

BOARD OF DIRECTORS REPORT

To the Ordinary General Meeting of Shareholders
of «ALFA-BETA» VASSILOPOULOS S.A.
(Reg.No. 13363/06/B/86/17)
On the financial statements of 31/12/2006

The present Report is written in compliance with the provisions of Cod. Law 2190/1920 and the Company's Articles of Association.

Dear Shareholders,

We are happy to present the «ALFA-BETA» VASSILOPOULOS S.A. Report on Activities for 2006. It has been a year in which the Company's values and elements of strength and distinction in the Greek food retail sector have yielded a high rate of return. Our efforts and long term investment in values such as quality, assortment, service, competitive prices, strict abidance to rules of hygiene, innovative merchandising and consistent commercial policy, have yielded their fruits and are reflected in our better than ever financial results. It is for these reasons that we put 2006 on record as the year of **return on values**.

It is notable indeed that «ALFA-BETA»'s successful performance is reflected in each and every one of the financial figures reported for the fiscal year as itemized below:

Revenue, **«broke the one billion euro barrier»** and amounted to 1,000.9 million euro from 880.3 million euro in 2005, thus increasing by 13.7%. This increase was caused by better sales performance of existing stores, especially remodeled ones, as well as by the contribution of newly added stores.

Gross Profit increased by 14.4% from 186.7 million euro in 2005 to 213.6 million euro in 2006, a **rate of increase higher than that of Revenue**. This comparison comes as proof that the Company follows an effective commercial policy and prudent inventory management.

Operating Expenses reached 186.5 million euro from 167.2 million euro in 2005 thus increasing by 11.6%. Such **increase of operating expenses at a rate lower than that of sales**, and Gross Profit, reflects the Company's efforts to control expenses and consolidate its competitiveness.

The augmentation of sales and gross profits as well as the control of expenses reported above, have caused the figure for *Profit before Tax, Financial, Investing Activities, Depreciation and Amortization (EBITDA)* **to increase by 25.5%**, reaching 48.8 million euro compared with 38.9 million euro in 2005.

Likewise, *Profit before Tax, Financial, Investing Activities (Operating Profit)* **increased by 33.4%** and amounted at 30.5 million euro compared with 22.8 million euro in 2005.

Profit before Tax reached an amount of 27.6 million euro from 20.5 million euro in 2005, an increase by 35.0%.

Finally, *Profit after Tax climbed to 18.4 million euro from 11.7 million euro in 2005.*

Considering the above developments as well as the always-increasing needs of our investment plan, the Board of Directors has decided to propose a dividend payment of 0.49 EUR per share.

The share price, reached 15.50 EUR on 31/12/2006, from 11.28 EUR on 31/12/2005 showing an **increase by 37.4%**.

Briefly, Company's financial Results for the years 2006 and 2005, as indicated through profitability and activity ratios are stated below:

Profitability Ratios (% on Turnover)	2006	2005
Gross Profit Margin	21,3%	21,2%
Operating Profit Margin	3,0%	2,6%
Profit before Taxes Margin	2,8%	2,3%
Profit after Taxes	1,8%	1,3%
Activity Ratios (days)	2006	2005
Average days of stock	19,2	22,2
Average Payment Period of Suppliers	101,8	97,8
Average Collection Period of Trade Receivables	14,5	11,5

In 2006, Company's capital expenditures amounted to 36.326 thousand Euros and were disposed for the expansion and enhancement of its sales' network. Investments were funded by Company's Operating Cash flow. During the year the Company did not raise any additional loan. Existing borrowings, which are long-term bond loans, were contracted in prior years. One of them, a swap agreement, is a derivative financial instrument. The Company does not use derivative financial instruments for speculative purposes, but only for limiting exchange rate risks.

The Company is a food retailer thus it sales goods in cash and pays its liabilities to suppliers on credit. This fact, secures the Company from possible liquidity and Cash flow risks.

Apart from the financial results, the Company's dedication to its values and the return on these values are evident in all Company's activities during 2006. Continuing the dynamic commercial policy of prior years, «ALFA-BETA» extended its product assortment, mainly by adding new private label products. Furthermore, it reinforced its value-for-money concept by adjusting the prices in 700 basic products, in addition to the similar pricing adjustments in 4,300 products already effected during 2005 & 2004.

As regards its organic expansion, «ALFA-BETA» continued its development activity with the opening of thirteen new sales outlets of which five were supermarkets, two City stores and six franchise operations. In parallel, six existing stores were remodeled and upgraded. The "AB Food Market" banner that had previously been used in larger franchise stores was designed, developed and applied to a company-operated pilot store. The main characteristics of the AB Food Market are proximity, convenience through self-service and assisted self-service systems, aiming to satisfy consumers' every day needs. All together, at the end of the year, the total retail network of stores bearing the "ALFA-BETA" banner in Attica and the Provinces comprised 138 stores, of which 108 company-operated and 30 operated by franchisees.

Return on value has also been achieved through the implementation of strict rules of food safety and hygiene, such as the HACCP system implementation, the emphasis on control of fresh products and the frequent sample controls continued to be in effect and to bring in 2006.

Corporate Social Responsibility was and remains Company's fundamental value. Protection of the Environment is an important manner of expressing the "ALFA-BETA" social role. We are the only company in Greece that have been officially certified for handling recycled packaging materials for private label and imported products. Moreover, the Company increased to 28 the number of stores where Recycling Centres are installed. The Donations' Committee continued its social work in 2006 and managed the donations fund, donating sums to medical, social and educational organisations.

Company's successful results in 2006, there is no doubt, are due to the qualitative work and cooperative culture of the employees, which numbered 6,913 at the end of the year. The sales figures are the result of the devotion of the employees at all levels, but mainly of those who are in the "front line" of customer service. Successful financial results were achieved thanks to the skill, experience and professionalism of key personnel supported by the expertise of key Delhaize personnel. The Chairman of the Board of Directors and the Managing Director would like to express our heartfelt thanks to everybody.

PERSPECTIVE 2007

With the year 2006 now behind us, it is only natural that our shareholders' main interest and thoughts should focus on 2007. For the current year, "ALFA-BETA" VASSILOPOULOS S.A. plans to accelerate its expansion by adding 19 new stores to its network expanding it to 167 outlets including the stores of franchise network.

In the commercial sector, priority will be given both to the price policy aiming to strengthen company's competitiveness as well as to the enrichment of product assortment with new product categories emphasizing on exclusive and locally sourced products, on the development of private label products' and organic ones.

The Company's Management looks forward to 2007 with optimism. The devotion to our values, our well-established strengths, foremost among them being our customers' loyalty and the dedication of our staff, lead us to have faith in its achievement of its long-term quantitative and qualitative aims, which all converge in the overall aim of increasing the value of the company for its shareholders.

BASIC ACCOUNTING PRINCIPLES

The financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS). Analytical information for the Basic Accounting Principles followed, are stated in the Notes to the Accounts of December 31, 2006.

APPROPRIATION OF NET PROFIT

Following the above mentioned, the Board of Directors of the Company intends to propose to the General Meeting the distribution of a dividend of 0.49 EUR per share.

The Balance Sheet and the Income Statement of the fiscal period 01.01.2006-31.12.2006 are as follows:

BALANCE SHEET

Amounts in thousands of EUR

	31.12.2006
<u>ASSETS</u>	
Fixed Assets	260.935
Inventories	67.732
Trade Receivables	39.886
Other Assets	<u>43.976</u>
TOTAL ASSETS	<u>412.529</u>
<u>EQUITY & LIABILITIES</u>	
Long-term borrowings	58.235
Short-term borrowings	28.929
Other short-term liabilities	<u>241.915</u>
Total Liabilities (a)	<u>329.079</u>
Share Capital	19.099
Other Net Equity	<u>64.351</u>
Equity attributable to the equity holders of the parent (b)	83.450
Minority Interests (c)	<u>-</u>
Total Equity (d)=(b)+(c)	<u>83.450</u>
TOTAL EQUITY & LIABILITIES (e) = (a) + (d)	<u>412.529</u>

INCOME STATEMENT

Amounts in thousands EUR

	01.01- 31.12.2006
Revenue	1.000.880
Gross Profit / (Loss)	213.587
Profit / (Loss) before tax, financial, investing activities, depreciation and amortization	48.837
Profit / (Loss) before tax, financial and investing activities	30.456
Profit / (Loss) before tax	<u>27.617</u>
Less Tax	<u>9.218</u>
Profit / (Loss) after tax	<u>18.399</u>
<u>Attributable to:</u>	
Equity holders of the parent	18.399
Minority Rights	-
Earnings per share after tax - basic (in Euro)	1,44
Proposed dividend per share (in Euro)	0,49

Following the above, Ladies and Gentlemen Shareholders, we ask you to approve the Balance Sheet 31.12.2006 and the Results for the fiscal year 2006, and to release the members of the Board of Directors and the Auditors of any liability for the fiscal year 2006 according to the Law and the Statutes of the Company.

Gerakas, March 7, 2007

For the Board of Directors,

Raphael Moissis
Chairman of the Board of Directors

EXPLANATORY REPORT
To the Ordinary General Meeting of Shareholders
of «ALFA-BETA» VASSILOPOULOS S.A.
Under Article 11A LAW 3371/2005

This explanatory report of the Board of Directors to the Shareholders General Meeting contains detailed information regarding the issues under article 11a Law 3371/2005.

1. The Company's share capital structure

The share capital of the Company amounts to Euro nineteen million ninety nine thousand and eighty (19,099,080.00), divided into twelve million seven hundred and thirty two thousand and seven hundred and twenty (12,732,720) ordinary shares with voting right and a par value of one Euro and fifty cents (1.50) each. The Company's shares are traded on the Athens Stock Exchange market.

The rights of the Company's shareholders with respect to their shares are proportional to the share capital stake to which the paid-in share value corresponds. Each share carries the rights stipulated by law and the Company's Articles of Associations.
More specifically:

- The right to dividends from the annual profits or liquidation profits of the Company.
- The right to reclaim the amount of one's contribution during the liquidation or, similarly, the writing off of the capital representing the share, provided that this is resolved upon by the General Meeting.
- The right of pre-emption at every share capital increase via cash payment or the issuance of new shares.
- The right to receive a copy of the financial statements and reports of the auditors and of the Board of Directors of the Company.
- The right to participate and vote in the General Meeting.

2. Restrictions on the assignment of the Company's shares

The Company's shares may be assigned as stipulated by Law and there are no further restrictions on their assignment set out in the Articles of Association, given that they are immaterial shares listed on the Athens Stock Exchange.

3. Major direct and indirect stake-holding in the meaning of PD 51/1992

At 31.12.2006, the shareholders (natural or legal persons) that owned a stake higher than 5% of the total number of shares are as follows:

Shareholders	Number of Shares	Ownership
Delhaize The Lion Nederland BV	7.803.033	61,28%
Vassilopoulos Gerassimos	700.000	5,50%

4. Shares with special control rights

There are no Company shares delivering special control rights to their holders.

5. Restrictions on voting rights

The Company's Articles of Association stipulate no restrictions on the voting rights emanating from the shares thereof.

6. Agreements among shareholders of the Company

The Company is not aware of any agreements among its shareholders, which would result in restrictions on the assignment of its shares or exercise of the voting rights stemming from such shares.

7. Regulations on the appointment and replacement of Board members and amendments to the Articles of Association

The regulations stipulated in the Company's Articles of Association regarding the appointment and replacement of Board members and amendments thereto, are conformant to the provisions of Cod.Law. 2190/1920.

8. Authority of the Board to issue new shares or acquire treasury shares

A) According to the provisions under article 13, par. 1, indent b) of Cod. Law 2190/1920, the Company's Board of Directors has the power to, following a relevant decision of the General Meeting subject to the disclosure formalities under article 7b of Cod. Law 2190/1920, increase the Company's share capital through the issue of new shares, by resolution thereof made by majority of at least two-thirds (2/3) of its members. In such case, the share capital may be increased by no more than the share capital amount paid-up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors may be renewed by the General Meeting for a period that may not exceed five years per instance of renewal.

B) According to the provisions under article 16, paras. 5 to 13, of the Cod. Law 2190/1920, companies listed on the Athens Stock Exchange may, by decision of the General Meeting of their shareholders, acquire treasury shares not exceeding 10% of total shares through the Athens Stock Exchange, for the purpose of supporting their stock exchange price and according to the terms and conditions set out under the aforementioned paragraphs of article 16 of Cod. Law 2190/1920.

9. Major agreement put in force, amended or terminated in the event of change in the control following a public offer.

There are no agreements, which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer.

10. Agreements with Board members or staff of the Company

There are no agreements between the Company and its Board members or staff providing for the payment of any compensation specifically in the event of resignation or dismissal without cause, or termination of their mandate or employment as a result of a public offer.

For the Board of Directors,

Raphael Moissis
Chairman of the Board of Directors