

**M.J. MAILLIS' BOARD OF DIRECTORS MANAGEMENT REPORT ON THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF 2006**  
**TO THE SHAREHOLDERS OF THE COMPANY**

Dear Shareholders,

According to article 107 paragraph 3 of CL 2190/1920, as replaced by article 35 of P.D. 409/86, we are submitting to you the consolidated Financial Statements for the period 1/1/2006 to 31/12/2006 accompanied by our comments on these, for your approval.

	<u>In 000 Euros</u>	
<b>1. BALANCE SHEET</b>	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
The Assets amount to	481,286	481,484
<b>LIABILITIES</b>		
The Liabilities amount to		
Equity	184,518	191,379
Provisions and Liabilities	<u>296,768</u>	<u>290,105</u>
	<u>481,286</u>	<u>481,484</u>
<b>ANALYSIS OF ASSETS</b>		
<b>Non Current Assets</b>		
Intangible Assets	136,335	134,465
Less: Depreciation	<u>20,118</u>	<u>18,036</u>
	116,217	116,429
Tangible Assets	232,667	229,716
Less: Depreciation	<u>106,071</u>	<u>98,370</u>
	126,596	131,346
Other Non - Current Assets	18,990	22,500
<b>Current Assets</b>		
Inventory	88,148	87,057
Trade receivables	81,573	84,806
Cash and cash equivalents	28,238	20,941
Other receivables	21,524	18,405
<b>TOTAL ASSETS</b>	<u>481,286</u>	<u>481,484</u>
<b>ANALYSIS OF LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	55,614	55,379
Share Premium	139,205	139,138
Reserves	19,765	18,434
Own Shares	0	0
Retained Losses / Earnings	-31,952	-23,243
Minority interest	1,886	1,671
<b>TOTAL EQUITY</b>	<u>184,518</u>	<u>191,379</u>
<b>LIABILITIES</b>		
I. Non Current	177,053	146,689
II. Current	119,715	143,416
<b>TOTAL LIABILITIES</b>	<u>296,768</u>	<u>290,105</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>481,286</u>	<u>481,484</u>

## 2. INCOME STATEMENT

	In 000 Euros	
A. TURNOVER	2006	2005
Sales	371,312	361,457
Less: Cost of Sales	287,228	265,183
Gross Profit	<u>84,084</u>	<u>96,274</u>
Earnings before tax	<u>7,774</u>	<u>22,103</u>

97% of the above sales were export sales.

### NOTES

1) Depreciation for the year amounted to Euros 21,170 thousand, which was included in operating cost.

2) At the end of 2006, there are no pledges on the fixed assets of the company.

3) The Share Capital of the company as at 31st December 2006 amounts to Euros 55,614 thousand and the total number of shares to 73,176,476 ordinary shares.

4) According to article 11a of CL 3371/2005 that was amended by article 30 of CL 3461/2006, the Company discloses the fact that, with respect to the USD 130 million (equivalent of € 110.6 million) Note Purchase Agreement (Bond loan) that was signed in December 2005, there is a clause which states that in circumstances of change in control, the Company is required to inform the bondholders and offer prepayment which the bondholders may or may not accept according to their discretion. A similar clause is included in the Syndicated loan that has been signed by the Group's subsidiary Europack SA in May 2006. Furthermore similar clauses are included in loan agreements with banks and ISDA agreements.

### 3. COMPANIES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

The following companies have been included in the consolidated Financial Statements as at 31/12/2006:

<u>Directly Controlled</u>	<u>Investment</u> <u>%</u>
M.J.MAILLIS SA, Athens	Parent
STRAPTECH SA, Athens	99%
M.J.MAILLIS BULGARIA EOOD, Sofia, Bulgaria	100%
M.J.MAILLIS ROMANIA S.A., Bucurest, Romania	81,7%
HELERO BV, Amsterdam, Holland	100%
M.J.MAILLIS FRANCE SAS, Souassi, France	99,9%
MARFLEX M.J.MAILLIS POLAND SP ZOO, Warsaw, Poland	100%
M.J.MAILLIS ESPANA SL, Barcelona, Spain	100%
M.J.MAILLIS CZECH SRO, Prague, Czech	100%
M.J.MAILLIS ALBANIA LTD, Tirana, Albania	100%
EUROPACK SA, Luxembourg	100%
COLUMBIA SRL, Milan, Italy	100%
M.J.MAILLIS HUNGARY PACKING SYSTEMS LTD, Budapest, Hungary	100%
M.J.MAILLIS OSTERREICH GMBH, Vienna, Austria	100%
M.J.MAILLIS FINLAND OY, Vantaa, Finland	100%
M.J.MAILLIS SVERIGE AB, Stockholm, Sweden	100%
MAILLIS HOLDING GMBH, Wuppertal, Germany	100%
M.J.MAILLIS NETHERLANDS BV, Leusden, Holland	100%
MEGA SRL, Gamoblo, Italy	99,9%
 <u>Indirectly Controlled</u>	
M.J.MAILLIS UK LTD, Nottingham, UK	100%
SIAT SPA, Como, Italy	100%
SICME SRL, Varese, Italy	100%
SIAT BENELUX, Wvaalwijk, Holland	51%
TAM SRL, Milan, Italy	71%
SIAT USA, Delaware, USA	100%
MAILLIS SANDER GMBH, Wuppertal, Germany	100%
SANDER GMBH & CO KG, Wuppertal, Germany	100%
M.J. MAILLIS BELGIUM NV, Dendermonde, Belgium	100%
WULFTEC INTERNATIONAL INC, Ayer's Cliff, Canada	100%
M.J.MAILLIS d.o.o- Beograd, Serbia	100%
MAILLIS STRAPPING SYSTEMS USA Inc. Fountain Inn, USA	100%
MJ MAILLIS SYSTEMS SRL	100%
 <u>Joint Venture</u>	
COMBI PACKAGING SYSTEMS, Canton, USA	50%

### 4. RATIO ANALYSIS

	<u>In 000 Euros</u>			
	<u>2006</u>		<u>2005</u>	
<b>a. Fixed over Total Assets ratio</b>				
<u>Fixed Assets</u>	<u>242,813</u>		<u>247,775</u>	
Total Assets	481,286	50.5%	481,484	51.5%
 <u>Current Assets</u>				
Total Assets	<u>219,483</u>		<u>211,209</u>	
Total Assets	481,286	45.6%	481,484	43.9%
 <b>b. Equity over Equity and Liabilities ratio</b>				
<u>Equity</u>	<u>184,518</u>		<u>191,379</u>	
Total Equity and Liabilities	296,768	62.2%	290,105	66.0%
 <b>c. Equity over Fixed Assets ratio</b>				
<u>Equity</u>	<u>184,518</u>		<u>191,379</u>	
Total Fixed Assets	242,813	76.0%	247,775	77.2%

**d. Current ratio**

<u>Current Assets</u>	219,483		211,209	
Current Liabilities	119,715	183.3%	143,416	147.3%

**e. Gross Profit over Sales ratio**

<u>Gross Profit</u>	84,084		96,274	
Sales	371,312	22.6%	361,457	26.6%

**f. Gross Profit over Cost of Sales ratio**

<u>Gross Profit</u>	84,084		96,274	
Cost of Sales	287,228	29.3%	265,183	36.3%

**g. Sales over Equity ratio**

<u>Sales</u>	371,312		361,457	
Equity	184,518	201.2%	191,379	188.9%

**h. Trade Receivables Days (DSO)**

<u>Trade Receivables x 365</u>	81,573		84,806	
Sales	371,312	80	361,457	86

**i. Stock Recycling Days**

<u>Cost of Sales</u>	287,228		265,183	
Inventory 31/12	88,148	3.26	87,057	3.05

**5. PROGRESS OF THE GROUP**

The main points regarding the activities and the results of the Group for 2006 are as follows:

Consolidated Group Turnover of Euros 371 million vs Euros 361 million in 2005

Consolidated Earnings before Tax, Financial Expenses, Depreciation and Amortisation (E.B.I.T.D.A.) Euros 38,1 million vs Euros 53,5 million in 2005, that represents 10,3% of Turnover.

Consolidated Earnings before tax Euros 7,8 million vs Euros 22,1 million in 2005.

In 2005 the Group has experienced organic growth of 2.7%.

The Sales of the parent company of the Group were Euros 142 million vs sales of Euros 135 million in 2005, a growth of 5.3%. Earnings before tax, Financial expenses, depreciation and amortisation (EBITDA) amounted to Euros 17.4 million in 2006 vs Euros 22.7 million in 2005 and Earnings before amounted at Euros 7.1 million from Euros 10.9 in 2005.

As it has been previously communicated, 2006 was a year of significant changes, especially in the sales organisation, and adjustment to the new competitive conditions in the international markets. As expected, this had negative short-term impact on the results.

Furthermore, in the second half of 2006, increases in the raw material prices for steel, the slowdown in the US economy and the intense competition in the film segment, put additional pressure on the margins.

## B) OUTLOOK FOR 2006

Already, most of the aforementioned conditions are reversed and the 1st quarter of 2007 is showing significant upturn. The growth prospects of the Group remain strong as the benefits of the sales re-organisation plan and expansion in US and India continue to build momentum.

Athens, February 12 March 2007

**M.J. MAILLIS**

**CHAIRMAN OF THE  
BOARD OF DIRECTORS  
& CHIEF EXECUTIVE  
OFFICER**

Id.N. Φ 020207

**CHAR. STAVRINOUDAKIS**

**MEMBER OF THE  
BOARD OF DIRECTORS**

Id.N. Σ 208194

**ALEXANDRA KONIDA**

**CHIEF FINANCIAL OFFICER**

Id.N. N 135270

**NIK.B. MAROULIS**

**FINANCIAL  
MANAGER OF GREECE**

Reg.No 46629 - A Class

## AUDITORS' CERTIFICATION

It is certified that the above Management Report of the Board of Directors to the Shareholders of the Company, comprising 5 pages, is the one mentioned in the Auditors report in the consolidated Financial Statements, issued on March 13th 2007.

Athens, March 13th 2007

**THE CERTIFIED AUDITOR - ACCOUNTANT**

**Kyriakos Riris  
SOEL R.N. 12111  
For PricewaterhouseCoopers S.A.**

**M.J. MAILLIS' BOARD OF DIRECTORS MANAGEMENT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF 2006  
TO THE SHAREHOLDERS OF THE COMPANY**

Dear Shareholders,

According to article 107 paragraph 3 of CL 2190/1920, as replaced by article 35 of P.D. 409/86, we are submitting to you the Company Financial Statements for the period 1/1/2006 to 31/12/2006 accompanied by our comments on these, for your approval.

	In 000 Euros	
	2006	2005
<b>1. BALANCE SHEET</b>		
<b>ASSETS</b>		
The Assets amount to	382,378	391,994
<b>LIABILITIES</b>		
The Liabilities amount to		
Equity	223,617	223,688
Provisions and Liabilities	158,761	168,306
	<u>382,378</u>	<u>391,994</u>
<b>ANALYSIS OF ASSETS</b>		
<b>Non Current Assets</b>		
Intangible Assets	4,809	4,714
Less: Depreciation	<u>2,191</u>	<u>1,083</u>
	2,618	3,631
Tangible Assets	132,571	120,089
Less: Depreciation	<u>56,466</u>	<u>50,920</u>
	76,105	69,169
Other Non - Current Assets	169,687	170,070
<b>Current Assets</b>		
Inventory	20,616	19,115
Trade receivables	103,708	124,552
Cash and cash equivalents	9,644	4,692
Other receivables	0	765
<b>TOTAL ASSETS</b>	<u>382,378</u>	<u>391,994</u>
<b>ANALYSIS OF LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	55,614	55,379
Share Premium	139,205	139,138
Reserves	18,558	17,512
Own Shares	0	0
Retained Losses / Earnings	10,240	11,659
Minority interest	0	0
<b>TOTAL EQUITY</b>	<u>223,617</u>	<u>223,688</u>
<b>LIABILITIES</b>		
I. Non Current	120,766	121,073
II. Current	37,995	47,233
<b>TOTAL LIABILITIES</b>	<u>158,761</u>	<u>168,306</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>382,378</u>	<u>391,994</u>

## 2. INCOME STATEMENT

A. TURNOVER	In 000 Euros	
	2006	2005
Sales	142,015	134,834
Less: Cost of Sales	111,926	101,628
Gross Profit	30,089	33,206
Earnings before tax	7,126	10,940

90% of the above sales were export sales.

### NOTES

- 1) Depreciation for the year amounted to Euros 7,458,209, which was included in operating cost.
- 2) At the end of 2006, there are no pledges on the fixed assets of the company.
- 3) The Share Capital of the company as at 31st December 2006 amounts to Euros 55,614 thousand and the total number of shares to 73,176,476 ordinary shares.
- 4) According to article 11a of CL 3371/2005 that was amended by article 30 of CL 3461/2006, the Company discloses the fact that, with respect to the USD 130 million (equivalent of €110.6 million) Note Purchase Agreement (Bond loan) that was signed in December 2005, there is a clause which states that in circumstances of change in control, the Company is required to inform the bondholders and offer prepayment which the bondholders may or may not accept according to their discretion. A similar clause is included in the Syndicated loan that has been signed by the Group's subsidiary Europack SA in May 2006. Furthermore similar clauses are included in loan agreements with banks and ISDA agreements.

## 4. RATIO ANALYSIS

	In 000 Euros			
	2006		2005	
<b>a. Fixed over Total Assets ratio</b>				
<u>Fixed Assets</u>	78,723		72,800	
Total Assets	382,378	20.6%	391,994	18.6%
<b>b. Equity over Equity and Liabilities ratio</b>				
<u>Equity</u>	223,617		223,688	
Total Equity and Liabilities	158,761	140.9%	168,306	132.9%
<b>c. Equity over Fixed Assets ratio</b>				
<u>Equity</u>	223,617		223,688	
Total Fixed Assets	78,723	284.1%	72,800	307.3%
<b>d. Current ratio</b>				
<u>Current Assets</u>	133,968		149,124	
Current Liabilities	37,995	352.6%	47,233	315.7%
<b>e. Gross Profit over Sales ratio</b>				
<u>Gross Profit</u>	30,089		33,206	
Sales	142,015	21.2%	134,834	24.6%

**f. Gross Profit over Cost of Sales ratio**

<u>Gross Profit</u>	30,089		33,206	
Cost of Sales	111,926	26.9%	101,628	32.7%

**g. Sales over Equity ratio**

<u>Sales</u>	142,015		134,834	
Equity	223,617	63.5%	223,688	60.3%

**h. Trade Receivables Days (DSO)**

<u>Trade Receivables x 365</u>	90,089		79,670	
Sales	142,015	232	134,834	216

**i. Stock Recycling Days**

<u>Cost of Sales</u>	111,926		101,628	
Inventory 31/12	20,616	5.43	19,115	5.32

**5. PROGRESS OF THE GROUP**

The Sales of the parent company of the Group were Euros 142 million vs sales of Euros 135 million in 2005, a growth of 5.3%. Earnings before tax, Financial expenses, depreciation and amortisation (EBITDA) amounted to Euros 17.4 million in 2006 vs Euros 22.7 million in 2005 and Earnings before amounted at Euros 7.1 million from Euros 10.9 in 2005.

As it has been previously communicated, 2006 was a year of significant changes, especially in the sales organisation, and adjustment to the new competitive conditions in the international markets. As expected, this had negative short-term impact on the results.

Furthermore, in the second half of 2006, increases in the raw material prices for steel, the slowdown in the US economy and the intense competition in the film segment, put additional pressure on the margins.

## **B) OUTLOOK FOR 2006**

Already, most of the aforementioned conditions are reversed and the 1st quarter of 2007 is showing significant upturn. The growth prospects of the Group remain strong as the benefits of the sales re-organisation plan and expansion in US and India continue to build momentum.

**Athens, February 12 March 2007**

<b>M.J. MAILLIS</b>	<b>CHAR. STAVRINOUDAKIS</b>	<b>ALEXANDRA KONIDA</b>	<b>NIK.B. MAROULIS</b>
<b>CHAIRMAN OF THE BOARD OF DIRECTORS &amp; CHIEF EXECUTIVE OFFICER</b>	<b>MEMBER OF THE BOARD OF DIRECTORS</b>	<b>CHIEF FINANCIAL OFFICER</b>	<b>FINANCIAL MANAGER OF GREECE</b>
<b>Id.N. Φ 020207</b>	<b>Id.N. Σ 208194</b>	<b>Id.N. N 135270</b>	<b>Reg.No 46629 - A Class</b>

## **AUDITORS' CERTIFICATION**

It is certified that the above Management Report of the Board of Directors to the Shareholders of the Company, comprising 4 pages, is the one mentioned in the Auditors report in the Company Financial Statements, issued on March 13th 2007.

**Athens, March 13th 2007**

**THE CERTIFIED AUDITOR - ACCOUNTANT**

**Kyriakos Riris**  
**SOEL R.N. 12111**  
**For PricewaterhouseCoopers S.A.**