



DELTA HOLDING S.A.

DELTA HOLDING S.A.

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2005
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS)**

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ENGLISH TRANSLATION FROM THE GREEK ORIGINAL

INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS OF
DELTA HOLDING S.A.:**

We have audited the accompanying financial statements as well as the consolidated financial statements of Delta Holding S.A. as of and for the year ended December 31, 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 as of December 31, 2005 and 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.

Without qualifying our opinion, we draw attention to the fact that the (consolidated and separate) net equity as at December 31, 2004 and January 1, 2004 as well as the profit after income taxes for the year ended December 31, 2004, have been adjusted as compared to those presented in the previously published financial statements prepared under International Financial Reporting Standards. Such adjustments, which were made with retrospective correction of the respective line items in the years/periods to which they relate, are analyzed in Note ... to the financial statements.

Athens, March 10, 2006

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Ernst & Young (Hellas)
Certified Auditors Accountants S.A.

BKR Prottypos Elegtiki S.A.
Certified Auditors-Accountants

DELTA HOLDING S.A.



DELTA HOLDING S.A.

STATEMENT OF INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2005
 (All amounts in thousands of Euro, except per share data)

| | Notes | Company | |
|---|-------|-------------------|-------------------|
| | | 1/1-31/12 2005 | 1/1-31/12 2004 |
| REVENUES: | | | |
| Net sales | | 16.571 | 16.543 |
| Cost of sales | | (11.172) | (10.938) |
| Gross profit | | 5.399 | 5.605 |
| Selling, general and administrative expenses | 8 | (6.335) | (3.729) |
| Other income | 9 | 275 | 144 |
| Financial income | 10 | 28.762 | 27.679 |
| Financial expenses | 10 | (23.975) | (12.140) |
| PROFIT BEFORE INCOME TAXES | | 4.126 | 17.559 |
| Income taxes | 12 | (1.826) | (6.538) |
| NET PROFIT | | 2.300 | 11.021 |
| Earnings per share (in full amount) | | | |
| Basic | 13 | 0,06 | 0,27 |
| Diluted | 13 | 0,07 | 0,24 |
| Weighted average number of shares, basic and diluted | | | |
| Basic | 13 | 40.620.953 | 40.598.268 |
| Diluted | 13 | 44.186.999 | 45.304.692 |

The accompanying notes and appendices are an integral part of these financial statements

DELTA HOLDING S.A AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED DECEMBER 31,2005
(All amounts in thousands of Euro, except per share data)



| | Notes | January 1, 2005 - December 31, 2005 | | | January 1, 2004 - December 31, 2004 | | |
|---|-------|-------------------------------------|--|----------------|-------------------------------------|--|----------------|
| | | Continuing Operations | Discontinued Operations (contribution to the group) | Total | Continuing Operations | Discontinued Operations (contribution to the group) | Total |
| REVENUES | | | | | | | |
| Net sales | | 584.243 | 110.154 | 694.397 | 576.402 | 115.244 | 691.646 |
| Cost of sales | | (347.266) | (60.527) | (407.793) | (345.717) | (61.766) | (407.483) |
| Gross Profit | | 236.977 | 49.627 | 286.604 | 230.685 | 53.478 | 284.163 |
| Selling, general and administrative expense: | 8 | (184.192) | (46.149) | (230.341) | (178.475) | (48.643) | (227.118) |
| Other income/(expenses) | 9 | 30.346 | 378 | 30.724 | 9.090 | 1.530 | 10.620 |
| Impairment of goodwill | 15 | (606) | | (606) | (1.246) | | (1.246) |
| Financial income | 10 | 13.909 | 232 | 14.141 | 16.982 | 1.896 | 18.878 |
| Financial expenses: | 10 | (24.470) | (4.926) | (29.396) | (17.321) | (6.529) | (23.850) |
| Share of profit/(losses) of associate | | (146) | | (146) | (186) | | (186) |
| PROFIT BEFORE INCOME TAXES | | 71.818 | (838) | 70.980 | 59.529 | 1.732 | 61.261 |
| Income taxes | 12 | (28.407) | (1.679) | (30.086) | (11.909) | (36) | (11.945) |
| NET PROFIT | | 43.411 | (2.517) | 40.894 | 47.620 | 1.696 | 49.316 |
| Attributable to: | | | | | | | |
| Equity holders of the paren | | 32.945 | | 31.104 | 29.243 | | 31.773 |
| Minority interests | | 10.466 | | 9.790 | 18.377 | | 17.543 |
| | | 43.411 | | 40.894 | 47.620 | | 49.316 |
| Earnings per share (in full amount) | | | | | | | |
| Basic | 13 | 0,89 | | 0,84 | 0,87 | | 0,95 |
| Diluted | 13 | 0,84 | | 0,79 | 0,77 | | 0,83 |
| Weighted average number of shares, basic and diluted | | | | | | | |
| Basic | 13 | 37.034.808 | | 37.034.808 | 33.425.978 | | 33.425.978 |
| Diluted | 13 | 40.600.854 | | 40.600.854 | 38.132.402 | | 38.132.402 |

The accompanying notes and appendices are an integral part of these financial statements

**BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2005**


(All amounts in thousands of Euro, unless otherwise stated)

| | Notes | Group | | Company | |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2005 | December 31, 2004 | December 31, 2005 | December 31, 2004 |
| ASSETS | | | | | |
| Non-Current Assets: | | | | | |
| Property, plant and equipment | 14 | 364.894 | 483.585 | 6.227 | 5.632 |
| Goodwill | 15 | 151.317 | 201.904 | - | - |
| Intangible assets | 16 | 215 | 793 | 1 | 2 |
| Investments in subsidiaries | | - | - | 361.765 | 472.167 |
| Investments in associates | 17 | 198 | 584 | - | - |
| Other investments | | - | 16.142 | - | 6.717 |
| Investments available for sale | 18 | 10.546 | - | 9.827 | - |
| Bond loans | 22 | - | - | 166.500 | - |
| Other long term assets | | 1.652 | 1.963 | 112 | 11 |
| Deferred income taxes | 12 | 8.370 | 3.332 | 6.986 | 1.849 |
| Total non-current assets | | 537.192 | 708.303 | 551.418 | 486.378 |
| Current Assets: | | | | | |
| Inventories | 19 | 43.797 | 61.553 | - | - |
| Trade accounts receivable | 20 | 107.398 | 104.304 | 6.709 | 2.517 |
| Prepayments and other receivables | 21 | 32.491 | 41.751 | 4.670 | 6.726 |
| Securities | | - | 4.044 | - | 3.078 |
| Financial assets at fair value through profit and loss | 23 | 4.827 | - | 4.599 | - |
| Cash and cash equivalents | 24 | 99.762 | 78.788 | 18.644 | 642 |
| Total current assets | | 288.275 | 290.440 | 34.622 | 12.963 |
| Assets of disposal group classified as held for sale | 11 | 207.225 | - | 128.410 | - |
| TOTAL ASSETS | | 1.032.692 | 998.743 | 714.450 | 499.341 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to equity holders of parent | | | | | |
| Share capital | 25 | 120.417 | 119.359 | 120.417 | 119.359 |
| Paid-in surplus | | 93.214 | 91.452 | 93.214 | 91.452 |
| Treasury shares | 26 | - | (55.420) | - | - |
| Accumulated deficit | | (41.125) | (29.376) | (61.754) | (43.370) |
| Foreign exchange differences | | (1.854) | - | - | - |
| Legal, tax free and special reserves | 27 | 83.979 | 80.006 | 70.683 | 70.221 |
| Other reserves | | 3.056 | 3.153 | 1.300 | 1.300 |
| | | 257.687 | 209.174 | 223.860 | 238.962 |
| Minority interests | | 61.450 | 130.678 | - | - |
| Total Equity | | 319.137 | 339.852 | 223.860 | 238.962 |
| Non-Current Liabilities: | | | | | |
| Long-term borrowings at amortised cost | 29 | 205.081 | 262.185 | 244.000 | 226.473 |
| Long-term borrowings at fair value through profit and loss | 29 | 190.655 | - | 190.655 | - |
| Grants | 32 | 9.877 | 8.887 | - | - |
| Deferred income taxes | 12 | 38.053 | 42.802 | - | - |
| Reserve for staff retirement indemnities | 31 | 10.235 | 11.703 | 1.014 | 1.573 |
| Derivative financial instruments | 33 | 16.484 | - | 16.580 | - |
| Other long-term liabilities | 30 | 4.839 | 8.773 | - | - |
| Total non-current liabilities | | 475.224 | 334.350 | 452.249 | 228.046 |
| Current Liabilities: | | | | | |
| Trade accounts payable | 34 | 95.066 | 94.678 | 2.702 | 2.562 |
| Short-term borrowings | 35 | 16.457 | 78.657 | 23 | 18.025 |
| Current portion of long-term debt | 29 | 20.556 | 83.165 | 20.356 | - |
| Income taxes payable | 12 | 15.883 | 21.984 | - | 3.001 |
| Accrued and other current liabilities | 36 | 33.148 | 46.057 | 15.259 | 8.745 |
| Total current liabilities | | 181.110 | 324.541 | 38.340 | 32.333 |
| Liabilities directly associated with the assets classified as held for sale | 11 | 153.220 | - | - | - |
| Intragroup loans to operations classified as held for sale | 11 | (96.000) | - | - | - |
| TOTAL LIABILITIES AND EQUITY | | 1.032.691 | 998.743 | 714.449 | 499.341 |

The accompanying notes and appendices are an integral part of these financial statements

DELTA HOLDING S.A AND SUBSIDIARIES
 STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED IN DECEMBER 31, 2005



(All amounts in thousand of Euro, unless otherwise stated)

| | Group | | | | | | | Total | Minority interests | Total equity |
|--|--|-----------------|--------------------------------------|----------------|--------------------|-----------------|----------------------|----------------|--------------------|----------------|
| | Attributable to equity holders of the parent | | | | | | | | | |
| | Share capital | Paid-in surplus | Legal, tax free and special reserves | Other reserves | Fair value reserve | Treasury shares | Exchange Differences | | | |
| Balance, January 1, 2005 as initially published | 119.359 | 91.452 | 80.006 | 3.153 | | (55.420) | (24.492) | 214.058 | 130.678 | 344.736 |
| Adjustments (Note 3(ag)) | - | - | - | - | - | - | (4.884) | (4.884) | 0 | (4.884) |
| Adjusted balance, January 1, 2005 | 119.359 | 91.452 | 80.006 | 3.153 | - | (55.420) | (29.376) | 209.174 | 130.678 | 339.852 |
| Profit for the period | - | - | - | - | 1.318 | - | (12.696) | (11.378) | (53) | (11.431) |
| Disposal of treasury shares | - | - | - | - | - | 55.420 | (11.227) | 44.193 | - | 44.193 |
| Share capital increase | 1.058 | 1.762 | - | - | - | - | - | 2.820 | - | 2.820 |
| Transfer to legal, tax free and special reserves | - | - | 3.627 | (97) | - | - | (3.530) | - | - | - |
| Movement of fair value reserve | - | - | - | - | 1.706 | - | - | 1.706 | - | 1.706 |
| Exchange differences | - | - | - | - | - | - | (1.854) | (1.854) | - | (1.854) |
| Transfer to profit and loss from sale of available for sale investment | - | - | - | - | (2.678) | - | - | (2.678) | - | (2.678) |
| Dividends | - | - | - | - | - | - | (6.902) | (6.902) | - | (6.902) |
| Dividends paid to the minority shareholders | - | - | - | - | - | - | - | - | (5.739) | (5.739) |
| Other acquisitions of minority interests | - | - | - | - | - | - | (14.300) | (14.300) | (5.423) | (19.723) |
| Acquisition of minority interest of DELTA Dairy S.A. | - | - | - | - | - | - | - | 5.803 | (67.803) | (62.000) |
| | - | - | - | - | - | - | - | 0 | - | - |
| Balance, December 31, 2005 | 120.417 | 93.214 | 83.633 | 3.056 | 346 | 0 | (1.854) | 257.688 | 61.450 | 319.138 |

The accompanying notes and appendices are an integral part of these financial statements

(All amounts in thousand of Euro, unless otherwise stated)

| | Company | | | | | | |
|---|----------------|-----------------|--------------------------------------|----------------|-----------------|---------------------|----------------|
| | Share capital | Paid-in surplus | Legal, tax free and special reserves | Other reserves | Treasury shares | Accumulated deficit | Total equity |
| Balance, January 1, 2005 as initially published | 119.359 | 91.452 | 70.221 | 1.300 | | (38.535) | 243.797 |
| Adjustments (Note 3(agg)) | - | - | - | - | - | (4.834) | (4.834) |
| Adjusted balance, January 1, 2005 | 119.359 | 91.452 | 70.221 | 1.300 | | (43.369) | 238.963 |
| First time adoption of IAS 32 and 39 (net of deferred tax of € 6,649) | - | - | | | (1.190) | (13.782) | (14.972) |
| Increase of share capital | 1.058 | 1.762 | | | | 0 | 2.820 |
| Profit for the period | | | | | | 2.300 | 2.300 |
| Dividends | | | | | | (6.902) | (6.902) |
| Transfer to legal, tax free and special reserves | | | | | | | |
| Movement of fair value reserve | | | | | 1.652 | | 1.652 |
| Balance, December 31, 2005 | 120.417 | 93.214 | 70.221 | 1.300 | 462 | (61.753) | 223.861 |

The accompanying notes and appendices are an integral part of these financial statements

DELTA HOLDING S.A AND SUBSIDIARIES
 STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED IN DECEMBER 31, 2005



(All amounts in thousand of Euro, unless otherwise stated)

| | Group | | | | | | Total | Minority interests | Total equity |
|--|--|-----------------|--------------------------------------|----------------|-----------------|---------------------|----------------|--------------------|----------------|
| | Attributable to equity holders of the parent | | | | | | | | |
| | Share capital | Paid-in surplus | Legal, tax free and special reserves | Other reserves | Treasury shares | Accumulated deficit | | | |
| Balance, January 1, 2004 as initially published | 119.359 | 91.452 | 73.210 | 3.645 | (55.420) | (40.720) | 191.526 | 125.303 | 316.829 |
| Adjustments (Note 3(ag)) | - | - | - | - | - | (8.035) | (8.035) | 3.189 | (4.846) |
| Adjusted balance, January 1, 2004 | 119.359 | 91.452 | 73.210 | 3.645 | (55.420) | (48.755) | 183.491 | 128.492 | 311.983 |
| Profit for the period | - | - | - | - | - | 31.773 | 31.773 | 17.543 | 49.316 |
| Dividends | - | - | - | - | - | (6.090) | (6.090) | - | (6.090) |
| Dividends paid to the minority shareholders | - | - | - | - | - | - | - | (10.315) | (10.315) |
| Transfer to legal, tax free and special reserves | - | - | 6.796 | (492) | - | (6.304) | - | - | 0 |
| Acquisition of minority interests | - | - | - | - | - | - | - | (5.042) | (5.042) |
| Balance, December 31, 2004 | 119.359 | 91.452 | 80.006 | 3.153 | (55.420) | (29.376) | 209.174 | 130.678 | 339.852 |

The accompanying notes and appendices are an integral part of these financial statements

DELTA HOLDING S.A

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED IN DECEMBER 31, 2005



(All amounts in thousand of Euro, unless otherwise stated)

| | Company | | | | | Total equity |
|--|------------------|--------------------|---|-------------------|------------------------|-----------------|
| | Share capital | Paid-in surplus | Legal, tax free and special reserves | Other reserves | Accumulated deficit | |
| Balance, January 1, 2004 as initially published | 119.359 | 91.452 | 67.530 | 1.300 | (40.956) | 238.685 |
| Adjustments (Note 3(ag)) | - | - | - | - | (4.654) | (4.654) |
| Adjusted balance, January 1, 2004 | 119.359 | 91.452 | 67.530 | 1.300 | (45.610) | 234.031 |
| Profit for the period | - | - | - | - | 11.021 | 11.021 |
| Dividends | - | - | - | - | (6.090) | (6.090) |
| Transfer to legal, tax free and special reserves | - | - | 2.691 | - | (2.691) | - |
| Balance, December 31, 2004 | 119.359 | 91.452 | 70.221 | 1.300 | (43.370) | 238.962 |

The accompanying notes and appendices are an integral part of these financial statements

DELTA HOLDING S.A.

CASH FLOW STATEMENT

FOR THE PERIOD ENDED DECEMBER 31, 2005

(All amounts in thousands of Euro, unless otherwise stated)



| | Group | | Company | |
|---|---------------------|---------------------|---------------------|---------------------|
| | December 31 2005 | December 31 2004 | December 31 2005 | December 31 2004 |
| Cash flows from operating activities | | | | |
| Profit before income taxes | 70.980 | 61.262 | 4.126 | 17.559 |
| Adjustments to reconcile to net cash provided by operating activities: | | | | |
| Depreciation and amortisation | 33.102 | 37.719 | 946 | 781 |
| Provision for staff retirement indemnities (net amount) | 798 | 545 | (559) | 592 |
| Provision for doubtful accounts receivable | 3.494 | (590) | 261 | 0 |
| Interest and other related income | (6.975) | (18.876) | (25.231) | (26.278) |
| Interest and other related expenses | 25.318 | 23.847 | 18.899 | 12.140 |
| Impairment of goodwill | 606 | 1.246 | | |
| Gain from valuation and disposal of investments, financial assets and derivatives | (2.784) | | 1.545 | (1.401) |
| Gain/ (loss) on disposal of property, plant and equipment | (306) | 960 | 0 | 3 |
| Losses on equity investees | 146 | 186 | 0 | 0 |
| Amortization of government grants | (1.315) | (1.401) | 0 | 0 |
| Profit before working capital changes | 123.064 | 104.898 | (13) | 3.396 |
| (Increase)/Decrease in: | | | | |
| Inventories | 4.354 | (1.612) | 0 | 0 |
| Trade accounts receivable | (24.270) | (397) | (4.453) | |
| Prepayments and other receivables | (1.143) | 6.236 | 1.570 | 529 |
| (Increase)/Decrease in: | | | | |
| Trade accounts payable | 13.370 | 1.173 | 140 | (1.391) |
| Accrued and other current liabilities | 10.001 | (4.055) | 1.571 | |
| Income taxes paid | (32.030) | (28.683) | (3.314) | (4.635) |
| Interest paid | (32.763) | (19.891) | (19.820) | (8.258) |
| Other current assets | (137) | 294 | (98) | (4) |
| Other long-term liabilities | (3.917) | 4.211 | | |
| Cash Flows from Operating Activities: | 56.529 | 62.174 | (24.417) | (10.363) |
| Cash Flows from Investing Activities: | | | | |
| Capital expenditure for property, plant and equipment | (40.734) | (37.123) | (1.541) | (870) |
| Proceeds from disposal of property, plant and equipment | 8.884 | 2.296 | 0 | 0 |
| Interest and other related income received | 8.932 | 18.312 | 25.717 | 26.320 |
| Disposal of short-term investments | (1.600) | - | (1.600) | (1.106) |
| Acquisition of investments available for sale | (1.380) | - | (1.380) | |
| Acquisitions of minority interests | (20.557) | (6.871) | (18.904) | (10.667) |
| Acquisition of minority in Delta Dairy | (62.000) | - | | |
| Disposal of treasury shares | 44.193 | - | | |
| Disposal of investments available for sale | | 3.400 | | |
| Disposal of short-term investments | 4.655 | - | 2.502 | 6.151 |
| Grants receipts | 3.369 | 424 | 0 | 0 |
| Cash Flows for Investing Activities: | (56.238) | (19.562) | 4.794 | 19.828 |
| Cash Flows from Financing Activities: | | | | |
| Net change in short-term borrowings | (40.174) | (10.306) | (18.003) | (4.600) |
| Payments of long term borrowings | (309.347) | (694) | (200.000) | |
| Receipts from long term borrowings | 385.180 | 4.419 | 429.470 | |
| Issuance of bonds | | | (166.500) | |
| Minority interests | 360 | | | |
| Dividends paid to minority | (5.739) | (10.314) | | |
| Dividends paid | (7.342) | (6.234) | (7.342) | (5.484) |
| Net Cash used in Financing Activities | 22.938 | (23.129) | 37.625 | (10.084) |
| Net Cash used in Financing Activities | (176) | 92 | | |
| Effect of exchange rates changes on cash | 23.053 | 19.575 | 18.002 | (619) |
| Cash and cash equivalents at beginning of year | 78.788 | 59.213 | 642 | 1.261 |
| Cash and cash equivalents of discontinued operations | (2.079) | | | |
| Cash and cash equivalents at end of period | 99.762 | 78.788 | 18.644 | 642 |

The accompanying notes and appendices are an integral part of these financial statements.

DELTA HOLDING S.A. AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2005

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

1. CORPORATE INFORMATION:

Delta Holding S.A. (the parent) is a corporation formed under the laws of the Hellenic Republic whose shares are publicly traded on the Athens Stock Exchange. References to the "Group" or "Delta" include, unless the contents indicate otherwise, Delta Holding S.A. and its consolidated subsidiaries. Delta was founded in 1952 by Mr. Aristides Daskalopoulos as a family-run business producing yoghurt and distributing milk. Over more than 50 years, Delta has grown to one of the largest manufacturing groups in Greece. Its main lines of business are (i) the production and distribution of dairy products, such as milk and related products, ice cream, yogurt and fruit juices, (ii) quick service restaurants and café bars and, (iii) the production and distribution of general frozen foods such as vegetables, ready made recipes/meals and pastries. As further described in Note 11, in late 2005 the Group concluded a binding agreement with the Nestle Group for the sale of the Delta Ice Cream segment, which is expected to be finalized through to April 30, 2006.

The Company's registered office is in Athens at 59 Panepistimiou Street, 105 64, while its headquarters are in Athens at 10 Ziridi Street, 151 23 Marousi. The life of Delta Holding S.A., according to its Articles of Association, is eighty (80) years as of December 31, 1968, with a possible extension permitted following a decision of the General Meeting of its Shareholders.

As at December 31, 2005 and 2004, the Company's average number of employees was approximately 5,605 and 6,054, respectively.

2. BASIS OF PRESENTATION:

(a) Basis of Preparation of Financial Statements: The accompanying separate and consolidated financial statements (thereon referred to as financial statements) have been prepared under the historical cost convention, except for derivative financial instruments, available for sale investments, financial assets at fair value through profit and loss and certain bond loans, which were measured at fair values as of January 1, 2005, (date at which the Group adopted IAS 32/39) and certain categories of Property, Plant and Equipment, which at the date of transition to International Financial Reporting Standards (IFRS), (January 1, 2004), were measured at fair value, and this fair value was used as deemed cost as of the above date. As more fully discussed in Note 2(c), the accompanying financial statements have been prepared in accordance with IFRS (as they have been adopted by European Union) for the first time, by applying IFRS 1 "First-time Adoption of International Financial Reporting Standards" with the transition date being January 1, 2004.

(b) Statutory Financial Statements: Delta Holding S.A. and its Greek subsidiaries through to December 31, 2004 maintained their accounting records and prepared financial statements for statutory purposes in accordance with Greek Corporate Law 2190/1920 and the applicable tax legislation. Delta Holding S.A.'s foreign subsidiaries maintain their accounting records and prepare financial statements for statutory purposes in accordance with the applicable laws and regulations of the countries in which they operate. From January 1, 2005, onwards the parent Company and its Greek subsidiaries, based on the provisions of applicable legislation are obliged to prepare their statutory financial statements in accordance with the International Financial Reporting Standards that have been adopted by the European Union. However, these entities have the right to continue to maintain their accounting books and records based on the provisions of the Greek tax legislation. Consequently, with respect to the preparation of the consolidated financial statements, the financial statements of the foreign subsidiaries as well as the tax financial statements of the parent and its Greek subsidiaries are appropriately adjusted and reclassified by certain out-of-book adjustments in order to be in conformity with IFRS.

DELTA HOLDING S.A. AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2005

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

The main out-of-book entries recorded for IFRS purposes on the balance sheet as of January 1, 2004 and the financial statements as of December 31, 2004 are presented in Appendix I.

- (c) **First Time Adoption of International Financial Reporting Standards:** Pursuant to EU regulation 1606/2002 and according to Law 3229/2004 (as amended by Law 3301/2004) Greek entities listed on any Stock Exchange (foreign or domestic) are required to prepare their statutory financial statements (stand-alone and consolidated) from fiscal years beginning on January 1, 2005, onwards, in accordance with IFRS.

The Group applied IFRS 1 “First Time Adoption of IFRS” in the preparation of the accompanying financial statements, which is the first full set of financial statements IFRS, as the quarterly financial statements of the fiscal year 2005 prepared and published up to now are interim financial statements that were prepared on the basis of IFRS 34 and were in essence provisional in the context that the final assessment and determination of the items was in the accompanying financial statements.

Based on IFRS 1 “First Time Adoption of IFRS”, for the preparation of the first financial statements in accordance with IFRS, an entity should apply the IFRS that are in effect at the year end date of the first full financial statements and for all the periods presented along with the transition balance sheet.

Based on the provisions of IFRS 1 “First Time Adoption of IFRS” and, the above mentioned Greek legislation, above entities are obliged to present at least one year of comparative financial statements in accordance with IFRS.

Consequently, all revised or newly issued Standards applicable to the Group and are in effect as at December 31, 2005, were used for the preparation of the current financial statements, the comparative financial statements as of December 31, 2004 as well as the transition balance sheet as of January 1, 2004.

The IFRS 1 “First Time Adoption of IFRS” allows for certain exceptions alternative from the general provisions of the IFRS during the transition period.

The alternatives-exemptions that were used at the transition are the following:

- (i) The Company elected not to apply IFRS 3 “Business Combinations” retrospectively, to business combinations which occurred prior to the transition date to IFRS (January 1, 2004). Consequently, and according to IFRS 1, regarding past business combinations the Group:
- maintained the same classification as in Greek GAAP financial statements,
 - recognized all assets and liabilities at the date of transition to IFRS that were acquired or assumed in past business combinations other than:
 - certain financial assets and financial liabilities derecognized under previous GAAP and,
 - assets, including goodwill, and liabilities that were not recognized in the consolidated balance sheet under previous GAAP and would also not qualify for recognition under IFRS in the separate balance sheet of the acquiree. These assets and liabilities were measured according with IFRS requirements.
 - Excluded from its opening IFRS consolidated balance sheet any item recognized under previous GAAP that does not qualify for recognition as an asset or liability under IFRS.
 - Preserved the carrying amount of goodwill that was recognized under the previous GAAP.

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At the date of transition to IFRS, the Group tested the carrying amounts of goodwill under previous GAAP for impairment, based on the provisions of IAS 36 “Impairment of Assets” and the resulting impairment losses were recognized in retained earnings/(accumulated deficit) as of the above date.

The impairment test was made after the allocation of goodwill in cash generating units, and was based on the conditions existing at the date of transition to IFRS.

- (ii) The group elected to measure its tangible assets the date of transition to IFRS at fair value and used those fair values as deemed cost at that date. The resulted revaluation surplus was recognized in retained earnings/accumulated deficit as of January 1, 2004.
 - (iii) with respect to the reserve for staff retirement indemnities, all cumulative actuarial gains and losses were recognized at the date of transition to IFRS. The “corridor approach” was used for the actuarial gains or losses which were incurred during 2004 and subsequently. This exemption was used for all plans existing at the transition date.
 - (iv) the cumulative translation differences from the currency translation for all foreign operations were deemed to be zero at the date of transition to IFRS (they were included in retained earnings/(accumulated deficit). The gain or loss on a subsequent disposal of any foreign operation, shall exclude translation differences that arose before the date of transition to IFRS and shall include subsequent translation differences.
 - (v) elected to apply the provisions of IAS 32 “Financial Instruments: Disclosure and Presentation and IAS 39 “Financial Instruments: Recognition and Measurement” from January 1, 2005 and not at the IFRS transition date and at the same time maintained the same classification and valuation for instruments included in this standard with the financial statements that were prepared based on Greek GAAP in its comparative financial statements.
 - (vi) the estimates made by the Management under IFRS at the date of transition to IFRS were consistent with estimates made for the same date under previous GAAP (after adjustments to reflect any difference in accounting policies), unless there was objective evidence that those estimates were in error.
 - (vii) The assets and liabilities of certain foreign subsidiaries which had adopted the IFRS before the parent, have been included in the accompanying consolidated financial statements at the same carrying amounts as that reflected in their separate IFRS financial statements after accounting for consolidation and equity adjustments.
- (d) **Approval of Financial Statements:** The Board of Directors of Delta Holding S.A. approved the accompanying separate and consolidated financial statements for the year ended December 31, 2005 on March 9, 2006.

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- (e) **Use of Estimates:** The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates. With respect to significant estimates and judgments made by management in the preparation of the accompanying financial statements please refer to Note 4.

3. PRINCIPAL ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the accompanying financial statements, are as follows:

- (a) **Basis of Consolidation:** The accompanying consolidated financial statements of the Company include the accounts of Delta Holding S.A. and all subsidiaries where Delta Holding S.A. has control. Control is presumed to exist when Delta Holding S.A. through direct or indirect ownership retains the majority of voting interest or has the power to control the Board of the investee. Subsidiaries are consolidated from the date on which effective control is acquired by the parent and cease to be consolidated from the date in which control is transferred out of the Group.

All intercompany balances and transactions have been eliminated in the accompanying interim consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Company. A full list of the consolidated subsidiaries together with the related ownership interests is provided in Appendix II.

The consolidated financial statements include the financial statements of a subsidiary (S. Nendos S.A.), in which, although the direct parent owns less than 50% of the voting power, it exercises control through the power to control and appoint the majority of the Board of Directors' members.

- (b) **Investments in Subsidiaries (separate financial statements):** The investments of the parent Company in its consolidated subsidiaries are measured at acquisition cost less any cumulative impairment losses.

(c) **Investments in Associates:**

- i) **Consolidated financial statements:** The Company's investments in other entities in which Delta exercises significant influence and are not subsidiaries or joint-ventures are accounted for using the equity method. Under this method the investment in associates is recognized at cost in addition to the changes in the percentage of the Company in the associate's equity after the initial date of acquisition less possible provisions for impairment in value. The consolidated statement of income reflects the Company's share of the results of operations of the associate.

- ii) **Separate financial statements:** Investments in associates in the stand-alone financial statements are measured at acquisition cost less any cumulative impairment losses.

- (d) **Functional and Presentation Currency and Foreign Currency Translation:** The functional and presentation currency of Delta Holding S.A. and its Greek subsidiaries is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates which are in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are adjusted to reflect the current exchange rates.

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Gains or losses resulting from year-end foreign currency remeasurements are reflected in the accompanying statement of income excluding the transactions that correspond to conditions of compensating cash flows presented in equity.

The functional currency of the Company's foreign subsidiaries is the official currency of the related country in which each subsidiary operates. Accordingly, at each reporting date all balance sheet accounts of these subsidiaries are translated into Euro using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the weighted average rate of exchange prevailing during the year/period. The cumulative difference from the above translation is recognized directly in equity until the disposal or derecognition of a subsidiary in which case it is transferred to the consolidated statement of income

- (e) **Intangible Assets:** Intangible assets mainly consist of milk production rights and trademarks. Milk production rights represent fees paid to the Ministry of Agricultural Development every four to five years by certain milk producing subsidiaries in respect of maintaining their milk production capacity based on the quotas issued by the Ministry of Agricultural Development and the European Union. Amortization is made through to the next renewal date. Trademarks are amortized over their estimated useful lives which are set to five years.
- (f) **Research and Product Development Costs:** Research costs are expensed as incurred. Development expenditure is mainly incurred for developing products. Costs incurred for the development of an individual project are recognized as an intangible asset only when the requirements of IAS 38 "Intangible Assets" are met.
- (g) **Revenue Recognition:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Revenue, net of trade discounts sales incentives and the related VAT, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

Franchise fees

Franchise fees relate to a subsidiary which establishes and develops quick service restaurants and café bars through the use of franchisees. These fees are recognized to income in the period to which they relate.

Interest

Revenue is recognized on the accrual basis of accounting.

- (h) **Property, Plant and Equipment:** Land, buildings and machinery and equipment were measured at their fair value, which was used at the date of transition to IFRS as deemed cost based on the provisions of IFRS 1. Consequently, such items of PPE are stated at historical cost (deemed cost based on the provisions of IFRS 1) less accumulated depreciation and any impairment in value. Transportation equipment and furniture and fixtures are stated at historical cost less accumulated depreciation and any impairment in value.

As more fully described in Note 14 the Group proceeded to a fair valuation of its land, buildings and machinery and equipment as at January 1, 2004 and these fair values were used as deemed cost at the date of transition to IFRS. The resulted revaluation surplus was credited to retained earnings.

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Repairs and maintenance are charged to expenses as incurred. Major improvements are capitalized to the cost of the asset to which they relate when they extend the life, increase the earnings capacity or improve the efficiency of the respective assets.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset, is included in the consolidated statement of income in the year the item is derecognized.

- (i) **Depreciation:** Depreciation is computed based on the straight-line method at rates, which approximately reflect the average useful lives of relative assets.

The useful lives used are as follows:

| <u>Classification</u> | <u>Useful Life</u> |
|--------------------------|--------------------|
| Buildings | 50 years |
| Machinery and equipment | 20 years |
| Transportation equipment | 6-9 years |
| Furniture and fixtures | 3-6 years |

- (j) **Goodwill:** As more fully described in Notes 2 and 15, goodwill on business combinations which occurred prior to the date of transition to IFRS, was accounted for based on the provisions of IFRS 1, "First Time Adoption of IFRS". Goodwill on acquisitions subsequent to the date of transition to IFRS is initially measured at cost being the excess value of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized, but it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

- (k) **Impairment of Assets:**

- (i) **Non Financial Assets:**

With the exception of goodwill and intangibles with indefinite life which are reviewed for impairment at least annually, the carrying values of other non - current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognized in the consolidated statement of income. The recoverable amount is measured as the higher of net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset

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and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(ii) Financial Assets:

At each reporting date the Group assesses any potential indicative factor regarding whether a financial asset or group of financial assets has been impaired.

The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets stated at cost (investments in subsidiaries and associates in the separate balance sheet), assets measured at amortized cost based on the effective interest rate method (non current receivables) and available for sale investments.

(i) Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in profit or loss. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-

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sale are not recognised in profit. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

- (l) **Inventories:** Inventories are stated at the lower of cost and net realizable value. Cost of finished and semi-finished products includes all costs incurred in bringing inventories to their current location and state of manufacture and comprises raw materials, labour, an applicable amount of production overhead (based on normal operating capacity, but excluding borrowing costs) and packaging. The cost of raw materials and finished goods are determined based on the weighted average basis. Net realizable value for finished goods is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value for raw materials is the estimated replacement cost in the ordinary course of business. Provision for slow moving or obsolete inventories is made when necessary. As at December 31, 2005 and December 31, 2004, there were no inventories measured in their net realizable value.
- (m) **Accounts Receivable (Credit and Collection):** Short term receivables are presented in their nominal value, net of provisions for potential non collectible accounts, while long-term receivables (balances that deviate from the normal credit terms) are measured at amortized cost based on the effective interest rate method. The Company has established criteria for granting credit to customers which are generally based upon the size of the customer's operations and consideration of relevant financial data. Business is generally conducted with such customers under normal terms with collection expected within sixty days after shipment. At each balance sheet date all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate allowance for doubtful accounts. The balance of such allowance for doubtful accounts is appropriately adjusted at each balance sheet date in order to reflect the possible risks. Any amount written-off with respect to customer account balances is charged against the existing allowance for doubtful accounts. It is the Group's policy not to write-off an account until all possible legal action has been exhausted.
- (n) **Cash and Cash Equivalents:** The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.

For the purpose of the cash flow statements, cash and cash equivalents consist of cash at hand and in banks and of cash and cash equivalents as defined above.

- (o) **Interest Bearing Loans and Borrowings:** All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction cost. After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

Certain bond loans have been designated as being measured at fair value through profit and loss, on the basis that such measurement method is more representative in connection with above loans. The Group concluded derivative financial instruments (mainly cross currency swaps) to hedge against the foreign currency risk of these loans which are measured at fair value. Accordingly, such measurement basis was applied for the specific loan in order to significantly reduce the measurement inconsistency (accounting mismatch) that would otherwise arise between the derivative and the underlying loan.

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- (p) **Borrowing Costs:** Borrowing costs are recognized as an expense in the period in which they are incurred.
- (q) **Reserve for Staff Retirement Indemnities:** Staff retirement obligations are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end, based on the employees earning retirement benefit rights steadily throughout the working period. Retirement obligations are calculated on the basis of financial and actuarial assumptions detailed in Note 31 and are determined using the projected unit credit actuarial valuation method. Net pension costs for the period are included in payroll in the accompanying consolidated statement of income and consist of the present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial gains or losses recognized in the fiscal year and any additional pension charges. Past service costs are recognized on a straight-line basis over the average period until the benefits under the plan become vested. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation at the beginning of each period are recognized over the average remaining service period of active employees and included as a component of net pension cost for a year if, as of the beginning of the year. The retirement benefit obligations are not funded.
- (r) **State Pension:** The Company's employees are covered by one of several Greek State sponsored pension funds covering post-retirement pensions and healthcare benefits. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan.
- (s) **Income Taxes (Current and Deferred):**
- (i) **Current Income Taxes**
- Current income taxes are computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece or other tax jurisdictions in which foreign subsidiaries operate. Current income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns and, additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted or substantively enacted tax rates.
- (ii) **Deferred Income Taxes**
- Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities. Deferred income tax liabilities are recognized for all taxable temporary differences:
- Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
 - In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognized for all discounted temporary differences and transferred tax assets and losses, at the time where it is possible that taxable profit will be available which will be used against the discounted temporary differences and the transferred unused taxable assets and losses.

- Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and there will be available taxable profit which will be used against temporary differences.

The deferred tax assets are reviewed at each balance sheet date and reduced at the time where it is not considered as possible that enough taxable profits will be presented against which, a part or the total of assets can be utilised.

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

Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

- (t) **Leases:** Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease period.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on the straight line basis over the lease period.

- (u) **Government Grants:** Government grants which primarily relate to the subsidization of property, plant and equipment are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of income over the expected useful life of the relevant asset by equal annual installments, against corresponding amortization expense.

When the grant relates to an expense item, it is recognized against these expenses over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

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- (v) **Provisions and Contingencies:** Provisions are recognized 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 this obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Regarding the provisions that are expected to be settled in the long term when the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.
- (w) **Treasury shares:** Treasury shares are presented at cost as a separate component in equity. On the purchase, sale, issue or cancellation of the treasury shares, the relevant amounts and the result of each act / settlement are recognized directly in equity.
- (x) **Earnings per Share:** Basic earnings per share (EPS) are computed by dividing net income by the weighted average number of common shares outstanding during each year, excluding the average number of common shares purchased by the group as treasury shares.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the parent (after deducting interest on convertible shares, net of tax), by the weighted average number of shares outstanding during the year (adjusted for the effect of dilutive convertible shares).

- (y) **Segment Reporting:** The Company presents the required information considering as principal criterion of segment segregation, its business segments and, as a second criterion geographical segments. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The food segment produces dairy products (milk, cheese, yogurt and other related products), fruit juices and frozen vegetables and food products.

The production and supply of ice cream is excluded from the food segment and is monitored as a separate segment as seasonality effects both production and sales.

The restaurants and café bars segment includes the Company's chain of quick service restaurants, "Goody's" and its chain of café bars, "Flocafe".

The services segment includes the ultimate parent company "Delta Holding S.A.", which provides services mainly to the other companies of the group.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. The Company's geographical segments are determined by the location of the Company's assets and operations.

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(z) *Investments and other financial assets:*

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

- (i) **Financial assets at fair value through profit and loss:**
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit and loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on investments held for trading are recognised in income.
- (ii) **Held-to-maturity investments:**
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.
- (iii) **Loans and receivables:**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.
- (iv) **Available-for-sale financial assets:**
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using

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valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

Based on prior GAAP (which the Company applied until December 31, 2004) other investments (except for investments in subsidiaries, affiliates and joint ventures, which would fall into this category of financial assets) need not be classified in the above mentioned groups, and thus are presented in the comparative 2004 balance sheet as "other investments" or "investments available for sale" and they were measured at the lower of cost or current value with the current value defined as follows:

- For the listed entities, the average market value during the last month of each reporting period,
- For non-listed entities, the portion of net equity attributable to the Group's percentage of ownership.

(aa) *Derivative Financial Instruments and hedging:*

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction; or
- hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

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Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and gains and losses from both are taken to profit and loss. For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit and loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit and loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss. The changes in the fair value of the hedging instrument are also recognised in profit and loss. The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit and loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

Cash flow hedges

Cash flow hedges are a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit and loss. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability. If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit and loss.

Certain derivatives, although characterized as effective hedges based on Group policies, do not meet the criteria for hedge accounting in accordance with the provisions of IAS 39 and, therefore, gains or losses are recognized in the statements of income.

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Based on previous GAAP, that were used for the accounting of similar instruments until December 31, 2004, derivatives are not recognized in the balance sheet until their settlement date in which the realized gains or losses are recognized in the statement of income.

- (ab) **Convertible Bond Loan:** The Company has one convertible bond outstanding as of December 31, 2005, which comprises debt investments with an embedded conversion option. According to IAS 32, the liability component is determined on the basis of the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied (at the time of its issue) by the market to instruments of comparable credit profile and providing substantially the same cash flows, on the same terms, but without the conversion option.

The remaining part of the instrument, if any, would be the equity component representing the embedded option to convert the liability into equity of the issuer.

On allocation of the consideration as discussed above, any resulting gain or loss relating to the liability component would be recognized in the consolidated statement of income, while the amount of consideration relating to the equity component would be recognized in equity.

On conversion of convertible instrument at maturity, the group derecognizes the liability component and recognizes it at equity. The original equity component, if any, remains an equity (although it may be transferred from one line item within equity to another). There is no gain or loss in conversion at maturity.

According to the prior GAAP applied until December 31, 2004, convertible bonds are treated as simple debt instruments without any equity component being determined and recognized. They are measured based on nominal amount (after considering foreign currency conversion based on year-end spot rates) plus accrued interest.

- (ac) **Convertible preference shares:** The Company used to have preference shares that under the provisions of IAS 32 would exhibit characteristics of a liability.

The basic right embedded in those preference shares, is priority on distribution of the minimum dividend required by law, which, in the case of absence of adequate profits will be covered from profit distribution of future years.

However, on April 27, 2005, at an extraordinary shareholders' meeting, the preference shareholders waived their rights and the preference shares were converted into common voting shares. Accordingly, the above mentioned preference shares were treated in the balance sheet as of January 1, 2005 (date of IAS 32/39 adoption) as common shares.

- (ad) **Non-current Held for Sale and Discontinued Operations :** The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The basic preconditions to classify a non-current asset (or a disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets / groups and its sale must be highly probable.

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For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by paragraph 9, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately before the initial classification of a non current asset (or a disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) will be measured in accordance with the applicable IFRS.

A non current assets (or disposal group) classified as held for sale will be measured at the lower of its carrying amount and fair value less costs to sell and any possible resulting impairment losses will be recognized in the income statement.

Any subsequent increase in fair value will be recognized, but not in excess of the cumulative impairment loss which was previously recognized.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale it should not be depreciated or amortized.

(ae) New Standards and Interpretations: The International Accounting Standards Board, as well as the IFRIC, have already issued a number of new accounting standards and interpretations whose application is mandatory for the periods beginning January 1, 2006 onwards (except if mentioned otherwise below). The Group's assessment regarding the effect of these new standards and interpretations is as follows:

- **IFRS 6: Exploration for and Evaluation of mineral resources:** Not applicable for the Group and will not affect the financial statements.
- **IFRS 7: Financial Instruments: Disclosures:** This standard is in mandatory force for the periods starting from January 1, 2007 and onwards. It is not expected to affect significantly the Group's financial statements. The standard requires mainly additional disclosures regarding financial instruments.
- **IFRIC 3: Emission Rights:** This interpretation was later withdrawn by the International Accounting Standards Board. It does not apply to the Group and will not affect the financial statements.
- **IFRIC 4: Determining whether an arrangement contains a lease:** the application of the Interpretation 4 is not expected to alter the accounting treatment of any of the Group's contracts in force.
- **IFRIC 5: Right to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds:** Not applicable for the Group and will not affect the financial statements.

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- **IFRIC 6: Liabilities arising from participating in a specific market – waste electrical and electronic equipment:** Not applicable for the Group and will not affect the financial statements.
- **IFRIC 7: Applying the restatement approach under IAS 29 financial reporting hyperinflationary economies:** Not applicable for the Group and will not affect the financial statements.
- **IFRIC 8: Scope of IFRS 2:** Will not affect the financial statements.

(af) Effect of first time adoption of IAS 39 “Financial Instruments: Recognition and Measurement”: The Company using the provisions of IFRS 1 “First time adoption of IFRS” applied IAS 39 “Financial Instruments: Recognition and Measurement” from January 1, 2005 onwards and not from the transitional date to IFRS.

By the initially application of this Standard, the derivative financial instruments (cross currency interest rate swaps, and forward contracts, based on the previous standards applied by the Company, were accounted for upon settlement) were recognized in the financial statements of the year ended December 31, 2005, and available for sale investments and financial assets at fair value through profit and loss were measured based on the provisions of IAS 39 (which, based on the previous standards applied by the Company, were recognized as securities and long-term assets).

The cumulative effect of the initial application of IAS 39 was recognized directly in equity as of January 1, 2005 and is reflected separately in the accompanying statement of changes in equity.

The effect of the first implementation of IAS 32 and 39 as of January 1, 2005 is analyzed below:

| | <u>Accumulated deficit</u> | |
|---|----------------------------|-----------------|
| | <u>Group</u> | <u>Company</u> |
| Losses from measurement of available for sale investments | 1,360 | 1,190 |
| Derivatives valuation (net of related deferred taxes) | (7,662) | (8,579) |
| Convertible bond loan valuation | (6,394) | (6,394) |
| Total | <u>(12,696)</u> | <u>(13,783)</u> |
| | <u>Fair value reserve</u> | |
| | <u>Group</u> | <u>Company</u> |
| Losses from measurement of available for sale investments | (1,360) | (1,190) |
| Gains from measurement of available for sale investments | 2,678 | - |
| Total | <u>1,318</u> | <u>(1,190)</u> |

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(ag) Adjustment of accounting policies of previous publications:

The parent and the Group decided to proceed to the correction of certain line items which relate to the transition balance sheet as at January 1, 2004 and the comparative financial statements for the year ended December 31, 2004, that had been reported in the interim quarterly financial statements of the year 2005. As mentioned above the accompanying financial statements comprise the first full set of financial statements prepared in accordance with IFRS. Above correction were accounted for retrospectively in the period/year to which they relate.

The cumulative effect of corrections which relate to periods prior to the transition date was recorded against the beginning equity as at January 1, 2004.

Consequently, the transition balance sheet as of January 1, 2004 the balance sheet as of December 31, 2004, as well as the net profit after taxes for the year then ended are presented restated in conjunction to those included in the previously reported interim financial statements.

The effect of the above adjustments on the equity and the income statement is as follows:

Group

| | Total equity | | Profit after taxes |
|--|-----------------|-------------------|--------------------|
| | January 1, 2004 | December 31, 2004 | December 31, 2004 |
| As reported previously | 316,829 | 344,736 | 28,123 |
| Adjustments: | | | |
| Settlement of withheld taxes on reserves (i) | (4,703) | (4,884) | (180) |
| Deferred income taxes (ii) | - | - | 21,373 |
| As adjusted | 312,126 | 339,852 | 49,316 |

Company

| | Total equity | | Profit after taxes |
|--|-----------------|-------------------|--------------------|
| | January 1, 2004 | December 31, 2004 | December 31, 2004 |
| As reported previously | 238,685 | 243,797 | 11,125 |
| Adjustments: | | | |
| Settlement of withheld taxes of reserves (i) | (4,654) | (4,834) | (180) |
| Deferred income taxes (ii) | - | - | 76 |
| As adjusted | 234,031 | 238,963 | 11,021 |

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- i. Relates to the write off of withheld taxes that were paid on account upon creation of specially taxed reserves. The above mentioned withheld taxes are being written off on the basis that no deferred tax liability is established on the specially taxed reserves.
- ii. The items reflect the reduction of deferred tax liability that was taken on the revaluation surplus of the items of Property, Plant and Equipment which were measured at fair value as at January 1, 2004 and this fair value was used as deemed cost on the transition date. On January 1, 2004 the related deferred tax liability was determined at an income tax rate of 35% while on December 31, 2004 such deferred tax liability was measured at the reduced rates (32%, 29% and 25%) incorporated in the tax law enacted in November of 2004. The reduction of the deferred tax liability in the previously published financial statements had been accounted for directly in equity. As a consequence of above correction the net consolidated profit after taxes for the year ended December 31, 2004 is presented increased by € 21,373 while there is no effect on the consolidated and separate equity as at December 31, 2004.

(ah Reclassifications: Certain line items of the previous year's financial statements were reclassified in order to conform to the current year's presentation.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group proceeds to judgments and estimates in order either to apply the most representative accounting methods and policies or in connection with the future development of transactions and events. Such judgments and estimates are periodically reviewed by management in order to reflect current condition and correspond to anticipation of current risks and are based on prior experience in conjunction to the volume / level of such transactions and events.

The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming twelve months period are as follows:

(i) Goodwill impairment test

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2005 was € 1,700,000 (2004: € 200,000). More details are given in Note 15.

(ii) Provisions for income taxes

Current income tax liabilities for the current and prior periods are measured at the amounts expected to be paid to the taxation authorities, using the tax rates that have been enacted by the balance sheet date. Provision for income taxes reported in the respective income tax returns and the potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years. Accordingly, the final settlement of the income taxes might differ from the income taxes that have been accounted for in the financial statements. Further details are provided in Note 12.

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5. SEGMENT INFORMATION:

Segment Information

| December 31, 2005 | Food | Restaurants and Café bars | Services | Eliminations | Continuing operations | Discontinued operations | Consolidated |
|--|-----------------|--------------------------------------|-----------------|---------------------|----------------------------------|------------------------------------|---------------------|
| Segment revenues | | | | | | | |
| Segment revenues | <u>564.296</u> | <u>77.053</u> | <u>16.571</u> | <u>(73.677)</u> | <u>584.243</u> | <u>110.154</u> | <u>694.397</u> |
| Results | | | | | | | |
| Segment results, profit from operations | 75.191 | 8.733 | (661) | (738) | 82.525 | 3.856 | 86.381 |
| Financial income/(expense), net | 1.118 | 8.494 | 5.514 | (25.687) | (10.561) | (4.694) | (15.255) |
| Share of profits/(losses) of associates | - | (146) | - | - | (146) | - | (146) |
| Profit before tax | 76.309 | 17.081 | 4.853 | (26.425) | 71.818 | (838) | 70.980 |
| Income taxes | <u>(23.480)</u> | <u>(3.101)</u> | <u>(1.826)</u> | | <u>(28.407)</u> | <u>(1.679)</u> | <u>(30.086)</u> |
| Net profit/(loss) for the period | <u>52.829</u> | <u>13.980</u> | <u>3.027</u> | <u>(26.425)</u> | <u>43.411</u> | <u>(2.517)</u> | <u>40.894</u> |
| December 31, 2004 | | | | | | | |
| Segment revenues | | | | | | | |
| Segment revenues | <u>553.344</u> | <u>76.549</u> | <u>16.542</u> | <u>(70.033)</u> | <u>576.402</u> | <u>115.244</u> | <u>691.646</u> |
| Results | | | | | | | |
| Segment results, profit from operations | 53.015 | 6.239 | 2.021 | (1.221) | 60.054 | 6.365 | 66.419 |
| Financial income/ (expense), net | (2.708) | 3.905 | 15.864 | (17.400) | (339) | (4.633) | (4.972) |
| Share of profits/ (losses) of associates | - | (186) | - | - | (186) | - | (186) |
| Profit before tax | 50.307 | 9.958 | 17.885 | (18.621) | 59.529 | 1.732 | 61.261 |
| Income taxes | <u>(2.843)</u> | <u>(4.223)</u> | <u>(4.843)</u> | | <u>(11.909)</u> | <u>(36)</u> | <u>(11.945)</u> |
| Net profit for the period | <u>47.464</u> | <u>5.735</u> | <u>13.042</u> | <u>(18.621)</u> | <u>47.620</u> | <u>1.696</u> | <u>49.316</u> |

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Assets and Liabilities

| December 31, 2005 | Restaurants and Café bars | | | | Continuing operations | Discontinued operations | Consolidated |
|--------------------------------------|---------------------------|----------------------------------|------------------|------------------------------|--------------------------------|-------------------------|---------------------|
| | Food | | Services | Eliminations | | | |
| Tangible and intangible fixed assets | 337.327 | 23.061 | 6.229 | 149.809 | 516.426 | 168.557 | 684.983 |
| Investments | 49.984 | 39.670 | 542.752 | (632.406) | - | - | - |
| Investments in Associates | - | 198 | - | - | 198 | - | 198 |
| Other assets | 323.247 | 35.838 | 222.935 | (273.177) | 308.843 | 38.668 | 347.511 |
| Total segment assets | 710.558 | 98.767 | 771.916 | (755.774) | 825.467 | 207.225 | 1.032.692 |
| Segment liabilities | (310.315) | (26.648) | (495.323) | 271.952 | (560.334) | (153.220) | (713.554) |
| Total liabilities | (310.315) | (26.648) | (495.323) | 271.952 | (560.334) | (153.220) | (713.554) |
| December 31, 2004 | | Restaurants and Café bars | | Continuing operations | Discontinued operations | Eliminations | Consolidated |
| Tangible and intangible fixed assets | 327.196 | 28.492 | 5.634 | 361.322 | 200.316 | (78.053) | 483.585 |
| Investments | 58.243 | 34.658 | 532.770 | 625.6717 | 120.809 | (730.338) | 16.142 |
| Investments in Associates | - | 584 | - | 584 | - | - | 584 |
| Other assets | 314.591 | 24.258 | 8.632 | 347.481 | 52.063 | 98.888 | 498.432 |
| Total segment assets | 700.030 | 87.992 | 547.036 | 1.335.058 | 373.188 | (709.503) | 998.743 |
| Segment liabilities | (258.860) | (24.229) | (255.236) | (538.325) | (168.019) | 47.453 | (658.891) |
| Total liabilities | (258.860) | (24.229) | (255.236) | (538.325) | (168.019) | (47.453) | (658.891) |

Other Segment Information

December 31, 2005

| | Food | Restaurants and Café bars | Services | Continuing operations | Discontinued operations | Consolidated |
|-------------------------|---------------|---------------------------|--------------|-----------------------|-------------------------|---------------|
| Capital expenditure: | | | | | | |
| Tangible fixed assets | 26.239 | 5.618 | 1.541 | 33.398 | 6.623 | 40.021 |
| Intangible fixed assets | 63 | 0 | 0 | 63 | 650 | 713 |
| Total | 26.302 | 5.618 | 1.541 | 33.461 | 7.273 | 40.734 |
| Depreciation | 15.891 | 3.445 | 946 | 20.282 | 12.691 | 32.973 |
| Amortization | 64 | 0 | 1 | 65 | 64 | 129 |
| Total | 15.955 | 3.445 | 947 | 20.347 | 12.755 | 33.102 |

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| December 31, 2004 | | Restaurants and Café bars | Services | Continuing operations | Discontinued operations | Consolidated |
|--------------------------|---------------|--------------------------------------|-----------------|----------------------------------|------------------------------------|---------------------|
| | Food | | | | | |
| Capital expenditure: | | | | | | |
| Tangible fixed assets | 20.240 | 3.142 | 869 | 24.251 | 12.713 | 36.964 |
| Intangible fixed assets | 38 | 0 | 1 | 39 | 120 | 159 |
| Total | 20.278 | 3.142 | 870 | 24.290 | 12.833 | 37.123 |
| Depreciation | 22.711 | 943 | 762 | 24.416 | 12.875 | 37.291 |
| Amortization | 307 | 0 | 1 | 308 | 120 | 428 |
| Total | 23.018 | 943 | 763 | 24.724 | 12.995 | 37.719 |

The following tables present revenues, expenditure and certain asset information regarding the Group's geographical segments for the years ended December 31, 2005 and December 31, 2004.

| December 31, 2005 | | Foreign activities | Eliminations | Continuing operations | Discontinued operations | Consolidated |
|---|------------------|-------------------------------|---------------------|----------------------------------|------------------------------------|---------------------|
| | Greece | | | | | |
| Revenues | | | | | | |
| Segment revenues | 614.813 | 43.107 | (73.677) | 584.243 | 110.154 | 694.397 |
| Other Segment Information | | | | | | |
| Tangible and intangible fixed assets | 334.067 | 32.549 | 149.809 | 516.426 | 168.557 | 684.983 |
| Investments | 632.185 | 419 | (632.604) | - | - | - |
| Other assets | 510.163 | 71.858 | (272.979) | 309.041 | 38.667 | 347.709 |
| Total segment assets | 1.476.415 | 104.827 | (755.774) | 825.467 | 207.225 | 1.032.692 |
| Capital expenditure: | | | | | | |
| Tangible fixed assets | 26.258 | 7.141 | - | 33.399 | 6.623 | 40.021 |
| Intangible fixed assets | 62 | - | - | 62 | 650 | 713 |
| Total | 26.320 | 7.141 | - | 33.461 | 7.273 | 40.734 |
| Depreciation | 18.808 | 1.474 | 0 | 20.282 | 12.691 | 32.973 |
| Amortization | 48 | 17 | - | 65 | 64 | 129 |
| Total | 18.856 | 1.491 | 0 | 20.347 | 12.755 | 33.102 |

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| December 31, 2004 | Greece | Foreign activities | Continuing operations | Discontinued operations | Eliminations | Consolidated |
|--------------------------------------|------------------|--------------------|-----------------------|-------------------------|------------------|----------------|
| Revenues | | | | | | |
| Segment revenues | 607.681 | 38.754 | 646.435 | 115.244 | (70.033) | 691.646 |
| Other Segment Information | | | | | | |
| Tangible and intangible fixed assets | 334.578 | 26.964 | 361.542 | 200.096 | (78.053) | 483.585 |
| Investments | 616.595 | 9.076 | 625.671 | 120.809 | (730.338) | 16.142 |
| Other assets | 280.989 | 66.858 | 347.847 | 52.281 | 98.888 | 499.016 |
| Total segment assets | <u>1.232.162</u> | <u>102.898</u> | <u>1.335.060</u> | <u>373.186</u> | <u>(709.503)</u> | <u>998.743</u> |
| Capital expenditure: | | | | | | |
| Tangible fixed assets | 19.093 | 5.651 | 24.744 | 12.220 | 0 | 36.964 |
| Intangible fixed assets | 36 | 31 | 67 | 92 | 0 | 159 |
| Total | <u>19.129</u> | <u>5.682</u> | <u>24.811</u> | <u>12.312</u> | <u>0</u> | <u>37.123</u> |
| Depreciation | 23.735 | 1.880 | 25.615 | 11.676 | 0 | 37.291 |
| Amortization | 105 | - | 105 | 323 | 0 | 428 |
| Total | <u>23.840</u> | <u>1.880</u> | <u>25.720</u> | <u>11.999</u> | <u>0</u> | <u>37.719</u> |

6. PAYROLL COST:

Payroll cost in the accompanying financial statements is analyzed as follows:

| | Group | | Company | |
|---|----------------|----------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| Wages and salaries | 84,030 | 98,464 | 8,159 | 7,217 |
| Social security costs | 17,944 | 22,070 | 1,237 | 1,257 |
| Staff retirement indemnities (Note 31) | 1,978 | 1,746 | (202) | 580 |
| Other staff costs | 1,059 | 4,685 | 100 | 12 |
| Total payroll of continuing operations | <u>105,011</u> | <u>126,965</u> | <u>9,295</u> | <u>9,066</u> |
| Total payroll from discontinued operations | 21,477 | 21,710 | - | - |
| Total payroll | <u>126,488</u> | <u>148,675</u> | <u>9,295</u> | <u>9,066</u> |
| Less: amounts charged to production cost of continuing operations | (45,667) | (66,777) | (7,355) | (6,443) |
| Less: amounts charged to production cost of discontinued operations | (21,477) | (21,710) | - | - |
| Payroll included in S,G and A expenses (Note 8) | <u>59,344</u> | <u>60,188</u> | <u>1,940</u> | <u>2,623</u> |

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7. DEPRECIATION AND AMORTISATION:

Depreciation and amortization in the accompanying financial statements is analyzed as follows:

| | <u>Group</u> | | <u>Company</u> | |
|--|--------------|--------------|----------------|-------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Depreciation on property, plant and equipment (Note 14) | 20,282 | 24,416 | 946 | 780 |
| Amortization of intangible assets (Note 16) | 65 | 308 | 1 | 1 |
| Depreciation and amortization from continuing operations | 20,347 | 24,724 | - | - |
| Depreciation and amortization from discontinued operations | 12,755 | 12,995 | - | - |
| | 33,102 | 37,719 | 947 | 781 |
| Amortization of subsidiaries (Note 32) | (1,070) | (1,060) | - | - |
| Amortization of subsidiaries discontinued operations | (245) | (341) | - | - |
| | 31,787 | 36,318 | 947 | 781 |
| Less: amounts charged to production cost of continuing operations | (11,510) | (17,122) | (110) | (710) |
| Less: amounts charged to production cost of discontinued operations | (12,636) | (12,654) | - | - |
| Depreciation and amortization included in S,G and A expenses (Note 8) | 7,641 | 6,542 | 837 | 71 |

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

Selling, general and administrative expenses in the accompanying financial statements are analyzed as follows:

| | <u>Group</u> | | <u>Company</u> | |
|---|----------------|----------------|----------------|--------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Payroll (Note 6) | 59,344 | 60,188 | 1,940 | 2,623 |
| Advertising and promotion costs | 61,562 | 58,645 | 322 | - |
| Third party fees | 12,676 | 15,001 | 606 | 178 |
| Depreciation and amortization (Note 7) | 7,641 | 6,542 | 837 | 71 |
| Rent expense | 5,845 | 5,142 | 651 | 46 |
| Commissions | 7,810 | 5,165 | - | - |
| Utilities | 3,657 | 2,828 | 224 | 72 |
| Insurances | 1,083 | 967 | 42 | 17 |
| Repairs and maintenance | 3,527 | 3,537 | 175 | 126 |
| Shipping and handling costs | 9,008 | 7,926 | - | - |
| Stationery and other consumables | 1,781 | 2,527 | 48 | 10 |
| Traveling and entertainment | 1,422 | 1,091 | 323 | 95 |
| Subscriptions and contributions | 679 | 1,244 | 202 | 55 |
| Bad debt provision | 2,374 | - | 261 | - |
| Other | 5,783 | 7,672 | 704 | 436 |
| Selling, general and administrative expenses from continuing operations | 184,192 | 178,475 | 6,335 | 3,729 |
| Selling, general and administrative expenses from discontinued operations | 46,149 | 48,643 | - | - |
| Total | 230,341 | 227,118 | 6,335 | 3,729 |

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9. OTHER INCOME/ (EXPENSES), NET:

| | Group | | Company | |
|--|---------------|---------------|----------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Income from Danone (Note 22) | 18,500 | - | - | - |
| Income from services | 6,655 | 2,524 | - | - |
| Subsidies | 1,275 | 1,485 | 129 | 137 |
| Rental income | 606 | - | 132 | - |
| Gain/(loss) from sales of fixed assets | 819 | 273 | - | 3 |
| Insurance indemnities | 290 | - | 12 | 4 |
| Other | 2,201 | 4,808 | 2 | - |
| Other income/(expenses) from continuing operations | 30,346 | 9,090 | 275 | 144 |
| Other income/(expenses) from discontinued operations | 378 | 1,530 | - | - |
| Total | 30,724 | 10,620 | 275 | 144 |

10. FINANCIAL INCOME/(EXPENSES), NET:

Financial income/(expenses), net in the accompanying financial statements is analyzed as follows :

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2005 | 2004 | 2005 | 2004 |
| Interest on long term loans and borrowings (Note 29) | (14,099) | (9,493) | (13,433) | (6,233) |
| Interest on short-term borrowings (Note 35) | (1,869) | (2,169) | (637) | (820) |
| Interest on derivatives | (1,488) | (5,016) | (1,488) | (5,016) |
| Other financial expenses | (2,936) | (46) | (2,148) | (71) |
| Loss from valuation and sale of subsidiaries, derivatives and other investments at fair values | (3,810) | - | (4,630) | - |
| Foreign exchange differences, net | (268) | (597) | (1,639) | - |
| Total financial expenses from continuing operations | (24,470) | (17,321) | (23,975) | (12,140) |
| Total financial expenses from discontinued operations | (4,926) | (6,529) | - | - |
| Total financial expenses | (29,396) | (23,850) | (23,975) | (12,140) |
| Interest earned on derivative financial instruments | 6,344 | 15,417 | 6,344 | 15,320 |
| Dividends | - | - | 16,449 | 10,950 |
| Interests on deposits (Note 24) | 399 | 412 | 5 | 8 |
| Gain from valuation and sale of subsidiaries, derivatives and other investments at fair values | 7,166 | 1,153 | 3,532 | 1,401 |
| Interest income from loans receivable | - | - | 2,432 | - |
| Total financial income from continuing operations | 13,909 | 16,982 | 28,762 | 27,679 |
| Total financial income from discontinued operations | 232 | 1,896 | - | - |
| Total financial income | 14,141 | 18,878 | 28,762 | 27,679 |
| Total financial income /(expenses), net | (15,255) | (4,972) | 4,787 | 15,539 |

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11. DISCONTINUED OPERATIONS:

In late 2005, the Group reached a binding agreement with NESTLE Group for the sale of Delta Ice Cream SA (a 96.53% subsidiary) and its subsidiaries (Delta Ice Cream subgroup). The criteria set forth in IFRS 5 in connection with the classification and measurement of Delta Ice Cream subgroup as disposal group of the subgroup Delta Ice Cream held for sale were satisfied within the last days of December 2005. Consequently, the assets and liabilities of Delta Ice Cream subgroup as of December 31, 2005 as well as its income statement for the years 2005 and 2004 were classified (reclassified) and are presented in accordance with the provisions of IFRS 5, while the assets and liabilities of the subgroup at the day of reclassification were also measured in accordance with the provisions of IFRS 5. No impairment loss resulted from the above measurement. The consideration price agreed between the two parties was determined as a multiple of earnings before interest, income taxes, depreciation and amortization (EBITDA) for the rolling twelve month period from October 1, 2004 to September 30, 2005, less the net debt of the subgroup as of September 30, 2005 plus or minus the net change in the working capital through to the date of the completion of the transaction. The sale is expected to be completed until April 30, 2006.

Delta Ice Cream's Statements of income for the years 2004 and 2005 are separately presented in the consolidated Statement of Income under the title "DISCONTINUED OPERATIONS" while summarized information of the sub group's assets and liabilities as at December 31, 2005 are as follows:

ASSETS

Non - Current Assets

| | |
|---------------------------------|----------------|
| Property, plant and equipment | 117,775 |
| Goodwill | 50,783 |
| Other non current assets | 682 |
| Total Non Current Assets | 169,240 |

Current Assets

| | |
|--|---------------|
| Inventories | 13,401 |
| Trade accounts receivable | 17,477 |
| Other current receivables | 4,864 |
| Financial assets at fair value through profit and loss | 164 |
| Cash | 2,079 |
| Total Current Assets | 37,985 |

TOTAL ASSETS

207,225

LIABILITIES

Non - Current liabilities

| | |
|---|---------------|
| Long term loans and borrowings | 98,754 |
| Less: Intragroup loans to discontinued operations | (96,000) |
| Grants | 835 |
| Deferred tax liabilities | 6,490 |
| Other long- term liabilities | 3,132 |
| Total non-current liabilities | 13,211 |

Current Liabilities

| | |
|---|---------------|
| Trade accounts payable | 12,982 |
| Short - term borrowings | 22,027 |
| Current portion of loans and borrowings | 1,341 |
| Other current liabilities | 7,659 |
| Total current liabilities | 44,009 |
| TOTAL LIABILITIES | 57,220 |

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The investment cost of subsidiary Delta Ice cream amounting to € 128,410 was presented as disposal group held for sale in the parent 's separate financial statements.

12. INCOME TAX:

According to the tax law, the income tax applicable to companies for the period of 2005 is 32% (35% through December 31, 2004).

In November 2004, a new tax act was approved whereby the corporate tax rate for companies will be gradually reduced from 35% to 25%. Specifically, for fiscal years 2005 and 2006 the tax rate is reduced to 32% and 29%, respectively and from fiscal year 2007 and onwards it is further reduced to 25%.

The provision for income taxes reflected in the accompanying financial statements is analyzed as follows:

| | <u>Group</u> | | <u>Company</u> | |
|---|---------------|---------------|----------------|--------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Current income taxes: | | | | |
| - current income tax charge | 26,849 | 27.859 | 313 | 2,465 |
| - adjustments in respect of income tax of previous years | 333 | 2.016 | - | 1,465 |
| Deferred income taxes | 2,904 | (17.930) | 1,512 | 2,608 |
| Total provision for income taxes reported in the statement of income | 30,086 | 11.945 | 1,826 | 6,538 |
| Less: Provision for income taxes from discontinued operations | (1,679) | (36) | - | - |
| | <u>28,407</u> | <u>11.909</u> | <u>1,826</u> | <u>6,538</u> |

The reconciliation of the provision for income taxes to the amount determined by the application of the Greek statutory tax rate to pretax income is summarized as follows:

| | <u>Group</u> | | <u>Company</u> | |
|--|---------------|---------------|----------------|---------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Profit before income taxes | 70,980 | 61,261 | 4,126 | 17,559 |
| Income taxes calculated at the nominal applicable tax rate (32% and 35%) | 22,714 | 21,441 | 1,320 | 6,146 |
| Additional tax assessments | 333 | 2,016 | - | 1,445 |
| Tax effects of non-taxable income and expenses not deductible for tax purposes | 5,425 | 6,455 | 506 | (1,131) |
| Tax effects of non-taxable reserves | - | (2,170) | - | - |
| Tax effects of losses from subsidiaries for which no deferred tax asset was recognized | 2,920 | 3,188 | - | - |
| Tax effects of profits from subsidiaries taxed at different rates | (1,306) | (821) | - | - |
| Tax effects of deferred tax from change in statutory tax rate | - | (18,164) | - | 78 |
| Income taxes reported in the statements of income | <u>30,086</u> | <u>11,945</u> | <u>1,826</u> | <u>6,538</u> |

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Greek tax laws and related regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

Delta Holding S.A has been audited by the tax authorities through December 31, 2003. With respect to Delta Holding S.A.'s subsidiaries, their books and records have not been audited by the tax authorities for the certain years as analyzed in Appendix II.

In a future tax examination of the related unaudited years, additional taxes and penalties may be assessed to Delta Holding S.A and to its subsidiaries. Pending the outcome of these future tax examinations, the Company, based upon previous years' tax examinations and past interpretations of the tax laws, believes they have provided adequate provisions for probable future tax assessments.

The deferred income taxes relate to the temporary differences between the book values and the tax bases of assets and liabilities and are calculated using the applicable statutory income tax rate.

| | <u>Group</u> | <u>Company</u> |
|---|------------------------|---------------------|
| Beginning balance , January 1, 2004 | (57,400) | 4,457 |
| Charged to the statement of income | 17,930 | (2,608) |
| Ending balance, December 31, 2004 | <u>(39,470)</u> | <u>1,849</u> |
| Beginning balance , January 1, 2005 | (39,470) | 1,849 |
| Credited directly to equity (from the first time adoption of IAS 32 and IAS 39) | 6,201 | 6,649 |
| Charged to the statement of income | (2,904) | (1,512) |
| Deferred tax from discontinued operations | 6,940 | - |
| Ending balance, June 30, 2005 | <u>(29,683)</u> | <u>6,986</u> |

Deferred income tax assets and liabilities are disclosed in the accompanying balance sheets as follows:

| | <u>Group</u> | |
|--|------------------------|------------------------|
| | <u>2005</u> | <u>2004</u> |
| Deferred income tax liabilities | | |
| - Property, plant and equipment | (42,436) | (51,372) |
| - Other | (1,167) | (1,499) |
| Gross deferred income tax liabilities | <u>(43,603)</u> | <u>(52,871)</u> |
| Deferred income tax assets | | |
| - Accounts receivable | 3,523 | 4,704 |
| - Accrued and other current liabilities | 2,313 | 2,032 |
| - Deferred costs | 1,148 | 1,933 |
| - Staff retirement indemnities | 2,553 | 2,921 |
| - Subsidiaries tax loss carry-forwards | 460 | 806 |
| - Financial assets | 3,625 | 908 |
| - Other | 298 | 97 |
| Gross deferred income tax assets | <u>13,920</u> | <u>13,401</u> |
| Less: deferred income tax assets separately classified | <u>(8,370)</u> | <u>(3,332)</u> |
| | <u>5,550</u> | <u>10,069</u> |
| Net deferred tax liabilities | <u>(38,053)</u> | <u>(42,802)</u> |
| | | <u>Company</u> |

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| | 2005 | 2004 |
|---|--------------|--------------|
| Deferred income tax assets | | |
| - Accounts receivable | 218 | 153 |
| - Accrued and other current liabilities | - | 221 |
| - Deferred costs | 2,313 | |
| - Staff retirement indemnities | 253 | 393 |
| - Property, plant and equipment | 275 | 292 |
| - Financial assets | 3,927 | 790 |
| Net deferred tax assets | 6,986 | 1,849 |

| Income Statement | | |
|--|--------------|-----------------|
| Group | | |
| | 2005 | 2004 |
| Deferred income tax liabilities | | |
| - Property, plant and equipment | (420) | (21.469) |
| - Other | 640 | 794 |
| Deferred income tax assets | | |
| - Accounts receivable | (247) | (977) |
| - Accrued and other current liabilities | 360 | (454) |
| - Deferred costs | (682) | 1.720 |
| - Staff retirement indemnities | 172 | 975 |
| - Subsidiaries tax loss carry-forwards | 106 | 200 |
| - Financial assets | 2.669 | 1.186 |
| - Other | 306 | 95 |
| Deferred income tax charge/(credit) | 2.904 | (17.930) |

| Αποτελέσματα Χρήσεως | | |
|--|--------------|--------------|
| Η Εταιρεία | | |
| | 2005 | 2004 |
| Deferred income tax assets | | |
| - Accounts receivable | (65) | 61 |
| - Έξοδα επομένων χρήσεων | 221 | 1.149 |
| - Deferred costs | 140 | 95 |
| - Staff retirement indemnities | 18 | 133 |
| - Financial assets | 1.198 | 1.170 |
| Deferred income tax charge/(credit) | 1.512 | 2.608 |

| Αποτελέσματα Χρήσεως | | |
|--|--------------|--------------|
| Η Εταιρεία | | |
| | 2005 | 2004 |
| Αναβαλλόμενος φόρος εισοδήματος ενεργητικού | | |
| - Απαιτήσεις | (65) | 61 |
| - Έξοδα επομένων χρήσεων | 221 | 1.149 |
| - Αποζημιώσεις προσωπικού λόγω συνταξιοδότησης | 140 | 95 |
| - Ενσώματες ακινητοποιήσεις | 18 | 133 |
| - Χρηματοοικονομικά στοιχεία ενεργητικού | 1.198 | 1.170 |
| Καθαρός αναβαλλόμενος φόρος εισοδήματος ενεργητικού | 1.512 | 2.608 |

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As at December 31, 2005, certain foreign subsidiaries had an aggregate of carry-forward tax losses of approximately € 17 million for which no deferred tax asset was recognized on the basis that management does not foresee that adequate future taxable profits will be available to realize the deferred tax asset.

13. EARNINGS PER SHARE:

The calculation of basic and diluted earnings per share as of December 31, 2005 και 2004, is as follows:

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2005 | 2004 | 2005 | 2004 |
| Net profit attributable to equity holders of the parent | 31,104 | 31,773 | 2,300 | 11,021 |
| Weighted average number of shares outstanding | 40,620,953 | 40,598,268 | 40,620,953 | 40,598,268 |
| <i>Less:</i> Weighted average number of treasury shares | (3,586,145) | (7,172,290) | - | - |
| Total weighted average number of shares outstanding | <u>37,034,808</u> | <u>33,425,978</u> | <u>40,620,953</u> | <u>40,598,268</u> |
| Basic Earnings per share | <u>0.84</u> | <u>0.95</u> | <u>0.06</u> | <u>0.27</u> |
| Net profit attributable to equity holders of the parent | 31,104 | 31,773 | 2,300 | 11,021 |
| Interest on convertible shares, net of tax | 1,005 | 43 | 1,005 | 43 |
| Adjusted net profit attributable to equity holders of the parent | <u>32,109</u> | <u>31,816</u> | <u>3,305</u> | <u>11,064</u> |
| Total weighted average number of shares outstanding | 37,034,808 | 33,425,978 | 40,620,953 | 40,598,268 |
| Effect of dilution of convertible shares | 3,566,046 | 4,706,424 | 3,566,046 | 4,706,424 |
| Total adjusted weighted average number of shares outstanding | <u>40,600,854</u> | <u>38,132,402</u> | <u>44,186,999</u> | <u>45,304,692</u> |
| Diluted Earnings per share | <u>0.75</u> | <u>0.83</u> | <u>0.07</u> | <u>0.24</u> |



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The Company had preference shares that under the provisions of IAS 32 would be treated as dilutive. However, on April 27, 2005, at an extraordinary shareholders' meeting, the preference shareholders waived their rights and the preference shares were converted into common voting shares. Since, the distribution of profits for the year ended December 31, 2004, was approved by the Ordinary Assembly Meeting of the Company on June 2005, no preference shares were in effect upon distribution and as such, no dilutive effect on profits of 2004 and 2005 has been taken into consideration. The number of the newly issued ordinary shares, in exchange for the preference shares, was taken into consideration for the calculation of the basic earning per share.

14. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment is analyzed as follows:

| Group | Land | Buildings and installations | Machinery and equipment | Transportation equipment | Furniture and fixtures | Construction in progress (CIP) | Total |
|---------------------------------|---------------|------------------------------------|--------------------------------|---------------------------------|-------------------------------|---------------------------------------|----------------|
| COST | | | | | | | |
| At January 1, 2004 | 81,364 | 127,652 | 261,741 | 37,587 | 45,434 | 5,393 | 559,171 |
| Additions | 482 | 3,338 | 10,676 | 2,210 | 4,047 | 16,211 | 36,964 |
| Transfers from CIP | - | 1,667 | 4,080 | 1,449 | 847 | (8,043) | - |
| Disposals | (446) | (966) | (616) | (1,626) | (1,355) | (1,595) | (6,604) |
| Other transfers | - | 2,710 | (2,710) | - | - | - | - |
| Translation adjust. | (183) | (1,712) | (1,127) | (328) | (57) | (207) | (3,614) |
| At December 31, 2004 | 81,217 | 132,689 | 272,044 | 39,292 | 48,916 | 11,759 | 585,917 |
| ACCUMULATED DEPRECIATION | | | | | | | |
| At January 1, 2004 | - | (6,010) | (12,469) | (22,234) | (27,802) | - | (68,515) |
| Depreciation expense | - | (4,177) | (24,074) | (3,584) | (5,456) | - | (37,291) |
| Disposals | - | 1,521 | 322 | 507 | 998 | - | 3,348 |
| Other transfers | - | (617) | 617 | - | - | - | - |
| Translation adjust. | - | 18 | 71 | 21 | 16 | - | 126 |
| At December 31, 2004 | - | (9,265) | (35,533) | (25,290) | (32,244) | - | (102,332) |
| NET BOOK VALUE | | | | | | | |
| At December 31, 2004 | 81,217 | 123,424 | 236,511 | 14,002 | 16,672 | 11,759 | 483,585 |
| | Land | Buildings and installations | Machinery and equipment | Transportation equipment | Furniture and fixtures | Construction in progress (CIP) | Total |
| COST | | | | | | | |
| At January 1, 2005 | 81,217 | 132,689 | 272,044 | 39,292 | 48,916 | 11,759 | 585,917 |
| Additions | 6 | 4,301 | 13,409 | 2,245 | 6,867 | 13,193 | 40,021 |
| Transfers from CIP | 9 | 4,940 | 7,432 | 48 | 588 | (13,017) | - |
| Disposals | (4,007) | (2,752) | (240) | (2,397) | (2,845) | (576) | (12,817) |
| Other transfers | - | - | (302) | - | 302 | - | - |
| PP&E of discontinued operations | (10,026) | (35,201) | (89,865) | (10,607) | (6,182) | (1,965) | (153,846) |
| Translation adjust. | 143 | 351 | 94 | 51 | 29 | 10 | 678 |
| At December 31, 2005 | 67,342 | 104,328 | 202,572 | 28,632 | 47,675 | 9,404 | 459,953 |
| ACCUMULATED DEPRECIATION | | | | | | | |
| At January 1, 2005 | - | (9,265) | (35,533) | (25,290) | (32,244) | - | (102,332) |
| Depreciation expense | - | (4,655) | (18,934) | (3,757) | (5,627) | - | (32,973) |
| Disposals | - | 87 | 33 | 2,069 | 2,090 | - | 4,279 |
| Other transfers | - | - | (131) | - | 131 | - | - |
| PP&E of discontinued operations | - | 3,906 | 22,783 | 5,820 | 3,810 | - | 36,319 |
| Translation adjust. | - | (302) | (4) | (38) | (8) | - | (352) |
| At December 31, 2005 | - | (10,229) | (31,786) | (21,196) | (31,848) | - | (95,059) |
| NET BOOK VALUE | | | | | | | |
| At December 31, 2005 | 67,342 | 94,099 | 170,786 | 7,436 | 15,827 | 9,404 | 364,894 |



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Company

| | Land | Buildings and installations | Machinery and equipment | Transportation equipment | Furniture and fixtures | Total |
|---------------------------------|-------|-----------------------------|-------------------------|--------------------------|------------------------|---------|
| COST | | | | | | |
| At January 1, 2004 | 2,920 | 352 | 30 | 1,093 | 6,025 | 10,420 |
| Additions | - | - | - | 34 | 835 | 869 |
| Disposals | - | - | - | (37) | - | (37) |
| At December 31, 2004 | 2,920 | 352 | 30 | 1,090 | 6,860 | 11,252 |
| ACCUMULATED DEPRECIATION | | | | | | |
| At January 1, 2004 | - | - | - | (786) | (4,089) | (4,875) |
| Depreciation expense | - | (10) | (6) | (96) | (668) | (780) |
| Disposals | - | - | - | 35 | - | 35 |
| At December 31, 2004 | - | (10) | (6) | (847) | (4,757) | (5,620) |
| NET BOOK VALUE | | | | | | |
| At December 31, 2004 | 2,920 | 342 | 24 | 243 | 2,103 | 5,632 |
| | | | | | | |
| | | | | | | |
| COST | | | | | | |
| At January 1, 2005 | 2,920 | 352 | 30 | 1,090 | 6,860 | 11,252 |
| Additions | - | 573 | - | - | 968 | 1,541 |
| Disposals | - | - | - | - | (1,628) | (1,628) |
| Other transfers | - | - | - | - | 66 | 66 |
| At December 31, 2005 | 2,920 | 925 | 30 | 1,090 | 6,266 | 11,231 |
| ACCUMULATED DEPRECIATION | | | | | | |
| At January 1, 2005 | - | (10) | (6) | (847) | (4,757) | (5,620) |
| Depreciation expense | - | (48) | (6) | (92) | (800) | (946) |
| Disposals | - | - | - | - | 1,604 | 1,604 |
| Other transfers | - | - | - | - | (42) | (42) |
| At December 31, 2005 | - | (58) | (12) | (939) | (3,995) | (5,004) |
| NET BOOK VALUE | | | | | | |
| At December 31, 2005 | 2,920 | 867 | 18 | 151 | 2,271 | 6,227 |

Use of fair value as deemed cost: Within 2004, the Company engaged an independent firm of appraisers to conduct a valuation of its plots of land, buildings and machinery and equipment as of January 1, 2004 (transition date to IFRS). The valuations were performed based on various appropriate valuation techniques, depending on the nature and usage of the valued items.

The main valuation techniques used were as follows:

- The market approach for the plots of land,
- The market approach and/or income approach for the urban buildings and,
- The depreciated replacement cost method for the industrial buildings and the machinery and equipment.

In addition, the appraisers provided the economic useful lives of the items of property, plant and equipment from the date of acquisition or construction which are set forth in Note 3. Depreciation in the accompanying statements of income has been determined after abstracting from the economic useful life of each fixed asset, the years elapsed from the date of acquisition or construction through to the IFRS transition date.

Delta used the fair values determined as above in its opening IFRS balance sheet as deemed cost based on the exemption provided in IFRS 1.

The aggregate adjustments to the respective carrying amounts reported under previous GAAP, by category of fixed assets, are as follows:

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| | Group | | | Company | | |
|-------------------------|------------------------------|------------------------------|----------------|------------------------------|------------------------------|----------------|
| | January 1, 2004 | | | January 1, 2004 | | |
| | Increase in value | Decrease in value | Total | Increase in value | Decrease in value | Total |
| Land | 40,286 | (2,591) | 37,695 | 398 | (1,832) | (1,434) |
| Buildings | 43,759 | (1,615) | 42,144 | 352 | (127) | 225 |
| Machinery and equipment | 125,488 | - | 125,488 | 21 | (30) | (9) |
| | <u>209,533</u> | <u>(4,206)</u> | <u>205,327</u> | <u>771</u> | <u>(1,989)</u> | <u>(1,218)</u> |

Tax revaluation of land and buildings: In accordance with Greek tax legislation, land and buildings are revalued every four years based on non industry specific indices that were announced through respective Ministerial Decisions. The latest of these revaluations which was applied in December 31, 2004, was reversed for IFRS reporting purposes on the basis of not meeting the criteria set forth in IAS 16, however, it resulted to an increase of the tax base of the related assets. The net surplus occurred on land and buildings on the above tax revaluation was taxed at 2% and 8%, respectively.

The Company has finance leases mainly for milk production and packaging equipment. The net carrying amount of such equipment as at December 31, 2005 was € 5,863 (€ 6,381 as at December 31, 2004) and is included in machinery and equipment in the accompanying consolidated balance sheet.

There are no restrictions on title or transfer or other encumbrances on the Company's property. In addition, no item of property, plant and equipment has been pledged as security for liabilities.

As at December 31, 2005 the Group had contractual commitments for the acquisition of property, plant and equipment of € 17 (€ 332 As at December 31, 2004).

15. GOODWILL:

The movement of goodwill for the year ended December 31, 2005 in the consolidated financial statements has as follows:

| | January 1, 2005 | Additions | Impairment losses | Transfer to discontinued operations | December 31, 2005 |
|---------------------------|----------------------------|------------------|------------------------------|--|------------------------------|
| Goody's S.A. | 118.215 | 802 | (606) | - | 118.411 |
| Delta Ice Cream S.A. | 50.783 | - | - | (50.783) | - |
| General Frozen Foods S.A. | 31.325 | - | - | - | 31.325 |
| Other | 1.581 | - | - | - | 1.581 |
| | <u>201.904</u> | <u>802</u> | <u>(606)</u> | <u>(50.783)</u> | <u>151.317</u> |

On February 23, 2005, the Company restated its prior GAAP statutory consolidated financial statements for the year ended December 31, 2004, with respect to the reclassification of goodwill on business combinations (mergers and acquisitions) prior to the transition date to IFRS. The total amount of goodwill which initially had been deducted from equity was reclassified to intangible assets in order for the Company to benefit from the provisions of IFRS 1.

The following table illustrates the restatements made to goodwill in the statutory consolidated financial statements as well as the correcting entries made and, the impairment losses recognized against retained earnings on transition date.

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| | <u>December 31, 2003</u> | | | | | As reflected in IFRS balance sheet |
|---------------------------|------------------------------------|----------------|-------------------------------|-------------------------------|--------------------|--|
| | <u>Goodwill before restatement</u> | | Goodwill after restatement | Written off against equity | Impairment loss | |
| In intangibles | Against equity | | | | | |
| Goody's S.A. | 148,635 | 8,498 | 157,133 | - | (40,876) | 116,257 |
| Delta Ice Cream S.A. | - | 105,932 | 105,932 | (55,602) | - | 50,330 |
| General Frozen Foods S.A. | - | 33,186 | 33,186 | - | (5,131) | 28,055 |
| Others | 5,240 | 12,595 | 17,835 | (16,198) | - | 1,637 |
| | <u>153,875</u> | <u>160,211</u> | <u>314,086</u> | <u>(71,800)</u> | <u>(46,007)</u> | <u>196,279</u> |

With respect to above goodwill and the related business acquisitions and impairment testings the following are reported:

- (a) **Goody's S.A.:** In 2001 and following various step-up acquisitions, the Company increased its interest stake in Goody's (a vertical group engaged in the development and operations of quick service restaurants and café bars) from 29.90% (January 1, 2001) to 61.68% (December 31, 2001) and obtained control over its operations. At the time such control was obtained, goodwill of € 160.1 million arose which, through to the date of transition to IFRS, was amortized over 20 years based on management estimates with regards to its useful economic life. This goodwill was increased due to subsequent step-up acquisitions and the carrying amount at the date of transition was € 157.1 million. On such date, an impairment test was performed on the carrying amount of goodwill based on the provisions of IAS 36 "Impairment of Assets". In this respect, the previously unallocated goodwill was assigned to the cash generating units of the acquiree and, the recoverable amounts of the cash generating units were determined to be their values in use. Based on the impairment test performed, an impairment loss of € 40.9 million resulted which was recognized through an equal charge against the retained earnings as at January 1, 2004.

Impairment tests were also performed as at December 31, 2005 and 2004, based on which the recoverable amount once more was found to be the value in use of the respective business and the additional impairment losses incurred of € 577 thousands and € 1 million was charged to the consolidated statement of income.

As mentioned above, the recoverable amount of Goody's S.A. has been determined based on a value in use calculation of net discounted cash flows expected to arise from the specific activity (value in use). To assess this, Goody's Group is divided in 36 cash-generating units and cash flow projections are based on financial forecasts approved by management covering a five-year period. The discount rate applied to cash flow projections varied from 6.1% to 9.7% (2004: 10.9% to 13.1%) and cash flow beyond the five-year period were extrapolated using a 2% growth rate (2004: 2%) which is the expected average growth rate for the specific industry division.

- (b) **Delta Ice Cream S.A.:** In 2000, DELTA acquired a 75% stake in Papafilis Flour Mills S.A. ("Papafilis"), a group listed on the Athens Stock Exchange engaged in the production and marketing of flour products.

In 2001, the flour segment of Papafilis was spun-off and the parent sold Delta Ice Cream S.A. (a wholly owned subsidiary) to Papafilis. The above sale was made in two tranches, 45% in 2001 and the remaining 55% in 2002.

Following the above intragroup sale, Papafilis absorbed Delta Ice Cream S.A. based on the provisions of Law 2166/93 (a Greek tax law pertaining to mergers and absorption of legal entities) and the absorber was renamed to Delta Ice Cream S.A.

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As a result of the above absorption, goodwill of € 74.1 million arose which was at that time recognized as a deduction from equity based on one of the allowed treatments of Law 2166/93. Subsequent to the above absorption and through to December 31, 2003, the parent increased its shareholding in Delta Ice Cream S.A. from 75% to 92.68% and, the additional goodwill incurred of € 31.8 million was also accounted for as a deduction from equity. Accordingly, the total goodwill recognized on Delta Ice Cream S.A.'s related business acquisitions of € 105.9 million was initially accounted for as a deduction from equity and was reclassified to intangible assets as at December 31, 2003, as described above.

As of the date of the transition to IFRS, of the total amount of goodwill recognized as referred to above, € 55.6 million (representing 75% of the goodwill which arose on the absorption described above) was written-off against retained earnings, as it did not qualify for recognition as an asset.

The remaining amount of goodwill recognized on the above absorption of € 18.5 million (attributed to the then minority shareholders of Delta Ice Cream S.A.) together with the goodwill incurred on subsequent step-up acquisitions of € 31.8 million, aggregating to € 50.3 million underwent an impairment test on the transition date according to the provisions of IAS 36 "Impairment of Assets".

The recoverable amount of such goodwill was higher than its carrying value as noted above and, consequently, no impairment issue was identified apart from the amount written-off of € 55.6 million mentioned above. Similar impairment test were also performed as of December 31, 2005 and 2004, indicating that no impairment issue exists.

The recoverable amount of Delta Ice Cream S.A. has been determined based on a fair value less costs to sell calculation, using quoted market prices, as the company's shares are listed on the Athens stock exchange.

As mentioned in note 11 during the end of year the group concluded a binding agreement for the sale of Delta Ice Cream S.A subgroup. According to the provisions of IFRS 5, the above goodwill which relates to the subgroup was classified in December 31, 2005 in "Assets of disposal group classified as held for sale" in the consolidated balance sheet.

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- (c) **General Frozen Foods S.A.:** Delta acquired Uncle Stathis S.A. in 1994 (a listed entity engaged in the production and marketing of frozen vegetables and related products) and, subsequently, merged it with Froza S.A. and renamed the new entity to General Frozen Foods S.A. From this transaction, a goodwill of € 33.2 million arose which was initially recorded as a deduction from equity and reclassified in December 31, 2003, as described above. At the date of the transition to IFRS, an impairment test was performed on the above goodwill during the course of which it was assigned to the cash generating units of General Frozen Foods S.A. The recoverable amount which, in the case, was based on the value in use approach, was lower than the carrying value and the resulting impairment loss of € 5.1 million was charged against retained earnings as at January 1, 2004. An impairment test was also performed as at December 31, 2005, indicating that no impairment issue exists (impairment loss of € 183 was recognized in 2004 and included in the accompanying consolidated statement of income).

The recoverable amount of General Frozen Foods S.A. has been determined based on a value in use calculation. To assess this, General Frozen Foods S.A. group is divided to two cash-generating units and cash flow projections are based on financial forecasts approved by management covering a five-year period. The discount rate applied to cash flow projections varied from 8.4 % to 9.07 % (2004: 10.5 % to 11.4 %) and cash flow beyond the five-year period were extrapolated using a 2% growth rate (2004: 2%) which is the expected average growth rate for the specific industry division.

Key assumptions used in value in use of calculation of above impairment tests:

Budgeted gross margins: The basis used to determine the value assigned to the budgeted gross margins is the average actual gross margins achieved by each cash-generating unit in the preceding five years period. Specific weight was given to the gross margins of the last two years, as they were estimated to be more representative of the current conditions.

Capital Needs: All the necessary estimated acquisitions of fixed as well as working capital needs were taken into account, based on the latest five years actual needs, in order for the cash-generating units to maintain their production capacity and market share.

Bond rates: The yield on a 10 year Greek government bond rate at the beginning of the budgeted year is utilized and the value assigned to the key assumption is consistent with the external information sources.

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16. INTANGIBLE ASSETS

Group

| | <u>Trademarks</u> | <u>Software and other</u> | <u>Total</u> |
|-------------------------------------|-------------------|-------------------------------|-------------------|
| Cost | | | |
| At January 1, 2004 | 3,800 | 1,620 | 5,420 |
| Additions | 65 | 94 | 159 |
| At December 31, 2004 | <u>3,865</u> | <u>1,714</u> | <u>5,579</u> |
| Accumulated amortization | | | |
| At January 1, 2004 | (3,497) | (861) | (4,358) |
| Amortization for the year | (99) | (329) | (428) |
| At December 31, 2004 | <u>(3,596)</u> | <u>(1,190)</u> | <u>(4,786)</u> |
| | <u>269</u> | <u>524</u> | <u>793</u> |
| | <u>Trademarks</u> | <u>Other</u> | <u>Total</u> |
| Cost | | | |
| At January 1, 2005 | 3,865 | 1,714 | 5,579 |
| Additions | 120 | 593 | 713 |
| At December 31, 2005 | <u>(404)</u> | <u>(2,159)</u> | <u>(2,563)</u> |
| | <u>3,581</u> | <u>148</u> | <u>3,729</u> |
| Accumulated amortization | | | |
| At January 1, 2005 | (3,596) | (1,190) | (4,786) |
| Amortization for the year | (81) | (48) | (129) |
| Transfer to discontinued operations | 311 | 1,090 | 1,401 |
| At December 31, 2005 | <u>(3,366)</u> | <u>(148)</u> | <u>(3,514)</u> |
| | <u>215</u> | <u>-</u> | <u>215</u> |
| | Company | | |
| | <u>Trademarks</u> | <u>Other</u> | <u>Total</u> |
| Cost | | | |
| At January 1, 2004 | 3 | 10 | 13 |
| Additions | 1 | - | 1 |
| At December 31, 2004 | <u>4</u> | <u>10</u> | <u>14</u> |
| Accumulated amortization | | | |
| At January 1, 2004 | (1) | (10) | (11) |
| Amortization for the year | (1) | - | (1) |
| At December 31, 2004 | <u>(2)</u> | <u>(10)</u> | <u>(12)</u> |
| | <u>2</u> | <u>-</u> | <u>2</u> |

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| | <u>Trademarks</u> | <u>Other</u> | <u>Total</u> |
|---------------------------------|-------------------|-----------------|-----------------|
| Cost | | | |
| At January 1, 2005 | 4 | 10 | 14 |
| Additions | (1) | (10) | (11) |
| At December 31, 2005 | <u>3</u> | <u>-</u> | <u>3</u> |
| Accumulated amortization | | | |
| At January 1, 2005 | (2) | (10) | (12) |
| Amortization for the year | (1) | - | (1) |
| Disposals | 1 | 10 | 11 |
| At December 31, 2005 | <u>(2)</u> | <u>-</u> | <u>(2)</u> |
| | <u>1</u> | <u>-</u> | <u>1</u> |

17. INVESTMENTS IN ASSOCIATES:

The Company has the following interest in related companies, which due to significant influence are classified as associates and accounted for under the equity method in the consolidated financial statements and cost of acquisition less possible accumulated impairment losses in the separate financial statements:

| <u>Entity</u> | <u>% of ownership</u> | <u>Carrying Amount</u> | <u>Principal Activity</u> | <u>Country of Incorporation</u> |
|--|-----------------------|------------------------|-------------------------------|---------------------------------|
| Arma Investments S.A. | 25 | 86 | Restaurant/Café bar | Greece |
| Volos Restaurants S.A. | 30 | - | Restaurant/Café bar | Greece |
| Nea Makri Restaurants S.A. | 30 | - | Restaurant/Café bar | Greece |
| Aristotelous 27 Restaurants Patisseries S.A. | 48,85 | 71 | Restaurant/Café bar | Greece |
| Desmos Developments S.A. | 30 | - | Restaurant/Café bar | Greece |
| Thisio Café S.A. | 35 | - | Restaurant/Café bar | Greece |
| Café Halcyon S.A. | 35 | 41 | Restaurant/Café bar | Greece |
| Café Patisseries Marina Zeas S.A. | 50 | - | Restaurant/Café bar | Greece |
| VALTOP Holdings S.A. (Dodoni group of companies) | 24,21 | - | Production of cheese products | Greece |
| | | <u>198</u> | | |

None of the above associates is listed on any Stock Exchange and accordingly, there are no published price quotations for the fair value of these investments.

The disclosures required by IAS 28 regarding investments in associates are not provided due to immateriality.

The Group's subsidiaries have provided guarantees of € 130 to associates for working capital requirements.

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18. AVAILABLE FOR SALE INVESTMENTS:

Available for sale investments consist of equity participations in unlisted entities which are analyzed below. Except for the investment in Global Capital Investors (II) Limited Partnership, which is accounted for at fair value, the other available for sale investments are accounted for at cost due to the fact that they are not traded in an active market and their fair value cannot be reliably measured.

| | | <u>Group</u> <u>2005</u> |
|---|-----|-------------------------------|
| Global Capital Investors (II) Limited Partnership | (α) | 9,610 |
| Ioniki Sfoliata S.A. | | 587 |
| Faras Food | | 102 |
| AYS S.A | | 88 |
| Other | | 159 |
| | | <u>10,546</u> |
| | | <u>Company</u> <u>2005</u> |
| Global Capital Investors (II) Limited Partnership | (α) | 9,610 |
| AYS S.A. | | 88 |
| Other | | 129 |
| | | <u>9,827</u> |

- (a) Global Capital Investors (II) Limited Partnership:** The Company has an interest stake of 5% in Global Capital Investors (II) Limited Partnership («Global Capital»), which was incorporated in Guernsey Islands on March 24, 2004.

Global Capital's principle activity is that of an investment vehicle for institutional and sophisticated private investors, with the primary object of achieving long-term capital growth by investing in equity related securities, in unquoted companies in Greece and other countries with developed or converging market economies, where Greek business is increasingly active.

The Company's investment in Global Capital is accounted for at fair value, as analyzed in Note 3 (aa). From the above valuation of the investment at fair value as at January 31, 2005, a loss of € 1,144 was recognized in fair value reserve within equity.

Fair value measurement of the investment as at December 31, 2005, resulted in a gain of € 2,219, which was recognized in fair value reserve within equity.

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19. INVENTORIES:

Inventories are analyzed as follows:

| | <u>Group</u> | | <u>Company</u> | |
|-------------------------------------|---------------|---------------|----------------|-------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Finished and semi-finished products | 18,271 | 28,785 | - | - |
| Raw materials and supplies | 17,375 | 23,958 | - | - |
| Merchandise | 8,151 | 8,810 | - | - |
| | | | - | - |
| Total | 43,797 | 61,553 | - | - |

20. TRADE ACCOUNTS RECEIVABLE:

Trade accounts receivable are analyzed as follows:

| | <u>Group</u> | | <u>Company</u> | |
|---|----------------|----------------|----------------|--------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Trade: | | | | |
| Domestic accounts receivable | 99,463 | 101,783 | 7,580 | 3,127 |
| Foreign accounts receivable | 8,187 | 15,170 | - | - |
| Post-dated cheques receivable | 15,717 | 7,135 | - | - |
| Drafts receivable | 163 | 316 | - | - |
| | <u>123,530</u> | <u>124,404</u> | <u>7,580</u> | <u>3,127</u> |
| -Less: allowance for doubtful accounts receivable | (16,132) | (20,100) | (871) | (610) |
| Total | 107,398 | 104,304 | 6,709 | 2,517 |

The movement of the allowance for doubtful accounts receivable for the periods ended December 31, 2005 and December 31, 2004, is as follows:

| | <u>Group</u> | <u>Company</u> |
|--|---------------|----------------|
| Balance at January 1, 2004 | 20,690 | 610 |
| Release to the statement of income | (590) | - |
| Balance at December 31, 2004 | 20,100 | 610 |
| Additional provisions of the period | 3,494 | 261 |
| Release to the statement of income | (174) | - |
| Provisions relating to discontinued operations | (7,288) | - |
| Balance at December 31, 2005 | 16,132 | 871 |

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21. PREPAYMENTS AND OTHER RECEIVABLES:

Prepayments and other receivables are analyzed as follows:

| | <u>Group</u> | | <u>Company</u> | |
|---------------------------------------|----------------------|----------------------|---------------------|---------------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Prepaid and withheld taxes | 5.809 | 9.497 | 1.683 | 3.050 |
| Advances for inventory purchases | 13.603 | 12.549 | - | - |
| VAT receivable | 5.238 | 7.595 | - | - |
| Accrued income | 1.065 | 3.107 | 2.286 | 2.772 |
| Prepaid expenses | 1.142 | 2.371 | 13 | 191 |
| Other advances and prepayments | 1.814 | 1.688 | 278 | 368 |
| Payments on account | 216 | 906 | - | 316 |
| Loans and advances to personnel | 954 | 946 | 322 | - |
| Receivables from associates (Note 22) | 266 | 292 | - | - |
| Other | 2.384 | 2.800 | 88 | 29 |
| Total | <u>32.491</u> | <u>41.751</u> | <u>4.670</u> | <u>6.726</u> |

22. RELATED PARTY DISCLOSURES:

i) Transactions with related parties:

The consolidated financial statements include the financial statements of Delta Holding S.A. and its subsidiaries listed in Appendix II. The Company has also investments in associates which are presented in Note 17. In relation to Delta Holding S.A, there is no ultimate parent in the form of a legal entity, as the majority of the share capital (40,7% of common shares as of December 31, 2005) is owned by Mr. Dimitris Daskalopoulos and there are no other senior shareholders who hold a significant part of Delta Holding S.A.'s share capital.

Delta purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of associates or companies, which have common ownership and/or management with Delta.

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Account balances with associates (Note 17) are as follows:

Group

| | December 31, 2005 | December 31, 2004 |
|--|------------------------------|------------------------------|
| Due from: | | |
| Volos Restaurants S.A. | - | 74 |
| Arma Investments S.A. | 39 | 42 |
| VALTOP Holdings S.A. (Dodoni group of companies) | 28 | - |
| Nea Makri Restaurants S.A. | 28 | 27 |
| Café Halcyon S.A. | 23 | 16 |
| Akti Dymeon S.A. | - | 56 |
| Aristotelous 27 Restaurants Patisseries S.A. | 23 | 12 |
| Desmos Developments S.A. | 20 | 11 |
| Marina Zeas | 105 | - |
| Kordelio Restaurants S.A. | - | 9 |
| Thisio Café S.A. | - | 6 |
| | 266 | 292 |

Company

| | December 31, 2005 | December 31, 2004 |
|------------------------------|------------------------------|------------------------------|
| Due from subsidiaries | | |
| Trade receivables: | | |
| Goody's S.A. | 23 | 8 |
| Delta Dairy S.A. | 3,808 | - |
| General Frozen Foods S.A. | 248 | 245 |
| Delta Ice Cream S.A. | 2,527 | 2,240 |
| Hellenic Catering S.A. | 192 | - |
| S. Nendos S.A. | 1 | - |
| Vigla S.A. | 10 | - |
| | 6,809 | 2,493 |

| | December 31, 2005 | December 31, 2004 |
|--|------------------------------|------------------------------|
| Due from subsidiaries | | |
| Receivables from loans: | | |
| Delta Dairy S.A. (a) | 50,000 | - |
| General Frozen Foods S.A. (a) | 19,000 | - |
| Delta Ice Cream S.A. (a) | 73,000 | - |
| Vigla S.A. (a) | 1,500 | - |
| Delta International Holding Ltd. (a) | 23,000 | - |
| | 166,500 | - |
| Total receivables from subsidiaries | 173,309 | 2,493 |

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| | <u>December 31, 2005</u> | <u>December 31, 2004</u> |
|--|------------------------------|------------------------------|
| Liabilities | | |
| Commercial liabilities: | | |
| Delta Food Participations Ltd | - | 446 |
| Delta Dairy S.A. | 235 | 694 |
| Hellenic Catering S.A. | - | 76 |
| | <u>235</u> | <u>1,216</u> |
| | <u>December 31, 2005</u> | <u>December 31, 2004</u> |
| Liabilities from loans: | | |
| Delta Food Participations Ltd (Note 29) | (b) 44,000 | - |
| Total liabilities from subsidiaries | <u>44,235</u> | <u>1,216</u> |

- (a) As mentioned in Note 29, the Company issued Notes (Bond loan) in € and US \$ of seven and ten years tenor, bearing fixed and floating interest rate coupon. Proceeds from the above loan amounting to € 166 million were used for the financing of subsidiaries and the repayment of their borrowings. These Bond loans floating bear interest rate at Euribor +1.3 -1.5% mature and in 2-7 years.
- (b) Relates to bond by Delta Holding on July 22, 2005 and purchased by its subsidiary. The loan that which is payable at maturity on July 22, 2012 bears interest rate Euribor +1.30%, payable semi-annually.

Transactions with associates for the year ended December 31, 2005 and 2004 are analyzed as follows:

Group

| | Sales to related parties | |
|--|---------------------------------|------------------------------|
| | <u>December 31, 2005</u> | <u>December 31, 2004</u> |
| Inventories, materials and supplies: | | |
| VALTOP Holdings S.A. (Dodoni group of companies) | 545 | 554 |
| Volos Restaurants S.A. | - | 528 |
| Arma Investments S.A. | 345 | 376 |
| Kordelio Restaurants S.A. | - | 240 |
| Akti Dymeon S.A. | - | 290 |
| Nea Makri Restaurants S.A. | 212 | 220 |
| Desmos Developments S.A. | 77 | 80 |
| Thisio Café S.A. | - | 64 |
| Café Halcyon S.A. | 64 | 58 |
| Marina Zeas | 64 | - |
| Aristotelous 27 Restaurants Patisseries S.A. | 36 | 36 |
| Total | <u>1,343</u> | <u>2,446</u> |

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| | Sales to related parties | |
|--|---------------------------------|------------------------------|
| | December 31, 2005 | December 31, 2004 |
| Commercial Services: | | |
| Volos Restaurants S.A. | - | 111 |
| Akti Dymeon S.A. | - | 100 |
| Arma Investments S.A. | 81 | 84 |
| Desmos Developments S.A. | 70 | 74 |
| Kordelio Restaurants S.A. | - | 55 |
| Nea Makri Restaurants S.A. | 54 | 50 |
| Café Halcyon S.A. | 48 | 49 |
| Thisio Café S.A. | - | 45 |
| Marina Zeas | 45 | - |
| Aristotelous 27 Restaurants Patisseries S.A. | 25 | 32 |
| Total | 323 | 600 |

| | Purchases from related parties | |
|-----------------------------|---------------------------------------|------------------------------|
| | December 31, 2005 | December 31, 2004 |
| Commercial Services: | | |
| Arma Investments S.A. | - | 1 |
| Café Halcyon S.A. | - | 2 |
| Total | - | 3 |

Company

| | Charges to subsidiaries | |
|---|--------------------------------|---------------|
| | 2005 | 2004 |
| Services: | | |
| Goody's S.A. | 193 | 131 |
| Delta Dairy S.A. | 8,776 | 10,295 |
| General Frozen Foods S.A. | 778 | 561 |
| Delta Ice Cream S.A. | 6,175 | 4,991 |
| Hellenic Catering S.A. | 620 | 536 |
| S. Nendos S.A. | 1 | - |
| Vigla S.A. | 8 | 32 |
| Total | 16,551 | 16,546 |
| Interest charges: | | |
| Delta Dairy S.A. | 732 | - |
| General Frozen Foods S.A. | 228 | - |
| Delta Ice Cream S.A. | 1,109 | - |
| Vigla S.A. | 13 | - |
| Delta International Holding | 350 | - |
| Total | 2,432 | - |
| Total charges to related parties | 18,983 | 16,546 |

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| | <u>Charges from subsidiaries</u> | |
|--------------------------------|----------------------------------|-------------|
| | <u>2005</u> | <u>2004</u> |
| Services: | | |
| Delta Ice Cream S.A. | 21 | - |
| Interest charges: | | |
| Delta Food Participations Ltd. | 686 | - |
| Total liabilities | <u>707</u> | <u>37</u> |

Sales and services rendered to related parties are made at normal market prices. Outstanding balances at year-end are unsecured and settlement occurs in cash. No related guarantees have been provided or received for the above receivables. For the period ended December 31, 2005 and 2004, the Company has not raised any provision for doubtful debts relating to amounts owed by related parties.

Compensation of key management personnel of the Company for the years ended December 31, 2005, and 2004, has as follows:

| | <u>2005</u> | <u>2004</u> |
|--|--------------|-------------|
| Short-term employee benefits | 2,201 | 584 |
| Social security contributions | 57 | 19 |
| Total compensation paid to key management personnel | <u>2,258</u> | <u>603</u> |

(ii) Commercial Cooperation and shareholder relationship with DANONE

On February 15, 2005, the Group announced that it would acquire the 30% that the French Dairy Company, DANONE, held in Delta Dairy S.A. and would modify the cooperation agreement that exists between the French entity and the Group.

Based on the above, on May 26, 2005, Delta Dairy S.A. acquired from DANONE the 30% of its shares held by DANONE (12,521,735 shares) at a price of € 62 million. The Extraordinary General Assembly of Shareholders of Delta Dairy S.A. on May 26, 2005, decided on the cancellation of the acquired treasury shares through the reduction of the share capital by an amount of € 61,190 which was performed:

- a) by the amount of Euro 29,050 through cancellation of the acquired 12,521,735 treasury shares of a nominal amount of Euro 2,32 (full amount) each,
- b) by the amount of Euro 32,139 through the reduction of the nominal value of the remaining shares of Delta Dairy S.A. from Euro 2,32 (full amount) to Euro 1,22 (full amount) each in order to offset the losses from the above purchase.

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After the completion of the above transaction, the parent Company increased its equity participation in the subsidiary Delta Dairy S.A., from 70% to 100%. In respect to the financial statements of the Group, the above transaction was confronted as an acquisition of minority and is reflected in the accompanying consolidated statement of changes in equity for the year ended December 31, 2005.

In addition, under the amendment of the commercial cooperation between Danone and the Group and, based on the relative agreement that was signed on May 26, 2005, DANONE paid Delta Dairy S.A. the amount of € 18,500 as a fee for the amendment of the agreement terms between the two parties. The above amount was collected during the first semester of 2005 and is included in "Other Income/(Expenses)" in the consolidated statement of income for the period ended December 31, 2005.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS:

Financial instruments at fair value through profit and loss consist of investments in mutual funds and equity participations which are analyzed as follows:

| | Group 2005 |
|-------------------------------|-------------------------|
| Mutual Funds: | <u>1,159</u> |
| Equity Participations: | |
| Listed: | |
| - Marfin Financial Group | 3,079 |
| - Chipita A.E. | 425 |
| -Katselis | 101 |
| - Other | 63 |
| | <u>3,668</u> |
| Total | <u>4,827</u> |
| | Company 2005 |
| Mutual Funds: | <u>1,115</u> |
| Equity Participations: | |
| Listed: | |
| - Marfin Financial Group | 3,079 |
| - Chipita A.E. | 405 |
| | <u>3,484</u> |
| Total | <u>4,599</u> |

The measurement of the above financial assets was made at fair values as described in Note 3 (aa).

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24. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are analyzed as follows:

| | Group | | Company | |
|------------------|---------------|---------------|----------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Cash in hand | 13,611 | 1,391 | 111 | 131 |
| Cash at banks | | | | |
| - sight accounts | 19,765 | 23,117 | 2,202 | 508 |
| - time deposits | 66,386 | 54,280 | 16,331 | 3 |
| Total | 99,762 | 78,788 | 18,644 | 642 |

| | Group | | Company | |
|---|---------------|---------------|----------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Sight deposits in Euro | 19,703 | 21,572 | 2,202 | 508 |
| Time deposits in Euro | 66,306 | 16,440 | 16,331 | - |
| Total deposits in Euro | 86,009 | 38,012 | 18,533 | 508 |
| Sight deposits in foreign currencies | 62 | 1,545 | - | - |
| Time deposits in foreign currencies | 80 | 37,840 | - | 3 |
| Total deposits in foreign currencies | 142 | 39,385 | - | 3 |
| Total | 86,151 | 77,397 | 18,533 | 511 |

Deposits in foreign currencies as of December 31, 2004 mainly consisted of JPY. Cash at banks earn interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to € 399 and € 412 for the period ended December 31, 2005 and 2004 respectively for the Group (€ 5 and € 8 for the period ended December 31, 2005 and 2004 respectively for the company), and is included in financial income, net in the accompanying statement of income.

25. SHARE CAPITAL:

At December 31, 2005, the Company's share capital amounted to € 120,417 and comprised 40,958,268 registered shares of € 2.94 par value each. Until April 27, 2005, the share capital of the Company consisted of 29,096,509 common shares and 11,501,759 non-voting preference shares.

The non-voting preference shareholders had the following rights:

- (i) To first receive the minimum dividend distribution, as defined in Note 28, and then participate equally in any additional dividend distribution,
- (ii) In case that no dividends are distributed or, the distribution is less than the minimum dividend, as defined in Note 28, for on or more fiscal years, then the cumulative shortfall will be covered from future years profits and,

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- (iii) To first receive their paid-in capital in case the Company is dissolved and then equally participate in any additional distributions in excess of the Company's total paid-in capital

On April 27, 2005, at an extraordinary shareholders' meeting with the participation of preference shareholders, the preference shareholders waived their rights and agreed for the conversion of the preference shares into common registered voting shares. Also, at the same extraordinary shareholders' meeting the shareholders approved the conversion of the preference shares to common shares and approved to convert all shares from bearer to registered shares.

On December 9, 2005 the bond holders of a part (60,000 titles) of the Company's convertible bond (Note 29), used the right of converting their bond into shares. Consequently, following the decision of the Company's Board of Directors on December 19, 2005, the Company's Share Capital was increased by € 1,058 with the issuance of 360,000 shares of nominal value of € 2.94 (full amount) each. The difference between the nominal value of the shares and the carrying value of the bonds amounted to € 1,762 was recognized in share premium.

Finally, on January 20, 2006 the remaining bond holders of the convertible bond (594,341 titles) decided the conversion of their bonds to shares of the Company.

Consequently, following a decision of the Company's Board of Directors on January 27, 2006, the Company's share capital was increased by € 10,484 with the issuance of 3,566,046 common registered shares of a nominal value € 2.94 (full amount) each. The difference between the nominal value of shares and the carrying value of the bonds amounted to € 9,575 was recognized in the share premium.

26. TREASURY SHARES:

As of December 31, 2004, the Group held 7,172,290 shares of its own stock (4,871,881 common shares and 2,300,409 preference shares). The total acquisition cost of these shares amounting to € 55,420 was reflected in a special reserve, as a reduction of the Group's equity. On June 30, 2005, the Group disposed of the treasury shares realizing a loss of € 11,227. This loss was recognized directly in equity by charging retained earnings.

27. LEGAL, TAX FREE AND SPECIAL RESERVES:

Legal, tax free and special reserves are analyzed as follows:

| | Group | | Company | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2004 | 2005 | 2004 |
| Legal reserve | 16,714 | 13,837 | 8,573 | 8,573 |
| Tax free and specially taxed reserves | 49,020 | 46,731 | 46,519 | 46,519 |
| Special reserves | | | | |
| - Law 1892/1990 (Art. 23b) | 10,405 | 9,585 | 9,585 | 9,585 |
| - Other | 7,840 | 9,853 | 6,006 | 5,544 |
| | <u>18,245</u> | <u>19,438</u> | <u>15,591</u> | <u>15,129</u> |
| Total | <u>83,979</u> | <u>80,006</u> | <u>70,683</u> | <u>70,221</u> |

Legal Reserve: Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory financial statements to a legal reserve, until such

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reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the existence of the Company.

Tax Free and Specially Taxed Reserves: Tax free and specially taxed reserves represent interest income and investments sales of non listed entities which are non taxable or have been specially taxed at source. These reserves are subject to taxation in case of their distribution. This income is not taxable, assuming there are adequate profits from which the respective tax free reserves can be established. According to the Greek tax regulations, this reserve is exempted from income tax, provided it is not distributed to shareholders. The Company has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax.

Special Reserves: Special reserves are not distributed to the shareholders based on the special provisions of laws (under the condition that there are enough profits for their formation). These reserves relate mainly to investments and are not distributed and, accordingly, the Company, has not provided for deferred income tax.

28. DIVIDENDS:

Under Greek corporate law, companies are required each year to declare from their statutory profits, dividends of at least 35% of after-tax statutory profit, after allowing for legal reserve, or a minimum of 6% of the paid-in share capital, whichever is greater. With the unanimous consent of all shareholders, a company may not declare any dividend.

Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

- (a) No dividends can be distributed to the shareholders as long as the company's net equity, as reflected in the statutory financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves and,
- (b) No dividends can be distributed to the shareholders as long as the unamortized balance of "Preoperating Expenses," as reflected in the statutory financial statements exceeds the aggregate of distributable reserves plus retained earnings.

On March 9, 2006, the Company's Board of Directors proposed a dividend distribution of € 7,569 (€ 0.18 per share). The proposal of the Board of Directors is subject to the approval of the Annual General Assembly meeting.

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29. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings outstanding at December 31, 2005 and December 31, 2004, are analyzed as follows:

| | | <u>Group</u> | | <u>Company</u> | |
|--|-----|-----------------------|-----------------------|-----------------------|-----------------------|
| | | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Bond loan in \$ and € (€ 45 million and \$ 176 million) | (a) | 190,655 | | 190,655 | - |
| Long term loans in fair value through profit and loss | | 190,655 | | 190,655 | - |
| € 200 million Eurobond | (d) | - | 200,000 | - | 200,000 |
| € 200 million bond loan | (b) | 200,000 | | 200,000 | - |
| € 80 million bond loan | (e) | - | 80,000 | - | - |
| € 29.3 million convertible bond | (f) | - | 29,347 | - | - |
| € 26.5 million convertible bond | (c) | 20,356 | 26,473 | 20,356 | 26,473 |
| € 44 million bond from related company (Note 22) | | - | - | 44,000 | |
| Other | | 5,281 | 9,530 | - | - |
| | | <u>225,637</u> | <u>345,350</u> | <u>264,356</u> | <u>226,473</u> |
| Minus: Short term portion of long term debt | | <u>(20,556)</u> | <u>(83,165)</u> | <u>(20,356)</u> | <u>-</u> |
| Long term loans in unamortised cost | | <u>205,081</u> | <u>262,185</u> | <u>244,000</u> | <u>226,473</u> |

(a) Bond loan in € and \$

On July 27, 2005 the parent Company issued a non convertible bond loan denominated in € and \$ (USA), equal to the Euro equivalent of € 190,065, with a duration of 7 and 10 years, bearing fixed and floating interest rates and which was exclusively covered through the US private placement market. The 13% of the financing bears floating interest rate at Euribor+1,25% while the remaining 87% bears fixed interest rates ranging from 4.38% to 5.87%.

The repayment of the bonds will be made at maturity while the Group has the right to repay the bonds at their nominal value under certain conditions.

The terms of the bond loan contains events of default including, among others, failure to make payments, inability to meet general and economic guarantees, certain events of insolvency, the suspension of business, ownership structure and materially adverse changes clause affecting the financial position of the Group.

In addition, the terms contain financial covenants including requirements to maintain minimum ratios of net borrowings to EBITDA, EBITDA to net interest expense and minimum net worth levels. Furthermore, the Group has also given certain undertakings relating to its compliance with laws and regulations, the disposal of assets, the maintenance of the nature of operations, mergers, investments and environmental matters.

For the total amount of bonds in foreign currency (\$), Delta Holding S.A hedged the interest rate and the currency risk through interest rate and cross-currency swaps. For the part of the bonds denominated in € and bearing fixed interest rate, the Company has carried out an interest rate swap.

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The above loan has been classified as measured at fair value through profit and loss, which has been calculated based on current interest rates. The resulting loss from the valuation at fair value as at December 31, 2005, amounting to € 560, is included in financial expenses in the statement of income.

(b) € 200 million – Bond Loan

On July 27, 2005, the parent company issued a non convertible bond loan denominated in € (based on the provisions of L. 3156) amounting to € 200,000 bearing floating interest rate (Euribor plus margin), of a duration of 5 years, which was covered exclusively by Banks in Greece and abroad. The loan will be repaid at maturity. The Group has the right to proceed to the repayment of the nominal value of the bonds without penalty or other cost.

The terms of the bond loan contain events of default including, among others, failure to make payments, inability to meet general and economic guarantees, certain events of insolvency, the suspension of business, ownership structure and material adverse changes clause affecting the financial position of the Group.

In addition, the terms contain financial covenants including requirements to maintain minimum ratios of net borrowings to EBITDA, EBITDA to net interest expense and minimum net worth levels.

Furthermore, the Group has also given certain undertakings relating to its compliance with laws and regulations, the disposal of assets, the maintenance of the nature of operations, mergers, investments and environmental matters.

The above loan was used for the repayment of the bond loan ('Eurobond').

(c) € 26.5 million – Convertible Bond

On May 17, 2000, Delta Holding S.A. ("Issuer") issued a convertible bond with a face value of € 26.9 million. Initially, the convertible bond matured in May 2003 however, based on the decision taken by the shareholders at their general assembly meeting of April 21, 2003, it was agreed to extend the maturity date to May 17, 2006. As a result, of the extension, the convertible bond was reduced to € 26.5 million with the settlement of € 0.4 million. On May 17, 2006, the holders may opt for repayment of € 38 million (nominal value increased by 41.58%) or conversion into 4,706,424 common shares of the Issuer. Interest is payable semi-annually in arrears at a nominal interest rate of 0.25% per annum.

The Issuer may increase its share capital over the duration of the convertible bond but will (i) allow all the bond holders to convert at an earlier date so that they can participate in the share capital increase, (ii) to indemnify them with a cash payment and/or (iii) to adjust the conversion ratio.

The convertible bond contains events of default including, without limitation, the issuance of a new convertible bond should this convertible bond exceed 25% of the Issuer's share capital and the adherence to limitations relating to share capital increases.

Furthermore, under certain conditions, a bond holder may request earlier conversion and the Issuer may request earlier redemption.

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In August 2005, the company repurchased a part of the convertible bond loan for a nominal value of €4,455. In November 2005, bondholders with bonds representing a nominal value of €2,055, used their right of converting their bonds into shares. From the above settlement through conversion, the carrying amount of the loan was recorded in equity according to the provisions of IAS 32.

Finally, on January 20th 2006, the remaining bondholders (representing 594,341 bonds) requested the conversion of their bonds into shares of the Company.

(d) Euro Bond

On December 23, 2004, Delta Holding S.A. concluded an agreement for the issuance of a € 200 million bond (“Eurobond”) on December 31, 2004, which accrues interest at the Euro interbank borrowing rate (“Euribor”) plus an applicable margin ranging from 1.25% to 1,325% per annum. The Eurobond is repayable in one balloon installment on December 21, 2005, unless Delta Holding S.A. exercises an option to extend the maturity date through December 21, 2006.

This bond was repaid in July 2005 through the issuance of a new bond loan of an equal amount.

(e) € 70 million - Bond loan

On April 2005, the subsidiary, Delta Ice Cream S.A issued a bond loan (Law 3156/2003) for an amount of € 70 million that was fully subscribed by Alpha Bank and was used for the settlement of the syndicated loan of € 80 million.

The Syndicated loan bore interest at the London interbank borrowing rate (LIBOR) plus an applicable margin ranging from 1.15% to 1.25%. The Syndicated loan was repayable in three equal annual installments of € 10.7 million and one final installment of € 48 million, the first installment commencing 24 months after the first drawdown date; however, earlier repayment in full or part was permitted.

The bond loan was payable in one installment on July 2005 and bore interest at Euribor plus a margin of 1,7% to 2% annually. As referred above, the Company issued a bond loan denominated partly in US\$ and Euro, equal to € 190 million part of which was used for the repayment of the bond loan of € 70 million.

(f) € 29.3 million – Convertible Bond

On September 14, 2001, Delta Dairy S.A. (“Issuer”) issued a convertible bond with a face value of € 29.3 million maturing on September 14, 2005, at which point the holder may opt for repayment of € 36.6 million (nominal value increased by 25%) or conversion into 625,000 common shares of the Issuer. Interest is payable annually in arrears at a nominal interest rate of 0.25% per annum.

The convertible bond loan was fully repaid in August 2005 through the repayment of €36.6 million to bondholders (nominal amount plus 25% premium).

The total expense of the long-term loans of the continuing activities for the fiscal years ending 31 December 2005 and 2004 amounted to € 14,099 and €9,493 at a Group level and is included in the attached profit and loss accounts.

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30. OTHER LONG-TERM LIABILITIES:

Other long-term liabilities are analyzed as follows:

| | | <u>Group</u> | | <u>Company</u> | |
|---|-----|---------------------|---------------------|----------------|-------------|
| | | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Finance lease obligations | (a) | 3,836 | 4,545 | - | - |
| Notes payable | (b) | 7,000 | 9,800 | - | - |
| Other | | 44 | 58 | - | - |
| | | <u>10,880</u> | <u>14,403</u> | <u>-</u> | <u>-</u> |
| Less: Current maturities of: | | | | | |
| - finance lease obligations (included in accrued and other current liabilities) | | | | | |
| | | (1,841) | (1,430) | - | - |
| -notes payable (included in trade payables) | | | | | |
| | | <u>(4,200)</u> | <u>(4,200)</u> | <u>-</u> | <u>-</u> |
| | | <u>4,839</u> | <u>8,773</u> | <u>-</u> | <u>-</u> |

- (a) The Company has finance leases mainly for milk production and packaging equipment which do not have terms of renewal or purchase options and escalation clauses. The average interest rate of above finance leases for the year ended December 31, 2005, was 5.97%.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments as at December 31, 2005, are as follows:

| | <u>Minimum payments</u> | <u>Present value of payments</u> |
|---|-------------------------|----------------------------------|
| Within one year | 2,012 | 1,842 |
| Between two and five years | <u>2,062</u> | <u>1,994</u> |
| | <u>4,074</u> | <u>3,836</u> |
| Less: Finance charges | <u>(238)</u> | <u>-</u> |
| Present value of minimum lease payments | <u>3,836</u> | <u>3,836</u> |

- (b) The amount represents promissory notes payable to Arla Foods Hellas S.A. (a subsidiary of Arla Foods amba, a Danish cooperation), which were issued in December 2003, to settle the aggregate outstanding balance (created from commercial transactions) due from Vigla S.A. (a subsidiary) to Arla Foods Hellas S.A. The above promissory notes bear interest at the 6-month Euribor plus 0.75%.

31. PENSION AND STAFF RETIREMENT INDEMNITIES:

- (a) **State Pension:** The Group's and the parent's contributions to the state pension funds for the year ended December 31, 2005, that have been charged to the income statement recorded to expenses and were € 17,944 and € 1,237 respectively (€ 22,070 and € 1,257, for the Group and the Company respectively for the period ended December 31, 2004).

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(b) Staff Retirement Indemnities: Under the labour law of the countries in which the Group operates, employees and workers are entitled to various types of termination payments in the event of dismissal or retirement. In respect with the Greek subsidiaries (that consist the largest part of the Group's activities) the amount of compensation varies according to the salary, the years of services and the manner of termination (dismissal or retirement) of the employee. Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that such termination schemes are not funded and they represent defined benefit plans according to IAS 19. In accordance with this practice, the Company does not fund these plans. The Group charges operations for benefits earned in each period with a corresponding increase in the respective actuarial liability. Benefits payments made during each period to retirees are charged against this liability.

The movement in the net liability in the accompanying consolidated balance sheets has as follows:

| | Group | | Company | |
|--|----------------------|----------------------|---------------------|---------------------|
| | 2005 | 2004 | 2005 | 2004 |
| Net liability at beginning of the year/period | 11.703 | 11.158 | 1.573 | 1.395 |
| Actual benefits paid - continuing operations | (1.429) | (1.755) | (357) | (402) |
| Actual benefits paid - discontinued operations | (791) | - | | |
| Total actual benefits paid | <u>(2.220)</u> | <u>(1.755)</u> | <u>(357)</u> | <u>(402)</u> |
| Expense recognised in the consolidated statements of income - continuing operations (Note 6) | 1.978 | 1.746 | (202) | 580 |
| Expense recognised in the consolidated statements of income – discontinued operations | 934 | 554 | - | - |
| Total expenses recognised in the consolidated statement of income | <u>2.912</u> | <u>2.300</u> | <u>(202)</u> | <u>580</u> |
| Net liability at end of the year/period of discontinued operations | (2.160) | - | - | - |
| Net liability at end of the year/period – continuing operations | <u>10.235</u> | <u>11.703</u> | <u>1.014</u> | <u>1.573</u> |

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An independent international actuary firm assessed the Group's liabilities arising from the obligation to pay termination indemnities. The details and principal assumptions of the actuarial study as at December 31, 2005 and 2004 have as follows:

| | Group | | Company | |
|--|---------------|---------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| Present value of unfunded obligations | 12.122 | 11.941 | 1.432 | 1.685 |
| Unrecognised actuarial net loss | (1.887) | (238) | (418) | (112) |
| Net liability in balance sheet | 10.235 | 11.703 | 1.014 | 1.573 |
| Components of net periodic pension cost: | | | | |
| Service cost | 884 | 1.102 | 125 | 126 |
| Interest cost | 478 | 543 | 81 | 67 |
| Regular charge to operations | 1.362 | 1.645 | 206 | 193 |
| Additional cost of extra benefits | 616 | 655 | 273 | 387 |
| Curtailement cost of transfer of employees | - | - | (681) | - |
| Total charge to operations | 1.978 | 2.300 | (202) | 580 |
| Reconciliation of benefit obligation: | | | | |
| Net liability at start of period | 11.941 | 11.158 | 1.685 | 1.395 |
| Net liability at start of period - discontinued operations | (2.232) | - | - | - |
| Service cost | 884 | 1.102 | 125 | 126 |
| Interest cost | 478 | 543 | 81 | 67 |
| Benefits paid | (1.429) | (1.755) | (357) | (402) |
| Additional cost of extra benefits | 616 | 655 | 273 | 387 |
| Curtailement cost of transfer of employees | - | - | (681) | - |
| Actuarial loss | 1.864 | 238 | 306 | 112 |
| Present value of obligation at the end of the year | 12.122 | 11.941 | 1.432 | 1.685 |
| Principal Assumptions: | | | | |
| Discount rate | | | 2005 | 2004 |
| Rate of compensation increase | | | 4.0% | 5.0% |
| Increase in consumer price index | | | 4.5% | 4.5% |
| | | | 2.5% | 2.5% |

The additional cost of extra benefits relate to benefits paid to employees who became redundant. Most of these benefits were not expected within the terms of this plan and, accordingly, the excess of benefit payments over existing reserves has been treated as an additional pension charge. The additional pension charge for the continuing operations as at December 31, 2005, amounted to € 616 for the Group and to € (273) for the parent.

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(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

32. GOVERNMENT GRANTS:

The movement of government grants for the year ended December 31, 2005 and 2004, has as follows:

| | <u>Group</u> | <u>Company</u> |
|--|---------------------|-----------------|
| Balance January 1, 2005 | 8.887 | - |
| Additions | 3.369 | - |
| Amortization (Note 7) | (1.315) | - |
| Governments grants relating to discontinued operations | (1.064) | - |
| Balance December 31, 2005 | <u>9.877</u> | <u>-</u> |
| Balance January 1, 2004 | 9,864 | - |
| Additions | 424 | - |
| Amortization (note 7) | (1,401) | - |
| Balance December 31, 2004 | <u>8,887</u> | <u>-</u> |

33. DERIVATIVE FINANCIAL INSTRUMENTS

Cross Currency and Interest Rate Swaps

The Group has concluded the following cross currency and interest rate swaps to hedge against foreign currency fluctuation risk from the Bond loans that were signed in July 2005.

| <u>Contract date</u> | <u>Inception of contract</u> | <u>Expiration</u> | <u>Position</u> | |
|----------------------|------------------------------|-------------------|-----------------|---------------|
| | | | <u>Debit</u> | <u>Credit</u> |
| 20/6/2005 | 27/7/2005 | 27/7/2012 | \$ 99 million | € 81 million |
| 20/6/2005 | 27/7/2005 | 27/7/2015 | \$ 77 million | € 63 million |

From the valuation of the above derivatives at fair values at December 31, 2005, a loss of € 5 arose which was recognized in the statement of income.

Interest Rate Swaps

The Group has also entered in the following interest rate swaps as well as other derivatives contracts which do not qualify for hedge accounting. From measurement of these derivatives at fair values as of January 1, 2005, a loss of € 12,618 was incurred, which was recognized directly in equity (€ 8,580, net of the deferred tax asset of € 4,038), while the respective measurement as of December 31, 2005 resulted in an additional loss of € 3,789, was included in the financial expense of the year.

DELTA HOLDING S.A. AND SUBSIDIARIES
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A breakdown of such open derivatives by maturity are as follows:

| | <u>€</u> | <u>SFR</u> |
|----------------------------|--------------------|-------------------|
| Within one year | - | - |
| Between two and five years | 450 million | 48 million |
| After five years | 415 million | - |
| | <u>865 million</u> | <u>48 million</u> |

Above interest rate swap bear mainly floating interest rate, which according to the respective contract, are adjusted accordingly in connection with the fulfillment or not of specific factor relating to interest rate currency variable and the maintenance or not of interest rate of specific currencies above of below predetermined levels.

Forward currency contracts

The Company as at December 31, 2005 had two open positions on forward contracts for a total amount of US\$ 2.1 million for the hedging of exchange rate risk derived from liabilities in US dollars which have a duration of one year and expire through to December 2006. From the measurement at fair values as at January 1, 2005, a loss of € 213 was incurred, while as at December 31st, 2005, a profit amounting to € 96 arose which was included in financial income/expense of the year.

34. TRADE ACCOUNTS PAYABLE:

Trade accounts payable are analyzed as follows:

| | <u>Group</u> | | <u>Company</u> | |
|----------------------------|---------------|---------------|----------------|--------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Domestic suppliers | 60,876 | 54,393 | 2,467 | 2,051 |
| Foreign suppliers | 3,632 | 13,985 | 63 | 175 |
| Post-dated cheques payable | 23,225 | 20,345 | 172 | 336 |
| Notes payable | 7,333 | 5,955 | - | - |
| | <u>95,066</u> | <u>94,678</u> | <u>2,702</u> | <u>2,562</u> |

35. SHORT-TERM BORROWINGS:

Short-term borrowings are draw-downs under various lines of credit maintained by the Group with several banks. The use of these facilities is presented below:

| | <u>Group</u> | | <u>Company</u> | |
|------------------------|----------------------|----------------------|------------------|----------------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Credit lines available | 153,600 | 204,649 | 48,000 | 54,000 |
| Unused portion | <u>(137,143)</u> | <u>(125,992)</u> | <u>(47,977)</u> | <u>(35,975)</u> |
| Used portion | <u>16,457</u> | <u>78,657</u> | <u>23</u> | <u>18,025</u> |

Short-term borrowings throughout the year were denominated in various currencies, however, the used portion of the outstanding balance of short-term borrowings at December 31, 2005 and 2004, was in total dominated in Euro.

DELTA HOLDING S.A. AND SUBSIDIARIES
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(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

The weighted average interest rate on short-term borrowings as at December 31, 2005, was 4.1% (4.08% at December 31, 2004).

Interest on short-term borrowings of continuing operations for the year ended December 31, 2005 and 2004, amounted to € 1,869 and € 2,169 respectively (€ 637 and € 820 for the year ended December 31, 2005 and 2004 for the Company) and is included in interest expense in the accompanying statement of income.

36. ACCRUED AND OTHER CURRENT LIABILITIES:

The amount reflected in the accompanying balance sheets is analyzed as follows:

| | <u>Group</u> | | <u>Company</u> | |
|--|----------------------|----------------------|----------------------|---------------------|
| | 2005 | 2004 | 2005 | 2004 |
| Accrued interest | 12,871 | 12,850 | 13,989 | 5,905 |
| Advances from customers | 5,324 | 9,970 | - | - |
| Taxes, other than income taxes, payable | 4,859 | 7,147 | 581 | 1,521 |
| Social security payable | 4,297 | 4,711 | 234 | 285 |
| Accrued expenses | 1,869 | 3,295 | 5 | 29 |
| Wages and salaries payable | 1,344 | 1,764 | - | - |
| Current portion of finance lease payable (Note 30) | 1,841 | 1,430 | - | - |
| Dividends payable | 266 | 606 | 166 | 606 |
| Deferred income | 264 | 456 | 45 | - |
| Other | 213 | 3,828 | 239 | 399 |
| Total | <u>33,148</u> | <u>46,057</u> | <u>15,259</u> | <u>8,745</u> |

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main financial products of the Group, except for derivatives, are cash and cash equivalents, trade and other receivables, trade and other payables, bank loans and bond loans, investments available-for-sale, and financial assets at fair value through profit and loss.

As it is noted analytically in Note 33 and 3 (ab) the Group also contracts derivative financial instruments such as interest rate swaps as well as cross currency swaps, aiming at managing the currency and interest rate risks which arise from the business and financing products used. The management

(i) Concentration of credit risk: The Company does not have significant concentration of credit risk with any of its counterparties.

The major exposure on credit risk is reflected from the amount of each asset, including derivative financial instruments.

With respect to derivative financial instruments, the Group monitors its positions, the credit classification of the contractors and the amounts of the contracts that it signs with each of them.

The Group's policy is to sign agreements with contractors that satisfy high criteria, while, considering the high level of credibility of the counterparties, does not believe that the issuance of any guarantee is required.

**DELTA HOLDING S.A. AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

(ii) Fair Value: The amounts presented in the accompanying balance sheets for cash, assets and short-term liabilities, approach their respective fair values due to their short-term maturities.

The fair values of the investments that are listed in stock exchanges are based on stock prices at the date of the preparation of the balance sheet. The fair values of derivatives are based on market valuation.

For all derivatives, the fair values are confirmed by the credit institutions with which the Group has signed the relevant agreements.

(iii) Interest rate risk: Interest risk arises mainly from the long-term loans. Management closely monitors on a constant basis the fluctuations in the currency exchange rates as well as in the interest rates and evaluates the need for assuming certain positions for the hedging of such risks.

Under this scope, it contracts financial instruments aiming at reducing the interest rate cost and the limitation in the Group's exposure from interest rate fluctuations. It is the Group's policy to continuously monitor the trends in interest rates as well as the financing needs of the Group. Therefore, the decisions for the tenor of the loans as well as the balance between fixed and floating rates, arise independently, in each case.

(iv) Foreign Exchange Risk: the Group's exposure to foreign currency risks, originates mainly from commercial activities in foreign currency. For some of the above transactions, the Group carries out forward contracts in foreign currency hedging any foreign currency risk. With respect to long-term loans, Management carries out cross-currency swaps to minimize its exposure to foreign currency risk.

(v) Liquidity risk: Liquidity risk stands at very low levels by having adequate cash deposits and credit lines with banks. The unutilized approved credit lines available to the Group are sufficient to cover any financing need.

38. CONTINGENCIES AND COMMITMENTS:

(a) Litigation and claims:

The Company and its subsidiaries are parties to various lawsuits (as a defendant or as a plaintiff) and arbitration proceedings in the normal course of business. Management and the Company's legal advisors estimate that all of the lawsuits are expected to be settled without any material adverse effect on the Group's or the Company's financial position or results of operations.

(b) Commitments:

(i) Guarantees:

The Group has the following contingent liabilities at December 31, 2005:

- It has issued letters of guarantee for good performance for a total amount of € 1,029.
- It has provided guarantees for repayment of bank overdrafts and commercial liabilities of various subsidiaries and associates aggregating to € 3,032.
- It has provided guarantees for good performance of subsidized investment programs aggregating to € 900.
- It has provided guarantees for its participation in various competitions aggregating to € 316.

(ii) Operating Lease Commitments:

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(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

As of December 31, 2005, the Group has entered into a number of operating lease agreements relating to the rental of buildings and transportation equipment which expire on various dates through 2025.

Rental expense (continuing operations) included in the accompanying consolidated income statement for the year ended December 31, 2005, amounted to € 5,845 and € 651 for the Group and the Company respectively (€ 5,142 and € 46 as at December 31, 2004 for the Group and the Company respectively).

Future minimum rentals payable under non-cancelable operating leases as at December 31, 2005, are as follows:

| | <u>Group</u> | <u>Company</u> |
|-----------------|----------------------|---------------------|
| Within one year | 9,777 | 746 |
| 2-5 years | 41,429 | 2,529 |
| After 5 years | 35,394 | - |
| Total | <u>86,600</u> | <u>3,275</u> |

(iii) Capital Commitments:

As at December 31, 2005 the Group had capital commitments amounted to € 17 (€ 322 as at December 31, 2004).

39. SUBSEQUENT EVENTS

(a) Merger through absorption of Chipita International S.A. by Delta Holding S.A

On December 19, 2005 the Board of Directors of Delta Holding S.A. (acquirer) announced its decision to merge by absorption Chipita International S.A. (acquiree) according to the provisions of L. 2166/1993. December 31, 2005 was determined to be the date on which the merged entities will prepare the conversion balance sheets. According to the merger agreement concluded the existing shareholders of Chipita will exchange 1 share of Chipita with 0.33 shares Of Delta Holdings, which will be issued upon the share capital increase of the acquirer. Confirmation of the true and fair of the share exchange ratio was assigned to international firms, after considering the result of the legal and financial due diligence reviews performed. The merger is estimated to have been completed by July 2006. Through to completion of above merger, and the legal merger of the direct subsidiaries of Delta Holding (discussed under (b) below), the Group will operate under the transitional name "Brandco". The merger will create a strong group of companies that enumerates almost 100 subsidiaries worldwide with consolidated turnover of approximately € 1 billion. The above merger, according to the provisions of L.2166/93 will be reflected in the tax books of the company through horizontal summation of line items of the balance sheets of the acquirer and the acquiree at the conversion date (pooling of interest method as at December 31, 2005). In accordance with IFRS, above merger falls within the scope of IFRS 3 "Business Combinations" and accordingly purchase accounting has to be applied, which mean that the acquirer will proceed to a purchase price allocation, after identifying the intangible assets acquired and determining the fair value of the assets, liabilities reflected in the consolidated balance sheet of the acquiree, at the date in which the acquirer will have acquired control.

**DELTA HOLDING S.A. AND SUBSIDIARIES
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AS OF DECEMBER 31, 2005**

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

(b) Merger through absorption of the subsidiaries Goody's S.A., General Frozen Foods S.A. and Delta Dairy S.A.

On December 19, 2005 the Board of Directors of Delta Holding S.A. announced its decision to merge by absorption its subsidiaries Goody's S.A. General Frozen Foods S.A. and Delta Dairy S.A. according to the provision of L 2166/1993. December 31, 2005 was determined to be the date of preparation of the conversion Balance Sheets. The existing shareholders of Goody's will exchange 1 share of their company with 1.05 shares of Delta Holding and the existing shareholders of General Frozen Foods will exchange 1 share of their company with 0.56 shares of Delta Holding. Delta Dairy is a wholly owned subsidiary of the parent. The mergers are estimated to have been completed by July 2006 while they are not expected to affect the consolidated financial position and consolidated result of operations of the Group.

(c) Acquisition of Nestle plant in Plati Imathias

The Group announced the conclusion of a non-binding memorandum agreement with Nestle, aiming to the acquisition of the concentrated Vlahas milk. Such operations include the products with the trademark Vlahas, the plant facility of Nestle at Plati Imathias, as well as the milk production license of Nestle in Northern Greece. The indicative consideration price is € 2.8 million plus the price of finished goods at the completion date of the transaction.

The brand name Vlahas has a 27% market share of concentrated milk market, which is estimated to total annual sales of approximately € 220 million and corresponds to roughly 1/3 of the total domestic dairy market. The transfer is subject to the conclusion of a binding agreement as well as to obtaining the required approvals by the Competition Committee and other competent supervisory authorities and is expected to have been completed by June 2006.

| | | | |
|--|--|--|---|
| THE CHAIR MAN OF THE BOARD | THE VICE PRESIDENT OF THE BOARD | THE GROUP CHIEF FINANCIAL OFFICER | THE GROUP CHIEF ACCOUNTING OFFICER |
| DIMITRIS DASKALOPOULOS I.D.no. M 289326 | PANAGIOTIS KANELLOPOULOS I.D.no. L 342296 | PANDELI ECONOMO PASS. No C 000668 | NIKOLAOS KAPPAS I.D.no. E 425851 |

APPENDIX I
RECONCILIATION OF FINANCIAL STATEMENTS
BETWEEN GREEK GAAP AND IFRS
(All amounts in thousands of Euro)

| | Balance Sheet as of January 1, 2004 | | |
|--|--|-------------------|----------------|
| | Greek GAAP | Difference | IFRS |
| ASSETS | | | |
| Non-Current Assets: | | | |
| Formation Expenses | | | |
| Pre-operating and other capitalized costs | 3.951 | (3.951) | - |
| Intangible assets | 1 | 41 | 42 |
| Tangible assets | 6.738 | (1.218) | 5.520 |
| Total | 6.739 | (1.177) | 5.562 |
| Investments in associates | 515.386 | (51.670) | 463.716 |
| Other investments | 8.344 | (4.180) | 4.164 |
| Other non-current assets | 7 | - | 7 |
| Deferred income taxes | - | 4.457 | 4.457 |
| | 523.737 | (51.393) | 472.344 |
| Total non-current assets | 534.427 | (56.521) | 477.906 |
| Current Assets | | | |
| Trade and other receivables | 12.742 | (2.970) | 9.772 |
| Securities | 8.765 | (3.311) | 5.454 |
| Cash and cash equivalents | 1.261 | - | 1.261 |
| Total Current Assets | 22.768 | (6.281) | 16.487 |
| Prepaid expenses and accrued income | 2.294 | (2.294) | - |
| TOTAL ASSETS | 559.489 | (65.096) | 494.393 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of parent | | | |
| Share capital | 119.359 | - | 119.359 |
| Paid-in surplus | 91.452 | - | 91.452 |
| Government grants | 1.300 | - | 1.300 |
| Legal, tax free and special reserves | 67.530 | - | 67.530 |
| Retained Earnings | 14.943 | (60.553) | (45.610) |
| Total Equity | 294.584 | (60.553) | 234.031 |
| Provisions | - | 1.394 | 1.394 |
| Long Term Borrowings | 226.472 | - | 226.472 |
| Deferred income taxes | - | - | - |
| Total long term liabilities | 226.472 | - | 226.472 |
| Short term liabilities | | | |
| Trade accounts payable | 3.593 | - | 3.593 |
| Short-term borrowings | 22.599 | - | 22.599 |
| Other Short Term liabilities | 10.240 | (3.936) | 6.304 |
| Total short term liabilities | 36.432 | (3.936) | 32.496 |
| Accrued liabilities and deferred income | 2.001 | (2.001) | - |
| Total liabilities | 559.489 | (65.096) | 494.393 |

The accompanying notes and disclosures are an integral part of the Financial Statements.

APPENDIX I
RECONCILIATION OF FINANCIAL STATEMENTS
BETWEEN GREEK GAAP AND IFRS
(All amounts in thousands of Euro)

| | Balance Sheet as of December 31, 2004 | | |
|---|--|-------------------|----------------|
| | Greek GAAP | Difference | IFRS |
| ASSETS | | | |
| Non-Current Assets: | | | |
| Formation Expenses | | | |
| Pre-operating and other capitalized costs | 690 | (690) | - |
| Intangible assets | 1 | 1 | 2 |
| Tangible assets | 6.736 | (1.104) | 5.632 |
| Total | 6.737 | (1.103) | 5.634 |
| Long Term Receivables | | | |
| Investments in associates | 526.054 | (51.996) | 474.058 |
| Other investments | 7.861 | (3.035) | 4.826 |
| Other non-current assets | 11 | 1 | 12 |
| Deferred income taxes | - | 1.849 | 1.849 |
| Total non-current assets | 533.926 | (53.181) | 480.745 |
| Total Assets | 541.353 | (54.974) | 486.379 |
| Current Assets | | | |
| Trade and other receivables | 11.724 | (2.481) | 9.243 |
| Securities | 5.547 | (2.469) | 3.078 |
| Cash & Cash Equivalents | 642 | - | 642 |
| Total Current Assets | 17.913 | (4.950) | 12.963 |
| Prepaid expenses and accrued income | 2.963 | (2.963) | - |
| Total Assets | 562.229 | (62.887) | 499.342 |
| Liabilities | | | |
| Equity | | | |
| Share Capital | 119.359 | - | 119.359 |
| Paid-in surplus | 91.452 | - | 91.452 |
| Government grants | 1.300 | - | 1.300 |
| Legal, tax free and special reserves | 70.221 | - | 70.221 |
| Retained Earnings | 15.937 | (59.306) | (43.369) |
| Total Equity | 298.269 | (59.306) | 238.963 |
| Provisions | - | 1.573 | 1.573 |
| Long term liabilities | | | |
| Long Term liabilities | 226.473 | - | 226.473 |
| Deferred income taxes | - | - | - |
| Total Long term liabilities | 226.473 | - | 226.473 |
| Short term liabilities | | | |
| Trade Accounts Payable | 1.792 | 770 | 2.562 |
| Short-term borrowings | 18.025 | - | 18.025 |
| Other Short Term liabilities | 13.452 | (1.706) | 11.746 |
| Total short term liabilities | 33.269 | (936) | 32.333 |
| Accrued liabilities and deferred income | 4.218 | (4.218) | - |
| Total liabilities | 562.229 | (62.887) | 499.342 |
| | - | - | - |

The accompanying notes and disclosures are an integral part of the Financial Statements.

APPENDIX I
RECONCILIATION OF FINANCIAL STATEMENTS
BETWEEN GREEK GAAP AND IFRS
(All amounts in thousands of Euro)

| | Income Statement as of December 31 2004 | | |
|---|--|-------------------|---------------|
| | Greek GAAP | Difference | IFRS |
| REVENUES: | | | |
| Net Sales | 16.543 | - | 16.543 |
| Less: Cost of Sales | 10.938 | - | 10.938 |
| Gross Profit | 5.605 | - | 5.605 |
| Other Income | 134 | 10 | 144 |
| Total | 5.739 | 10 | 5.749 |
| Less | | | |
| Selling, general & administrative expenses | 3.267 | 462 | 3.729 |
| Operating Profit | 2.472 | (452) | 2.020 |
| Financial Income/Expenses (Net) | 15.592 | (53) | 15.539 |
| Plus or Less exceptional items | (347) | 347 | - |
| Depreciation not included in operating expenses | 3.262 | (3.262) | - |
| Profit before taxes | 14.455 | 3.104 | 17.559 |
| Income taxes | (3.871) | (2.667) | (6.538) |
| Net profit | 10.584 | 437 | 11.021 |

The accompanying notes and disclosures are an integral part of the Financial Statements.



APPENDIX I

RECONCILIATION OF FINANCIAL STATEMENTS BETWEEN GREEK GAAP AND IFRS

(All amounts in thousands of Euro)

Balance Sheet as of January 1, 2004

| | Greek GAAP | Difference | IFRS |
|---|----------------|-----------------|------------------|
| ASSETS | | | |
| Non-Current Assets: | | | |
| Property, plant and equipment | 277.731 | 212.925 | 490.656 |
| Goodwill | 314.086 | (117.807) | 196.279 |
| Intangible assets | 17.682 | (16.620) | 1.062 |
| Investments in associates accounted for using the equity method | 2.204 | (1.435) | 769 |
| Other investments | 19.580 | (6.757) | 12.823 |
| Guarantee deposits | 2.257 | 0 | 2.257 |
| Deferred income taxes | 0 | 17.414 | 17.414 |
| Total non-current assets | <u>633.540</u> | <u>87.720</u> | <u>721.260</u> |
| Current Assets: | | | |
| Inventories | 76.625 | (16.684) | 59.941 |
| Trade accounts receivable | 107.682 | (4.365) | 103.317 |
| Prepayments and other receivables | 54.428 | (610) | 53.818 |
| Other investments | 10.762 | 0 | 10.762 |
| Cash and cash equivalents | 59.213 | 0 | 59.213 |
| Total current assets | <u>308.710</u> | <u>(21.659)</u> | <u>287.051</u> |
| Total Assets | <u>942.250</u> | <u>66.061</u> | <u>1.008.311</u> |
| Equity | | | |
| Equity attributable to equity holders of parent | | | |
| Share capital | 119.359 | 0 | 119.359 |
| Paid-in surplus | 91.452 | 0 | 91.452 |
| Treasury shares | (55.420) | 0 | (55.420) |
| Accumulated deficit | 5.832 | (54.587) | (48.755) |
| Legal, tax free and special reserves | 73.210 | 0 | 73.210 |
| Other reserves | 3.645 | 0 | 3.645 |
| Government grants | 2.262 | (2.262) | 0 |
| | 240.340 | (56.849) | 183.491 |
| Minority interests | 97.617 | 30.875 | 128.492 |
| Total Equity | <u>337.957</u> | <u>(25.974)</u> | <u>311.983</u> |
| Non-Current Liabilities: | | | |
| Interest bearing loans and borrowings | 339.739 | 0 | 339.739 |
| Other long-term liabilities | 4.649 | (87) | 4.562 |
| Reserve for staff retirement indemnities | 8 | 11.150 | 11.158 |
| Government grants | 0 | 9.864 | 9.864 |
| Deferred income taxes | 0 | 74.814 | 74.814 |
| Total non-current liabilities | <u>344.396</u> | <u>95.741</u> | <u>440.137</u> |
| Current Liabilities: | | | |
| Trade accounts payable | 93.522 | (16) | 93.506 |
| Short-term borrowings | 88.963 | 0 | 88.963 |
| Current portion of long-term debt | 1.887 | 0 | 1.887 |
| Accrued and other current liabilities | 46.185 | 4.101 | 50.286 |
| Income taxes payable | 23.106 | (1.557) | 21.549 |
| Dividends Payable | 6.234 | (6.234) | 0 |
| Total current liabilities | <u>259.897</u> | <u>(3.706)</u> | <u>256.191</u> |
| TOTAL LIABILITIES AND EQUITY | <u>942.250</u> | <u>66.061</u> | <u>1.008.311</u> |

The accompanying notes and appendices are an integral part of these consolidated financial statements.

APPENDIX I

RECONCILIATION OF FINANCIAL STATEMENTS BETWEEN GREEK GAAP AND IFRS



(All amounts in thousands of Euro)

Balance Sheet, December 31, 2004

| | Greek GAAP | Difference | IFRS |
|---|----------------|-----------------|----------------|
| ASSETS | | | |
| Non-Current Assets: | | | |
| Property, plant and equipment | 278.427 | 205.158 | 483.585 |
| Goodwill | 320.906 | (119.002) | 201.904 |
| Intangible assets | 10.354 | (9.561) | 793 |
| Investments in associates accounted for using the equity method | 1.580 | (996) | 584 |
| Other investments | 17.724 | (1.582) | 16.142 |
| Guarantee deposits | 1.951 | 12 | 1.963 |
| Deferred income taxes | 0 | 3.332 | 3.332 |
| Total non-current assets | <u>630.942</u> | <u>77.361</u> | <u>708.303</u> |
| Current Assets: | | | |
| Inventories | 72.814 | (11.261) | 61.553 |
| Trade accounts receivable | 109.087 | (4.783) | 104.304 |
| Prepayments and other receivables | 57.280 | (15.529) | 41.751 |
| Other investments | 9.685 | (5.641) | 4.044 |
| Cash and cash equivalents | 76.870 | 1.918 | 78.788 |
| Total current assets | <u>325.736</u> | <u>(35.296)</u> | <u>290.440</u> |
| Total Assets | <u>956.678</u> | <u>42.065</u> | <u>998.743</u> |
| Equity | | | |
| Equity attributable to equity holders of parent | | | |
| Share capital | 119.359 | 0 | 119.359 |
| Paid-in surplus | 91.452 | 0 | 91.452 |
| Treasury shares | (55.420) | 0 | (55.420) |
| Accumulated deficit | 8.738 | (38.114) | (29.376) |
| Legal, tax free and special reserves | 80.006 | 0 | 80.006 |
| Other reserves | 6.420 | (3.267) | 3.153 |
| Government grants | 1.396 | (1.396) | 0 |
| | 251.951 | (42.777) | 209.174 |
| Minority interests | 99.224 | 31.454 | 130.678 |
| Total Equity | <u>351.175</u> | <u>(11.323)</u> | <u>339.852</u> |
| Non-Current Liabilities: | | | |
| Interest bearing loans and borrowings | 331.521 | (69.336) | 262.185 |
| Other long-term liabilities | 7.649 | 1.124 | 8.773 |
| Reserve for staff retirement indemnities | 8 | 11.695 | 11.703 |
| Government grants | 0 | 8.887 | 8.887 |
| Deferred income taxes | 0 | 42.802 | 42.802 |
| Total non-current liabilities | <u>339.178</u> | <u>(4.828)</u> | <u>334.350</u> |
| Current Liabilities: | | | |
| Trade accounts payable | 94.657 | 21 | 94.678 |
| Short-term borrowings | 78.657 | 0 | 78.657 |
| Current portion of long-term debt | 13.830 | 69.335 | 83.165 |
| Accrued and other current liabilities | 36.632 | 9.425 | 46.057 |
| Income taxes payable | 35.041 | (13.057) | 21.984 |
| Dividends Payable | 7.508 | (7.508) | 0 |
| Total current liabilities | <u>266.325</u> | <u>58.216</u> | <u>324.541</u> |
| TOTAL LIABILITIES AND EQUITY | <u>956.678</u> | <u>42.065</u> | <u>998.743</u> |

The accompanying notes and appendices are an integral part of these consolidated financial statements.

DELTA HOLDING S.A. AND SUBSIDIARIES



**APPENDIX I
RECONCILIATION OF FINANCIAL STATEMENTS
BETWEEN GREEK GAAP AND IFRS**

(All amounts in thousands of Euro)

Income statement as of December 31, 2004

| | Greek GAAP | Difference | IFRS |
|---|-----------------------|----------------------|----------------------|
| REVENUES | | | |
| Net sales | 691.527 | 119 | 691.646 |
| Cost of sales | (406.886) | (597) | (407.483) |
| Gross profit | <u>284.641</u> | <u>(478)</u> | <u>284.163</u> |
| Selling general and administrative expenses | (224.456) | (2.662) | (227.118) |
| Impairment of goodwill | 0 | (1.246) | (1.246) |
| Other income/expenses, net | 8.948 | 1.672 | 10.620 |
| Financial income/(expenses), net | (1.335) | (3.043) | (4.378) |
| Foreign exchange gains/ (losses), net | | (594) | (594) |
| Share of profit/(losses) of associates | (231) | 45 | (186) |
| Exceptional gains/(losses), net | (1.910) | 1.910 | 0 |
| Depreciation not included in operating expenses | <u>(12.806)</u> | <u>12.806</u> | <u>0</u> |
| PROFIT BEFORE INCOME TAXES | 52.851 | 8.410 | 61.261 |
| Income taxes | (30.911) | 18.966 | (11.945) |
| NET PROFIT FROM ORDINARY ACTIVITIES | <u>21.940</u> | <u>27.376</u> | <u>49.316</u> |
| Attributable to: | | | |
| Equity holders of the parent | 34.926 | 3.153 | 31.773 |
| Minority interests | <u>17.925</u> | <u>382</u> | <u>17.543</u> |
| | <u>52.851</u> | <u>3.535</u> | <u>49.316</u> |

The accompanying notes and appendices are an integral part of these consolidated financial statements

DELTA HOLDING S.A. AND SUBSIDIARIES



APPENDIX I
RECONCILIATION OF EQUITY BETWEEN GREEK GAAP AND IFRS
(All amounts in thousands of Euro)

| | GROUP | | COMPANY | |
|---|------------------|------------------|------------------|------------------|
| | 31/12/2004 | 1/1/2004 | 31/12/2004 | 1/1/2004 |
| (All amounts in thousands of Euro) | | | | |
| Total equity as reflected in accordance with Greek GAAP | (351.175) | (337.957) | (298.269) | (294.585) |
| Adjustments | | | | |
| Provision for staff leaving indemnities | 11.695 | 11.130 | 1.572 | 1.394 |
| Valuation of investments and securities | 5.305 | 6.757 | 2.452 | 5.602 |
| Valuation of investments consolidated under the equity method | 996 | 1.435 | 0 | 0 |
| Valuation of investments in subsidiaries | 0 | 0 | 55.049 | 53.561 |
| Revaluations of provisions and other accrued expenses | 18.100 | 12.407 | 610 | 610 |
| | 36.097 | 31.729 | 59.684 | 61.168 |
| Changes in accounting policies | | | | |
| Write-off intangible assets not qualifying for recognition | 9.270 | 16.199 | 690 | 3.911 |
| Revaluations of assets at fair values and differences from depreciation rates | (198.777) | (210.327) | 1.104 | 1.218 |
| Impairment of goodwill | 119.003 | 117.808 | 0 | 0 |
| Reclassification of government grants | 8.887 | 9.864 | 0 | 0 |
| Account for deferred income taxes | 39.470 | 57.400 | (1.849) | (4.457) |
| Reversal of dividends declared | (6.902) | (6.090) | (6.902) | (6.090) |
| Accounting for leases | (1.823) | (1.012) | 0 | 0 |
| Write-off withheld taxes | 4.884 | 4.703 | 4.834 | 4.654 |
| Other adjustments | 1.213 | 5.700 | 1.746 | 150 |
| | (24.774) | (5.754) | (377) | (614) |
| Total adjustments | 11.323 | 25.975 | 59.307 | 60.554 |
| Total equity in accordance with IFRS | (339.852) | (311.983) | (238.962) | (234.031) |

The accompanying notes and appendices are an integral part of these consolidated financial statements.

APPENDIX I

RECONCILIATION OF NET OPERATIONS BETWEEN GREEK GAAP AND IFRS

(All amounts in thousands of Euro)

| (All amounts in thousands of Euro) | <u>31/12/2004</u> | <u>31/12/2004</u> |
|---|-------------------|-------------------|
| Profit after tax based on Greek GAAP | 21.940 | 10.586 |
| Adjustments | | |
| Provision for staff leaving indemnities | (2.300) | (178) |
| Valuation of investments and securities | 1.966 | 1.662 |
| Revaluations of provisions and other accrued expenses | (1.615) | 0 |
| | <u>(1.949)</u> | <u>1.484</u> |
| Changes in accounting policies | | |
| Write-off intangible assets not qualifying for recognition | 6.929 | 3.245 |
| Revaluations of assets at fair values and differences from depreciation rates | 2.192 | 90 |
| Impairment of goodwill | (1.246) | 0 |
| Reclassification of government grants | (388) | 0 |
| Account for deferred income taxes | (3.444) | (2.684) |
| Accruals for income from approved dividends | 1.162 | 0 |
| Reduction of deferred tax liability due to change of income tax rate | 21.373 | 76 |
| Other adjustments | 2.747 | (1.776) |
| | <u>29.325</u> | <u>(1.049)</u> |
| Total Adjustments | <u>27.376</u> | <u>435</u> |
| Profit after tax based on International Financial Reporting Standards | <u>49.316</u> | <u>11.021</u> |

The accompanying notes and appendices are an integral part of these consolidated financial statements.

SUBSIDIARIES OF DELTA HOLDING S.A. AND TAX UNAUDITED YEARS PER COMPANY

| 1. The companies included in the consolidation are the following: | <u>Equity participation</u> | <u>Country of Incorporation</u> | <u>Unaudited years</u> |
|--|-----------------------------|---------------------------------|------------------------|
| Delta Dairy S.A. | | | |
| Delta Ice Cream S.A. | | | |
| General Frozen Foods S.A. | 100,00% | Greece | 2003-2005 |
| Goody's S.A. | 96,53% | Greece | 2001-2005 |
| Vigla S.A. | 81,71% | Greece | 2003-2005 |
| Delta Food Holdings Ltd. | 71,05% | Greece | 2002-2005 |
| Delta Food Participation & Investments Ltd. | 100,00% | Greece | 2003-2005 |
| | 100,00% | Cyprus | |
| | 100,00% | Cyprus | |
| (b) Subsidiaries of Delta Dairy S.A. | | | |
| Eurofeed Hellas S.A. | 100,00% | Greece | 2003-2004 |
| Charalambides Dairies Ltd. | 54,90% | Cyprus | |
| (c) Subsidiaries of Delta Ice Cream S.A. | | | |
| Delta Bulgaria S.A. | 75,81% | Bulgaria | 2004 |
| JSC Delta 6 S.A. | 100,00% | FYROM | 2001-2004 |
| Delta International Holdings S.A. | 100,00% | Luxembourg | |
| Delta Romania S.A. | 75,70% | Romania | |
| Delyug S.A. | 99,07% | Serbia | |
| Delfor Ltd. | 100,00% | Montenegro | |
| (d) Subsidiaries of General Frozen Foods S.A. | | | |
| Alesis Confectionery S.A. | 100,00% | Greece | 2004 |
| Agroteam EOD | 100,00% | Bulgaria | |
| Uncle Stathis EOD | 100,00% | Bulgaria | |
| Greenfood S.A. | 20,00% | Greece | 2003-2004 |
| (e) Subsidiaries of Goody's S.A. | | | |
| Hellenic Catering S.A. | 98,15% | Greece | 2001-2005 |
| Hellenic Food Service S.A. | 87,06% | Greece | 2001-2005 |
| S. Nendos S.A. | 31,41% | Greece | 2000-2005 |
| Balkan Restaurants S.A. | 100,00% | Bulgaria | 1999-2005 |
| Naflios S.A. | 94,70% | Greece | 1999-2005 |
| Gefsiplioia S.A. | 51,00% | Greece | 2003-2005 |
| Paralia Café-Patisseries S.A. | 82,59% | Greece | 1999-2005 |
| Hariaou Restaurants S.A. | 51,00% | Greece | 2003-2005 |
| Marousi Restaurants S.A. | 60,00% | Greece | 2003-2005 |
| Diasthmos Restaurants-Patisseries S.A. | 99,25% | Greece | 1999-2005 |
| Endeka S.A. | 100,00% | Greece | 2003-2005 |
| Kavala Restaurants S.A. | 51,00% | Greece | 2003-2005 |
| Zefxi Restaurants-Patisseries S.A. | 50,21% | Greece | 2003-2005 |
| Efkarpia Restaurants S.A. | 50,13% | Greece | 2003-2005 |
| Panorama Restaurants S.A. | 51,00% | Greece | 2003-2005 |
| Drama Restaurants-Patisseries S.A. | 50,05% | Greece | 2003-2005 |
| Serres Restaurants-Patisseries S.A. | 50,05% | Greece | 2003-2005 |
| Megara Restaurants-Patisseries S.A. | 59,05% | Greece | 2003-2005 |
| Saranda S.A. | 95,26% | Greece | 2003-2005 |
| HOLLYWOOD A.E. Restaurants-Patisseries S.A. | 46,88% | Greece | 2003-2005 |
| Maliakos Restaurants S.A. | 51,00% | Greece | 2003-2005 |
| Café Espresso S.A. | 65,00% | Greece | 2003-2005 |
| Vriliesia Café-Patisseries S.A. | 50,70% | Greece | 2003-2005 |
| Kifisia Café-Patisseries S.A. | 50,10% | Greece | 2004-2005 |
| Athenian Café-Patisseries S.A. | 90,25% | Greece | 2003-2005 |
| Exarchia Café-Patisseries S.A. | 92,34% | Greece | 2003-2005 |
| Volos Coast Restaurants S.A. | 50,01% | Greece | 2003-2005 |
| Pagрати Technical and Catering Company | 100,00% | Greece | 2002-2005 |
| Eastern Crete Restaurants-Patisseries S.A. | 60,00% | Greece | 2004-2005 |
| Veria Café-Patisseries S.A. | 70,00% | Greece | 2004-2005 |
| Tembi Café-Patisseries S.A. | 52,10% | Greece | 2004-2005 |
| GREENFOOD S.A. | 58,89% | Greece | 2003-2005 |
| HELLENIC FOOD INVESTMENTS A.E. | 50,10% | Greece | 2003-2005 |
| Neratziotissa. Restaurants S.A. | 60,00% | Greece | - |
| TOGIAS CHRISTOS | 72,50% | Greece | - |
| (f) Subsidiaries of Hellenic Food Investments S.A. | | | |
| Zefxi Restaurants-Patisseries S.A. | 50,13% | Greece | 2003-2005 |
| Hollywood Restaurants-Patisseries S.A. | 46,88% | Greece | 2003-2005 |
| Restaurants Sygrou S.A. | 70,00% | Greece | 2002 - 2005 |
| Pallini restaurants-Patisseries S.A. | 90,00% | Greece | 2004- 2005 |
| Associates consolidated under the equity consolidation method | | | |
| Arma Investments S.A. | 25,00% | Greece | |
| Nea Makri Restaurants S.A. | 30,00% | Greece | |
| Aristotelous 27 Restaurants Patisseries S.A. | 48,85% | Greece | |
| Desmos Developments S.A. | 30,00% | Greece | |
| Café Halcyon S.A. | 35,00% | Greece | |
| VALTOP Holdings S.A. (Dodoni group of companies) | 24,21% | Greece | |
| Marina Zeas S.A. | 50,00% | Greece | |

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