

## **C. CARDASSILARIS & SONS "CARDICO"**



**ΚΩΝ. ΚΑΡΔΑΣΣΙΑΡΗΣ & ΥΙΟΙ ΑΕΒΕ**

### **Interim Financial Statements for the period ended 30 June 2006**

It is confirmed that the attached Financial Statements are those approved by the Board of Directors of "CARDICO S.A." on 25/08/2006 and have been published with their posting on the internet, at the web page [www.cardico.gr](http://www.cardico.gr). It is noted that the published in the press brief financial data, aim at providing general financial information but do not provide a complete depiction of the Company's and Group's economic status and financial results, according to the International Accounting Standards. Also, it is noted that in order to simplify, the published in the press brief financial data include certain compressions and re-classifications of accounts.

Nikolaos C. Cardassilaris  
Chairman of the Board of Directors  
C. CARDASSILARIS & SONS – "CARDICO"

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## AUDITOR'S REPORT

### To the Shareholders of "CARDASILARIS & SONS A.E.B.E."

We have reviewed the accompanying interim financial statements of Kon. Cardasilaris & Sons S.A., as of and for the six-month period ended 30 June 2006.

These interim financial statements are the responsibility of the Company's management. We conducted our review in accordance with the Greek Review Standard, which is based on the International Standard on Review Engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view (or are not presented fairly, in all material respects) in accordance with the International Financial Reporting Standards that have been adopted by the European Union. (IAS 34- Interim Financial Statements).

Athens, 29 August 2006

The Chartered Accountant

SOTIRIS A. CONSTANTINOU

A.M. S.O.E.L. 13671

Grant Thornton 

Vassileos Konstantinou 44

116 35 Athens

A.M. S.O.E.L. 127



KON. KAPAZIAAPHE & YIOLAEBE

## INCOME STATEMENTS

		GROUP				COMPANY			
		1/1 - 30/06/2006	1/4 - 30/6/2006	1/1 - 30/06/2005	1/4-30/06/2005	1/1 - 30/06/2006	1/4 - 30/6/2006	1/1 - 30/06/2005	1/4-30/06/2005
<b>Sales</b>		<b>86.930.089</b>	<b>40.851.785</b>	<b>110.264.943</b>	<b>58.522.007</b>	<b>27.395.229</b>	<b>12.857.240</b>	<b>32.135.498</b>	<b>15.868.450</b>
Cost of goods sold	6.19	(84.972.779)	(41.358.853)	(92.954.810)	(49.363.729)	(24.758.260)	(11.440.996)	(25.363.847)	(12.447.956)
<b>Gross Profit</b>		<b>1.957.310</b>	<b>(507.068)</b>	<b>17.310.133</b>	<b>9.158.278</b>	<b>2.636.969</b>	<b>1.416.245</b>	<b>6.771.651</b>	<b>3.420.494</b>
Other operating income	6.21	2.226.945	920.055	1.114.194	289.068	1.943.106	636.758	521.711	346.805
Administration expenses	6.20	(2.465.002)	(1.172.668)	(2.995.124)	(1.858.491)	(877.012)	(411.985)	(934.579)	(609.631)
Distribution expenses	6.20	(3.729.970)	(1.949.803)	(2.774.785)	(1.478.106)	(1.314.630)	(694.256)	(1.317.082)	(750.100)
Other operating expenses	6.21	(1.016.474)	(291.659)	(674.005)	(525.631)	(902.571)	(253.755)	(654.003)	(555.559)
<b>Results Before Taxes Financing and Investments Results</b>		<b>(3.027.192)</b>	<b>(3.001.143)</b>	<b>11.980.413</b>	<b>5.585.118</b>	<b>1.485.862</b>	<b>693.006</b>	<b>4.387.697</b>	<b>1.852.009</b>
Financial Income	6.22	1.108.020	512.085	552.798	389.928	3.865.179	341.469	2.371.197	208.327
Financial Expenses	6.22	(2.094.888)	(1.623.374)	(3.336.040)	(2.416.857)	(1.632.011)	(1.345.262)	(2.390.835)	(1.889.981)
Profit / Loss from affiliated companies		(39.450)	(402)	0	0				
<b>Earnings before taxes</b>		<b>(4.053.510)</b>	<b>(4.112.833)</b>	<b>9.197.171</b>	<b>3.558.189</b>	<b>3.719.030</b>	<b>(310.787)</b>	<b>4.368.059</b>	<b>170.354</b>
Income tax	6.23	1.159.371	1.502.497	(4.719.106)	(2.796.941)	(591.719)	(235.486)	(2.157.437)	(1.427.862)
<b>Earnings after taxes</b>		<b>(2.894.139)</b>	<b>(2.610.336)</b>	<b>4.478.065</b>	<b>761.248</b>	<b>3.127.311</b>	<b>(546.273)</b>	<b>2.210.622</b>	<b>(1.257.507)</b>
<b>Allocated to :</b>									
The parent's shareholders		(3.224.235)	(2.893.003)	4.378.096	878.439				
Minority interest		330.095	282.667	99.969	(117.192)				
<b>Basic Earnings per share</b>	6.24	<b>(0,15)</b>	<b>(0,13)</b>	<b>0,21</b>	<b>0,04</b>	<b>0,14</b>	<b>(0,03)</b>	<b>(0,06)</b>	<b>(0,06)</b>
		<b>Brief results for the period</b>							
Earnings Before Taxes Financing and Investments Results, Depreciations and Amortizations		(2.267.561)	(2.604.234)	12.622.311	5.893.540	2.003.881	950.624	4.855.826	2.088.708
Earnings Before Taxes Financing and Investments Results		(3.027.192)	(3.001.143)	11.980.413	5.585.118	1.485.862	693.006	4.387.697	1.852.010
Earnings before taxes		(4.053.510)	(4.112.833)	9.197.171	3.558.189	3.719.030	(310.787)	4.368.059	170.355
Earnings after taxes		(2.894.139)	(2.610.336)	4.478.065	761.247	3.127.311	(546.273)	2.210.622	(1.257.507)



KON. KAPAZIAAPHE & VIOLAEBE

## Balance Sheet

### CARDICO S.A - GROUP OF COMPANIES

ASSETS	Note	GROUP		COMPANY	
		30/6/2006	31/12/2005	30/6/2006	31/12/2005
<b>Non – current assets</b>					
Tangible Assets	6.1	46.284.226	46.109.283	39.700.139	39.736.492
Goodwill	6.2	882.310	946.621	254.794	290.982
Investments in Subsidiary Companies	6.3	0	0	54.637.002	15.395.424
Investments in Associate Companies	6.3	1.736.548	5.899.841	1.940.303	45.305.725
Differed tax receivables	6.4	0	96.464	0	0
Other Long – term receivables	6.5	337.770	315.304	47.669	47.669
		<b>49.240.853</b>	<b>53.367.513</b>	<b>96.579.907</b>	<b>100.776.292</b>
<b>Current assets</b>					
Inventories	6.6	24.875.733	24.974.647	10.349.322	7.767.867
Customers and other Trade Receivables	6.7	34.392.915	32.765.476	20.294.118	17.367.175
Financial assets available for sale	6.10	118.759	8.427	118.759	8.427
Subsidiary companies receivables	6.3	347.081	264.787	4.347.081	1.264.787
Other Receivables	6.8	13.452.769	8.793.525	8.935.557	8.039.175
Other Current Assets	6.9	652.917	4.488.307	369.326	4.283.152
Cash and cash equivalents	6.11	3.539.561	3.261.732	1.390.740	1.332.456
		<b>77.379.735</b>	<b>74.556.901</b>	<b>45.804.903</b>	<b>40.063.039</b>
<b>Total Assets</b>		<b>126.620.588</b>	<b>127.924.414</b>	<b>142.384.810</b>	<b>140.839.331</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity</b>					
Share capital	6.12	6.576.171	6.576.171	6.576.171	6.576.171
Share premium reserves	6.12	887.366	887.366	887.366	887.366
Fair value reserves	6.12	4.970.054	4.970.054	32.706.752	32.706.752
Other reserves	6.12	11.877.211	6.880.494	9.841.345	6.072.929
Retained earnings		(7.668.626)	(1.229.923)	572.826	(772.229)
<b>Total assets classified as held for sale</b>		<b>16.642.176</b>	<b>18.084.163</b>	<b>50.584.460</b>	<b>45.470.988</b>
Minority interest		2.163.252	1.904.308		
Exchange differences from conversion of subsidiaries abroad		(74.055)	102.815		
<b>Total equity</b>		<b>18.731.373</b>	<b>20.091.285</b>	<b>50.584.460</b>	<b>45.470.988</b>
<b>Long – term liabilities</b>					
Long – term bank liabilities	6.13	19.782.623	20.399.592	18.200.000	18.939.037
Deferred tax liabilities	6.4	650.860	0	11.557.639	11.017.912
Liabilities for pension plans	6.14	440.146	450.346	169.127	169.127
Other long – term liabilities	6.15	7.453.240	7.557.059	6.206.038	6.337.367
<b>Total long – term liabilities</b>		<b>28.326.870</b>	<b>28.406.998</b>	<b>36.132.804</b>	<b>36.463.443</b>
<b>Short – term liabilities</b>					
Suppliers and related liabilities	6.16	14.034.320	20.798.412	7.509.296	16.274.998
Current tax liabilities	6.17	575.966	1.286.081	427.730	635.105
Short – term bank liabilities	6.13	56.790.675	49.468.177	41.291.610	35.591.980
Long – term liabilities payable in the next period	6.13	5,527.414	5,525.414	5,300.000	5,300.000
Other short – term liabilities	6.18	2.633.970	2.348.046	1.138.911	1.102.817
<b>Total Short – term Liabilities</b>		<b>79.562.346</b>	<b>79.426.131</b>	<b>55.667.547</b>	<b>58.904.900</b>
<b>Total Liabilities</b>		<b>107.889.215</b>	<b>107.833.129</b>	<b>91.800.350</b>	<b>95.368.343</b>
<b>Total Equity &amp; Liabilities</b>		<b>126.620.588</b>	<b>127.924.414</b>	<b>142.384.810</b>	<b>140.839.331</b>



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## Consolidated Statement of changes in equity

### Consolidated statement of changes in equity

	Attribute to the parent's shareholders						Total	Minority interest	exchange differences from conversion of	Total
	Share capital	Share premium	Legal reserve	Fair value reserves	Other reserves	Retained earnings				
<b>Balance as at January 1<sup>st</sup> 2005 according to IFRS</b>	6.652.140	887.366	1.237.401	3.871.608	5.484.964	-7.393.877	10.739.601	1.750.711	-292.469	12.197.843
Reserve from fixed assets revaluation for 2005				1.005.967			1.005.967			1.005.967
Change in reserves due to allocation to shareholders						-1.042.169	-1.042.169			-1.042.169
Change in reserves			153		1.201.067	-3.201.066	-1.999.846			-1.999.846
Purchase of own shares					-540.729		-540.729			-540.729
Net results for the period 01/01-30/6/2005						4.378.096	4.378.096	99.969		4.478.065
Change in exchange differences from conversion of subsidiaries abroad						39.133	39.133		228.307	267.439
Other adjustments						-61.663	-61.663			-61.663
Change in minority interest							0	75.213		75.213
<b>Total recognized Profit /loss for the Period</b>	0	0	153	1.005.967	660.338	112.331	1.778.790	175.182	228.307	2.182.278
<b>Balance of Equity as at June 30<sup>th</sup> 2005</b>	<b>6.652.140</b>	<b>887.366</b>	<b>1.237.554</b>	<b>4.877.575</b>	<b>6.145.302</b>	<b>-7.281.547</b>	<b>12.518.391</b>	<b>1.925.892</b>	<b>-64.163</b>	<b>14.380.121</b>
<b>Balance as at January 1<sup>st</sup> 2006, according to previous accounting principles</b>	6.576.171	887.366	1.237.401	4.970.054	5.643.094	-1.229.923	18.084.163	1.904.307	102.815	20.091.285
Other adjustments						-204.213	-204.213			-204.213
Change in exchange differences from conversion of subsidiaries abroad							0	-71.151	-176.870	-248.021
Transfer of dividends from capital & reserves to a creditors' account						-1.753.646	-1.753.646			-1.753.646
Change from purchase/sale of own shares					3.740.106		3.740.106			3.740.106
Transfer from retained earnings to reserve			28.610		1.228.000	-1.256.610	0			0
Net results for the period 01/01-30/6/2006						-3.224.235	-3.224.235	330.095		-2.894.139
Change in minority interest							0			0
<b>Total Recognized Profit / loss for the Period</b>	0	0	28.610	0	4.968.106	-6.438.703	-1.441.987	258.944	-176.870	-1.359.912
<b>Balance of Equity as at June 30<sup>th</sup> 2006</b>	<b>6.576.171</b>	<b>887.366</b>	<b>1.266.011</b>	<b>4.970.054</b>	<b>10.611.200</b>	<b>-7.668.626</b>	<b>16.642.176</b>	<b>2.163.252</b>	<b>-74.055</b>	<b>18.731.373</b>



ΚΩΝ. ΚΑΡΔΑΜΙΑΝΗΣ & ΥΙΟΙ ΑΕΒΕ

## Statement of changes in the Parents Company's Equity

	Share Capital	Share premium	Legal reserve	Reserve from fixed assets revaluation	Attribute to the parent's shareholders Reserve of affiliated companies revaluation	Other reserves	Retained earnings	Total
<b>Balance as at January 1<sup>st</sup> 2005 according to IFRS</b>	6.652.140	887.366	1.218.082	3.749.851	26.788.748	4.942.717	(6.069.319)	<b>38.169.585</b>
Transfer of dividends from capital & reserves to a creditors' account							(1.042.169)	(1.042.169)
Purchase of own shares						(541.029)		(541.029)
Other adjustments							(4.321)	(4.321)
Revaluation of fixed assets				1.005.967				1.005.967
Net results for the period 01/01-30/6/2005	-	-	-	-	-	-	2.210.622	2.210.622
<b>Total recognized Profit /loss for the Period</b>	-	-	-	1.005.967-	-	(541.029-)	1.164.133-	1.629.071
<b>Balance of Equity as at June 30th 2005</b>	<b>6.652.140</b>	<b>887.366</b>	<b>1.218.082</b>	<b>4.755.817</b>	<b>26.788.748</b>	<b>4.401.688</b>	<b>(4.905.186)</b>	<b>39.798.656</b>
<b>Balance as at January 1<sup>st</sup> 2006 according to IFRS</b>	6.576.171	887.366	1.218.082	4.844.116	27.862.636	4.854.846	(772.229)	<b>45.470.988</b>
Transfer of dividends from capital & reserves to a creditors' account							(1.753.646)	(1.753.646)
Legal reserve			28.610				(28.610)	0
Change in reserves for the period								0
Change from purchase/sale of own shares						3.739.806		3.739.806
Net results for the period 01/01-30/6/2006							3.127.311	3.127.311
<b>Total recognized Profit /loss for the Period</b>	0	0	28.610	0	0	3.739.806	1.345.055	5.113.472
<b>Balance of Equity as at June 30th 2006</b>	<b>6.576.171</b>	<b>887.366</b>	<b>1.246.692</b>	<b>4.844.116</b>	<b>27.862.636</b>	<b>8.594.653</b>	<b>572.826</b>	<b>50.584.460</b>



ΚΩΝ. ΚΑΡΑΑΖΙΔΑΚΗΣ & ΥΙΟΙ ΑΕΒΕ

## Cash flow statement

### Cash Flow Statement

	GROUP period		COMPANY period	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
<b>Cash flows from operating activities</b>				
Earnings for the period before taxes	-4.053.510	9.197.171	3.719.030	4.368.059
Plus / less adjustments for :	0	0	0	0
Depreciations for the period	759.631	641.898	518.019	468.129
Provisions	-25.100	410.766	0	300.000
Exchange difference	366.937	5.668	401.144	0
Results (revenues, expenses, earnings and losses) from investment activities	14.068	-175.431	0	0
- Loss from acquisition of tangible assets	0	-72.657	0	-85.927
- Grants of tangible assets	-61.108	-30.181	-61.108	-25.677
Interest payable and similar charges	-2.006.894	813.231	-2.233.168	259.246
<b>Plus / less adjustments for changes of working capital or similar with operating activities</b>				
Reduction /(increase) of inventories	96.915	-8.365.907	-2.581.455	-923.301
Reduction /(increase) of receivables	-3.277.443	-552.246	-6.905.618	-3.589.592
Reduction /(increase) of prepayments	3.915.463	-238.293	3.913.826	-249.592
Reduction /(increase) of short – term liabilities (except for banks and taxes)	-4.033.325	-1.126.198	-8.894.081	-2.307.242
Reduction /(increase) of liabilities from taxes	-16.933	1.268.823	0	1.088.925
Reduction /(increase) of accruals and deferred income accounts (receive payment for grant)	-53.673	36.697	-58.403	-15.874
Less :				
Interest payable /interest receivable	-1.798.660	-2.774.387	-1.598.786	-2.317.814
Income tax /Tax differences / Other not charged to the operating cost taxes	-1.951.008	-3.329.265	-51.992	-801.142
Total of inputs /(outputs) form operating activities	<b>-12.124.641</b>	<b>-4.290.311</b>	<b>-13.832.593</b>	<b>-3.831.803</b>
<b>Cash flows from investment activities</b>				
Acquisition of subsidiaries, affiliated companies, joint ventures and other investments	8.148.357	-79.500	8.148.357	-79.500
Purchase of tangible and intangible fixed assets	-883.891	-382.576	-445.478	-197.283
Amounts collected from sales tangible and intangible assets	1.882	4.661	0	0
Increase in other long term receivables	-23.000	-5.929	0	0
Interest collected	33.771	43.070	33.771	43.070
Dividends collected	2.000	15.498	3.002.000	2.015.498
Total inflows / (outflows) from investing activities (b)	<b>7.279.119</b>	<b>-404.776</b>	<b>10.738.650</b>	<b>1.781.785</b>
<b>Cash flows from financing activities</b>				
Amounts collected from increase in share capital	0	0	0	0
Amounts collected from loans received	7.821.474	6.169.654	5.699.630	3.619.941
Loan payments	-1.113.946	0	-739.037	0
Settlement (payment) of liabilities from leasing	169.467	-58.750	-54.720	-39.039
Dividends paid	-1.753.646	-863	-1.753.646	-863
Total inflows / (outflows) from financing activities ©	<b>5.123.350</b>	<b>6.110.041</b>	<b>3.152.228</b>	<b>3.580.039</b>
<b>Net increase /(decrease) in cash and cash equivalent in the period (a) + (b) + (c)</b>	<b>277.829</b>	<b>1.414.955</b>	<b>58.284</b>	<b>1.530.021</b>
<b>Opening balance of cash and cash equivalents</b>	<b>3.261.732</b>	<b>4.359.284</b>	<b>1.332.456</b>	<b>1.517.950</b>
<b>Closing balance of cash and cash equivalents</b>	<b>3.539.561</b>	<b>5.774.239</b>	<b>1.390.740</b>	<b>3.047.972</b>



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## **1. Information on the group**

### **1.1 General Information**

The company C. CARDASSILARIS & SONS – CARDICO S.A. is a societe anonyme and constitutes the group's parent company. It was established with its present legal status on 30.01.1980 after the merge of the companies C. N. CARDASSILARIS & SON and C. CARDASSILARIS & SONS S.A. (FEK issue S.A. and L.T.D. 33/05.01.1980). The company is registered in the Records of Societe Anonyme, number 3760/06/β/86/05.

The company's duration has been set at fifty years and ends on 05.01.2031 according to article 2 in its statutes.

The Group's headquarters are located in Athens, on Karageorgi Servias 2 street (Syntagma Square), Zip Code 105 62. The company's administrative, commercial and productive activities take place to the company's factory, which operates as branch at the 2<sup>nd</sup> kilometer of regional Road Inois – Sximatariou, prefecture Viotia and supervised from D.O.Y. Thevon.

The financial statements for the period ending on June 30<sup>th</sup> 2006 (including the comparative data for the period ending on June 30<sup>th</sup> 2005 as well as for the period ended on December 31<sup>st</sup> 2005) were approved by the Board of Directors of the company CARDICO S.A. on August 25<sup>th</sup> 2006.

### **1.2 Nature of activities**

The company's activities are importing, exporting and processing nut products. It imports dried nuts mostly from the USA, Turkey, Iran, Moldavia, and Argentina and it exports its products to 26 countries, mostly Italy, France, Eastern Europe and Germany.

The company supplies industries producing chocolate and pastries, wholesalers of dried nuts, units processing dried nuts, super market chains and big stores selling in retail dried nuts.

Additionally the company elaborates and trades in pastry items.



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## 2. Basis for preparation of the financial statements

The consolidated financial statements of **Cardico S.A.** as of December 31<sup>st</sup>, 2005 (the date of transition is January 1<sup>st</sup>, 2004) covering the period up to December 31<sup>st</sup>, 2005 have been compiled based on the historic cost principle as this is amended by the readjustment of specific asset and liability items into market values, the going concern principle and are in accordance with the International Financial Reporting Standards (IFRS) that have been issued by the International Accounting Standards Board (IASB) and their interpretations that have been issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

The IASB has issued a series of standards that are referred to as the "IFRS Stable Platform 2005". The Group uses the IFRS Stable Platform 2005 from January 1<sup>st</sup>, 2005 onwards. The aforementioned standards are as follows:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 8	Net Profit or Loss, Basic Error and Changes in Accounting Estimates
IAS 10	Events After the Balance Sheet Date
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 16	Tangible Fixed Assets
IAS 17	Leases
IAS 18	Income
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Affiliated Party Disclosures
IAS 26	Accounting and Reporting of Retirement Benefit Plans
IAS 27	Consolidated Financial Statements and accounting of investments in subsidiaries



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IAS 28	Accounting of Investments in Associate Companies
IAS 29	Financial Statements in hyper-inflationary economies
IAS 30	Disclosures with financial statements of banks and similar financial institutions
IAS 31	Financial presentation of rights in joint-ventures
IAS 32	Financial Instruments: Disclosures and Presentation
IAS 33	Earnings Per Share
IAS 34	Interim Financial Statements
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Valuation
IAS 40	Investments in Property
IAS 41	Agriculture
IFRS 1	First-Time adoption of International Financial Reporting Standards
IFRS 2	Payments with net worth items
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 5	Non current assets held for sale and discontinued operations

The financial statements fall under IFRS 1 "First-Time adoption of IFRS" since they constitute the first financial statements, which are prepared and published on such a basis.

The policies mentioned below have been consistently applied throughout all the periods presented.

The compilation of financial statements according to the IFRS requires the use of estimates and judgments during the application of the Company's accounting principles. Important assumptions made by the management for the application of the company's accounting methods have been appropriately highlighted whenever this has been deemed necessary.

### 3. Basic accounting principles

The accounting principles according to which the attached financial statements are compiled and which the Group applies consistently are the following:

#### 3.1 New accounting principles and interpretations of IFRIC

The International Accounting Standards Board and the Interpretations Committee have already issued a series of new accounting standards and interpretation that are not included in the "IFRS Stable Platform 2005". The IFRS and IFRIC are mandatory for the accounting periods beginning from January 1<sup>st</sup> 2006. The Group's assessment regarding the effect of the aforementioned new standards and interpretations, is as follows:

**- IFRS 6. Exploration and evaluation of mineral resources**

It does not apply to the Group and thus will not affect its financial statements.

**- IFRIS 3. Rights for gas emission**

It does not apply to the Group and thus will not affect its financial statements.

**- IFRIS 4. Determination of whether a receivable includes a lease**

It does not apply to the Group and thus will not affect its financial statements.

**- IFRIC 5. Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds**

It does not apply to the Group and thus will not affect its financial statements.

#### 3.2 Segment reporting

A geographical segment is defined as a geographical region in which goods and services are provided and which is subject to different risks and returns than other regions.

A business segment is defined as a group of assets and activities that provide goods and services, that are subject to different risks and returns than other business segments.

The production, elaboration and trading of a massive variety of nut products is the main activities of the group. Geographically, the Group is active in the Greece, the Eurozone (mainly in France and U.K.) and Other Countries.

### 3.3 Consolidation

**Subsidiaries:** All the companies that are managed or controlled, directly or indirectly, by another company (parent) either through the holding of majority voting rights in the undertaking or through its dependence on the know-how provided from the Group. That is to say that subsidiaries are companies in which control is exercised by the parent. Cardico S.A. acquires and exercises control through voting rights. The existence of potential voting rights that are exercisable at the time the financial statements are compiled, is taken into account in order to determine whether the parent exercises control over the subsidiaries. Subsidiaries are consolidated completely (full consolidation) with the purchase method from the date that control over them is acquired and cease to be consolidated from the date that this control no longer exists.

The acquisition of a subsidiary by the Group is accounted for using the purchase method. The acquisition cost of a subsidiary is the fair value of the assets given as consideration, the shares issued and the liabilities undertaken on the date of the acquisition plus any costs directly associated with the transaction. The individual assets, liabilities and contingent liabilities that are acquired during a business combination are valued during the acquisition at their fair values regardless of the participation percentage. The acquisition cost over and above the fair value of the individual assets acquired is booked as goodwill. If the total cost of the acquisition is lower than the fair value of the individual assets acquired, the difference is immediately booked to the results.

Specifically as regards to business combinations that had taken place prior to the Group's transition date to the IFRS (January 1st, 2004) the exemption provided under IFRS 1 was used and the purchase method was not used retroactively. Based on this exemption the Company did not recalculate the acquisition cost of the subsidiaries that had been acquired prior to the date of transition to the IFRS, nor the fair value of the acquired assets and liabilities at the date of acquisition. Consequently, the goodwill recognized as at the transition date, was based on the IFRS 1 exemption, was calculated based on the prior accounting principles and was presented in the same way as the group's last published financial statements before the transition to IFRS.

Inter-company transactions, balances and unrealized profits from transactions between Group companies are written-off. Unrealized losses are also written-off except if the



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transaction provides indication of impairment of the transferred asset. The accounting principles of the subsidiaries have been amended so as to conform to the ones adopted by the Group.

**Associates:** Associates are companies on which the Group can exert significant influence but which do not fulfill the conditions to be classified as subsidiaries or joint ventures. The assumptions used by the group imply that a holding of between 20% and 50% of a company's voting rights suggests significant influence on the company. Investments in associates are initially recognized at cost and are subsequently valued using the equity method. At the end of each period, the cost increases by the proportion of the investing company in the changes in net worth of the company it invests in and decreases by the dividends received from the associate.

As regards to the acquisition goodwill, it decreases the participation value by burdening the period's results, when its value decreases.

The Group consolidated using the net equity method an affiliated company which was not consolidated in accordance with the previous accounting principles. The surplus value arisen was disclosed in the transitional balance sheet as surplus value in the assets of the consolidated balance sheet. In the subsequent financial statements its value will be reduced.

The Group's share in the profits or losses of associated companies after the acquisition is recognized in the income statement, while the share of changes in reserves after the acquisition is recognized in the reserves. The cumulated changes affect the book value of the investments in associated companies. When the Group's share in the losses of an associate is equal or larger than its participation in the associate, including any other doubtful debts, the Group does not recognize any further losses, unless it has covered liabilities or made payments on behalf of the associate or those that emerge from ownership.

### **3.4 Group Structure**

The structure of the Group on 30<sup>th</sup> June 2006 is as follows:

CONSOLIDATION METHOD AND PERCENTAGES		
CARDICO S.A.	PARENT	
ECHALIE S.A.	FULL CONSOLIDATION	100,00%
TESCO S.A.	FULL CONSOLIDATION	51,00%
XIFORFROUT S.A.	FULL CONSOLIDATION	57,69%
NUT COMPANY S.A.	FULL CONSOLIDATION	57,50%
SIFAKIS S.A.	FULL CONSOLIDATION	51,00%
SDOUKOS ANTONIOS S.A.	EQUITY CONSOLIDATION	24,92%

During the presented period the company's structure has not been changed.

### 3.5 Foreign currency conversion

The measurement of the items in the financial statements of the Group's companies is based on the currency of the primary economic environment in which the Group operates (operating currency). The consolidated financial statements are reported in euros, which is the operating currency and the reporting currency of the parent Company and all its subsidiaries.

Transactions in foreign currencies are converted to the operating currency using the rates in effect at the date of the transactions.

Profits and losses from foreign exchange differences that result from the settlement of such transactions during the period and from the conversion of monetary items denominated in foreign currency using the rate in effect at the balance sheet date are posted to the results.

The Group's foreign activities in foreign currency (which constitute an inseparable part of the parent's activities), are converted to the operating currency using the rates in effect at the date of the transaction, while the asset and liability items of foreign activities, including surplus value and fair value adjustments, that arise during the consolidation, are converted to euro using the exchange rates that are in effect as at the balance sheet date.

The individual financial statements of companies included in the consolidation, which initially are presented in a currency different than the Group's reporting currency, have been converted to euros. The asset and liability items have been converted to euros using the



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exchange rate at close of the balance sheet date. The income and expenses have been converted to the Group's reporting currency using the average rates during the aforementioned period. Any differences that arise from this process, have been debited / (credited) to the equity reserve for translation of subsidiaries' balance sheets in foreign currency.

### 3.6 Tangible assets

Fixed assets are reported in the financial statements at acquisition cost or deemed cost, as such was determined based on fair values as at the transition dates, less accumulated depreciations and any impairment suffered by the assets. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.

Subsequent expenditure is added to the carrying value of the tangible fixed assets or is booked as a separate fixed asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately measured. The repair and maintenance cost is booked in the results when such is realized.

Depreciation of tangible fixed assets (other than plots which are not depreciated) is calculated using the straight line method over their useful lives, as follows:

Land	9 – 50 years
Mechanical equipment	6 – 20 years
Vehicles	6 – 10 years
Other equipment	4 – 7 years

(\*) The new premises of the parent company have useful life 50 years.

The residual values and useful economic lives of tangible fixed assets are subject to reassessment at each balance sheet date. When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately booked as an expense in the results.

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value are booked as profit or loss to the results. Expenditure on repairs and maintenance is booked as an expense in the period it relates to.

Self-constructed tangible fixed assets constitute an addition to the acquisition cost of tangible assets at a value that includes the direct cost of employee's salaries (including the relevant employer's contributions), the cost of materials used and other general costs.

### 3.7 Intangible assets

The intangible assets include software programs, software licenses and the goodwill arose from the consolidation of an associate company.

**Software:** Software licenses are valued at their acquisition cost less any accumulated depreciations. Depreciations are conducted with the straight-line method over their useful lives, which ranges from 3 to 6 years.

**Goodwill:** The Group recorded in that account the surplus value arising from the consolidation of an affiliated company, based on the net equity method, which had not been included in the consolidated financial statements in compliance with the previous accounting principles. This surplus value will not be amortized but instead it will be examined on an annual basis for any reduction in its value, if there are facts providing indication for loss according to IAS 36.

Surplus value arisen from the acquisition of subsidiary companies in previous years which had been recorded according to the previous accounting principles as negative in consolidated capital and reserves continues to reduce capital and reserves (at results carried forward of the Group).

Any new surplus value arising in the future the company may, according to IFRS 3 – Companies consolidation, disclose it as an item in assets instead of an item reducing capital and reserves of the Group.

In general, surplus value is recorded as the difference between cost value and a fair value in assets and liabilities of a subsidiary / associated company as at the date of acquisition. The

company at the purchase date recognizes the surplus value arising from the purchase, as an item in assets and discloses it in cost. This cost is equal to the amount by which the consolidation cost exceeds the share of the company, in assets, liabilities and contingent liabilities of the acquired company.

Following the initial recognition the surplus value is evaluated at cost less accumulated losses due to the reduction in its value. Surplus value is not amortized but instead it is examined on an annual basis for any reduction in its value, if there are facts providing indication of a loss according to IAS 36.

If acquisition cost is lower than the company's share in the acquired company's capital and reserves, the former recalculates the acquisition cost, evaluates asset items, liabilities and contingent liabilities of the acquired company and records directly to profit and loss account any difference outstanding after the recalculation as profit.

### **3.8 Impairment of Assets**

Assets with an indefinite useful life are not depreciated and are subject to an impairment review annually and when some events suggest that the book value may not be recoverable any resulting difference is charged to the period's results. Assets that are depreciated are subject to an impairment review when there is evidence that their value will not be recoverable. The recoverable value is the greater of the net sales value and the value in use. An impairment loss is recognized by the company when the book value of these assets (or cash flow generating unit) is greater than its recoverable amount.

Net sales value is the amount received from the sale of an asset at an arm's length transaction in which participating parties have full knowledge and participate voluntarily, after deducting any additional direct cost for the sale of the asset, while value in use is the present value of estimated future cash flows that are expected to flow into the company from the use of the asset and from its disposal at the end of its estimated useful life.

### **3.9 Financial instruments**



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Financial instrument is any contract that creates a financial asset in an enterprise and a financial liability or equity instrument in another.

The financial instruments of the Group are classified in the following categories according to the substance of the contract and the purpose for which they were purchased.

#### **i) Financial instruments valued at fair value through the income statement**

These comprise financial assets that held for trading purposes.

Upon initial recognition it is designated by the company as an instrument valued at fair value, with any changes recognized through the Income Statement.

#### **ii) Loans and receivables**

They include non-derivative financial assets with fixed or predefined payments which are not traded in active markets. The following are not included in this category (loans and receivables):

- a) Receivables from down payments for the purchase of goods or services,
- b) receivables relating to tax transactions, which have been legislatively imposed by the state,
- c) any receivable not covered by a contract which gives the company the right to receive cash or other financial fixed assets.

Loans and receivables are included in current assets, except those with a maturity date that is farther than 12 months from the balance sheet date. The latter are included in the non-current assets.

#### **iii) Investments held to maturity**

These include non derivative financial assets with fixed or defined payments and specific maturity and which the Group intends to hold until their maturity.

#### **iv) Financial assets available for sale**

These include non derivative financial assets that are either designated as such or cannot be included in any of the previous categories.



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Following, the financial assets available for sale are valued at fair value and the relevant profit or loss is booked in equity reserves until such assets are sold or characterized as impaired.

During the sale, or when they are characterized as impaired, the profit or loss is transferred to the results. Impairment losses that have been booked to the results are not reversed through the results.

The purchases and sales of investments are recognized during the transaction date, which is also the date the Group commits to purchase or sell the item. Investments are initially recognized at fair value plus the directly related to the transaction costs. The costs directly related to the transaction is not added for items that are valued at fair value with changes in the results. Investments are written-off when the right on cash flows from investments mature or is transferred and the Group has essentially transferred all the risks and rewards implied by the ownership.

The loans and receivables are recognized in the net book value based on the real interest rate method.

The realized and unrealized profit or losses that arise from changes in the fair value of financial assets valued at fair value with changes in the results, are recognized in the results of the period they result in.

The fair values of financial assets that are traded in active markets, are defined by the current ask prices. For non-traded assets, fair values are defined with the use of valuation techniques such as analysis of recent transactions, comparative items that are traded and discounted cash flows. The securities that are not traded in an active market that have been classified in the category Financial assets available for sale, and whose fair value cannot be determined with credibility, are valued at their acquisition cost.

At each balance sheet date the Group assess whether there are objective indications that lead to the conclusion that financial assets have been impaired. For company shares that have been classified as financial assets available for sale, such an indication consists of a significant or extended decline in the fair value compared to the acquisition cost. If impairment is established, the accumulated loss in equity, which is the difference between acquisition cost and fair value, is transferred to the results.

### **3.10 Inventories**

At the balance sheet date, inventories are valued at the lower of acquisition cost and net realizable value. Net realizable value is the estimated sales price during the normal course of the company's business less any relevant sales expenses. The cost of inventories does not include financial expenses.

### **3.11 Trade receivables**

Receivables from customers are initially booked at their fair value and are subsequently valued at their net book cost using the method of the effective interest rate, less the provision for impairment. In the event that the net book value or the cost of a financial asset exceeds the present value, then this asset is valued at its recoverable amount, i.e. at the present value of the future cash flows of the asset, which is calculated using the real initial interest rate.

The relevant loss is immediately transferred to the period's results. The impairment losses, i.e. when there is objective evidence that the Group is unable to collect all the amounts owed based on the contractual terms, are recognized in the income statement.

### **3.12 Cash and cash equivalents**

Cash and cash equivalents include cash in the bank and in hand as well as short term highly liquid investments such as money market products and bank deposits. Money market products are financial assets which are valued at fair value through the profit and loss account.

### **3.13 Non-current assets classified as held for sale**

The assets available for sale also include other assets (including Goodwill) and tangible fixed assets that the Group intends to sell within one year from the date such are classified as "Held for sale".

The assets classified as "Held for sale" are valued at the lowest value between their book value immediately prior to their classification as available for sale, and their fair value less the sale cost. Assets classified as "Held for sale" are not subject to depreciation. The profit or loss that results from the sale and reassessment of assets "Held for sale" is included in "other income" and "other expenses" respectively, in the income statement.

### **3.14 Own shares**

After the acquisition of own shares, the amount paid, including any relevant expenses, is disclosed reducing capital and reserves.

### **3.15 Income tax & deferred tax**

The period charge for income tax comprises current tax and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but have been assessed by the tax authorities in different periods. Income tax is recognized in the income statement of the period, except for the tax relating to transactions that have been booked directly to equity, in which case it is, accordingly, booked directly to equity.

Current income taxes include the short-term liabilities or receivables from the fiscal authorities that relate to taxes payable on the taxable income of the period and any additional income taxes from previous periods (tax audit differences).

Current taxes are measured according to the tax rates and tax laws in effect during the financial years to which they relate, based on the taxable profit for the year. All changes to the short-term tax assets or liabilities are recognized as part of the tax expense in the income statement.

Deferred income tax is determined according to the liability method which results from the temporary differences between the book value and the tax base of assets or liabilities. Deferred tax is not booked if it results from the initial recognition of an asset or liability in a transaction, except for a business combination, which when it occurred did not affect neither the accounting nor the tax profit or loss.

Deferred tax assets and liabilities are valued based on the tax rates that are expected to be in effect during the period in which the asset or liability will be settled, taking into consideration the tax rates (and tax laws) that have been put into effect or are essentially in effect up until the balance sheet date. In the event where it is impossible to identify the timing of the reversal of the temporary differences, the tax rate in effect on the day after the balance sheet date is used.

Deferred tax assets are recognized to the extent that there will be a future tax profit to be set against the temporary difference that creates the deferred tax asset.

Deferred income tax is recognized for the temporary differences that result from investments in subsidiaries and associates, except for the case where the reversal of the temporary differences is controlled by the Group and it is possible that the temporary differences will not be reversed in the foreseeable future.

Most changes in the deferred tax assets or liabilities are recognized as part of the tax expense in the income statement. Only changes in assets or liabilities that affect the temporary differences are recognized directly in the equity of the Group, such as the revaluation of property value, that results in the relevant change in deferred tax assets or liabilities being charged against the relevant equity account.

### **3.16 Employee benefits**

**Short-term benefits:** Short-term employee benefits (except post-employment benefits) monetary and in kind are recognized as an expense when they accrue. The company officially or unofficially does not implement any special plan for benefits to its employees. The only plan implement is the conventional obligation (based on Greek law 2112/20) to provide a lump sum. For the above amount the company makes a provision when considered necessary according to an actuarial study.

### **3.17 Grants**

The Group recognizes the government grants that cumulatively satisfy the following criteria:

- a) There is reasonable certainty that the company has complied or will comply to the conditions of the grant and
- b) it is probable that the amount of the grant will be received. They are booked at fair value and are systematically recognized as revenue according to the principle of matching the grants with the corresponding costs that they are subsidizing.

Grants that relate to assets are included in long-term liabilities as deferred income and are recognized systematically and rationally as revenue over the useful life of the fixed asset.

### 3.18 Provisions

Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, their settlement through an outflow of resources is probable and the exact amount of the obligation can be reliably estimated. Provisions are reviewed during the date when each balance sheet is compiled so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability that there will be an outflow of resources that embody economic benefits is very small. Contingent claims are not recognized in the financial statements but are disclosed provided that the inflow of economic benefits is probable.

### 3.19 Recognition of income and expenses

**Income:** Income includes the fair value of goods and services sold, net of Value Added Tax, discounts and returns. Intercompany revenue within the Group is eliminated completely. The recognition of revenue is done as follows:

- **Sale of goods:** Sales of goods are recognized when the Group transfers goods to customers, the goods are accepted by them and the collection of the resulting claim is reasonably assured.
- **Provision of services:** Income from the provision of services is accounted for in the period during which the services are rendered, based on the stage of completion of the service rendered in relation to the total services to be rendered.
- **Income Interest:** Interest income is recognized on a time proportion basis using the effective interest rate. When there is impairment of assets, their book value is

reduced to their recoverable amount which is the present value of the expected future cash flows discounted using the initial real interest rate. Interest is then booked using the same interest rate calculated on the impaired (new book) value.

- **Dividends:** Dividends are accounted for as revenue when the right to receive payment is established.
- **Compensations:** Compensations are accounted as revenue when the right to receive payment is established.
- **Profits of assets disposal:** These profits (i.e. profits from the disposal of tangible assets), are recorded as revenue when the right to receive payment is established.

**Expenses:** Expenses are recognized in the results on an accrued basis. The payments made for operating leases are transferred to the results as an expense, during the time the lease is used. Interest expenses are recognized on an accrued basis.

### 3.20 Leases

**Group company as Lessee:** Leases of fixed assets with which all the risks and benefits related with ownership of an asset are transferred to the Group, regardless of whether the title of ownership of the asset is eventually transferred or not, are finance leases.

These leases are capitalized at the inception of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments. Each lease payment is apportioned between the reduction of the liability and the finance charge so that a fixed interest rate on the remaining financial liability is achieved. The relevant liabilities from leases, net of finance charges, are reported as liabilities. The part of the finance charge that relates to finance leases is recognized in the income statement during the term of the lease. Fixed assets acquired through finance leases are depreciated over the shorter of their useful lives and the lease term.

Lease agreements where the lessor transfers the right of use of an asset for an agreed period of time, without transferring, however, the risks and rewards of ownership of the fixed asset are classified as operating leases. Payments made with respect to operating leases (net of any incentives offered by the lessor) are recognised in the income statement proportionately throughout the term of the lease.

### 3.21 Dividend distribution



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The distribution of dividends to the shareholders of the parent company is recognized as a liability in the consolidated financial statements at the date on which the distribution is approved by the General Meeting of the shareholders.

## **4. Business Risk Management**

### **Financial Risk Factors**

Group is exposed to risks that emerge from changes in foreign exchange rates, interest rates as well as to credit risks and liquidity risks.

### **Market Risk**

#### *Foreign Exchange Risk*

The Group operates worldwide and therefore it is exposed to an foreign exchange risk. This risk mostly derives from future transactions, receivables and payables in foreign currency and net investments in companies abroad.

#### *Price risk*

The Group is exposed to the risk arising due to changes in the value of raw material and merchandise and to changes in the value of shares held for trading or selling.

### **Credit Risk**

The Group does not have a significant credit risk. Wholesales are mostly made to clients with a reliable credit record.

The company's client list is quite wide given that it includes 550 different clients. Key clients of the company are the following:

- Big Super Market chains
- Commercial business for wholesale or retail sale of dried nuts
- Chocolate and pastry industrial units
- Units processing dried nuts



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## Liquidity Risk

Liquidity risk is kept at normal levels with sufficient cash available and credit limits.

## 5. Financial information by sector

### Primary information sector – Geographic segments

The Group is active in seven geographic segments: Greece – France – Other countries

The results for each segment are analyzed as follows:

1/1 - 30/6/2005

	GREECE	FRANCE	OTHERS	TOTAL	INTER – COMPANY ELIMINATIONS	CONSOLIDATED BALANCE
Sales	35.436.290	61.075.036	21.389.598	117.900.924	7.635.980	110.264.943
Cost of goods sold	28.003.763	52.208.110	20.378.917	100.590.790		92.954.810
<b>Gross Profit</b>	<b>7.432.527</b>	<b>8.866.926</b>	<b>1.010.680</b>	<b>17.310.133</b>	7.635.980	<b>17.310.133</b>
Other operating income	521.758	592.436		1.114.194		1.114.194
Administration expenses	1.193.541	1.373.350	428.233	2.995.124		2.995.124
R&D expenses	0	0		0		0
Distribution expenses	1.828.077	946.708		2.774.785		2.774.785
Other operating expenses	667.466	6.539		674.005		674.005
<b>Operating Results</b>	<b>4.265.201</b>	<b>7.132.765</b>	<b>582.447</b>	<b>11.980.413</b>		<b>11.980.413</b>
<b>Depreciations not charged to operating costs</b>						
Financial Income	2.371.197	181.601		2.552.798	2.000.000	552.798
Financial Expenses	2.543.341	695.287	97.412	3.336.040		3.336.040
<b>Earnings before taxes</b>	<b>4.093.057</b>	<b>6.619.079</b>	<b>485.035</b>	<b>11.197.171</b>		<b>9.197.171</b>
<b>Reserves for appropriation</b>	1.689.849					
Tax Expense	-2.403.208	-2.356.000		-4.719.106		-4.719.106
<b>Earnings after tax</b>	<b>1.689.849</b>	<b>4.303.181</b>	<b>485.035</b>	<b>6.478.065</b>		<b>4.478.065</b>
<b>Net earnings</b>	<b>1.689.849</b>	<b>4.303.181</b>	<b>485.035</b>	<b>6.478.065</b>		<b>4.478.065</b>
Minority Interests	-233.339	0	237.667	4.328	95.641	99.969
<b>Net earnings for the period</b>	<b>1.783.125</b>	<b>4.303.181</b>	<b>247.368</b>	<b>6.473.737</b>		<b>4.378.096</b>



ΚΩΝ. ΚΑΡΑΛΙΑΠΗ & ΥΙΟΙ ΑΕΒΕ

1/1 - 30/6/2006

	GREECE	FRANCE	OTHERS	TOTAL	INTER – COMPANY ELIMINATIONS	CONSOLIDATED BALANCE
Sales	31.901.355	46.488.000	15.301.509	93.690.864	6.760.775	86.930.089
Cost of goods sold	28.505.022	49.571.000	13.657.532	91.733.554	6.760.775	84.972.779
<b>Gross Profit</b>	<b>3.396.333</b>	<b>-3.083.000</b>	<b>1.643.976</b>	<b>1.957.310</b>		<b>1.957.310</b>
Other operating income	2.226.945	0		2.226.945		2.226.945
Administration expenses	1.164.141	703.000	597.860	2.465.002		2.465.002
R&D expenses	0			0		0
Distribution expenses	1.836.970	1.893.000		3.729.970		3.729.970
Other operating expenses	931.874	111.000		1.042.874	26.400	1.016.474
<b>Operating Results</b>	<b>1.690.292</b>	<b>-5.790.000</b>	<b>1.046.116</b>	<b>-3.053.592</b>		<b>-3.027.192</b>
Financial Income	3.865.182	229.000	13.838	4.108.020	3.000.000	1.108.020
Financial Expenses	1.779.209	263.000	52.680	2.094.888		2.094.888
<b>Earnings before taxes</b>	<b>3.776.265</b>	<b>-5.824.000</b>	<b>1.007.275</b>	<b>0</b>	-39.450	-39.450
Tax Expense	-574.931	1.913.000	-178.698	-1.040.460		-4.053.510
<b>Earnings after tax</b>	<b>3.201.334</b>	<b>-3.911.000</b>	<b>828.577</b>	<b>118.911</b>		-2.894.139
<b>Net earnings</b>	<b>3.201.334</b>	<b>-3.911.000</b>	<b>828.577</b>	<b>118.911</b>		-2.894.139
Minority Interests	20.955	0	406.003	426.958	-96.863	330.095
<b>Net earnings for the period</b>	<b>3.222.289</b>	<b>-3.911.000</b>	<b>1.234.579</b>	<b>545.869</b>		-3.224.235

## Secondary information sector

The group is active in three business segments:

- Industrial activity
- Commercial activity
- Sales of other stocks

The Group's sales by Business segment and item are analyzed as follows:

	1/1 - 30/6/2006	1/1/-30/6/2005
COMMERCIAL ACTIVITY	63.740.671	85.218.260
INDUSTRIAL ACTIVITY	29.536.046	32.413.037
OTHER ACTIVITIES	414.147	269.627
<b>TOTAL</b>	<b>93.690.864</b>	<b>117.900.924</b>
<b>Less :</b>		
Internal sales	6.760.775	7.635.980
<b>TOTAL</b>	<b>86.930.089</b>	<b>110.264.943</b>

## 6. Notes on the Financial Statements



ΚΩΝ. ΚΑΡΔΑΛΙΑΠΗ & ΥΙΟΙ ΑΕΒΕ

## **6.1 Tangible assets**

Buildings and land have been evaluated as at the date of first adoption of IFRS (01/01/2004) at a fair value in accordance with IFRS 1. "Fair value" is considered to be the value of fixed assets as at the date of the first time IFRS adoption which has been set by an independent evaluator.

The Land and the buildings were valued as at the transition date to IFRS (01/01/2004) at fair value according to the provisions of IFRS 1. The "fair value" is the value of the fixed assets at the transition date to IFRS, which was defined after a study by an independent evaluator.

On the parent company's buildings and land there is a mortgage in favor of bond holding loaners for the amount of € 25.000.000, while on buildings and land of the subsidiary company SIFAKIS SA there is a prenotation of mortgage for the amount of € 2.530.000.





ΚΩΝ. ΚΑΡΑΪΣΤΑΦΙΔΗΣ & ΥΙΟΙ ΑΕΒΕ

	COMPANY						
	Land	Buildings	Mechanical equipment	Transportation equipment	Furniture and other equipment	Tangible assets under construction	Total
Gross Book Value	7.477.931	21.918.649	7.482.223	304.002	700.808	25.819	37.909.432
Accumulated depreciation and value impairment		(73.644)	(519.386)	(57.467)	(72.667)		(723.164)
<b>Book value as at January 1st 2005</b>	<b>7.477.931</b>	<b>21.845.004</b>	<b>6.962.838</b>	<b>246.535</b>	<b>628.141</b>	<b>25.819</b>	<b>37.186.268</b>
Gross Book value	8.870.476	22.542.056	8.732.895	330.766	842.373	25.819	41.344.385
Accumulated depreciation and value impairment	0	(475.737)	(899.772)	(89.200)	(143.185)	0	(1.607.894)
<b>Book value as at December 31st 2005</b>	<b>8.870.476</b>	<b>22.066.319</b>	<b>7.833.124</b>	<b>241.566</b>	<b>699.188</b>	<b>25.819</b>	<b>39.736.492</b>
Gross Book value	8.870.476	22.758.123	8.911.803	330.766	888.982	25.819	41.785.969
Accumulated depreciation and value impairment	0	(681.836)	(1.115.473)	(105.765)	(182.755)	0	(2.085.830)
<b>Book value as at June 30st 2006</b>	<b>8.870.476</b>	<b>22.076.286</b>	<b>7.796.330</b>	<b>225.001</b>	<b>706.227</b>	<b>25.819</b>	<b>39.700.139</b>

  

	Land	Buildings	Mechanical equipment	Transportation equipment	Furniture and other equipment	Tangible assets under construction	Total
<b>Book value as at January 1st 2005</b>	<b>7.477.931</b>	<b>21.845.004</b>	<b>6.962.838</b>	<b>246.535</b>	<b>628.141</b>	<b>25.819</b>	<b>37.186.268</b>
Additions – Sales – Reductions	1.392.545	623.408	1.250.672	26.764	141.565	-	3.434.954
Depreciations		(402.093)	(380.386)	(31.733)	(70.518)	-	(884.730)
Transfers							
Land & buildings Revaluation							
<b>Book value as at December 31st 2005</b>	<b>8.870.476</b>	<b>22.066.319</b>	<b>7.833.124</b>	<b>241.566</b>	<b>699.188</b>	<b>25.819</b>	<b>39.736.492</b>
Additions – Sales – Reductions	0	216.067	178.908	0	46.609		441.583
Depreciations		(206.099)	(215.702)	(16.565)	(39.570)		(477.936)
Transfers							0
Net foreign exchange differences							0
<b>Book value as at June 30st 2006</b>	<b>8.870.476</b>	<b>22.076.286</b>	<b>7.796.330</b>	<b>225.001</b>	<b>706.227</b>	<b>25.819</b>	<b>39.700.139</b>

## 6.2 Intangible assets

The Group recorded in that account the surplus value arising from the consolidation of an associated company ("SDOUKOS ANTONIOS SA – KAFE AROMA") based on the net equity method. The Group had not included in the consolidated financial statements the above company in compliance with the previous accounting principles. That surplus value will not be amortized but instead it will be examined every year and its value may be reduced if there are facts indicating losses in accordance with IAS 36.

The surplus value arisen from the acquisition of the subsidiary companies in previous years which had been recorded according to the previous accounting principles in a special account reducing consolidated capital and reserves still reduces consolidated capital and reserves (in results carried forward of the Group).



ΚΩΝ. ΚΑΡΑΛΙΑΑΠΗ & ΥΙΟΙ ΑΕΒΕ

Any new surplus value arising in the future the company may, according to IFRS 3 – Consolidation of companies, recognize as an item in assets instead of an item reducing the Group’s capital and reserves.

	SOFTWARE	GROUP OTHER INTANGIBLE ASSETS	GOODWILL	TOTAL
Gross Book Value	589.295	299.000	148.839	1.037.134
Accumulated depreciation and value impairment	(144.162)	(62.000-)		(206.162)
<b>Book value as at January 1st 2005</b>	<b>445.133</b>	<b>237.000</b>	<b>148.839</b>	<b>830.972</b>
Gross Book Value	731.045	426.000	157.881	1.314.926
Accumulated depreciation and value impairment	(265.889)	(94.619-)	(7.797-)	(368.305)
<b>Book value as at December 31<sup>st</sup> 2005</b>	<b>465.156</b>	<b>331.381</b>	<b>150.084</b>	<b>946.621</b>
Gross Book Value	740.990	426.000	157.881	1.324.871
Accumulated depreciation and value impairment	(311.518)	(123.246)	(7.797)	(442.561)
<b>Book value as at June 30<sup>st</sup> 2006</b>	<b>429.472</b>	<b>302.754</b>	<b>150.084</b>	<b>882.310</b>

	SOFTWARE	OTHER INTANGIBLE ASSETS	GOODWILL	TOTAL
<b>Book value as at January 1st 2005</b>	<b>445.133</b>	<b>237.000</b>	<b>148.839</b>	<b>830.972</b>
Additions /Sales – Reductions	141.750	127.000	9.042	277.792
Depreciations	(121.727)	(32.619)	(7.797-)	(162.143)
Transfers				
Net foreign exchange differences				
<b>Book value as at December 31<sup>st</sup> 2005</b>	<b>465.156</b>	<b>331.381</b>	<b>150.084</b>	<b>946.621</b>
Additions from acquisition of subsidiaries				
Additions	9.945			9.945
Sales – Reductions		(1.869-)		(1.869-)
Depreciations	(45.629)	(26.759)		(72.388)
Transfers				
Net foreign exchange differences				
<b>Book value as at June 30<sup>st</sup> 2006</b>	<b>429.472</b>	<b>302.754</b>	<b>150.084</b>	<b>882.310</b>

Intangible assets include software programs and software licenses.

	Software	COMPANY OTHER INTANGIBLE ASSETS	Σύνολο
Gross Book Value	439.816		439.816
Accumulated depreciation and value impairment	(99.491)		(99.491)
<b>Book value as at January 1<sup>st</sup> 2005</b>	<b>340.325</b>	<b>0</b>	<b>340.325</b>
Gross Book Value	356.506	130.000	486.506
Accumulated depreciation and value impairment	(194.906)	(618)	(195.524)
<b>Book value as at December 31<sup>st</sup> 2005</b>	<b>161.600</b>	<b>129.382</b>	<b>290.982</b>
Gross Book Value	360.401	130.000	490.401
Accumulated depreciation and value impairment	(234.989)	(618)	(235.607)
<b>Book value as at June 30<sup>th</sup> 2006</b>	<b>125.412</b>	<b>129.382</b>	<b>254.794</b>

	Software	OTHER INTANGIBLE ASSETS	Total
<b>Book value as at January 1<sup>st</sup> 2005</b>	<b>340.325-</b>		<b>340.325</b>
	0		
Additions			
Sales / Reductions	(83.310-)	130.000-	46.690
Depreciations	(95.415)	(618-)	(96.033)
Transfers	-	-	0
Net foreign exchange differences	-	-	0
<b>Book value as at December 31<sup>st</sup> 2005</b>	<b>161.600</b>	<b>129.382-</b>	<b>290.982</b>
	0		
Additions from acquisition of subsidiaries	-		0
Additions	3.895		3.895
Sales / Reductions			
Depreciations			0
Transfers	(40.083-)		(40.083)
Net foreign exchange differences			
<b>Book value as at June 30<sup>th</sup> 2006</b>	<b>125.412</b>	<b>129.382-</b>	<b>254.794</b>

### 6.3 Investments in affiliated companies



ΚΩΝ. ΚΑΡΑΑΖΙΤΑΡΗΣ & ΥΙΟΙ ΑΕΒΕ

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
<i>Investments in affiliated companies</i>	2.565.943	6.729.237	2.769.699	6.893.542
<i>Long Term Receivables against affiliated companies</i>	4.020.761	4.020.761	4.020.761	4.020.761
<i>Plus / Minus : Adjustments at fair value / impairments</i>	-4.850.156	-4.850.156	-4.850.156	-4.850.156
<b>Total of Other Long Term Receivables</b>	<b>1.736.949</b>	<b>5.899.841</b>	<b>1.940.303</b>	<b>6.064.147</b>

**Receivables from the group's affiliated companies**

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
<i>Short Term Receivables against the group's affiliated companies</i>	347.081	264.787	4.347.081	1.264.787
<b>Total of Other Long Term Receivables</b>	<b>347.081</b>	<b>264.787</b>	<b>4.347.081</b>	<b>1.264.787</b>

	GROUP		COMPANY	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Participations in affiliated companies	0		15.395.424	15.395.424
Plus/Minus Adjustments at fair value	0	0	39.241.578	39.241.578
<b>Total of other long term liabilities</b>	<b>0</b>	<b>0</b>	<b>54.637.002</b>	<b>54.637.002</b>

Information about the affiliated companies of the Group:

TROFINO LTD	50,00%
CARDICO MOLDAVIA SRL	92,86%
CARDICO GEORGIA L.T.D	100,00%
STAR FOODS DISTRIBUTION A.S (CZECH)	75,54%
SAGAGROVE HOLDINGS LTD (CYPRUS)	15,00%
KARDALCO S.A (TURKEY)	50,00%

Total investment on the above companies (including long term receivables) was evaluated at their fair value by the company's Management. In particular it has been considered that there were reasons for impairment of the value for some of the above participations and so cost (acquisition) value disclosed, was reduced both in the parent company's and in the consolidated financial statements. The reason for impairments is that the production activity of these companies has been terminated due to reasons which are mentioned below and that the company transferred its production activity to its new plant in Schimatari, Voiotia, where it uses high technology machinery reducing production cost for larger quantities and thus achieving economy of scale from operating expenses. The above is confirmed by the major increase as at 31/12/2005 in gross and net profits for the company as well as for the Group.

During the year the company sold the participation which held at the company COFFEE CONNECTION S.A. of a total value € 461.528,98, while in 2006 the company has also sold its participation at SAVAGROVE HOLDINGS LTD (CYPRUS) of a total value € 4.123.843,84. The second transaction resulted to a loss in the income statement of the company due to the exchange differences.

In particular for the above participations of the company and the reasons for which they haven't been consolidated, we underline the following:

- 1) The value of TROFINO LTD has been totally impaired, due to the fact that it has stopped its function and is in liquidation procedure since 31/12/2005. This company hasn't been consolidated because its financial proportions are immaterial and because the liquidation procedure will be finished by the end of the year 2006.
- 2) For CARDICO MOLDAVIA SRL and CARDICO GEORGIA LTD , no impairment of these investments took place , as the management of the company estimates that the value of the fixed assets of these two companies is equal to the residual value of the Cardico's SA investment amount less the impairment. These two companies haven't been consolidated because the Parent company cannot execute their management and because the Parent company doesn't have any profit from them, as the political environment in these countries is unstable and the bureaucratic procedures of the national services operate faulty. These conditions made the company lose control of the management of these two companies and due to these difficulties it cannot earn any profit from their operating function. For these reasons the Parent company suspended their operational activity and it has already made plans for the sale of these two companies in the year 2006.
- 3) The value of STAR FOODS DISTRIBUTION S.A (CZECH REPUBLIC) together with the liabilities to the Parent company have been totally impaired, considering that STAR FOOD S.A has stopped its operational function since 2003. The company had no operational activity at 2005 and hasn't prepared a liquidation balance sheet. From its most recent financial statements, it is evident that the value of these statements are immaterial relative to the value of the consolidated statements.
- 4) At the start of 2006, the Parent company sold 15% its participation to the SAVAGROVE HOLDINGS LTD (CYPRUS) , of a total value € 4.123.843,84. Parent company had no participation on this company's management and therefore

there was no reason for its consolidation. This sale resulted to a loss in the income statement due the exchange differences.

- 5) The participation of CARDICO SA in the CARDALCO SA (TURKEY) has not been impaired, concerning that although this company is partly inactive it doesn't have important losses and its reserves are valued higher than the participation value in its share capital. The financial statements of CARDALCO haven't been consolidated because its financial information (ledger or balance sheet) have not been provided timely. According to the Parent Company's management the amounts of the financial statements of CARDALCO are immaterial. Indicatively , the financial snapshots provided to us from the management of the CARDALCO, show that the equity of this company at 31/12/2005 is valued at 401.725,00 USD, the sales of the company as at 30.6.2006 are valued at 0,00 usd. Thus, if the participation in this company was consolidated with the equity consolidation method, the effect would have been immaterial. The administration of the company is in discussions with CARDALCO administration in order to restart the operational activity of the Turkish company. If this won't became possible, then Cardico will sell its participation in 2006.

## 6.4 Deferred Tax

The deferred tax receivables / liabilities as such emerge from the relevant temporary tax differences, are as follows:

	GROUP				COMPANY					
	30/06/2006		31/12/2005		30/06/2006		31/12/2005			
	Receivable	Liability	Receivable	Liability	Receivable	Liability	Receivable	Liability		
<b>Non current assets</b>										
Intangible - Tangible assets	646.513	1.613.430	847.271	1.892.066	609.970	1.184.245	801.939	1.377.050		
Participation in affiliated and subsidiary companies		73.145				11.380.058		11.380.058		
<b>Current Assets</b>										
Financial assets estimated in fair value	73.145		29.621							
<b>Reserves</b>										
De-taxation of reserves			3.934							
<b>Long – term liabilities</b>										
Employee benefits	27.467		102.318							
Other Long – term liabilities		73.000								
<b>Short – term liabilities</b>										
Provisions	51.000		96.000							
Other short – term liabilities	1.247.319	936.729	1.434.912	525.525	1.230.634	833.940	1.330.226	392.970		
<b>Offset</b>	<b>2.045.444</b>	<b>2.696.304</b>	<b>2.514.055</b>	<b>2.417.592</b>	<b>0</b>	<b>1.840.604</b>	<b>13.398.243</b>	<b>0</b>	<b>2.132.165</b>	<b>13.150.077</b>
<b>Total</b>		<b>-650.860</b>		<b>96.464</b>		<b>-11.557.639</b>			<b>-11.017.912</b>	

The offset of deferred tax receivables and liabilities takes place when there is, from the company's perspective, an applicable legal right for such and when the deferred income taxes refer to the same tax authority.

## 6.5 Other long – term receivables

The other long – term receivables are the following:

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Given Guarantees	337.770	315.304	47.669	47.669
<b>Total other long – term receivables</b>	<b>337.770</b>	<b>315.304</b>	<b>47.669</b>	<b>47.669</b>

The aforementioned receivables refer to receivables that will be received after the end of the following fiscal year.

## 6.6 Inventories

The Group's and Company's inventories are analyzed as follows:

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Merchandise	18.952.189	22.372.411	5.134.880	5.289.630
Finished and semi – finished products	1.745.790	919.215	1.583.204	919.215
Work in progress	2.745.153	802.731	2.745.153	802.731
Raw and auxiliary materials spare parts and packing				
Spare parts and packing	1.432.600	880.290	886.085	756.290
Payments on account	0	0	0	0
<b>Total</b>	<b>24.875.733</b>	<b>24.974.647</b>	<b>10.349.322</b>	<b>7.767.867</b>

## 6.7 Customers and other trade receivables

The Group's and Company's customers and other trade receivables are analyzed as follows:

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Customers	32.461.276	32.203.424	20.520.461	19.910.655
Notes receivable	1.378.265	145.395	143.665	143.665
Checks receivables	2.963.408	4.275.343	1.489.796	654.201
Checks overdue	90.617	268.261	28.705	28.705
Doubtful contested trade	997.111	914.000	19.356	
Less: Impairments	(3.497.762)	(5.040.947)	(1.907.865)	(3.370.050)
<b>Net trade receivables</b>	<b>34.392.915</b>	<b>32.765.476</b>	<b>20.294.118</b>	<b>17.367.175</b>
			-	-
<b>Total</b>	<b>34.392.915</b>	<b>32.765.476</b>	<b>20.294.118</b>	<b>17.367.175</b>

The company in the current period re-examine the total impairment for doubtful claims which had been occurred until 31.12.2005 and it transfers at the income statement (other operating income) € 1.462.185,19. The reason for this reduction of the impairment is that while in previous periods there has been total or partial impairment of some claims, the company in the first half of 2006 conducted to agreement with this claims (clients) and he has already started to partially collect the above amounts.

## 6.8 Other receivables

The Group's and Company's other receivables are analyzed as follows:

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Sundry debtors	11.784.074	7.665.655	7.729.895	7.116.523
Advances management accounts	149.294	149.294	149.294	149.294
Receivables from public authorities	1.519.401	978.576	1.056.368	773.359
<b>Total receivables from debtors</b>	<b>13.452.769</b>	<b>8.793.525</b>	<b>8.935.557</b>	<b>8.039.175</b>

## 6.9 Other current assets

The Group's and Company's other current assets are analyzed as follows:

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Deferred charges	161.782	775.363	155.192	570.207
Accrued income	277.000	0	0	0
Other prepayments and accrued income	214.134	3.712.945	214.134	3.712.945
<b>Total</b>	<b>652.917</b>	<b>4.488.307</b>	<b>369.326</b>	<b>4.283.152</b>

## 6.10 Financial assets valued at fair value through the income statement



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Such are high-liquidity placements in shares and mutual funds with a short-term investment horizon.

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
<b>Shares /mutual funds</b>	261.737	204.635	261.737	204.635
Fair value revaluation	(142.978)	(196.208)	(142.978)	(196.208)
<b>Balance at the period end</b>	<b>118.759</b>	<b>8.427</b>	<b>118.759</b>	<b>8.427</b>

### 6.11 Cash and cash equivalents

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Cash in hand	2.240.017	1.942.020	212.147	74.053
Short – term bank deposits	1.299.544	1.266.947	1.178.593	1.258.403
Short-term investments (in cash)		52.765		
<b>Total</b>	<b>3.539.561</b>	<b>3.261.732</b>	<b>1.390.740</b>	<b>1.332.456</b>

### 6.12 Total equity

#### i) Share capital

	Number of shares	Common shares	Own shares	Total
<b>Balance as at 31/12/2005</b>	<b>21.254.570</b>	<b>21.254.570</b>	<b>666.000</b>	<b>21.920.570</b>
Issuance of new shares	-	-	-	-
Purchase of Parent's shares (Own shares)	-	(143.037-)	143.037	-
Sales of parent's shares (Own shares)	-	708.000-	(708.000)	-
Decrease of Share Capital				
<b>Balance as at 30/06/2006</b>	<b>21.254.570</b>	<b>21.254.570</b>	<b>101.037</b>	<b>21.922.570</b>

The Group's share premium reserve emerged from the issuance of shares by cash at a value larger than their nominal value.

#### ii) Fair Value Reserves

The analysis of fair value reserves as regards to the Group, is as follows:

	GROUP			COMPANY Reserve or affiliated companies		
	Revaluation of tangible assets	Reserve of affiliated companies revaluation	Total	Revaluation of tangible assets	Reserve of affiliated companies	Total
<b>Balance as at January 1<sup>st</sup> 2004</b>	2.754.389	1.115	<b>2.755.504</b>	2.754.389	1.115	<b>2.755.504</b>
Reserve amendment	(150.071)	-	<b>(150.071)</b>	(150.071)	-	<b>(150.071)</b>
Revaluation 2003	1.217.052	-	<b>1.217.052</b>	1.101.615	25.605.826	<b>26.707.441</b>
<b>Balance as at January 1<sup>st</sup> 2004</b>	<b>3.821.370</b>	<b>1.115</b>	<b>3.822.485</b>	<b>3.705.933</b>	<b>25.606.941</b>	<b>29.312.874</b>
Deferred tax amendment	49.122	-	<b>49.122</b>	43.918	1.181.806	<b>1.225.725</b>
<b>Balance as at 31<sup>st</sup> December 2004</b>	<b>3.870.493</b>	<b>1.115</b>	<b>3.871.608</b>	<b>3.749.851</b>	<b>26.788.748</b>	<b>30.538.599</b>
Deferred tax amendment	92.480	-	<b>92.480</b>	88.297	1.073.888	<b>1.162.185</b>
Revaluation 2005	<b>1.005.967</b>	-	<b>1.005.967</b>	<b>1.005.967</b>	-	<b>1.005.967</b>
<b>Balance as at 31<sup>st</sup> December 2005</b>	<b>4.968.938</b>	<b>1.115</b>	<b>4.970.054</b>	<b>4.844.115</b>	<b>27.862.635</b>	<b>32.706.751</b>
<b>Reserve amendment</b>						
<b>Balance as at 30<sup>th</sup> June 2006</b>	<b>4.968.938</b>	<b>1.115</b>	<b>4.970.054</b>	<b>4.844.115</b>	<b>27.862.635</b>	<b>32.706.751</b>

### iii) Other reserves

The Group's other reserves are analyzed as follows:

	GROUP			
	Legal reserve	Reserve of own shares	Other reserves	Total
<b>Balance as at January 1<sup>st</sup> 2004</b>	<b>1.078.651</b>	<b>(4.150.688)</b>	<b>7.085.025</b>	<b>4.012.988</b>
Changes during the period	158.750	(486.207)	3.036.834	<b>2.709.377</b>
Other changes	-	-	-	-
<b>Balance as at December 31<sup>st</sup> 2004</b>	<b>1.237.401</b>	<b>(4.636.895)</b>	<b>10.121.859</b>	<b>6.722.365</b>
Transfer of reserves of retained earnings from subsidiary			246.000	<b>246.000</b>
Sales of parent's shares (Own shares)			(87.870-)	<b>(87.870-)</b>
<b>Balance as at December 31<sup>st</sup> 2005</b>	<b>1.237.401</b>	<b>(4.636.895)</b>	<b>10.279.989</b>	<b>6.880.495</b>
Subsidiaries Reserves			1.228.000	1.228.000
Purchase/Sell of own shares	28.610			28.610
Transfer of reserves of retained earnings from subsidiary			3.740.106	3.740.106
<b>Balance at 30<sup>th</sup> June 2006</b>	<b>1.266.011</b>	<b>(4.636.895)</b>	<b>15.248.095</b>	<b>11.877.211</b>

The amount of € 3.740.106 concerns the acquisition of the own shares of the parent until the 30<sup>th</sup> of June 2006 while the amount of € 1.228.000 regards to the transfer of part of profits carried forward, of the subsidiary company "ECHALIE S.A." in reserve account.

Special and extraordinary reserves are tax free and free for distribution after the decision of the meeting of shareholders.

### 6.13 Loan liabilities

	GROUP		COMPANY	
	30/6/2005	31/12/2005	30/6/2005	31/12/2005
<b>Long – term loans</b>				
Debtore loans	14.300.000,00	14.300.000,00	14.300.000	14.300.000
Bank loans	5.482.623	6.099.592	3.900.000	4.639.037
Other loans				
<b>Total of long – term loans</b>	<b>19.782.623</b>	<b>20.399.592</b>	<b>18.200.000</b>	<b>18.939.037</b>
<b>Short – term loans</b>				
Long – term liabilities payable at next period	5.527.414	5.525.414	5.300.000	5.300.000
Bank loans	56.790.675	49.468.177	41.291.610	35.591.980
Bonds	-	-	-	-
Other loans	-	-	-	-
<b>Total of short – term loans</b>	<b>62.318.089</b>	<b>54.993.591</b>	<b>46.591.610</b>	<b>40.891.980</b>
<b>TOTAL</b>	<b>82.100.712</b>	<b>75.393.184</b>	<b>64.791.610</b>	<b>59.831.016</b>

The average interest of the loans receivable by the company is valued at 4,2%.

### 6.14 Employee benefit liabilities

	GROUP		COMPANY	
	30/6/2005	31/12/2005	30/6/2005	31/12/2005
<b>Balance sheet liabilities fir:</b>				
Provisions for retirement benefits	440.146	450.346	169.127	169.127
<b>Total</b>	<b>440.146</b>	<b>450.346</b>	<b>169.127</b>	<b>169.127</b>

### 6.15 Other long – term liabilities

The analysis of the Group's and Company's other long-term liabilities is as follows:

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Provisions for extraordinary risks	3.433.648	3.544.223	2.381.876	2.436.596
Deferred income (grants)	395.430	395.430	200.000	200.000
Long term liabilities from leasing contracts	3.624.163	3.617.406	3.624.163	3.700.771
<b>Balance at the period end</b>	<b>7.453.240</b>	<b>7.557.059</b>	<b>6.206.038</b>	<b>6.337.367</b>

The provisions that refer to the Group and Company are recognized if legal or implied liabilities are present as a consequence of past events, if there is a possibility to settle them through outflows of funds and if the amount of the liability can reliably be calculated.

## 6.16 Suppliers and other liabilities

The analysis of the balance for the Group's and Company's suppliers and other related liabilities is as follows:

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Suppliers	11.492.610	17.359.828	7.068.490	14.774.948
Checks payable	2.452.540	3.225.092	351.637	1.306.797
Liabilities towards customers from the execution of projects	89.169	213.492	89.169	193.252
<b>Total</b>	<b>14.034.320</b>	<b>20.798.412</b>	<b>7.509.296</b>	<b>16.274.998</b>

## 6.17 Current tax liabilities

The tax difference on the Group's profits before taxes is different from the amount which would have supposedly arisen if the weighted average tax rate had been used on the profits of the consolidated companies. This difference is presented in the following table:

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Tax expense that corresponds to the period	(1.722.284)	2.707.878	0	391.980
Other tax liabilities	2.298.251	(1.421.797)	427.730	243.125
<b>TOTAL</b>	<b>575.966</b>	<b>1.286.081</b>	<b>427.730</b>	<b>635.105</b>

## 6.18 Other short – term liabilities

The other short-term liabilities are analyzed as follows:

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Social security funds	474.785	153.468	57.107	112.825
Dividends payable	69.900	68.499	20.341	18.940
Sundry creditors	485.762	1.166.896	226.895	16.973
Deferred income	713.791	67.865	2.171	67.865
Accrued expenses	702.760	891.319	695.059	886.215
Other expenses	186.972	0	137.338	
<b>Total</b>	<b>2.633.970</b>	<b>2.348.046</b>	<b>1.138.911</b>	<b>1.102.817</b>

## 6.19 Cost of goods sold

The cost of goods sold is analyzed as follows:

	GROUP		COMPANY	
	1/1 - 30/06/2006	1/1 - 30/06/2005	1/1 - 30/06/2006	1/1 - 30/06/2005
Cost of inventories recognized as an expense	89.540.486	99.332.804	23.383.054	24.200.294
Employee remuneration and expenses	928.071	537.222	597.914	492.501
Third party remuneration and expenses	105.599	13.597	12.967	13.390
Third party benefits	565.772	290.746	306.809	260.539
Taxes – duties	65.931	0	0	0
Sundry expenses	213.615	121.702	195.413	121.702
Interest expenses	0	0	0	0
Depreciations of fixed assets	405.019	322.105	342.321	302.755
Provisions	(5.098)	0	0	0
Own production	(85.839)	(27.385)	(80.218)	(27.334)
Less: inter-company eliminations	(6.760.775)	(7.635.981-)		0
<b>Total</b>	<b>84.972.779</b>	<b>92.954.810</b>	<b>24.758.260</b>	<b>25.363.847</b>

## 6.20 Administrative / distribution expenses

	GROUP		COMPANY	
	1/1 - 30/06/2006	1/1 - 30/06/2005	1/1 - 30/06/2006	1/1 - 30/06/2005
Employee remuneration and expenses	1.044.259	1.299.296	386.666	350.223
Third party remuneration and expenses	333.948	261.736	91.649	127.209
Third party benefits	536.121	320.219	156.714	194.019
Taxes – duties	142.653	130.500	40.967	180
Sundry expenses	244.136	748.845	127.165	194.722
Interest expenses	(6.293)	88.174	0	
Depreciations of fixed assets	170.177	146.354	73.853	68.227
Provisions	0			
Less: inter-company eliminations	0	0		
<b>Total</b>	<b>2.465.001</b>	<b>2.995.124</b>	<b>877.012</b>	<b>934.579</b>

Notes	GROUP		COMPANY	
	1/1 - 30/06/2006	1/1 - 30/06/2005	1/1 - 30/06/2006	1/1 - 30/06/2005
Inventory cost	8.886		8.886	
Employee remuneration and expenses	999.332	1.191.330	260.651	251.723
Third party remuneration and expenses	412.560	148.484	204.364	82.574
Third party benefits	1.398.417	167.647	173.937	99.781
Taxes – duties	126.222	130.666	0	0
Sundry expenses	123.958	916.760	0	827.570
Interest expenses	608.742		608.742	
Depreciations of fixed assets	140.641	131.725	58.050	55.434
Provisions	(88.789)	88.172		
Less: inter-company eliminations				
<b>Total</b>	<b>3.729.970</b>	<b>2.774.785</b>	<b>1.314.630</b>	<b>1.317.082</b>

## 6.21 Other operating income / expenses

The other operating income and expenses for 2005 and 2004 are as follows:

	GROUP		COMPANY	
	1/1 - 30/06/2006	1/1 - 30/06/2005	1/1 - 30/06/2006	1/1 - 30/06/2005
<b>Other operating income</b>				
Grants and sundry sales income	1.540	18.863	1.540	17.642
Income of sequential activities	16.953	367.757	16.953	27.752
Extraordinary income – provisions income	2.208.452	727.574	1.924.613	476.317
Less: inter-company eliminations	0			
<b>Total</b>	<b>2.226.945</b>	<b>1.114.194</b>	<b>1.943.106</b>	<b>521.711</b>
<b>Other operating expenses</b>				
Extraordinary expenses	889.595	295.035	777.207	312.290
Extraordinary losses	78.872	27.334	78.702	
Prior years expenses	4.212	9.923	2.868	
Provisions	26.400	300.000		300.000
Depreciators not charged to the operating cost	43.795	41.713	43.795	41.713
Less: Inter Company Eliminations	(26.400)			
<b>Total</b>	<b>1.016.474</b>	<b>674.005</b>	<b>902.571</b>	<b>654.003</b>

## 6.22 Financial income / expenses

	GROUP		COMPANY	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
<b>Interest income from:</b>				
-Banks / Short term liquidation investments (repos)	16.841	224.671		2.015.498
- Dividends form subsidiaries	3.002.000	15.498	3.002.000	
- Profit from financial instruments (shares)	860.058		860.058	
-Interest receive and relative income	3.121-		3.121	43.070
-Profit from fair value of financial instruments	226.000-	312.629-		312.629
Less: inter-company eliminations	(3.000.000)			
	<b>1.108.020</b>	<b>552.798</b>	<b>3.865.179</b>	<b>2.371.197</b>
<b>Interest expenses from:</b>				
- Bank loans and other expenses	2.042.096	3.261.124-	1.595.218-	2.315.919-
- Other expenses of Leasing contracts	19.568	1.895	3.568	1.895
- Valuation losses	33.225	73.021	33.225	73.021
	<b>2.094.888</b>	<b>3.336.040</b>	<b>1.632.011</b>	<b>2.390.835</b>

## 6.23 Income tax

	GROUP		COMPANY	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
Tax for the current period	(1.722.284)	2.707.878	0	391.980
Prior years' tax differences	0	1.010.759	0	801.142
Other not charged to the operating cost taxes	52.503	2.608	51.992	0
Deferred tax	510.411	997.861	539.726	964.315
<b>Total</b>	<b>(1.159.371)</b>	<b>4.719.106</b>	<b>591.719</b>	<b>2.157.437</b>
<b>Earnings before taxes</b>	(4.053.510)	9.197.171	4.029.816	4.368.059
Tax contributor	-28,60%	-51,31%	29%	32%
<b>Expected Tax Expense</b>	1.159.371	(4.719.106)	1.078.519	1.397.779
Change adjustments in tax contributor	-	-	-	-
Adjustments for salaries which are not applicable in taxation				
- Deferred tax for the period	510.411	997.861	539.726	964.315
	(2.881.655)	7.426.984	(1.078.519)	(1.005.799)
Other adjustments (Tax free reserves – other tax free reductions)				
- Tax differences	0	1.010.759	0	801.142
- Other not charged to the operating cost taxes	52.503	2.608	51.992	0
<b>Net tax expense</b>	<b>(1.159.371)</b>	<b>4.719.106</b>	<b>591.719</b>	<b>2.157.437</b>

The predictable tax expense differs from the real tax expense, as the company uses the right to form free tax reserves, according to developmental laws. As a result the real tax expense is less than the predictable.

## 6.24 Earnings per share

	GROUP		COMPANY	
	30/06/2006	30/06/2005	30/06/2005	30/06/2005
Earnings that correspond to the parents' shareholders	(3.224.235)	4.378.096	3.127.311	2.210.622
Weighted average number of shares	21.819.533	21.295.890	21.819.533	21.295.890
Basic earnings per share (euro per share)	(0,15)	0,21	0,14	0,10

## 6.25 Contingencies

### Information regarding contingent liabilities

Against the company there are legal claims of a company named "Hellenic Investments SA – Investment Consultants" of total amount €486.311,43 which arise from signed agreements pertaining to the supervision of the construction of the new plant in Schimatari. The above claims are under arbitration by the appropriate authority which is currently examining the relevant evidence. According to the company's legal consultant it is highly likely that the above claims be rejected. Other than the above there are no cases under dispute or arbitration which might have a significant effect on the financial situation or operation of the Group.



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The years for which the Group's companies have not been inspected by the tax authorities are as follows:

<b>COMPANY NAME</b>	<b>UNINSPECTED TAX YEARS</b>
CARDICO SA	2004-2005
NUT COMPANY SA	2002-2004-2005
XIROFRUIT SA	2003-2004-2005
SIFAKIS SA	2003-2004-2005
SDOUKOS ANT. SA	2003-2004-2005

## **6.26 Transactions with affiliated parties**



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INTER - COMPANY BALANCES 31/12/2005

		LIABILITIES						
		XIROFROU			NUT			
31/12/2005	CARDICO ABEE	ECHALIE S.A	TESCO S.A	T S.A.	SIFAKIS S.A.	COMPANY S.A.	TOTALS	
R E C E I V A B L E S	CARDICO ABEE	1.855.534	842.616	568.022	658.401	9.646	3.934.218	
	ECHALIE S.A	788.977	146.000				934.977	
	TESCO S.A	523.791	34.000				557.791	
	XIROFROU	16					16	
	SIFAKIS S.A.	2.469					2.469	
	NUT COMPANY S.A.	47.927					47.927	
	TOTALS	1.363.181	1.889.534	988.616	568.022	658.401	9.646 0	5.477.399

INTER – COMPANY SALES / PURCHASES 1/1 - 31/12/2005

		PURCHASERS						
		XIROFROU			NUT			
	CARDICO ABEE	ECHALIE S.A	TESCO S.A	T S.A.	SIFAKIS S.A.	COMPANY S.A.	TOTALS	
S A L E S	CARDICO ABEE	5.033.063	1.070.494	1.802.121	570.131		8.475.810	
	ECHALIE S.A	853.909	2.542.000				3.395.909	
	TESCO S.A	3.330.477	791.000				4.121.477	
	XIROFROU S.A.	1.022					1.022	
	SIFAKIS S.A.							
	NUT COMPANY S.A.							
	TOTALS	4.185.408	5.824.063	3.612.494	1.802.121	570.131	0 0	15.994.218



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INTER COMPANY RECEIVABLES -LIABILITIES 30/06/2006  
Liability

	30/06/2006	CARDICO ABEE	ECHALIE S.A	TESCO S.A	XIROFRUIT S.A.	SIFAKIS S.A	NUT COMPANY S.A.	TOTAL
R e c e i v a b l e	CARDICO ABEE		2.408.638	719.139	639.535	991.841	9.646	4.768.799
	ECHALIE S.A	1.707.726		322.000				2.029.726
	TESCO S.A	96.975	130.000					226.975
	XIROFRUIT S.A.							0
	SIFAKIS S.A	15.549						15.549
	NUT COMPANY S.A.	47.944						47.944
	TOTAL	1.868.193	2.538.638	1.041.139	639.535	991.841	9.646	7.088.992

INTERCOMPANY SALES PURCHASES 1/1 - 30/06/2006  
BUYER

	30/06/2006	CARDICO ABEE	ECHALIE S.A	TESCO S.A	XIROFRUIT S.A.	SIFAKIS S.A	NUT COMPANY S.A.	TOTAL
S A L E	CARDICO ABEE		1.223.412	1.038.978	757.192	399.456		3.419.039
	ECHALIE S.A	918.749		1.456.000				2.374.749
	TESCO S.A	621.697	331.000					952.697
	XIROFRUIT S.A.							0
	SIFAKIS S.A	12.000						12.000
	NUT COMPANY S.A.	2.292						2.292
	TOTAL	1.554.737	1.554.412	2.494.978	757.192	399.456	0	6.760.775

The above transactions and balances have been written-off from the Group's consolidated financial statements.

## 6.27 Dividends

The company paid dividends during 2005 of total value € 1.753.645,60

## 6.28 Number of employees

The number of the engagement personnel of the Company as at 30.6.2006 was 124 employees and of the Group 229 employees.



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### **6.29 Events after the balance sheet date**

Apart from the aforementioned events, there are no events after the balance sheet date, which concern either the Group or the Company and whose disclosure is required by the International Financial Reporting Standards.