares
04/06/08	MICHANIKI S.A.	Publication of regulated information
10/06/08	MICHANIKI S.A.	Annual Report 2007
10/06/08	MICHANIKI S.A.	Publication of regulated information
11/06/08	MICHANIKI S.A.	Provision Clarifications
		Realization of Odessa's Dream in the Coastline of
12/06/08	MICHANIKI UKRAINE	Black Sea
12/06/08	MICHANIKI S.A.	Publication of regulated information
17/06/08	MICHANIKI S.A.	Publication of regulated information
18/06/08	MICHANIKI S.A.	Press Release
23/06/08	MICHANIKI S.A.	Publication of regulated information
23/06/08	MICHANIKI S.A.	Michaniki completed buy back program
25/06/08	MICHANIKI S.A.	Announcement for the payment of dividend for 2007
25/06/08	MICHANIKI S.A.	Publication of regulated information
25/06/08	MICHANIKI S.A.	Announcment of the decisions of the Shareholders' Ordinary General Meeting of 25.06.2008.
25/06/08	MICHANIKI S.A.	Announcment in respect of the special General
	MICHANITIC A	Assembly of shareholders and
30/06/08	MICHANIKI S.A.	Publication of regulated information
03/07/08	MICHANIKI S.A.	Publication of regulated information
04/07/08	MICHANIKI S.A.	Publication of regulated information
09/07/08	MICHANIKI S.A.	Announcement for the first repeating General
		Assembly of shareholders held on 09.07.2008
09/07/08	MICHANIKI S.A.	Announcement for the First Repeating General Assembly of preferential shareholders held on 25.06.2008.
14/07/08	MICHANIKI S.A.	Publication of regulated information
22/07/08	MICHANIKI S.A.	Publication of regulated information
25/07/08	MICHANIKI S.A.	Publication of regulated information
23/07/08	MICHANINI S.A.	Michaniki received the authorization license for the
28/07/08	MICHANIKI S.A.	production of electric power from the Karpenisiotis
		Hydroelectric Power Station
11/08/08	MICHANIKI S.A.	Publication of regulated information
14/08/08	MICHANIKI S.A.	Publication of regulated information
22/08/08	MICHANIKI S.A.	Publication of regulated information
26/08/08	MICHANIKI S.A.	Results of 1st Semester 2008
28/08/08	MICHANIKI S.A.	Publication of regulated information
02/09/08	MICHANIKI S.A.	Publication of regulated information
		Announcement for the increase of share capital with
05/09/08	MICHANIKI S.A.	an increase of the share's, ordinary and preferred, nominal value
11/09/08	MICHANIKI S.A.	Publication of regulated information
15/09/08	MICHANIKI S.A.	Publication of regulated information
17/09/08	MICHANIKI S.A.	Publication of regulated information
22/09/08	MICHANIKI S.A.	Publication of regulated information
30/09/08	MICHANIKI S.A.	Publication of regulated information
02/10/08	MICHANIKI S.A.	Publication of regulated information
02/10/08	MICHANIKI S.A.	Michaniki is participating in Road Show
07/10/08	MICHANIKI S.A.	Publication of regulated information
09/10/08	MICHANIKI S.A.	Publication of regulated information
17/10/08	MICHANIKI S.A.	Publication of regulated information
21/10/08	MICHANIKI S.A.	Notification of a change in the percent Participation
22/10/08	BALKAN REAL ESTATE SA	Sale of 356.000 sqm Land plot Sale at Agchialos Thessalonica



22/10/08 27/10/08	MICHANIKI S.A. MICHANIKI S.A.	Publication of regulated information Publication of regulated information
30/10/08	MICHANIKI S.A.	Publication of regulated information
04/11/08	MICHANIKI S.A.	Publication of regulated information
06/11/08	MICHANIKI S.A.	Publication of regulated information
11/11/08	MICHANIKI S.A.	Publication of regulated information
13/11/08	MICHANIKI S.A.	Publication of regulated information
14/11/08	MICHANIKI S.A.	Publication of regulated information
18/11/08	MICHANIKI S.A.	Publication of regulated information
26/11/08	MICHANIKI S.A.	Publication of regulated information
26/11/08	MICHANIKI S.A.	9-Month 2008 Financial Results
02/12/08	MICHANIKI S.A.	Publication of regulated information
04/12/08	MICHANIKI S.A.	Publication of regulated information
09/12/08	MICHANIKI S.A.	Publication of regulated information
12/12/08	MICHANIKI S.A.	Publication of regulated information
16/12/08	MICHANIKI S.A.	Publication of regulated information
19/12/08	MICHANIKI S.A.	Publication of regulated information
24/12/08	MICHANIKI S.A.	Publication of regulated information
30/12/08	MICHANIKI S.A.	Publication of regulated information
30/12/08	MICHANIKI S.A.	THOLOS S.A. signed a €17.05 million contract

All the above public announcements are available on the following website:

http://www.michaniki.gr/sitenew/index.cfm?pageid=129&category=news&lang=2