

**C. ROKAS SA**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2006**  
*(IN ACCORDANCE WITH IFRS)*



These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language.

In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.



(All amounts in € thousands unless otherwise stated in text)

## **C. ROKAS SA**

### **Financial Statements for the year ended 31/12/2006**

It is hereby certified that the presented accounts refer to the Financial Statements that were approved by the Board of Directors of the “C. Rokas SA” on 13/03/2007, that have been publicized by their submission to the Athens Exchange and the Hellenic Capital Markets Committee, and have been posted on the Company’s website, at the address [\*\*www.rokasgroup.gr\*\*](http://www.rokasgroup.gr)

It is noted that the condensed financial facts that have been published in the press are meant to present to the reader several general financial information, yet do not provide a complete picture of the financial position and results of the Company, according to IFRS.

Furthermore, it is noted that, for simplification purposes, the condensed financial facts that have been published in the press contain certain aggregations and reclassifications.

**George Rokas**  
**Chairman of the BoD**



(All amounts in € thousands unless otherwise stated in text)

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(All amounts in € thousands unless otherwise stated in text)

## Independent Auditors' Report

Translation from Greek original audit report text

### To the shareholders of "C. Rokas SA"

#### Report on the Financial Statements

We have audited the accompanying financial statements of C. ROKAS ABEE (the "Company"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

#### Report on Other Legal and Regulatory Requirements

The Board of Directors' Report is consistent with the aforementioned financial statements.

Athens, 13 March 2007

THE CERTIFIED AUDITOR ACCOUNTANT

John Mystakidis  
S.O.E.L. R.N. 16511  
ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.





(All amounts in € thousands unless otherwise stated in text)

## Balance Sheet

|   | Note  | As at<br>31 December 2006 | As at<br>31 December 2005 |
|---|-------|---------------------------|---------------------------|
| <b>ASSETS</b>   |       |                           |                           |
| <b>Non current assets</b>                                   |       |                           |                           |
| Property, plant, and equipment                              | 5     | 16.429                    | 16.371                    |
| Investments and other non current receivables               | 6, 22 | 65.247                    | 61.290                    |
|   |       | <b>81.676</b>             | <b>77.661</b>             |
| <b>Current assets</b>                                       |       |                           |                           |
| Inventories   | 7     | 6.330                     | 5.681                     |
| Trade and other receivables                                 | 6     | 19.146                    | 12.392                    |
| Cash and cash equivalents                                   | 8     | 2.413                     | 7.061                     |
|   |       | <b>27.889</b>             | <b>25.134</b>             |
| <b>Total assets</b>   |       | <b>109.565</b>            | <b>102.795</b>            |
| <b>EQUITY</b>   |       |                           |                           |
| <b>Equity attributable to equity holders of the Company</b> |       |                           |                           |
| Share capital   | 9     | 11.887                    | 11.887                    |
| Share premium   | 9     | 49.329                    | 49.329                    |
| Other reserves  | 10    | 11.956                    | 27.101                    |
| Retained earnings   |       | 23.573                    | 5.745                     |
| <b>Total equity</b>   |       | <b>96.745</b>             | <b>94.062</b>             |
| <b>LIABILITIES</b>  |       |                           |                           |
| <b>Non current liabilities</b>                              |       |                           |                           |
| Deferred income tax liabilities                             | 12    | 1.470                     | 1.321                     |
| Retirement benefit obligations                              | 13    | 374                       | 311                       |
| Grants  |       | 227                       | 298                       |
| Provisions  | 14    | 570                       | 409                       |
|   |       | <b>2.641</b>              | <b>2.339</b>              |
| <b>Current liabilities</b>                                  |       |                           |                           |
| Borrowings  |       | 5.142                     | -                         |
| Trade and other payables                                    | 11    | 4.330                     | 5.128                     |
| Current income tax liabilities                              |       | 707                       | 1.266                     |
|   |       | <b>10.179</b>             | <b>6.394</b>              |
| <b>Total liabilities</b>                                    |       | <b>12.820</b>             | <b>8.733</b>              |
| <b>Total equity and liabilities</b>                         |       | <b>109.565</b>            | <b>102.795</b>            |

The notes on pages 9 - 25 are an integral part of these financial statements.

THE CHAIRMAN OF  
THE BOD

GEORGE ROKAS  
GREEK ID NO. AB 287690

THE CHIEF EXECUTIVE  
OFFICER

MATTHEW TROULIS  
GREEK ID NO. AB 634497

THE FINANCE & ADMINISTRATION  
DIRECTOR

CHRISTIAN THOMAS  
GREEK ID NO. II 062606

THE FINANCIAL CONTROLLER

EKATERINI KAPOGLOU  
GREEK ID NO. P 552055



(All amounts in € thousands unless otherwise stated in text)

## Income Statement

|  |      | Year ended       | Year ended       |
|--|------|------------------|------------------|
|  | Note | 31 December 2006 | 31 December 2005 |
| Sales  |      | 16.153           | 25.097           |
| Cost of goods sold   |      | (13.433)         | (18.102)         |
| <b>Gross profit</b>  |      | <b>2.720</b>     | <b>6.995</b>     |
| Selling and marketing costs  |      | (506)            | (497)            |
| Administrative expenses  |      | (4.307)          | (3.569)          |
| Other operating income – net   | 15   | 549              | 1.312            |
| <b>Operating profit</b>  |      | <b>(1.544)</b>   | <b>4.241</b>     |
| Financial income   | 17   | 8.931            | 478              |
| Financial expenses   | 17   | (98)             | (1.018)          |
| <b>Profit before income tax</b>  |      | <b>7.289</b>     | <b>3.701</b>     |
| Income tax expense   | 18   | (565)            | (1.018)          |
| <b>Profit for the year</b>   |      | <b>6.724</b>     | <b>2.683</b>     |
| <b>Earnings per share for profit attributable to the equity holders of the Company (€ per share)</b> |      |                  |                  |
| – Basic and diluted  | 19   | 0,28             | 0,12             |

The notes on pages 9 - 25 are an integral part of these financial statements.



(All amounts in € thousands unless otherwise stated in text)

## Statement of Changes in Equity

|  | Attributable to equity holders of the Company |                 |               |                |                   | Total equity  |
|--|---|-----------------|---------------|----------------|-------------------|---------------|
|  | Share capital                                 | Treasury shares | Share premium | Other reserves | Retained earnings |               |
| <b>Balance at 1 January 2005</b>         | <b>11.887</b>                                 | <b>(4.369)</b>  | <b>49.329</b> | <b>24.380</b>  | <b>6.624</b>      | <b>87.851</b> |
| Profit for the year                      | -   | -               | -             | -              | 2.683             | 2.683         |
| Sale of treasury shares                  | -   | 4.369           | -             | 2.602          | -                 | 6.971         |
| Distributed dividends                    | -   | -               | -             | -              | (3.443)           | (3.443)       |
| Other movements                          | -   | -               | -             | 119            | (119)             | -             |
| <b>Balance at 31 December 2005</b>       | <b>11.887</b>                                 | <b>-</b>        | <b>49.329</b> | <b>27.101</b>  | <b>5.745</b>      | <b>94.062</b> |
| <b>Balance at 1 January 2006</b>         | <b>11.887</b>                                 | <b>-</b>        | <b>49.329</b> | <b>27.101</b>  | <b>5.745</b>      | <b>94.062</b> |
| Profit for the year                      | -   | -               | -             | -              | 6.724             | 6.724         |
| Distributed dividends                    | -   | -               | -             | (3.546)        | (495)             | (4.041)       |
| Mvnt. from reserves to retained earnings | -   | -               | -             | (12.139)       | 12.139            | -             |
| Other movements                          | -   | -               | -             | 540            | (540)             | -             |
| <b>Balance at 31 December 2006</b>       | <b>11.887</b>                                 | <b>-</b>        | <b>49.329</b> | <b>11.956</b>  | <b>23.573</b>     | <b>96.745</b> |

The notes on pages 9 - 25 are an integral part of these financial statements.



(All amounts in € thousands unless otherwise stated in text)

## Cash Flow Statement

|  | Note     | Year ended<br>31 December 2006 | Year ended<br>31 December 2005 |
|--|----------|--------------------------------|--------------------------------|
| <b>Profit before income tax</b>                                    |          | <b>7.289</b>                   | <b>3.701</b>                   |
| Depreciation and amortization                                      |          | 909                            | 908                            |
| Provisions   |          | 224                            | 792                            |
| Results of investing activity and profit from sale of fixed assets |          | (9.052)                        | (806)                          |
| Interest expenses and related expenses                             |          | 98                             | 88                             |
| (Increase) / decrease in inventories                               | 7        | (649)                          | (2.615)                        |
| (Increase) / decrease in receivables                               |          | (6.760)                        | (1.896)                        |
| Increase / (decrease) in payables (excluding borrowings)           |          | (799)                          | 1.769                          |
| Interest and similar expenses paid                                 |          | (98)                           | (88)                           |
| Income tax paid  |          | (975)                          | (1.278)                        |
| <b>Total cash inflows / (outflows) from operating activities</b>   |          | <b>(9.813)</b>                 | <b>575</b>                     |
| Investment in subsidiaries   | 22       | (3.951)                        | -                              |
| Proceeds from sale of investments                                  |          | -                              | 112                            |
| Proceeds from sale of treasury shares                              |          | -                              | 6.971                          |
| Purchases of property, plant and equipment                         |          | (1.133)                        | (1.307)                        |
| Proceeds from sale of property, plant and equipment                |          | 217                            | 470                            |
| Interest received  |          | 8                              | 131                            |
| Dividends received   | 17       | 8.923                          | 347                            |
| <b>Total cash inflow / (outflow) from investing activities</b>     |          | <b>4.064</b>                   | <b>6.724</b>                   |
| Proceeds from borrowings   |          | 11.917                         | -                              |
| Repayments of borrowings   |          | (6.775)                        | -                              |
| Dividends paid   | 20       | (4.041)                        | (3.443)                        |
| <b>Total cash inflow / (outflow) from financing activities</b>     |          | <b>1.101</b>                   | <b>(3.443)</b>                 |
| <b>Net increase / (decrease) in cash and cash equivalents</b>      |          | <b>(4.648)</b>                 | <b>3.856</b>                   |
| Cash and cash equivalents at beginning of the year                 | 8        | 7.061                          | 3.205                          |
| <b>Cash and cash equivalents at end of the year</b>                | <b>8</b> | <b>2.413</b>                   | <b>7.061</b>                   |

The notes on pages 9 - 25 are an integral part of these financial statements.



(All amounts in € thousands unless otherwise stated in text)

## Notes to the financial statements

### 1. General information

The C. Rokas SA (“the Company”) operates in the segment of electromechanical projects.

The Company’s activities are in Greece, and its total number of employees is 175 as at 31 December 2006 (172 as at 31 December 2005).

The Company is a societe anonyme (SA) incorporated and domiciled in Greece at the address Rizareiou 3, Halandri 152 33, Athens, Greece.

The Company’s website address is: [www.rokasgroup.gr](http://www.rokasgroup.gr)

The Company is listed on the Athens Exchange.

On 13 March 2007, the Board of Directors of the Company approved these financial statements for issue, and they are still subject to final approval by the General Assembly of Shareholders.

### 2. Accounting policies

#### 2.1 Basis of preparation

The financial statements of C. Rokas SA of 31 December 2006 cover the year ended 31 December 2006 and have been prepared in accordance with International Financial Reporting Standards, as those have been adopted by the European Union.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of specific assets and liabilities (available-for-sale financial assets and derivative financial instruments) to fair value.

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4: Significant accounting estimates and judgments.

#### 2.2 Changes in accounting policies

The Company has adopted the following new standards and interpretations during the year 2006:

- IAS 19 (Amendment): Employee benefits
- IAS 21 (Amendment): The effects of changes in foreign exchange rates
- IAS 39 (Amendment): Financial instruments: Recognition and measurement
- IFRIC 4: Determining whether an arrangement contains a lease
- IFRIC 5: Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- IFRIC 6: Liabilities arising from participating in a specific market

The adoption of these standards and interpretations did not have any effect on the financial statements of the Company.

#### 2.3 Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Euro (€), which is the functional and presentational currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income



(All amounts in € thousands unless otherwise stated in text)

statement. Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

## 2.4 Property, plant and equipment

Property, plant and equipment is presented in these consolidated financial statements at historical cost less subsequent depreciation and potential accumulated provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

|  |      |       |
|--|------|-------|
| Buildings                                | 50   | years |
| Plant and machinery                      | 5–15 | years |
| Equipment, motor vehicles, and furniture | 3–8  | years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Own assets constructed include the direct payroll expenses of the personnel involved in the construction, the cost of the used materials, as well as other direct general expenses.

## 2.5 Impairment of assets

### *a) Non financial assets:*

The Company at each balance sheet date examines whether there are indications of impairment for its non financial assets. The carrying values of other non-current assets are reviewed for impairment when 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 income statement. 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 disposal costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

### *b) Financial assets:*

At each reporting date the Company 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 (non current receivables) and available for sale investments. The recoverable amount of investments in subsidiaries and associates is determined similarly with the non-financial assets. The recoverable amount of the remaining financial assets is generally determined, for the purpose of performing the related impairment tests, based on the estimated future cash flows discounted either at the initial effective interest rate of the financial asset or the group of financial assets, or at the current market rate of return for a similar financial asset. The resulting impairment losses are recognized in the consolidated income statement.

## 2.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted-average method.

The cost of finished goods and work in progress comprises raw materials, direct labour, design costs, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.



(All amounts in € thousands unless otherwise stated in text)

## 2.7 Financial assets

The Company classifies its financial assets depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

### *(a) Financial assets at fair value through profit or loss*

This category has two sub-categories: 'financial assets held for trading', and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

*Not applicable to the Company.*

### *(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

*See Note 2.8*

### *(c) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within 'other (losses)/gains – net', in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary securities classified as available for sale and non-monetary securities classified as available for sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payments is established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

*Not applicable to the Company.*

## 2.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or



(All amounts in € thousands unless otherwise stated in text)

financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

## **2.9 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## **2.10 Share capital**

Ordinary and preference shares of the Company are classified as equity.

Incremental external costs directly attributable to the issue of new shares, are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases part of its own equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are sold or cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

## **2.11 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

## **2.12 Income tax and deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

## **2.13 Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as other liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.



(All amounts in € thousands unless otherwise stated in text)

## 2.14 Employee benefits

### *(a) Short term benefits*

Monetary and non-monetary short-term employee benefits (excluding termination benefits) should be recognized as an expense when accrued. Any unpaid amounts should be recognized as a liability.

### *(b) Post-employment benefits*

Post-employment benefits include pensions or lump-sum indemnities paid to employees in exchange for their service. Thus, they include both defined contribution plans and defined benefit plans. The accrued cost of defined contribution plans is recognized as an expense in the relevant period.

#### **• Defined contribution plan**

Based on the defined contribution plan, the Company's obligation (either legal or constructive) is limited to the amount agreed to be contributed to the entity (fund) that manages contributions and pays benefits. Thus the amount of the benefits to be received by an employee is determined based on the amounts paid by the Company (or by the employee too) and the investment performance of the relevant contributions.

The contribution payable by the Company as part of a defined contribution plan will be recognized either as an obligation after deducting the contribution made, or as an expense.

#### **• Defined benefit plan**

The obligation recorded in the balance sheet for the defined benefit plans is the present value of the obligation for the defined benefit less the fair value of the plan assets (if any) and the valuations resulting from any actuarial gains or losses and the cost of previous service. The defined benefit obligation is calculated on a yearly basis by an independent actuary by the use of the projected unit credit method. For prepayment thereof, the exchange rate of the long-term Greek Government bonds is used.

The actuarial profits or losses are part of both the benefit obligation of the Company and of the cost that will be recognized in the Income Statement. The actuarial profits or losses arise from adjustments based on historical data or a change of estimates for future data. If the accumulated actuarial profits or losses are higher than the 10% margin of the accumulated obligation, they are recorded in the Income Statement within the anticipated average insurance time of the participants to the plan. The cost of previous service is recognized directly in the Income Statement, except for the case where the changes in the plan are dependent upon the remaining time of service of the employees. In the said case, the cost of previous service is recorded in the Income Statement using the straight-line method within the maturity period.

### *(c) Employment termination benefits*

The benefits due to termination of the employment relationship are paid when employees leave before their normal retirement date. The Company records such benefits when they are committed, either when it actually terminates current employees based upon a detailed formal plan without possibility of withdrawal, or when it provides the said benefits as an incentive for voluntary redundancy. When such benefits fall due more than twelve months after the balance sheet date, they should be discounted based on the yield return of top quality corporate bonds or government bonds.

When an offer is made to encourage voluntary redundancy, the measurement of the termination benefits should be based on the number of employees expected to accept the offer. When it is impossible to estimate the number of employees who will accept the benefits, no accounting is done, but the relevant costs are acknowledged as a potential obligation.

## 2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



(All amounts in € thousands unless otherwise stated in text)

## 2.16 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates and discounts.

Revenue is recognized as follows:

### *(a) Construction contracts*

Revenue from construction contracts is accounted for in the period in which the project is constructed, based on the stage of its completion. The Company uses the method of percentage of completion in order to determine the appropriate income and expense that is to be recognised in a particular period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### *(b) Sale of goods*

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

### *(c) Sales of services*

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### *(d) Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### *(e) Dividend income*

Dividend income is recognised when the right to receive payment is established.

## 2.17 Leases

### *The Company is the lessee*

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the period of the lease.

## 2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.19 New standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2007 or later periods but which the Company has not early adopted, as follows:

- IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective for financial years beginning on or after 1 January 2007)  
IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It



(All amounts in € thousands unless otherwise stated in text)

replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

- IFRS 8, Operating Segments (effective for financial years beginning on or after 1 January 2009)

IFRS 8 replaces IAS 14 Segment Reporting and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Company is in the process of assessing the impact this new standard will have on its financial statements.

- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for financial years beginning on or after 1 March 2006)

IFRIC 7 requires entities to apply IAS 29 Financial Reporting in Hyper-inflationary Economies in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency as if the economy had always been hyperinflationary.

IFRIC 7 is not relevant to the Company's operations.

- IFRIC 8, Scope of IFRS 2 (effective for financial years beginning on or after 1 May 2006)

IFRIC 8 clarifies that IFRS 2 Share-based payment will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given.

IFRIC 8 is not relevant to the Company's operations.

- IFRIC 9, Reassessment of Embedded Derivatives (effective for financial years beginning on or after 1 June 2006)

IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows.

IFRIC 9 is not relevant to the Company's operations.

- IFRIC 10, Interim Financial Reporting and Impairment (effective for financial years beginning on or after 1 November 2006)

This Interpretation may impact the financial statements should any impairment losses be recognised in the interim financial statements in relation to available for sale equity investments, unquoted equity instruments carried at cost and goodwill as these may not be reversed in later interim periods or when preparing the annual financial statements.

- IFRIC 11, IFRS 2-Group and Treasury Share Transactions (effective for financial years beginning on or after 1 March 2007)

This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent.

IFRIC 11 is not relevant to the Company's operations.

- IFRIC 12, Service Concession Arrangements (effective for financial years beginning on or after 1 January 2008)

The interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides for the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and / or an intangible asset.

IFRIC 12 is not relevant to the Company's operations. This Interpretation has not yet been endorsed by the EU.



(All amounts in € thousands unless otherwise stated in text)

### 3. Financial risk management

#### Financial risk factors

The Company's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk, and cash flow interest-rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department, under policies approved by the Board of Directors. The treasury department identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and non-derivative financial instruments, and the investment of excess liquidity.

#### *(a) Foreign exchange risk*

The Company does not operate internationally, neither does it have long-term borrowings in foreign exchange, and therefore is not exposed to foreign exchange risk arising from currency fluctuations.

#### *(b) Interest rate risk*

The operating income and cash flows of the Company are in effect independent from interest rate fluctuations. The Company does not hold significant interest earning investments.

#### *(c) Credit risk*

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

#### *(d) Liquidity risk*

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business. The Group manages liquidity risk by proper management of working capital and cash flows. This is done by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Company has sufficient undrawn call/demand borrowing facilities that could be utilized to fund any potential shortfall in cash resources.

### 4. Significant accounting estimates and judgements

Management makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### *Provision for income tax*

According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities, and includes the current income tax for each fiscal year, as well as a provision for extra taxes which may arise from future tax audits. The final clearance of income taxes may be different (but not materially) from the relevant amounts which are included in these financial statements. For more information, see Note 18.



(All amounts in € thousands unless otherwise stated in text)

## 5. Property, plant, and equipment

|                                   | Land and<br>buildings | Plant, machinery,<br>equipment, and vehicles | Assets under<br>construction | Total          |
|-----------------------------------|-----------------------|--|------------------------------|----------------|
| <b>Cost</b>                       |                       |  |                              |                |
| As at 1 January 2005              | 10.980                | 9.340  | 198                          | 20.518         |
| Additions                         | 433                   | 1.439  | 1.163                        | 3.035          |
| Sales / Destructions / Reductions | (228)                 | (1.786)                                      | (1.342)                      | (3.356)        |
| <b>As at 31 December 2005</b>     | <b>11.185</b>         | <b>8.993</b>                                 | <b>19</b>                    | <b>20.197</b>  |
| <b>Accumulated depreciation</b>   |                       |  |                              |                |
| As at 1 January 2005              | (406)                 | (4.129)                                      | -                            | (4.535)        |
| Sales / Destructions / Reductions | 161                   | 1.467  | -                            | 1.628          |
| Depreciation                      | (162)                 | (757)  | -                            | (919)          |
| <b>As at 31 December 2005</b>     | <b>(407)</b>          | <b>(3.419)</b>                               | <b>-</b>                     | <b>(3.826)</b> |
| <b>Cost</b>                       |                       |  |                              |                |
| As at 1 January 2006              | 11.185                | 8.993  | 19                           | 20.197         |
| Additions                         | 35                    | 981  | 117                          | 1.133          |
| Sales / Destructions / Reductions | (77)                  | (122)  | -                            | (199)          |
| <b>As at 31 December 2006</b>     | <b>11.143</b>         | <b>9.852</b>                                 | <b>136</b>                   | <b>21.131</b>  |
| <b>Accumulated depreciation</b>   |                       |  |                              |                |
| As at 1 January 2006              | (407)                 | (3.419)                                      | -                            | (3.826)        |
| Sales / Destructions / Reductions | 8                     | 96   | -                            | 104            |
| Depreciation                      | (204)                 | (776)  | -                            | (980)          |
| <b>As at 31 December 2006</b>     | <b>(603)</b>          | <b>(4.099)</b>                               | <b>-</b>                     | <b>(4.702)</b> |
| <b>Net book value</b>             |                       |  |                              |                |
| <b>As at 31 December 2005</b>     | <b>10.778</b>         | <b>5.574</b>                                 | <b>19</b>                    | <b>16.371</b>  |
| <b>As at 31 December 2006</b>     | <b>10.540</b>         | <b>5.753</b>                                 | <b>136</b>                   | <b>16.429</b>  |

There are no pledges on the property, plant, and equipment of the Company.

Depreciation expense has been charged as follows:

|                             | Year ended<br>31 December 2006 | Year ended<br>31 December 2005 |
|-----------------------------|--------------------------------|--------------------------------|
| Cost of goods sold          | 542                            | 553                            |
| Selling and marketing costs | -                              | -                              |
| Administrative expenses     | 438                            | 366                            |
|                             | <b>980</b>                     | <b>919</b>                     |



(All amounts in € thousands unless otherwise stated in text)

## 6. Trade and other receivables

|                                      | As at<br>31 December 2006 | As at<br>31 December 2005 |
|--------------------------------------|---------------------------|---------------------------|
| Trade receivables                    | 12.604                    | 10.412                    |
| Other receivables                    | 5.444                     | 898                       |
| Prepaid expenses and accrued income  | 393                       | 1.082                     |
| Prepayments                          | 705                       | -                         |
| <b>Total current receivables</b>     | <b>19.146</b>             | <b>12.392</b>             |
| Long term guarantees                 | 10                        | 5                         |
| <b>Total non-current receivables</b> | <b>10</b>                 | <b>5</b>                  |

The values stated above reflect the fair values of the receivables.

All non-current receivables expire within 5 years of the balance sheet date.

## 7. Inventories

|                  | As at<br>31 December 2006 | As at<br>31 December 2005 |
|------------------|---------------------------|---------------------------|
| Raw materials    | 2.725                     | 3.058                     |
| Work in progress | 3.514                     | 2.531                     |
| Finished goods   | 91                        | 92                        |
|                  | <b>6.330</b>              | <b>5.681</b>              |

The cost of inventories recognized as expense in “cost of goods sold” amounted to €5.087 thousands (31 December 2005: €8.965 thousands).

## 8. Cash and cash equivalents

|                          | As at<br>31 December 2006 | As at<br>31 December 2005 |
|--------------------------|---------------------------|---------------------------|
| Cash in hand             | 23                        | 12                        |
| Short-term bank deposits | 2.390                     | 7.049                     |
|                          | <b>2.413</b>              | <b>7.061</b>              |

The effective interest rate on short-term bank deposits of the Company is approximately 2% and their average maturity is 15 days.

## 9. Share capital & share premium

|                            | Number of<br>shares | Number of<br>treasury shares | Ordinary<br>shares | Share<br>premium | Treasury<br>shares | Total         |
|----------------------------|---------------------|------------------------------|--------------------|------------------|--------------------|---------------|
| At 1 January 2005          | 23.774.324          | (818.350)                    | 11.887             | 49.329           | (4.369)            | 56.847        |
| Sale of treasury shares    | -                   | 818.350                      | -                  | -                | 4.369              | 4.369         |
| <b>At 31 December 2005</b> | <b>23.774.324</b>   | -                            | <b>11.887</b>      | <b>49.329</b>    | -                  | <b>61.216</b> |
| <b>At 31 December 2006</b> | <b>23.774.324</b>   | -                            | <b>11.887</b>      | <b>49.329</b>    | -                  | <b>61.216</b> |

The total authorised number of ordinary shares is 23.774.324 shares with a par value of €0,50 per share, of which 3.229.872 are preference shares, also with a par value of €0,50 per share.

All issued shares are fully paid.



(All amounts in € thousands unless otherwise stated in text)

All treasury shares (800.260 common and 18.090 preference), which had been purchased by the Company in November 2004, were sold during 2005, yielding a profit of € 2.602 thousands that had been transferred directly to Company's reserves in the year 2005.

The non-voting preference shares have the following privileges:

- The first dividend - from the fiscal year's earnings, amounting to 6% of the nominal value of the share, is first distributed to preference shares and then to common shares.
- As with common shares, they are entitled to additional dividends distributed in any form.
- They are entitled to a cumulative dividend. If the Company in one or more fiscal years cannot distribute a dividend or if it distributes a dividend which is less than the specified dividend (6%) of the nominal value of the share, then preference shareholders may collect the dividend of those years cumulatively out of the earnings of the following fiscal years.
- Upon wind-up or liquidation of the Company, preference shareholders shall have priority in receiving the share capital they have paid and at the same time they shall participate equally with common shareholders in the liquidation proceeds, by the amount exceeding the total capital of the Company.

## 10. Other reserves

|                                     | Statutory<br>reserves | Special<br>reserves | Tax-free<br>reserves | Extraordinary<br>& Other reserves | Total         |
|-------------------------------------|-----------------------|---------------------|----------------------|-----------------------------------|---------------|
| <b>At 1 December 2005</b>           | 2.241                 | 316                 | 4.418                | 17.405                            | 24.380        |
| Movements during the year           | 119                   | -                   | -                    | -                                 | 119           |
| Profit from sale of treasury shares | -                     | 2.602               | -                    | -                                 | 2.602         |
| <b>At 31 December 2005</b>          | <b>2.360</b>          | <b>2.918</b>        | <b>4.418</b>         | <b>17.405</b>                     | <b>27.101</b> |
| Movements during the year           | 540                   | (2.602)             | (1.650)              | (11.433)                          | (15.145)      |
| <b>At 31 December 2006</b>          | <b>2.900</b>          | <b>316</b>          | <b>2.768</b>         | <b>5.972</b>                      | <b>11.956</b> |

During the year 2006, based on a relevant decision of the Company's Management, reserves totaling €12.139 thousands of the parent company, for which tax had been already paid, were transferred to retained earnings. This is included in the above movements.

### *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 books to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the lifespan of the Company.

### *Tax-free and Special Reserves*

These 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 exempt from income tax, provided they are not distributed to shareholders. At this phase, the Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax.

### *Extraordinary and Other Reserves*

Specially taxed reserves represent interest income and are non taxable or have been specially taxed at source. These reserves, excluding any prepaid taxes, are subject to income tax in case of distribution to shareholders. At this phase, the Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax.

## 11. Trade and other payables

|                                      | As at<br>31 December 2006 | As at<br>31 December 2005 |
|--------------------------------------|---------------------------|---------------------------|
| Trade payables                       | 2.051                     | 1.270                     |
| Social security and other taxes      | 251                       | 279                       |
| Accrued expenses and deferred income | 123                       | 241                       |
| Liabilities from rates and duties    | 318                       | 3.064                     |
| Other liabilities                    | 1.587                     | 274                       |
|                                      | <b>4.330</b>              | <b>5.128</b>              |



(All amounts in € thousands unless otherwise stated in text)

## 12. Deferred income tax

Deferred income tax is provided in total on temporary differences, with the method of the contingent liability, using a standard tax rate of 25%. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax assets and liabilities are presented as follows:

|                                | <b>As at<br/>31 December<br/>2006</b> | <b>As at<br/>31 December<br/>2006</b> | <b>As at<br/>31 December<br/>2005</b> | <b>As at<br/>31 December<br/>2005</b> |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|                                | <b>Assets</b>                         | <b>Liabilities</b>                    | <b>Assets</b>                         | <b>Liabilities</b>                    |
| Intangible assets              | 174                                   | -                                     | 779                                   | (595)                                 |
| Property, plant, equipment     | -                                     | (1.940)                               | 978                                   | (2.771)                               |
| Grants                         | -                                     | -                                     | 8                                     | -                                     |
| Provisions                     | 196                                   | -                                     | 234                                   | (54)                                  |
| Finance leases                 | -                                     | -                                     | -                                     | -                                     |
| Other                          | 100                                   | -                                     | 100                                   | -                                     |
| <b>Total before offsetting</b> | <b>470</b>                            | <b>(1.940)</b>                        | <b>2.099</b>                          | <b>(3.420)</b>                        |
| Offsetting of balances         | (470)                                 | 470                                   | (2.099)                               | 2.099                                 |
| <b>Total after offsetting</b>  | <b>-</b>                              | <b>(1.470)</b>                        | <b>-</b>                              | <b>(1.321)</b>                        |

All deferred tax assets and liabilities of the Company are to be recovered after more than 12 months from the balance sheet date.

As at 31 December 2006, the Company had €1.870 thousands worth of tax losses for which no deferred tax asset was calculated, because of the uncertainty regarding their tax usage. Based on fiscal legislation, the Company has the right to make usage of the aforementioned tax losses for a period of five years after the year they were created.

The movement on the deferred income tax account has been (charged) or credited in the income statement of the year ended 31 December 2006 as follows:

|                            | <b>As at<br/>31 December 2006</b> | <b>As at<br/>31 December 2005</b> |
|----------------------------|-----------------------------------|-----------------------------------|
| Intangible assets          | (10)                              | (2)                               |
| Property, plant, equipment | (147)                             | (39)                              |
| Grants                     | (8)                               | 8                                 |
| Provisions                 | 16                                | 78                                |
| Finance leases             | -                                 | -                                 |
| Other                      | -                                 | (67)                              |
|                            | <b>(149)</b>                      | <b>(22)</b>                       |



(All amounts in € thousands unless otherwise stated in text)

### 13. Retirement benefit obligations

Under Greek labour law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). 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 pension plans are not funded. In accordance with this practice, the Company does not fund these plans. The Company charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.

The retirement benefit obligations were estimated through an actuarial report.

The provision for retirement benefits which was recognised in the balance sheet and charged in the income statement for the years 2006 and 2005 is as follows:

|   | <b>As at<br/>31 December 2006</b> | <b>As at<br/>31 December 2005</b> |
|---|-----------------------------------|-----------------------------------|
| Present value of obligations                            | 614                               | 532                               |
| Unrecognised traditional asset                          | -                                 | -                                 |
| Immediate recognition of obligation at transition       | -                                 | -                                 |
| Unrecognised net loss                                   | (163)                             | (139)                             |
| Unrecognised past service cost                          | (77)                              | (82)                              |
| <b>Net liability in balance sheet</b>                   | <b>374</b>                        | <b>311</b>                        |
| <b>Components of income statement charge</b>            |                                   |                                   |
| Service cost  | 40                                | 29                                |
| Interest cost   | 20                                | 19                                |
| Amortisation of net obligation at transition            | -                                 | -                                 |
| Amortisation of unrecognised net loss                   | 7                                 | 4                                 |
| Recognition of past service cost                        | 6                                 | 6                                 |
| <b>Regular income statement charge</b>                  | <b>73</b>                         | <b>58</b>                         |
| Additional cost of extra benefits                       | 39                                | 46                                |
| Restructuring expenses                                  | -                                 | -                                 |
| Other expenses  | -                                 | 3                                 |
| <b>Total income statement charge</b>                    | <b>112</b>                        | <b>107</b>                        |
| <b>Movements in net liability in balance sheet</b>      |                                   |                                   |
| Net liability at beginning of year                      | 311                               | 269                               |
| Contributions paid by the Company                       | -                                 | -                                 |
| Benefits paid directly by the Company                   | (49)                              | (66)                              |
| Total expense recognised in income statement            | 112                               | 108                               |
| <b>Net liability in balance sheet before adjustment</b> | <b>374</b>                        | <b>311</b>                        |
| Adjustment  | -                                 | -                                 |
| <b>Net liability in balance sheet</b>                   | <b>374</b>                        | <b>311</b>                        |
| <b>Reconciliation of benefit obligation</b>             |                                   |                                   |
| DBO at beginning of year                                | 532                               | 455                               |
| Service cost  | 40                                | 29                                |
| Interest cost   | 20                                | 19                                |
| Employee contributions                                  | -                                 | -                                 |
| Benefits paid directly by the Company                   | (49)                              | (66)                              |
| Expenses  | -                                 | -                                 |
| Extra payments or expenses                              | 40                                | 49                                |
| Past service cost arising over last year                | -                                 | -                                 |
| Actuarial loss  | 31                                | 46                                |
| <b>DBO at end of the year</b>                           | <b>614</b>                        | <b>532</b>                        |
| <b>Actuarial assumptions</b>                            |                                   |                                   |
| Discount rate   | 4,00%                             | 4,00%                             |
| Rate of compensation increase                           | 4,00%                             | 4,00%                             |
| Average future working life                             | 12,34                             | 12,34                             |



(All amounts in € thousands unless otherwise stated in text)

## 14. Provisions

|                            | <u>Legal</u> | <u>Other</u> | <u>Total</u> |
|----------------------------|--------------|--------------|--------------|
| <b>At 31 December 2005</b> | <b>409</b>   | -            | <b>409</b>   |
| Movements                  | 161          | -            | 161          |
| <b>At 31 December 2006</b> | <b>570</b>   | -            | <b>570</b>   |

### *Legal*

According to Company management, and following legal advisor consultations, it is estimated that the results of open legal cases shall not affect the Company further than for what has already been provided for.

## 15. Other operating income / (expenses)

|                                 | <u>Year ended<br/>31 December 2006</u> | <u>Year ended<br/>31 December 2005</u> |
|---------------------------------|--|--|
| Various sales income            | 15                                     | 140                                    |
| Income from other activities    | 35                                     | 2                                      |
| Other income                    | 792                                    | 1.667                                  |
| <b>Other operating income</b>   | <b>842</b>                             | <b>1.809</b>                           |
| <b>Other operating expenses</b> | <b>(293)</b>                           | <b>(497)</b>                           |

## 16. Expenses by nature

|   | <u>Year ended<br/>31 December 2006</u> | <u>Year ended<br/>31 December 2005</u> |
|---|--|--|
| Cost of inventories recognised as expense   | 5.087                                  | 8.965                                  |
| Depreciation expense  | 980                                    | 919                                    |
| Personnel cost *  | 6.167                                  | 5.647                                  |
| Third party fees and expenses   | 2.078                                  | 3.638                                  |
| Third party charges   | 851                                    | 585                                    |
| Taxes and tariffs   | 147                                    | 154                                    |
| Other expenses  | 2.936                                  | 2.260                                  |
| <b>Total cost of goods sold, selling&amp;marketing, and<br/>administration expenses</b> | <b>18.246</b>                          | <b>22.168</b>                          |

\*Personnel cost is analyzed as follows:

|  | <u>Year ended<br/>31 December 2006</u> | <u>Year ended<br/>31 December 2005</u> |
|--|--|--|
| Wages and salaries                         | 4.966                                  | 4.501                                  |
| Social security costs                      | 1.040                                  | 973                                    |
| Compensations (see Note 13)                | 49                                     | 66                                     |
| Other employee benefit costs (see Note 13) | 112                                    | 107                                    |
|  | <b>6.167</b>                           | <b>5.647</b>                           |



(All amounts in € thousands unless otherwise stated in text)

## 17. Financial income & expenses

|  | <u>Year ended</u><br><u>31 December 2006</u> | <u>Year ended</u><br><u>31 December 2005</u> |
|--|--|--|
| Dividend income from investments in subsidiaries           | 8.923  | 347  |
| Income from investments                                    | -  | 107  |
| Other interest received                                    | 8  | 24   |
| Credits from valuation of derivative financial instruments | -  | -  |
| <b>Interest received and similar financial income</b>      | <b>8.931</b>                                 | <b>478</b>                                   |
| <b>Interest paid and similar financial expenses</b>        | <b>(98)</b>                                  | <b>(1.018)</b>                               |

## 18. Income tax expense

|   | <u>Year ended</u><br><u>31 December 2006</u> | <u>Year ended</u><br><u>31 December 2005</u> |
|---|--|--|
| Current income tax (29% and 32% equivalently)         | (416)  | (996)  |
| Deferred income tax                                   | (149)  | (22)   |
| <b>Income tax expense</b>                             | <b>(565)</b>                                 | <b>(1.018)</b>                               |
| <b>Profit before income tax</b>                       | <b>7.289</b>                                 | <b>3.701</b>                                 |
| Tax rate  | 29%  | 32%  |
| <b>Anticipated tax charge</b>                         | <b>(2.114)</b>                               | <b>(1.184)</b>                               |
| Income not subject to tax                             | 2.588  | 166  |
| Non-deductible expenses                               | (81)   | -  |
| Income tax provisions                                 | (416)  | -  |
| Tax losses for which no def. income tax is recognised | (542)  | -  |
| <b>Actual tax charge</b>                              | <b>(565)</b>                                 | <b>(1.018)</b>                               |

Greek tax legislation 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.

## 19. Earnings per share

The basic earnings per share are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary share purchased by the Company and held as treasury shares (only for year 2005).

|  | <u>Year ended</u><br><u>31 December 2006</u> | <u>Year ended</u><br><u>31 December 2005</u> |
|--|--|--|
| Profit attrib. to equity holders of the Co (€ thousands)     | 6.724  | 2.683  |
| Weighted average no. of ordinary shares in issue (thousands) | 23.774                                       | 23.297                                       |
| <b>Basic and diluted earning per share (€ per share)</b>     | <b>0,28</b>                                  | <b>0,12</b>                                  |



(All amounts in € thousands unless otherwise stated in text)

## 20. Dividends per share

The dividends approved for the years 2005 and 2004 (which were subsequently paid in the years 2006 and 2005) amounted to €4.041 thousands and €3.443 thousands. At the Annual General Meeting of the Shareholders of the Company, which is expected to take place in May 2007, a dividend of € 0,18 per share (€4.279 thousands) shall be proposed for the year ended 31 December 2006. These financial statements do not reflect this dividend as payable, as it will be charged directly to equity in the year ended 31 December 2007, once approved by the AGM.

## 21. Contingencies

There are no contingent liabilities, which could have material adverse effects on the financial position of the Company.

The Company's open tax years are 2004-2006.

## 22. Subsidiary companies

The Company has a majority holding in 34 subsidiary companies, the details of which are as follows:

| Name                               | % Holding        |                  | Incorporation | Investment value in € thousands at 31 Dec. 2006 |
|------------------------------------|------------------|------------------|---------------|---|
|                                    | 31 December 2006 | 31 December 2005 |               |   |
| Rokas Aeoliki SA                   | 99,00            | 99,00            | Greece        | 19.292  |
| Rokas Aeoliki Evia SA              | 99,13            | 99,13            | Greece        | 11.352  |
| Rokas Aeoliki Zarakas SA           | 99,13            | 99,13            | Greece        | 11.637  |
| Rokas Aeoliki Kriti SA             | 99,62            | 99,04            | Greece        | 2.130   |
| PPC Renewables-Rokas SA            | 51,00            | 51,00            | Greece        | 838   |
| Rokas Aeoliki Thraki SA            | 99,00            | 99,00            | Greece        | 6.247   |
| Rokas Aeoliki Thraki II SA         | 51,09            | 51,00            | Greece        | 5.875   |
| Rokas Aeoliki Thraki III SA        | 98,97            | 98,97            | Greece        | 60  |
| Rokas Aeoliki Komito SA            | 99,99            | 98,97            | Greece        | 6.880   |
| Rokas Aeoliki Thessalia I SA       | 98,97            | 98,97            | Greece        | 60  |
| Rokas Aeoliki Thessalia II SA      | 98,97            | 98,97            | Greece        | 60  |
| Rokas Aeoliki Viotia SA            | 98,97            | 98,97            | Greece        | 60  |
| Rokas Aeoliki Achladotopos SA      | 98,97            | 98,97            | Greece        | 60  |
| Rokas Energy SA                    | 99,11            | 99,11            | Greece        | 60  |
| Rokas Aeolos Ltd                   | 100,00           | 100,00           | Greece        | 51  |
| Rokas Aeoliki Vorios Ellas I Ltd   | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Vorios Ellas II Ltd  | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Kozani I Ltd         | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Kozani II Ltd        | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Macedonia I Ltd      | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Macedonia II Ltd     | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Macedonia III Ltd    | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Macedonia IV Ltd     | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Peloponnisos I Ltd   | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Peloponnisos II Ltd  | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Peloponnisos III Ltd | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Peloponnisos IV Ltd  | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Sterea Ellas I Ltd   | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Sterea Ellas II Ltd  | 98,00            | 98,00            | Greece        | 18  |
| Rokas Aeoliki Cyprus Ltd           | 75,00            | 70,00            | Cyprus        | -   |
| Hellenic Fish SA                   | 90,39            | 90,39            | Greece        | -   |
| Rokas Logistics SA                 | 98,00            | -                | Greece        | 294   |
| Rokas Hydroelectric I Ltd          | 98,00            | -                | Greece        | 18  |
| Rokas Hydroelectric II Ltd         | 98,00            | -                | Greece        | 18  |
|                                    |                  |                  |               | <b>65.237</b>                                   |

During 2006 the Company participated with €3.951 thousands in share capital increases of subsidiaries.



(All amounts in € thousands unless otherwise stated in text)

## 23. Related party transactions

### *(a) Main shareholder*

The main shareholder of the Company is IBERDROLA ENERGIAS RENOVABLES SA (subsidiary of the Spanish Group IBERDROLA SA), which, as at 31 December 2006, held 49,9% of the common share capital of the Company. Mr. C. Rokas held 6,5% and Mr. G. Rokas held 3,4%. The rest of the shares are widely held by individual investors.

### *(b) Transactions and balances with related parties and key management*

|   | <b>Year ended</b><br><b>31 December 2006</b> | <b>Year ended</b><br><b>31 December 2005</b> |
|---|--|--|
| Sales of goods and services                 | 6.812  | 9.774  |
| Purchases of goods and services             | -  | -  |
| Receivables                                 | 3.708  | 2.204  |
| Liabilities                                 | -  | -  |
| Salaries and benefits of the key management | 1.359  | 963  |
| Receivables from key management             | -  | -  |
| Liabilities to key management               | -  | -  |

## 24. Post balance sheet events

There are no post balance sheet events which could have material adverse effects on the financial position of the Company.