GR. SARANTIS A.B.E.E.

FINANCIAL STATEMENTS
FOR THE PERIOD 01/01/2005 UNTIL 31/12/2005
ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

AUDITORS' REPORT

To the Shareholders of **<<GR.SARANTIS S.A.>>**

We have audited the accompanying financial statements as well as the consolidated financial statements of 'GR.SARANTIS S.A.', as of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company and that of the Group (of which this Company is the holding company), as of 31 December 2005, and of the results of its operations and those of the Group and their cash flows and changes in shareholders' equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

BAKER TILLY HELLAS Certified Public Accountants-Consultants A.E. 76, 3rd Septembriou Str. 104 33 Athens Greece SOEL Reg.No: E148		Athens, 23rd February 2006 The Certified Public Accountant John V. Kalogeropoulos SOEL. Reg. No: 10741

PROFIT & LOSS ACCOUNTS
(amounts in Euros)

	GROUP				COMPANY			
	01/01 - 31/12/2005	**01/01 - 31/12/2004**	**01/10 - 31/12/2005**	**01/10 - 31/12/2004**	**01/01 - 31/12/2005**	**01/01 - 31/12/2004**	**01/10 - 31/12/2005**	**01/10 - 31/12/2004**
Turnover	208,661,993.31	187,630,242.50	63,179,055.68	56,570,200.54	111,007,882.68	106,892,397.05	31,135,173.78	28,765,263.35
Cost of sales	108,568,589.56	101,551,466.60	33,441,357.56	30,654,055.03	57,980,880.12	55,758,413.45	17,456,517.55	15,036,754.69
Gross profit	100,093,403.75	86,078,775.90	29,737,698.12	25,916,145.51	53,027,002.56	51,133,983.60	13,678,656.23	13,728,508.66
Other income - expenses (net)	11,920,370.24	10,667,466.88	4,368,931.95	3,905,062.88	2,389,089.60	1,569,631.46	693,635.65	45,550.59
Distribution costs	71,400,632.34	61,120,622.02	20,940,025.18	17,866,271.51	38,306,178.25	36,964,934.77	10,109,072.94	9,944,315.67
Administrative expenses	12,463,560.99	11,078,395.01	3,952,240.39	3,580,636.22	6,073,195.01	6,745,669.48	1,660,412.89	2,277,167.88
Operating profit	28,149,580.66	24,547,225.75	9,214,364.50	8,374,300.66	11,036,718.90	8,993,010.81	2,602,806.05	1,552,575.70
Finance cost (net)	-2,866,399.88	-2,594,092.40	-857,950.06	-252,934.91	-1,615,620.47	-1,190,069.36	-315,723.37	-608,237.72
Net profit before taxes	25,283,180.78	21,953,133.35	8,356,414.44	8,121,365.75	9,421,098.43	7,802,941.45	2,287,082.68	944,337.98
Income tax	5,419,586.82	4,389,181.18	1,760,291.84	1,657,730.58	1,056,292.44	726,863.65	-68,807.76	125,178.29
Deferred Taxes	698,886.15	247,114.22	80,853.31	52,689.44	666,324.93	218,070.29	40,129.87	59,605.40
Net profit for the fiscal period	**19,164,707.81**	**17,316,837.95**	6,515,269.29	6,410,945.73	**7,698,481.06**	**6,858,007.51**	2,315,760.57	759,554.29
Allocated to:			0.00	0.00			0.00	0.00
Shareholders of the parent	19,330,092.34	16,966,281.78	6,882,810.04	6,290,027.85	7,698,481.06	6,858,007.51	2,315,760.57	759,554.29
Minority interest	-165,384.53	350,556.17	-367,540.75	120,917.88	0.00	0.00	0.00	0.00
Earnings per share. which correspond to the parent's shareholders for the fiscal period	0.51	0.44	0.18	0.16	0.20	0.18	0.06	0.02
Proposed Dividend per share					0,13	0,10		

BALANCE SHEETS (amounts in Euros)

	GROUP		COMPANY	
	31/12/2005	**31/12/2004**	**31/12/2005**	**31/12/2004**
ASSETS				
Non-current assets	**70,012,652.42**	**64,158,315.28**	**90,999,580.70**	**81,040,339.40**
Tangible fixed assets	44,788,257.74	44,393,678.59	38,066,277.03	38,544,854.00
Intangible assets	0.00	26,632.97	0.00	0.00
Deferred tax asset	3,442,212.79	6,024,941.69	3,324,532.83	5,852,241.49
Investments in associates	21,406,994.63	13,350,715.13	49,361,268.33	36,374,966.80
Other long-term assets	375,187.26	362,346.90	247,502.51	268,277.11
Current assets	**147,546,387.18**	**128,971,689.64**	**93,882,010.43**	**88,654,495.83**
Inventories	40,036,691.78	33,269,254.95	17,841,350.05	17,135,800.87
Trade and other receivables	73,424,196.88	64,496,248.46	48,203,450.40	46,448,096.65
Other receivables	6,828,142.79	6,969,033.99	5,983,963.65	5,235,429.30
Cash & cash equivalents	26,418,780.88	23,809,104.78	21,147,459.11	19,640,370.78
Prepayments and accrued income	838,574.85	428,047.46	705,787.22	194,798.23
Total Assets	**217,559,039.60**	**193,130,004.92**	**184,881,591.13**	**169,694,835.23**
EQUITY of the Parent:				
Share capital	57,220,410.00	57,220,410.00	57,220,410.00	57,220,410.00
Share premium account	38,750,355.98	38,750,355.98	38,750,355.98	38,750,355.98
Reserves	-826,736.28	380,987.13	-826,736.28	380,987.13
Profit (losses) carried forward	-34,214,587.90	-61,705,812.39	-46,003,159.47	-66,170,879.88
Minority interest:	**1,848,607.24**	**1,991,143.84**	**0.00**	**0.00**
Total Equity	**62,778,049.04**	**36,637,084.56**	**49,140,870.23**	**30,180,873.23**
LIABILITIES				
Long-term liabilities	**98,317,624.19**	**103,774,392.84**	**105,169,867.03**	**106,535,102.76**
Loans	92,800,000.00	96,000,000.00	92,800,000.00	96,000,000.00
Deferred tax liability	23,360.95	787,084.68	0.00	753,290.45
Provisions for post employment employee benefits	2,384,931.84	2,531,160.00	2,239,782.19	2,334,502.00
Provisions and other long-term liabilities	3,109,331.40	4,456,148.16	10,130,084.84	7,447,310.31
Short-term liabilities	**56,463,366.37**	**52,718,527.52**	**30,570,853.87**	**32,978,859.24**
Suppliers and other liabilities	38,289,812.11	33,242,349.54	25,012,793.12	24,731,761.58
Other liabilities	4,480,091.54	8,638,130.20	2,672,488.19	6,010,548.92
Income taxes and other taxes payable	3,297,113.99	2,699,999.13	2,044,749.80	1,267,086.10
Loans	7,814,499.80	6,832,881.93	0.00	180.15
Transitory Liability Accounts	2,581,848.93	1,305,166.72	840,822.76	969,282.49
Total Equity & Liabilities	**217,559,039.60**	**193,130,004.92**	**184,881,591.13**	**169,694,835.23**

CASH FLOW STATEMENT				
(amounts are in euros)	GROUP		COMPANY	
	01/01-31/12/2005	01/01-31/12/2004	01/01-31/12/2005	01/01-31/12/2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Profits before tax	25.283.180,78	21.953.133,35	9.421.098,43	7.802.941,45
Adjustments for:				
Depreciation of fixed assets	3.605.366,82	3.530.778,40	2.194.111,37	2.211.653,26
Provisions	-1.483.638,66	-290.891,82	0,00	0,00
Foreign Exchange differences	54.648,62	-767.316,74	683.359,34	-461.492,58
Results(income. expenses. profits and losses) from investing activities	-11.871.432,16	-11.556.764,83	-2.737.766,65	6.299.132,54
Interest expense and related expenses	4.870.889,55	5.363.280,40	3.436.036,64	4.464.205,68
Plus/minus adjustments for changes in working capital accounts or accounts related to operating activities:				
Decrease / (increase) in inventories	-6.767.436,83	-1.536.981,41	-705.549,18	-8.628.939,46
Decrease / (increase) in receivables	-6.614.855,71	-1.737.247,96	-487.168,43	-368.303,93
(Decrease) / increase in liabilities (other than to banks)	5.488.469,14	2.663.752,74	661.819,58	1.340.403,63
Less:				
Interest and related expenses paid	-4.870.889,55	-5.363.280,40	-3.436.036,64	-4.464.205,68
Tax paid	-5.521.358,11	-6.832.481,69	-1.389.483,85	-1.936.837,69
NET INFLOWS / (OUTFLOWS) FROM OPERATING ACTIVITIES (a)	2.172.943,89	5.425.980,04	7.640.420,61	6.258.557,22
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of subsidiaries. associates. joint ventures and other investments	9.610.453,21	12.234.860,75	-1.100.000,00	0,00
Purchase of tangible and intangible fixed assets	-3.568.925,00	-4.080.679,21	-1.823.053,62	-3.079.213,21
Proceeds from sale of tangible and intangible assets	0,00	0,00	67.014,96	29.101,33
Interest received	396.944,00	185.958,09	75.122,64	78.861,17
Dividends received	651.668,42	653.860,13	0,00	1.567.888,24
NET INFLOWS / (OUTFLOWS) FROM INVESTING ACTIVITIES (b)	7.090.140,63	8.993.999,76	-2.780.916,02	-1.403.362,47
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	0,00	0,00	0,00	603.196,30
Proceeds from loans granted / assumed	981.617,87	64.631.000,00	837.998,86	69.006.110,44
Payment of loans	-3.200.000,00	-80.398.587,13	-180,15	-73.817.296,98
Payment of finance lease liabilities (payments of principal)	0,00	0,00	-132.025,26	-147.157,56
Dividends paid	-4.150.141,63	-1.567.481,13	-3.822.935,25	-1.160.656,92
TOTAL INFLOWS / (OUTFLOWS) FROM FINANCING ACTIVITIES (c)	-6.368.523,76	-17.335.068,26	-3.117.141,80	-5.515.804,72
Increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	2.894.560,76	-2.915.088,46	1.742.362,79	-660.609,97
Cash and cash equivalents at the start of the period	7.005.034,80	9.920.123,26	2.893.094,00	3.553.703,97
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9.899.595,56	7.005.034,80	4.635.456,79	2.893.094,00

	GROUP		COMPANY	
	01/01 - 31/12/2005	**01/01 - 31/12/2004**	**01/01 - 31/12/2005**	**01/01 - 31/12/2004**
Equity at the beginning of the period (01/01/2005 and 01/01/2004 respectively)	36.637.084,56	25.494.415,39	30.180.873,23	63.235.715,94
Profits/(losses) for the period after tax	19.164.707,81	17.316.837,95	7.698.481,06	6.858.007,51
	55.801.792,37	**42.811.253,34**	**37.879.354,29**	**70.093.723,45**
Increase/decrease in share capital due to absorption		603.196,30		603.196,30
Decrease in share premium account due to absorption of companies in accordance with article 29 L, 3091/2002		-36.744.675,68		-36.744.675,68
Revaluation of Assets		954.712,46		954.712,46
Net income recorded directly in shareholders' funds	6.976.256,67	29.012.598,14	11.261.515,94	-4.726.083,30
Purchase of own shares	0,00	0,00	0,00	0,00
Equity at the end of the period (31/12/2005 and 31/12/2004 respectively)	**62.778.049,04**	**36.637.084,56**	**49.140.870,23**	**30.180.873,23**

A. General Information about the Company and the Group

The company "GR. SARANTIS SA, INDUSTRIAL AND COMMERCIAL COMPANY OF COSMETICS – CLOTHING – HOUSEHOLD AND PHARMACEUTICAL PRODUCTS" under the trade name "GR. SARANTIS S.A." (hereinafter the "Company" or the "Parent") and its subsidiaries (hereinafter the "Group") operate in the field of production, trade and distribution of cosmetics, household and pharmaceutical goods. The Company and Group's domicile is in the Amarrousio Municipality, 26 Amarrousiou – Chalandriou Street, while the Group employs 1,510 individuals and the parent 650.
The company's shares are listed in the main market of the Athens Stock Exchange.
The financial statements of the Company and the Group for the period ended on December 31st 2005, were approved for disclosure by decision of the Board of Directors on 30/01/2006.
The subsidiary companies that have been included in the attached consolidated financial statements of the Group are described in note B (ii).

B. Main accounting principles followed by the Group

The main accounting principles adopted during the preparation of the consolidated financial statements, are analyzed as follows:

i. Basis for the preparation of the financial statements

The interim financial statements, which are in accordance with IAS 34, have been prepared according to the historic cost principle, except for the valuation of specific items in the assets and liabilities accounts, which was made at current values, and based on the going concern principle for the Group.

The statements have been compiled according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Council, which have been adopted by the European Union, and the Interpretations supplied by the Regular Interpretation Committee.

The Company will compile its financial statements according to IFRS for the first time for the fiscal year ending 31st of December 2005. No standards have been applied before their effective date.

These consolidated statements are based on the financial statements prepared by the Group according to Greek Commercial Law, after making the necessary out-of-books adjustments to bring them in line with the IFRS.

The preparation of financial statements according to generally accepted accounting principles requires use of estimations and assumptions that affect the balances of asset and liability accounts. It also requires knowledge of the contingent assets and liabilities on the date of compilation of the financial statements as well as the presented income and expenses for the financial years under examination. Although these estimations are based on the (Group) Management's best knowledge, the actual results may eventually differ.

ii. Consolidation

(1) Basis of Consolidation

The consolidated financial statements consist of the financial statements of the Parent and its subsidiaries. The following table presents the subsidiaries included in the consolidation, the consolidation method along with the relevant participation shares, and the activity of each subsidiary as well as their tax un-audited fiscal years.

STRUCTURE					
COMPANY	**DOMICILE**	**DIRECT PARTICIPATION SHARE**	**INDIRECT PARTICIPATION SHARE**	**TOTAL**	**UN-AUDITED TAX YEARS**
FULL CONSOLIDATION METHOD					
K. THEODORIDIS SA	GREECE	50.00%	0.00%	50.00%	2004-2005
OTO TOP EOOD	BULGARIA	0.00%	25.50%	25.50%	1999-2005
ST. PAROS SA	GREECE	86.60%	0.00%	86.60%	2002-2005
GRECOVET L.T.D.	GREECE	1.65%	85.16%	86.81%	2003-2005
VENTURES SA	GREECE	70.00%	0.00%	70.00%	2003-2005
GR SARANTIS CYPRUS LIMITED	CYPRUS	100.00%	0.00%	100.00%	-
BRIARDALE SERVICES S.A	ISLE OF MAN	0.00%	100.00%	100.00%	-
SARANTIS BULGARIA L.T.D	BULGARIA	0.00%	100.00%	100.00%	1999-2005
SARANTIS ROMANIA S.A	ROMANIA	0.00%	100.00%	100.00%	2005
SARANTIS DISTRIBUTION S.C	ROMANIA	0.00%	100.00%	100.00%	2005
SARANTIS L.T.D BELGRADE	SERBIA	0.00%	100.00%	100.00%	-
SARANTIS SKOPJE L.T.D	SKOPJE	0.00%	100.00%	100.00%	-
SARANTIS POLSKA S.A	POLAND	0.00%	99.40%	99.40%	2005
LINCO L.T.D	POLAND	0.00%	99.40%	99.40%	2005
NET WEST POLAND S.A	POLAND	0.00%	99.40%	99.40%	2005
SARANTIS CZECH REPUBLIC sro	CZECH REPUBLIC	0.00%	99.40%	99.40%	2005
VENUS S.A	LUXEMBOURG	0.00%	100.00%	100.00%	-
ZETA AE	GREECE	0.00%	100.00%	100.00%	2005
ZETA FIN LTD	CYPRUS	0.00%	100.00%	100.00%	2002-2005
WALDECK LIMITED	CYPRUS	0,00%	100,00%	100,00%	-
ZETA COSMETICS LTD	0,00%	100,00%	100,00%	2002-2005	0,00%
SARANTIS ANADOL S.A	TURKEY	59,98%	0,00%	59,98%	-
SARANTIS UKRAINE S.A	UKRAINE	59.98%	0.00%	59.98%	-
EQUITY METHOD					
K.P. MARINOPOULOS	GREECE	49.00%		49.00%	2003-2005
ELCA COSMETICS LTD	CYPRUS	0.00%	49.00%	49.00%	2001-2005
ESTEE LAUDER HELLAS	GREECE	0.00%	49.00%	49.00%	2001-2005
ESTEE LAUDER BULGARIA	BULGARIA	0.00%	49.00%	49.00%	2001-2005
IM COSMETICS SA	ROMANIA	0.00%	49.00%	49.00%	2001-2005

(2) Subsidiary companies

Subsidiary companies are those on which the parent has control. The existence of possible exercisable voting rights during the compilation of the financial statements is taken into account in order to establish whether the parent controls the subsidiaries. Subsidiaries are fully consolidated (full consolidation) apart from three: FRANGOS S.A., P. MARINOPOULOS S.A. and ELCA COSMETICS L.T.D. along with its subsidiaries ESTEE LAUDER HELLAS S.A. and ESTEE LAUDER BULGARIA IM COSMETICS S.A, which are consolidated using the equity method.

The accounting method used for the consolidation is the acquisition method. The acquisition cost of a subsidiary is the fair value of assets provided, participating securities issued and liabilities assumed at the acquisition date, plus any cost directly related to the transaction. The individual assets, liabilities and contingent liabilities that comprise a business combination, are valued upon acquisition at fair value irrespective of the participation percentage. The cost in excess of the fair value of acquired items, is booked as goodwill. If the total acquisition cost is less than the fair value of the acquired items, then the difference is directly recognized in the results.

Intra-company transactions – Intra-company balances and unrealized profit from transactions between group companies are eliminated. Unrealized losses are eliminated as long as there is no indication of impairment for the transferred assets.

iii) Valuation of participations – securities

a) The company values its participations in subsidiaries and associates at acquisition cost less any impairment.

b) Investments in securities and shares

All financial assets are initially valued at their acquisition cost.

In accordance with IAS 39 financial assets, with the exception of investments in subsidiaries, associated companies and joint ventures, are classified in one of the following categories (a) available for sale, (b) financial assets valued at fair value through the income statement, (c) held to maturity, (d) loans and receivables.

The Group classifies investments in shares in one of the first two categories.

The subsequent valuation of financial assets depends on their classification. Investments available for sale and financial assets at fair value through the income statement are valued at fair value. Profits or losses from the valuation of investments available for sale (with the exception of impairment losses) are recorded directly in shareholders' funds in a special reserve account until they are sold, at which point the cumulative profits/losses that have been recoded in the shareholders' funds are recognized in the profit and loss account. Profits or losses from the valuation of financial assets valued at fair value through the income statement are recognized in the profit and loss account.

Investments held to maturity are valued at acquisition cost less accumulated depreciation using the effective interest rate method and the relevant discounting results are recognized in the profit and loss account through the process of depreciation or upon disposal.

iv) Foreign Currency Conversion

(1) <u>Measurement and reporting currency</u>

The measurement and reporting currency of the Group as of January 1st, 2002 is the Euro, as a result the consolidated financial statements are presented in euros (€), the valuation currency of the parent company.

(2) Transactions and balances

Transactions in foreign currency are converted into euros using the rates in effect at the date of the transaction. Assets and liabilities in foreign currency at the date of compilation of the financial statements are adjusted so as to reflect the foreign exchange rates at the date of compilation. Profits and losses resulting from such transactions (and from the conversion of assets and liabilities denominated in foreign currency) are recognized in the income statement except when they are classified as equity as a recognised cash flow hedge.

(3) Group companies

The conversion of the financial statements of Group companies which have a different operating currency from the parent is performed as follows:

- The assets and liabilities are converted using the rates in effect at the balance sheet date.
- Equity is converted using the rates in effect at the date it emerged.
- Income and expenses are converted using the period average rates.

The resulting foreign currency differences are booked in an equity reserve and are transferred to the income statement upon sale of these companies.

The goodwill and fair value adjustments that result from the acquisition of economic units abroad are converted using the balance sheet date rates.

v) Tangible fixed assets

Real estate property (land, buildings) is valued at fair value, at least every three years by independent surveyors. Increases in the book value of the real estate property, which arise from fair value adjustments, are registered in an equity reserve. Decreases in the book value reduce the reserve, if such a reserve had been previously created for the same asset. Decreases in value beyond the reserve, as well as decreases in the book value of assets for which there is no revaluation reserve, are recorded in the income statement as an expense.

Land is not depreciated. Depreciations of other tangible fixed assets are calculated using the straight-line method throughout their useful economic life, which is as follows:

Buildings	25-60 years
Machinery	8-10 years
Transportation means	5- 9 years
Fixtures and fittings	3-5 years

Other tangible fixed assets are valued at their acquisition cost less depreciation. Acquisition costs include all directly attributable expenditures for the acquisition of the items. The costs may also include profits or losses from the hedging of foreign exchange risk during the acquisition of these assets, which had been recorded in an equity reserve.

Repairs and maintenance are recognized as an expense in the fiscal year they are incurred. Significant subsequent additions and improvements are capitalized in the cost of the relevant fixed assets provided that they increase the useful economic life or/and the productive capacity of the fixed asset or they decrease its operating cost.

The residual values and the useful economic lives of tangible fixed assets are subject to revision at each annual balance sheet.

When the book values of tangible fixed assets exceed their recoverable amount, the differences (impairment) are recorded in the income statement as an expense.

Upon withdrawal or disposal of an asset, the relevant cost and accumulated depreciation is written off the respective accounts at the time of their withdrawal or disposal, and the relevant profits or losses are recorded in the income statement. When the withdrawn or disposed tangible assets have been valued at their fair value, the revaluation reserve –if any- which has been recorded in equity is transferred to the profits carried forward account at the time of the withdrawal or disposal.

(Relevant tables in pages 28-32)

vi) Impairment of assets

Tangible assets are examined for potential impairment loss, whenever facts or changes in circumstances indicate that their book value may not be recoverable. Whenever the book value of an asset exceeds its recoverable amount, the respective impairment loss is recorded in the income statement. The recoverable amount of an asset is the largest amount between the estimated net sales value and its value in use. Net sales value is the plausible revenue from the sale of an asset in the context of an arm's length transaction, in which all parties engage willingly and in full knowledge, after the deduction of every additional direct cost required for the sale of the asset. On the other hand, value in use is the present value of estimated future cash flows expected to occur from the continued use of the asset and from its disposal at the end of its expected useful economic life. If a company is not in a position to estimate the recoverable amount of an asset, for which there is indication of impairment, then it defines the recoverable amount of the cash-flow generating unit to which the asset belongs.

Reversal of the loss from the impairment of an asset that was recorded in a previous year is performed only when there are sufficient indications that such impairment no longer pertains or is reduced. In these cases the reversing entry is recognised as income.

The Management consider that none of the Company's fixed assets have suffered impairment and as a result no calculation of the assets' recoverable amounts was made.

vii) Inventories

Inventories are valued at the lower of the acquisition cost and the net realizable value. The cost is determined by the average weighted cost method. The cost for finished products and work-in-progress inventories includes the cost of materials, direct labor costs and the proportion of the general common production cost. Finance costs are not included in acquisition cost of the inventories. The net realizable value is estimated according to the current sale prices of the inventories in the context of ordinary activity, after the deduction of possible sale expenses whenever required.

(Relevant table in page 16)

viii) Trade receivables

Trade receivables are initially recorded at their fair value and subsequently valued at unamortised cost using the effective interest rate, after deducting impairment losses. Impairment losses (losses from doubtful receivables) are recognized when there is objective evidence that the Group is not in a position to collect the amounts owed in accordance with the contractual clauses. The amount of impairment loss is the difference between the book value of the receivables and the present value of the expected future cash flows, discounted using the effective interest rate. The amount of the loss is recorded as an expense in the profit and loss account.

(Relevant tables in pages 16-17)

ix) Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits and short term – up to 3 months – investments with high liquidity and low risk.

(Relevant table in page 18)

x) Share capital

The common registered shares are classified as equity.

(Relevant table in page 27)

xi) Loans

Loans are recorded at their fair value. Subsequently, they are valued at unamortised cost using the effective interest rate.

The Management of the Group considers that the interest rates payable in relation to the loans assumed are equivalent to the current fair market rates, and therefore no conditions arise for the adjustment of the value of these liabilities.

Any difference between the amount granted (excluding the acquisition cost) and the repayment value is recognized in the profit and loss account during the lending period.

(Relevant tables in pages 19-20)

xii) Leases

Finance leases, which effectively transfer all risks and benefits associated with ownership of the leased asset to the Group, are recorded as assets at a value which is equal, at the start of the lease, to the real value of the leased asset, or if it is lower, with the present value of the minimum lease payments. The lease payments are split into finance costs and reduction of the unpaid liability, so that a constant periodic interest rate on the remaining balance of the liability emerges. The finance costs are charged directly to the profit and loss account.

The leased assets are depreciated during the shortest time period between the useful economic life of the asset and the length of the lease and the depreciation period is set in accordance with their useful economic life.

Leases where the lessor holds essentially all the benefits and the risks resulting from the ownership of the asset are classified as operating leases. Leasing payments are recorded as an expense in the profit and loss account systematically throughout the course of the lease.

xiii) Income tax (current and deferred)

Current and deferred income tax is calculated based on the relevant items in the financial statements for each of the companies that are included in the consolidation in accordance with the tax laws in effect in Greece and in the foreign countries where the subsidiaries are based. Current income tax refers to the taxable profit of the Groups' companies as these were restated in accordance with the requirements of the tax law and was calculated based on the average tax rate in effect in 2004.

Deferred tax is calculated using the liability method on all the temporary tax differences at the balance sheet date between the tax base and the accounting value of the assets and liabilities.

The expected tax impact on the temporary tax differences is determined and reported either as future (deferred) tax liabilities or as deferred tax assets.

The Company records deferred tax assets for all tax-deductible temporary differences and deferred tax losses to the extent that it is considered probable that tax profits will be available in the future to offset the temporary tax-deductible differences.

The book value of the deferred tax assets is reviewed on the balance sheet dates and is reduced to the extent that it is not considered probable that tax profits will be available in the future to offset part or all of the deferred tax assets.

The current tax assets and liabilities for the current and previous years are valued at the amount that is expected to be paid to the tax authorities (or to be recovered from them), using tax rates (and tax laws) that have been enacted or effectively enacted as of the balance sheet date.

(Relevant tables in pages 20-22)

xiv) Employee benefits

According to the provisions of L. 2112/20 the Group compensates retiring or dismissed employees, and the amount of the relevant compensation depends on the years of service, the level of wages and the reason for exit from employment (dismissal or retirement). In the case of exit from employment due to retirement the amount of the compensation that must be paid is equal to 40% of the amount that would be paid in the case of dismissal.

The employee benefit plans regarding compensation on exit from employment fall under the defined benefit plans, according to IAS 19 "Employee Benefits". The liability recorded in the balance sheet for defined benefit schemes is the present value of the commitment for the defined benefit, the changes that result from the unrecognized actuarial gains and losses and service cost. The defined benefit commitment is calculated annually by an independent actuary using the projected unit credit method. The interest rate on the long-term bonds of the Greek Government is used for discounting.

The actuarial gains or losses that result from the adjustments based on the historical data and which are above or below the margin of 10% of the cumulated liability, are booked to the income statement during the expected average insurance time of the participants in the plan. The service cost is booked directly to the income statement except in the case where the changes in the plan depend on the remaining service time of the employees. In this case the service cost is recognized in the income statement on a straight-line basis over the maturity period.

Short-term benefits to employees -monetary and in kind- are recorded as an expense when they accrue.

(Relevant table in page 26)

xv) Provisions for risks and expenses

Provisions are booked when the Group has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured.

The Group recognizes a provision for onerous contracts when the expected benefits that will result from the contract are smaller than the unavoidable cost of the obligations ensuing from the contract.

Provisions for restructuring include the clauses for termination of leases and employee benefits for exit from employment and are recognized in the period during which the Group commits itself legally or constructively to carry out the relevant restructuring plan.

The provisions are reviewed at the end of each financial year and are adjusted so as to reflect the best possible estimates and in the cases where it is deemed necessary are discounted using a pre-tax discount rate. Contingent liabilities are not recorded in the financial statements but are disclosed, except if the probability of an outflow of resources that embody economic benefits is very small. Contingent assets are not recorded in the financial statements but are disclosed if the inflow of economic benefits is probable.

xvi) Recognition of revenue

Revenue includes the fair value of the sale of goods and rendering of services, net of recoverable taxes, discounts and returns. Intra-company revenue within the Group is fully reversed. The recognition of revenue is performed as follows:

(a) Sales 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.

(b) Rendering of services

Revenue from the rendering of services is accounted for based on the stage of completion of the service rendered in relation with the estimated total cost.

(c) Revenue from interest

Interest revenue is recognized on a time proportion basis using the effective yield.

(d) Dividends

Dividends are accounted for as revenue when the right to receive payment has been established.

xvii) Analysis of selected asset and liability items

1. Inventories

INVENTORIES		
A. Parent company	**31/12/2005**	**31/12/2004**
Merchandise	7,662,859.03	6,807,615.47
Products	5,682,628.50	3,458,097.08
Raw materials	4,495,862.52	6,870,088.32
	17,841,350.05	**17,135,800.87**
B. Group	**31/12/2005**	**31/12/2004**
Merchandise	29,514,655.92	22,741,533.68
Products	5,833,205.13	3,536,889.90
Raw materials	4,688,830.73	6,990,831.37
	40,036,691.78	**33,269,254.95**

2. Receivables

	Group		**Company**	
	31/12/2005	**31/12/2004**	**31/12/2005**	**31/12/2004**
Trade receivables	55,763,243.34	46,696,757.63	33,753,849.18	30,812,321.58
Post-dated cheques	16,225,830.30	16,719,748.30	13,904,720.55	15,039,381.16
Prepayments	360,791.09	356,294.05	312,552.85	225,867.48
Other debtors	6,031,711.58	5,449,900.91	5,115,166.21	3,774,391.61
Prepaid expenses	436,270.39	193,939.96	544,761.85	39,728.90

TRADE AND OTHER RECEIVABLES		
A. Parent company	**31/12/2005**	**31/12/2004**
Trade receivables	33.753.849,18	30.812.321,58
Less provisions	0,00	0,00
Net trade receivables	33.753.849,18	30.812.321,58
Cheques and bills of exchange receivable	14.449.601,22	15.635.775,07
Other debtors	5.983.963,65	5.235.429,30
Accrued income	95.527,46	140.816,41
Prepaid expenses	544.761,85	39.728,90
Other transitory accounts	65.497,91	14.252,92
	54.893.201,27	**51.878.324,18**
B. Group		
Trade receivables		
Less provisions	56.491.226,25	46.726.179,23
Net trade receivables	727.982,91	29.421,60
Cheques and bills of exchange receivable	55.763.243,34	46.696.757,63
Other debtors	17.660.953,54	17.799.490,83
Accrued income	6.828.142,79	6.969.033,99
Prepaid expenses	136.689,55	123.834,09
Other transitory accounts	436.270,39	193.939,96
A. Parent company	265.614,91	110.273,41
	81.090.914,52	**71.893.329,91**

All receivables are short-term hence discounting is not required at the Balance Sheet date.

There is no credit risk concentration with respect to trade receivables given that the Group has a large number of customers and the risk is dispersed.

3. Cash & cash equivalents

Cash & cash equivalents relate to cash in hand at the Group and the Company and bank deposits available on demand.

CASH & CASH EQUIVALENTS		
	31/12/2005	31/12/2004
A. Parent company		
Cash	26,593.86	65,700.83
Bank deposits	4,608,862.93	2,827,393.17
Securities	16,512,002.32	16,747,276.78
	21,147,459.11	19,640,370.78
B. Group		
Cash	132,665.76	172,331.10
Bank deposits	9,766,929.80	6,832,703.70
Securities	16,519,185.32	16,804,069.98
	26,418,780.88	23,809,104.78

4. Trade and other creditors

	Group		Company	
	31/12/2005	**31/12/2004**	**31/12/2005**	**31/12/2004**
Trade creditors	30,626,368.22	27,902,150.20	17,727,815.93	19,842,573.41
Social security	1,292,868.91	1,326,110.44	780,634.70	754,652.36
Accrued expenses	1,805,456.37	432,663.99	286,133.68	275,337.85
Other creditors	852,953.84	1,292,929.19	376,913.10	752,895.47

TRADE AND OTHER CREDITORS		
	31/12/2005	31/12/2004
A. Parent company		
Trade creditors	17,727,815.93	19,842,573.41
Cheques payable	7,284,977.19	4,889,188.17
Social security funds	780,634.70	754,652.36
Accrued expenses	286,133.68	275,337.85
Deferred income	554,689.08	692,701.04
Other transitory accounts	0.00	1,243.60
Other creditors	1,891,853.49	5,255,896.56
	28,526,104.07	**31,711,592.99**
B. Group		
Trade creditors	30,626,368.22	27,902,150.20
Cheques payable	7,663,443.89	5,340,199.34
Social security funds	1,292,868.91	1,326,110.44
Accrued expenses	1,805,456.37	432,663.99
Deferred income	712,243.56	855,829.38
Other transitory accounts	64,149.00	16,673.35
Other creditors	3,187,222.63	7,312,019.76
	45,351,752.58	**43,185,646.46**

5. Loans

	Group		**Company**	
Long-term loans	**31/12/2005**	**31/12/2004**	**31/12/2005**	**31/12/2004**
Debentures	92,800,000.00	96,000,000.00	92,800,000.00	96,000,000.00
Short-term loans				
Bank loans	7,814,499.80	6,832,881.93	0.00	180.15
Total loans	**100,614,499.80**	**102,832,881.93**	**92,800,000.00**	**96,000,180.15**

ANALYSIS OF DEBENTURES		
BANK	**MATURITY**	**AMOUNT**
NBG SERIES A'	30/03/2007	13,500,000
ALPHA BANK SERIES A'	30/03/2007	10,000,000
ALPHA BANK SERIES B'	30/04/2007	9,000,000
HSBC	30/03/2007	5,500,000
BANK OF ATTICA	08/07/2007	3,500,000
PIRAEUS BANK	30/04/2007	5,500,000
LAIKI BANK	30/04/2007	4,500,000
ABN AMRO	30/04/2007	4,500,000
EFG EUROBANK	30/04/2007	21,500,000
EMPORIKI	30/07/2008	15,300,000
TOTAL		**92,800,000**

6. Income tax

Income tax is analysed as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
Income tax for the period	5,419,586.82	4,389,181.18	1,056,292.44	726,863.65
Deferred tax	698,886.15	247,114.22	666,324.93	218,070.29
TOTAL	**6,118,472.97**	**4,636,295.40**	**1,722,617.37**	**944,933.94**

The amount for tax has been calculated using the actual tax rates of the previous years. The Management of the Group consistently follows a policy aiming to minimize the tax burden based on the incentives provided by tax laws.

Non tax deductible expenses mainly comprise provisions which are adjusted by the Management during the calculation of income tax.

The deferred tax accounts are analyzed as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
Deferred tax assets	3,442,212.79	6,024,941.69	3,324,532.83	5,852,241.49
Deferred tax liabilities	23,360.95	787,084.68	0.00	753,290.45

DEFERRED TAX

A. PARENT COMPANY

DEFERRED TAX ASSETS

	PERIOD		
	31/12/2004	**01/01/2005-31/12/2005**	**31/12/2005**
Write-off of Capitalized expenses	2,757,633.13	-787,517.28	1,970,115.85
Write-off of fixed assets under construction	9,073.15	-3,929.74	5,143.41
Write-off of fixed assets	147,353.97	-39,472.19	107,881.78
Write-off of inventories	416,500.00	-416,500.00	0.00
Write-off of trade receivables	150,798.29	-44,229.17	106,569.12
Write-off of other debtors	1,189,489.06	-707,585.58	481,903.48
Transfer of profit from sale and lease back transaction	289,825.12	-261,760.24	28,064.88
(sales and lease back)			0.00
Provisions	891,568.77	-266,714.45	624,854.32
TOTAL	5,852,241.49	-2,527,708.66	3,324,532.83
DEFERRED TAX LIABILITIES			
	PERIOD		
	31/12/2004	**01/01/2005-31/12/2005**	**31/12/2005**
From building sale and lease back	181,144.07	-181,144.07	0.00
From the reversal of a receivable previously written-off	570,344.43	-570,344.43	0.00
Other	1,801.95	-1,801.95	0.00
TOTAL	753,290.45	-753,290.45	0.00

DEFERRED TAX

B. GROUP

DEFERRED TAX ASSETS	**PERIOD**		
	31/12/2004	**01/01/2005-31/12/2005**	**31/12/2005**
Write-off of Capitalized expenses	2,806,211.98	-816,429.16	1,989,782.82
Write-off of fixed assets under construction	22,594.47	-5,088.71	17,505.76
Write-off of fixed assets	158,712.20	-42,039.17	116,673.03
Write-off of inventories	416,500.00	-416,500.00	0.00
Write-off of trade receivables	181,209.79	-44,229.17	136,980.62
Write-off of other debtors	1,189,489.06	-707,585.58	481,903.48
Transfer of profit from sale and lease back transaction	289,825.12	-261,760.24	28,064.88
(sales and lease back)			0.00
Provisions	960,399.07	-289,096.86	671,302.21
TOTAL	6,024,941.69	-2,582,728.90	3,442,212.79
DEFERRED TAX LIABILITIES			
	PERIOD		
	31/12/2004	**01/01/2005-31/12/2005**	**31/12/2005**
From building sale and lease back	181,144.07	-181,144.07	0.00
From the reversal of a receivable previously written-off	570,344.43	-570,344.43	0.00
Other	35,596.18	-12,235.23	23,360.95
TOTAL	787,084.68	-763,723.73	23,360.95

7. Adjustment to the International Accounting Standards

The present financial statements are the first financial statements compiled and published by the Group according to the International Accounting Standards.

In view of the need to present comparable financial accounts for the previous financial year on the same basis, the Company and the Group valued and adjusted their individual assets and liabilities on 31 December 2003. This resulted in the differentiation of the financial statements, which had been previously compiled and published, according to the provisions of Greek company law.

The major adjustments, which were deemed necessary, concern the following:

- The direct depreciation of various expenses, which had been capitalized in the past and depreciated gradually, the adjustment of depreciation rates concerning tangible fixed assets, in order to reflect their useful economic life.

- The accounting recognition of the liabilities of the Company and the Group to employees, concerning the future payment of benefits based on years of service for each employee, and

- The accounting recognition of the effects of deferred tax,

- The valuation of participations and securities

- The reassessment of inventories and other receivables

8. Table Appendix

RECONCILIATION OF OPENING EQUITY (AS AT 01/01/2005 and 01/01/2004) BETWEEN THE GREEK ACCOUNTING STANDARDS AND THE INTERNATIONAL ACCOUNTING STANDARDS (IAS)				
	COMPANY		GROUP	
	01/01/2005	01/01/2004	01/01/2005	01/01/2004
EQUITY AT THE BEGINNING OF THE PERIOD (1/1/2005 AND 1/1/2004) ACCORDING TO G.A.S.	***104,729,531.00***	***138,966,184.15***	***106,372,927.56***	***142,287,454.43***
ADJUSTMENTS TO LAND AND BUILDINGS DUE TO VALUATION AT FAIR VALUE	12,788,521.47	13,212,467.52	12,788,521.47	13,212,467.52
DEPRECIATION OF EXPENSES THAT WERE CAPITALIZED IN THE PAST	-7,878,951.80	-6,169,269.44	-7,878,951.80	-6,169,269.44
EFFECT OF SALE AND LEASE BACK AGREEMENT	-310,517.29	-786,243.08	-310,517.29	-786,243.08
EFFECT OF VALUATION OF PARTICIPATIONS	-45,223,078.39	-46,720,610.91	-39,652,392.36	-41,149,924.88
EFFECT OF VALUATION OF SECURITIES	-26,998,768.25	-27,005,467.58	-26,998,768.25	-27,005,467.58
EFFECT OF REASSESSMENT OF INVENTORIES	-3,190,000.00	-3,190,000.00	-3,190,000.00	-3,190,000.00
OTHER RECEIVABLE WRITE-OFFS	-3,598,655.01	-4,507,972.22	-3,598,655.01	-4,507,972.22
PROVISION FOR STAFF RETIREMENT INDEMNITIES BASED ON ACTUARIAL STUDY	-2,334,502.00	-2,334,502.00	-2,334,502.00	-2,334,502.00
OTHER PROVISIONS	-2,901,657.54	-2,994,851.58	-2,901,657.54	-2,994,851.58
RECOGNITION OF DEFERRED TAX ASSETS/LIABILITIES	5,098,951.04	4,765,981.08	5,098,951.04	4,765,981.08
OTHER AMOUNTS			-369,622.92	
WRITE-OFF OF DIVIDENDS THAT ARE NOT RECOGNIZED			-986,357.37	-2,140,418.06
DEPRECIATED CONSOLIDATION DIFFERENCES AND MINORITY INTERESTS			598,109.03	-44,492,838.80
	30,180,873.23	***63,235,715.94***	***36,637,084.56***	***25,494,415.39***

RECONCILIATION OF RESULTS (AS AT 30/09/2004 AND 31/12/2004) BETWEEN THE GREEK ACCOUNTING STANDARDS AND THE INTERNATIONAL ACCOUNTING STANDARDS (IAS)				
	COMPANY		**GROUP**	
	30/09/2004	***31/12/2004***	***30/09/2004***	***31/12/2004***
NET PROFIT FOR THE PERIOD (30/09/2004 AND 31/12/2004) ACCORDING TO THE G.A.S.	***6,520,282.34***	***7,876,801.63***	***17,354,916.99***	***29,333,344.68***
WRITE-OFF OF EXPENSES THAT HAD BEEN CAPITALISED	-1,057,612.62	-1,524,493.56	-1,068,010.41	-1,552,465.53
DEPRECIATION CHARGED TO THE INCOME STATEMENT FROM THE WRITE-OFF OF INTANGIBLE ASSETS	150,807.21	321,128.22	161,637.08	347,294.35
EFFECT ON THE RESULTS FROM THE NON-RECOGNITION AS AN EXPENSE OF LEASE PAYMENTS RELATING TO THE SALE AND LEASE BACK OF A BUILDING	44,141.87	58,855.83	44,141.87	58,855.83
EFFECT OF THE NON-RECOGNITION OF A LOSS FROM THE VALUATION OF SECURITIES DUE TO PREVIOUS WRITE-OOF	1,222,166.59	1,629,555.50	1,222,166.59	1,629,555.50
PROPORTION OF PROFIT FROM THE SALE AND LEASE BACK OF A BUILDING	103,508.97	138,011.96	103,508.97	138,011.96
INCOME TAX FOR THE PERIOD AND DEFERRED TAX	-760,150.25	-944,933.94	-2,925,875.38	-4,636,295.40
OTHER AMOUNTS	-124,690.89	-346,918.13	72,593.41	-104,594.83
REMUNERATIONS OF BoD MEMBERS	0.00	-350,000.00	0.00	-380,000.00
EFFECT FROM THE CHANGE OF CONSOLIDATION METHOD (FROM FULL CONSOLIDATION METHOD TO NET EQUITY METHOD)			-4,059,186.90	-7,516,868.58
NET PROFIT FOR THE PERIOD (30/09/2004 AND 31/12/2004) ACCORDING TO IAS	***6,098,453.22***	***6,858,007.51***	***10,905,892.22***	***17,316,837.95***

RECONCILIATION OF EQUITY FOR THE PERIOD (30/06/2005 and 30/06/2004) BETWEEN THE GREEK ACCOUNTING STANDARDS AND THE INTERNATIONAL ACCOUNTING STANDARDS (IAS)		
	30/06/2004	***30/06/2004***
EQUITY FOR THE PERIOD (30/6/2004) ACCORDING TO THE G.A.S.	**107,896,053.72**	**108,746,053.72**
ADJUSTMENTS TO LAND AND BUILDINGS DUE TO VALUATION AT FAIR VALUE	12,788,521.47	12,788,521.47
DEPRECIATION OF EXPENSES THAT WERE CAPITALISED IN THE PAST	-6,581,221.34	-6,581,221.34
EFFECT OF SALE AND LEASE BACK AGREEMENT	-408,951.19	-408,951.19
EFFECT OF VALUATION OF PARTICIPATIONS	-46,722,078.26	-41,151,392.23
EFFECT OF VALUATION OF SECURITIES	-26,784,742.24	-26,784,742.24
EFFECT OF REASSESSMENT OF INVENTORIES	-3,190,000.00	-3,190,000.00
OTHER RECEIVABLE WRITE-OFFS	-4,639,237.34	-4,639,237.34
PROVISION FOR STAFF RETIREMENT INDEMNITIES BASED ON ACTUARIAL STUDY	-2,334,502.00	-2,334,502.00
OTHER PROVISIONS	-2,994,851.58	-2,994,851.58
RECOGNITION OF DEFERRED TAX ASSETS/LIABILITIES	4,469,072.17	4,469,072.17
OTHER AMOUNTS		0.00
WRITE-OFF OF DIVIDENDS THAT ARE NOT RECOGNISED		-1,023,848.18
DEPRECIATED CONSOLIDATION DIFFERENCES AND MINORITY INTERESTS		-251,228.72
EQUITY AT THE BEGINNING OF THE PERIOD (30/6/2004) ACCORDING TO I.A.S.	**31,498,063.41**	**36,643,672.54**

	COMPANY	***GROUP***
	30/09/2004	***30/09/2004***
EQUITY FOR THE PERIOD (30/9/2004) ACCORDING TO THE G.A.S.	***109,010,032.58***	***110,285,032.58***
ADJUSTMENTS TO LAND AND BUILDINGS DUE TO VALUATION AT FAIR VALUE	12,788,521.47	12,788,521.47
DEPRECIATION OF EXPENSES THAT WERE CAPITALIZED IN THE PAST	-7,582,391.87	-7,582,391.87
EFFECT OF SALE AND LEASE BACK AGREEMENT	-359,734.24	-359,734.24
EFFECT OF VALUATION OF PARTICIPATIONS	-46,722,078.26	-41,151,392.23
EFFECT OF VALUATION OF SECURITIES	-26,784,742.24	-26,784,742.24
EFFECT OF REASSESSMENT OF INVENTORIES	-3,190,000.00	-3,190,000.00
OTHER RECEIVABLE WRITE-OFFS	-5,454,015.06	-5,454,015.06
PROVISION FOR STAFF RETIREMENT INDEMNITIES BASED ON ACTUARIAL STUDY	-2,334,502.00	-2,334,502.00
OTHER PROVISIONS	-2,994,851.58	-2,994,851.58
RECOGNITION OF DEFERRED TAX ASSETS/LIABILITIES	4,984,629.74	4,984,629.74
OTHER AMOUNTS		0.00
WRITE-OFF OF DIVIDENDS THAT ARE NOT RECOGNIZED		-1,432,607.37
DEPRECIATED CONSOLIDATION DIFFERENCES AND MINORITY INTERESTS		842,518.86
EQUITY AT THE BEGINNING OF THE PERIOD (30/9/2004) ACCORDING TO I.A.S.	***31,360,868.54***	***37,616,466.06***

EMPLOYEE BENEFITS		
	31/12/2005	**31/12/2004**
A. Parent company		
Employee salaries	14,113,824.48	13,196,988.75
Employee benefits	208,992.15	193,763.57
Employer contributions	3,426,581.23	3,185,735.01
Compensations for dismissal	355,860.71	146,169.37
	18,105,258.57	**16,722,656.70**
Average number of employees	650	659
B. Group		
Employee salaries	22,841,429.54	19,529,608.97
Employee benefits	622,717.38	480,345.37
Employer contributions	5,281,220.56	4,751,959.31
Compensations for dismissal	639,281.80	230,049.20
	29,384,649.28	**24,991,962.85**
Average number of employees	1510	1500

INFORMATION REGARDING THE ACTUARIAL STUDY

The main actuarial assumptions are the following:

A. Inflation
Salaries, wages and compensations will be automatically adjusted according to the prevailing change in the consumer price index

B. Salary scale
Salaries and wages increase by 4.0% per annum in nominal prices i.e. including inflation.

C. Interest Rate
The discounting rate for the calculation is 5.0%

EXPENSES BY CLASS		
	31/12/2005	**31/12/2004**
A. Parent company		
Cost of sales	57,980,880.12	55,758,413.45
Employee expenses	16,689,569.42	15,843,369.66
Third-party fees	1,958,156.12	1,308,624.95
Third-party benefits	3,886,714.95	3,356,018.65
Taxes – duties	646,732.66	614,048.68
Various expenses	19,045,709.27	20,620,828.32
Fixed asset depreciation	2,152,490.84	1,967,713.99
	102,360,253.38	**99,469,017.70**
B. Group		
Cost of sales	108,568,589.56	101,551,466.60
Employee expenses	27,968,960.13	24,112,675.82
Third-party fees	5,062,231.67	3,543,750.26
Third-party benefits	10,595,477.19	8,599,584.77
Taxes – duties	924,288.65	807,331.01
Various expenses	35,869,452.47	32,151,901.68
Fixed asset depreciation	3,443,783.22	2,983,773.49
	192,432,782.89	**173,750,483.63**

Note:

Employee expenses have been reduced by the amount relating to expenses that have been charged to the production of the parent company

SHARE CAPITAL					
	NUMBER OF SHARES	**NOMINAL VALUE OF THE SHARES**	**SHARE CAPITAL**	**SHARE PREMIUM**	**TOTAL**
31.12.2005	38,146,940	1.50	57,220,410.00	38,750,355.98	95,970,765.98
31.12.2004	38,146,940	1.50	57,220,410.00	38,750,355.98	95,970,765.98
31.12.2003	37,744,809	1.50	56,617,213.70	75,495,031.66	132,112,245.36

Parent Company

TABLE OF CHANGES TO FIXED ASSETS

DESCRIPTION	NET BOOK VALUE 31/12/2003	IAS ADJUSTMENT 31/12/2003	ACQUISITION COST OF ABSORBED COs 31/12/2003	IAS ADJUSTMENT OF ABSORBED COs	MOVEMENT IN THE FINANCIAL YEAR			NET BOOK VALUE 31/12/2004
					ADDITIONS TRANSFERS	ADJUSTMENT	DISPOSALS TRANSFERS	
LAND	1,996,236.41	5,008,659.09	19,448.50	632,940.02		906,587.24		8,563,871.26
BUILDINGS – BUILDING INSTALLATIONS AND CONSTRUCTION PROJECTS	16,523,381.67	8,385,271.74	1,436,694.14	71,600.06	55,636.41	57,520.18		26,530,104.20
MACHINERY TECHNICAL EQUIPMENT AND OTHER MECHANICAL EQUIPMENT	2,086,849.80		3,571,554.20	-27,619.17	623,535.42	0.00	76.30	6,254,243.95
MEANS OF TRANSPORTATION	1,060,713.97		594,158.00	-40,396.68	169,571.77	0.00	51,458.35	1,732,588.71
FIXTURES AND FITTINGS	4,703,092.36		2,674,883.65	-354,055.62	705,976.05	0.00	53,314.79	7,676,581.65
FIXED ASSETS UNDER CONSTRUCTION AND DOWN PAYMENTS	0.00		2,934.70	-2,934.70	307,623.95		39,266.75	268,357.20
TOTAL	**26,370,274.21**	**13,393,930.83**	**8,299,673.19**	**279,533.91**	**1,862,343.60**	**964,107.42**	**144,116.19**	**51,025,746.97**

Parent Company

TABLE OF CHANGES TO FIXED ASSETS

DESCRIPTION	NET BOOK VALUE 31/12/2004	DEPRECIATION UP TO 31/12/2003	DEPRECIATION OF ABSORBED COs 31/12/2003	MOVEMENT IN THE FINANCIAL YEAR		TOTAL DEPRECIATION 31/12/2004	NET BOOK VALUE 31/12/2004
				DEPRECIATION	DISPOSALS TRANSFERS		
LAND	8,563,871.26	0.00				0.00	8,563,871.26
BUILDINGS – BUILDING INSTALLATIONS AND CONSTRUCTION PROJECTS	26,530,104.20	9,529.95	243,628.72	1,128,021.22	-9,394.96	1,390,574,85	25,139,529.35
MACHINERY TECHNICAL EQUIPMENT AND OTHER MECHANICAL EQUIPMENT	6,254,243.95	1,357,652.05	2,234,409.41	335,901.27	76.29	3,927,886.44	2,326,357.51

MEANS OF TRANSPORTATION	1,732,588.71	855,267.51	326,701.38	134,940.94	12,174.39	1,304,735,44	427,853.27
FIXTURES AND FITTINGS	7,676,581.65	3,348,930.68	1,854,795.74	675,823.19	21,853.37	5,857,696.24	1,818,885.41
FIXED ASSETS UNDER CONSTRUCTION AND DOWN PAYMENTS	268,357.20	0.00				0.00	268,357.20
TOTAL	**51,025,746.97**	**5,571,380.19**	**4,659,535.25**	**2,274,686.62**	**24,709.09**	**12,480,892..27**	**38,544,854.00**

Parent Company

	NET BOOK VALUE 31/12/2004	ADDITIONS TRASFERS 01/01/05-31/12/05	DISPOSALS TRANSFERS 01/01/05-31/12/05	TOTAL DEPRECIATION 31/12/2005	NET BOOK BALUE 31/12/2005
LAND	8,563,871.26			0.00	8,563,871.26
BUILDINGS – BUILDING INSTALLATIONS AND CONSTRUCTION PROJECTS	26,530,104.20	394,703.07		2,455,446.79	24,469,360.48
MACHINERY TECHNICAL EQUIPMENT AND OTHER MECHANICAL EQUIPMENT	6,254,243.95	431,521.41	167,937.60	4,220,016.17	2,297,811.59
MEANS OF TRANSPORTATION	1,732,588.71	29,052.14	217,691.33	1,260,849.38	283,100.14
FIXTURES AND FITTINGS	7,676,581.65	920,718.67	73,389.17	6,541,420.56	2,072,490.59
FIXED ASSETS UNDER CONSTRUCTION AND DOWN PAYMENTS	268,357.20	111,285.77		0.00	379,642.97
TOTAL	**51,025,7746.97**	**1,887,281.06**	**459,018.10**	**14,387,732.90**	**38,066,277.03**

GROUP

TABLE OF CHANGES TO FIXED ASSETS

DESCRIPTION	NET BOOK VALUE 31/12/2003	IAS ADJUSTMENT 31/12/2003	MOVEMENT IN FINANCIAL YEAR 2004		ACQUISITION COST 31/12/2004	TOTAL DEPRECIATION	NET BOOK VALUE 31/12/2004
			ADDITIONS TRANSFERS	DISPOSALS TRANSFERS			
LAND	3,095,103.21	5,849,599.11	1,067,212.40	237,032.14	9,774,882.58		9,774,882.58
BUILDINGS – BUILDING INSTALLATIONS AND CONSTRUCTION PROJECTS	20,029,765.50	8,441,051.88	393,701.18		28,864,518.56	2,126,080.85	26,738,437.71
MACHINERY TECHNICAL EQUIPMENT AND OTHER MECHANICAL EQUIPMENT	6,229,926.12	-29,038.32	777,308.14	5,326.03	6,972,869.91	4,417,661.08	2,555,208.83
MEANS OF TRANSPORTATION	4,890,340.41	-40,396.68	1,494,485.57	768,597.84	5,582,153.90	2,835,037.84	2,747,116.06
FIXTURES AND FITTINGS	12,151,562.89	-354,055.62	867,344.81	213,202.68	12,451,649.40	10,168,796.89	2,282,852.51
FIXED ASSETS UNDER CONSTRUCTION AND DOWN PAYMENTS	128,227.86	-128,227.86	334,447.65	39,266.75	295,180.90	0.00	295,180.90
TOTAL	**46,524,925.99**	**13,738,932.51**	**4,934,499.75**	**1,263,425.44**	**63,941,255.25**	**19,547,576.66**	**44,393,678.59**

GROUP

	NET BOOK VALUE 31/12/2004	ADDITIONS DISPOSALS 01/01/05-31/12/05	TOTAL DEPRECIATION 31/12/2005	NET BOOK VALUE 31/12/2005
LAND	9,774,882.58	79,463.68	0.00	9,854,346.26
BUILDINGS – BUILDING INSTALLATIONS AND CONSTRUCTION PROJECTS	28,864,518.56	586,193.19	3,311836.22	26,138,875.53
MACHINERY TECHNICAL EQUIPMENT AND OTHER MECHANICAL EQUIPMENT	6,972,869.91	627,082.45	4,743,610.35	2,856,342.01
MEANS OF TRANSPORTATION	5,582,153.90	693,224.49	3,176,552.25	3,098,826.14
FIXTURES AND FITTINGS	12,451,649.40	572,178.31	10,566,357.88	2,457,469.83
FIXED ASSETS UNDER CONSTRUCTION AND DOWN PAYMENTS	295,180.90	87,217.07	-	382,397.97
TOTAL	**63,941,255.25**	**2,645,359.19**	**21,798,356.70**	**44,788,257.74**

INTRA-COMPANY TRANSACTIONS

RECEIVABLES / LIABILITIES							
BALANCES	**GR. SARANTIS ABEE**	**VENTURES**	**ZETA FIN**	**PAROS SA**	**ROMSAR**	**GRECOVET LTD**	**TOTAL**
GR. SARANTIS ABEE	0.00	200.00	7,875,133.00	200.00	200.00	37,213,08	**7,912,946.08**
VENTURES SA	918,698.36						
VENUS SA	0.00						
ZETA SA	246,728.72						
SARANTIS BELGRADE	1,071,995.19						
SARANTIS BULGARIA LTD	89,128.84						
SARANTIS SKOPJE LTD	52,316.30						
SC SAR. ROM	7,021.04						
K. THEODORIDIS SA	833,861.03						
SARANTIS CZECH	249,302.96						
SARANTIS POLSKA	911,583.58						
PAROS SA	377,720.59						
GRECOVET LTD	11,847.44						
SARANTIS UKRAINE	276,362.57						
ZETA FIN	416,537.15						
SARANTIS TURKEY	3,591.387.46						
TOTAL	**9,054,491.23**						

INTRA-COMPANY TRANSACTIONS FOR THE PERIOD 01/01/2005 TILL 31/12/2005

SALES / PURCHASES	GR. SARANTIS ABEE	ZETA FIN LTD	PAROS SA	GRECOVET LTD	SARANTIS POLSKA	**TOTAL**
GR. SARANTIS ABEE	0.00	4,728,144.17			133,707.00	**4,861,851.17**
PAROS SA	229,436.02			125,965.71		**355,401.73**
GRECOVET LTD	32,878,43		813,486.25			**846,364.68**
VENTURES SA	1,325,057.49					**1,325,057.49**
SARANTIS ROMANIA	3,181,516,56				352,635.00	**3,534,151.56**
SARANTIS BULGARIA	2,558,047.40				71,160.00	**2,629,207.40**
SARANTIS BELGRADE	2,125,412.13				276,825.00	**2,402,237.13**
SARANTIS SKOPJE	671,920.73					**671,920.73**
SARANTIS ANADOL SA	1,304,418.78					**1,304,418.78**
SARANTIS UKRAINE	384,397.48				105,078.00	**489,475.48**
SARANTIS POLSKA	4,508,834.44					**4,508,834.44**
K. THEODORIDIS S.A.	18,121.76					
TOTAL	**16,340,041.22**	**4,728,144.17**	**813,486.25**	**125,965.71**	**939,405.00**	**22,947,042.35**

GR. SARANTIS ABEE PARENT COMPANY		
STAKOD	**DESCRIPTION**	**VALUE**
157.2	PRODUCTION OF PET FOOD PESTICIDES	5,759.95
158.8	PRODUCTION OF HOMOGENIZED DIET FOOD	732,465.44
242.0	PRODUCTION OF PESTICIDES & OTHER FARM CHEMICALS	
245.1	PRODUCTION OF SOAPS & DETERGENTS, CLEANING AND POLISHING PRODUCTS	2,427,928.50
245.2	PRODUCTION OF FRAGRANCES & BEAUTY PRODUCTS	25,236,966.48
251.9	PRODUCTION OF OTHER PRODUCTS MADE OF RUBBER	95,310.47
252.9	CONSTRUCTION OF OTHER PLASTIC PRODUCTS	2,811,638.00
274.2	ALUMINUM PRODUCTION	11,623,746.62
503.0	WHOLESALE TRADE OF CAR ACCESSORIES	766.47
513.8	WHOLESALE TRADE OF OTHER FOOD	3,077,114.07
514.5	WHOLESALE TRADE OF FRAGRANCES & COSMETICS	24,398,726.60
514.6	WHOLESALE TRADE OF PHARMACEUTICAL PRODUCTS	14,514,831.87
514.9	WHOLESALE TRADE OF OTHER HOUSEHOLD UTENSILS	26,082,628.21
TOTAL		**111,007,882.68**

GR. SARANTIS ABEE GROUP 31/12/2005		
STAKOD	**DESCRIPTION**	**VALUE**
157.2	PRODUCTION OF PET FOOD PESTICIDES	5,759.95
158.8	PRODUCTION OF HOMOGENIZED DIET FOOD	732,465.44
245.1	PRODUCTION OF SOAPS & DETERGENTS, CLEANING AND POLISHING PRODUCTS	2,427,928.50
245.2	PRODUCTION OF FRAGRANCES & BEAUTY PRODUCTS	86,859,339.27
251.9	PRODUCTION OF OTHER PRODUCTS MADE OF RUBBER	95,310.47
252.9	CONSTRUCTION OF OTHER PLASTIC PRODUCTS	2,811,638.00
274.2	ALUMINUM PRODUCTION	11,623,746.62
503.0	WHOLESALE TRADE OF CAR ACCESSORIES	12,905,362.29
513.8	WHOLESALE TRADE OF OTHER FOOD	6,474,512.89
514.5	WHOLESALE TRADE OF FRAGRANCES & COSMETICS	44,128,469.80
514.6	WHOLESALE TRADE OF PHARMACEUTICAL PRODUCTS	14,514,831.87
514.9	WHOLESALE TRADE OF OTHER HOUSEHOLD UTENSILS	26,082,628.21
TOTAL		**208,661,993.31**

SECTOR AND GEOGRAPHIC BREAKDOWN TABLES

FINANCIAL RESULTS FOR THE NINE MONTHS OF 2005 (IFRS)

1. SECTORS OF ACTIVITY

Consolidated Turnover Breakdown

CONSOLIDATED TURNOVER (In EUR mn)	12m 2005	y-o-y growth	12m 2004
Luxury W/o Estee Lauder	**15.88**	7.49%	**14.77**
Mass Market Cosmetics	**73.53**	20.31%	**61.12**
Household	**76.00**	9.67%	**69.30**
Health & Care Products	**19.09**	22.61%	**15.57**
Car Accessories	**13.27**	6.09%	**12.51**
PET	**6.32**	-24.23%	**8.34**
Services to Estee Lauder J.V.*	**4.57**	-24.07%	**6.02**
Total Sales	**208.66**	11.21%	**187.63**

** Notes: Sarantis Group offers specialized services to Estee Lauder JV. Sarantis Group reports the particular income category for the last time.*

Consolidated EBIT Breakdown

CONSOLIDATED EBIT (In EUR mn)	12m 2005	y-o-y growth	12m 2004
Luxury W/o Estee Lauder	**0.42**	67.13%	**0.25**
Mass Market Cosmetics	**8.25**	54.95%	**5.32**
Household	**7.17**	5.53%	**6.79**
Health & Care Products	**2.58**	24.79%	**2.06**
Car Accessories	**0.80**	-17.61%	**0.97**
PET	**-0.16**		**0.05**
Services to Estee Lauder J.V.	**-0.08**		**0.23**
Income from Affil. Companies*	**9.18**	3.53%	**8.87**
Total EBIT	**28.15**	14.68%	**24.55**

** Notes: This particular income is treated as operating and not as financial income, as Gr. Sarantis has a dominant position in the above affiliated companies.*

2. GEOGRAPHIC MARKETS

Consolidated Turnover Breakdown

CONSOLIDATED TURNOVER (In EUR mn)	12m 2005	y-o-y growth	12m 2004
Greece*	**115.28**	-0.53%	**115.89**
Poland	**40.26**	32.08%	**30.48**
Romania*	**28.73**	21.21%	**23.70**
Bulgaria*	**11.37**	13.45%	**10.02**
Serbia	**5.84**	38.79%	**4.21**
Czech Republic	**3.35**	44.73%	**2.32**
Turkey	**2.32**	-	**0.00**
FYROM	**1.30**	28.70%	**1.01**
Ukraine	**0.22**	-	**0.00**
Total Sales	**208.66**	11.21%	**187.63**

** Notes: Without Estee Lauder JV.*

Consolidated EBIT Breakdown

CONSOLIDATED EBIT (In EUR mn)	12m 2005	y-o-y growth	12m 2004
Greece*	**20.32**	5.99%	**19.17**
Poland	**3.13**	169.59%	**1.16**
Romania*	**3.46**	19.98%	**2.88**
Bulgaria*	**0.91**	45.31%	**0.63**
Serbia	**1.09**	101.75%	**0.54**
Czech Republic	**0.06**	-42.99%	**0.10**
Turkey	**-0.65**	-	**0.00**
Ukraine	**-0.25**	-	**0.00**
FYROM	**0.11**	72.09%	**0.06**
Russia	**-0.03**	-	**0.00**
Total EBIT	**28.15**	14.68%	**24.55**

** Notes: Without Estee Lauder JV.*

BOARD OF DIRECTORS' REPORT OF 'SARANTIS S.A.' TO THE ANNUAL SHAREHOLDERS MEETING FOR THE FINANCIAL PERFORMANCE OF THE FISCAL YEAR 01.01.2005-31.12.2005

Dear Shareholders,

I welcome you and I would like to thank you for your participation in this General Shareholder's meeting. During 2005 Sarantis financial results demonstrated a constant growth in turnover as well as improved profit margins, which served the company's reinforcement.

During 2005 the company presented strong financial results in terms of turnover and profitability. This was the result of the Group's stable strategic growth, which is based on the company's greater expansion in the Eastern Europe, and mainly in the markets of Turkey and Ukraine, as well as in the strong support of its own products.The Group's turnover reached 208,66 mio €, increased by 11,21% compared with the same period in 2004 (187,63 mio €). Earnings before taxes & interest (EBIT) amounted to 28,15 mio € an increase of 14,68% versus 2004 (24,55 mio €). The Group for the specific period of time presented earnings before taxes (EBT) 25,28 mio €, increased by 15,17% versus 2004 (21,95 mio €). Finally, the Group presented earnings after taxes and minority interests (EATAM) 19,33 mio €, increased by 13,93 % compared to 2004 (16,97 mio €).Regarding the breakdown of the Group's turnover per business unit, we can observe that the Group's core business units, mass market cosmetics, household products and health care products were the best performers and demonstrated growth of +20,31%, +9,67% and +22,61% respectively. Finally, the luxury cosmetics division also realized strong growth (+7,49%).

Turnover's geographical breakdown indicates that Greece contributed 55,25% to total sales for 2005 (versus 61,77% in 2004), while Eastern European countries contribution advanced to 44,75% (versus 38,23% in 2004). Moreover, the Eastern European markets as a total realized double digit growth (+30,18%), with the highest performers Poland (+32,08%), Czech Republic (+44,73%), Serbia (+38,79%) and FYROM (+28,70%).Regarding the breakdown of the Group's EBIT per business unit we can observe that mass market cosmetics generated significant growth rates for 2005 (+54,95%). Moreover, household products and health & care products' profitability was increased by 5,53% and 24,79%.respectively. Finally, luxury cosmetics realised significant growth for the period examined (+67,13%).Regarding EBIT geographical breakdown, we can observe that Eastern Europe generated significant performance (+45,69%), with Poland posting the highest growth rate of 169,59% compared to 2004. Finally, significant growth rates for the specific period were generated by Serbia (+101,75%), Bulgaria (+45,31%), and FYROM (+72,09%).

Sarantis management expects that the positive trends during 2005 will also continue for 2006. Additionally, according to the estimates of Sarantis' management, prospects for stronger demand of consumer products in Eastern Europe will remain strong over the following 5 years, and especially in countries, which recently joined or will join the European Union, and where Sarantis Group has established subsidiaries. At the same time, the management considers that the Company's expansion in the Russian market during 2006 will further serve the group's objectives.

Athens, 30th January 2006

THE PRESIDENT OF THE BOARD OF DIRECTORS GRIGORIS P. SARANTIS I.D.No. X 080619/03	THE VICE PRESIDENT KIRIAKOS P. SARANTIS I.D.No. P 539590/95	THE CEO GEORGIOS A. KOLETSOS I.D. No. X 926090/03	THE FINANCIAL DIRECTOR KONSTANTINOS P. ROZAKEAS I.D.No.P 534498/94	THE MANAGER OF THE ACCOUNTING DPT. VASSILIOS D. MEINTANIS I.D.No.Ξ 016419/86

We certify that, the above mentioned Board of Directors' Report, which is consistent with the financial statements, and consists of 36 pages, is the one mentioned in the Auditor's Report dated February 23, 2006
.

BAKER TILLY HELLAS
Certified Public Accountants-Consultants A.E.
76, 3rd Septembriou Str.
104 33 Athens
Greece
SOEL Reg.No: E148

Athens, 23rd February 2006
The Certified Public Accountant

John V. Kalogeropoulos
SOEL. Reg. No: 10741