

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



**ΚΩΝ. ΚΑΡΔΑΣΣΙΑΡΗΣ & ΥΙΟΙ ΑΕΒΕ**

### **Financial Statements for the period ended 31 December 2006**

It is confirmed that the attached Financial Statements are those approved by the Board of Directors of "CARDICO S.A." on 26/03/2007 and have been published with their posting on the internet, at the web page [www.cardico.com](http://www.cardico.com). 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"

**CONTENTS**

INDEPENDENT AUDITOR’S REPORT .....	4
Management Report of the Board of Directors.....	6
INCOME STATEMENTS .....	10
Balance Sheet .....	11
Statement of changes in the Parents Company’s Equity .....	14
Cash flow statement.....	15
1. Information on the group.....	16
1.1 General Information.....	16
1.2 Nature of activities .....	16
2. Basis for preparation of the financial statements .....	17
3. Basic accounting principles.....	17
3.1 New accounting principles and interpretations of IFRIC.....	17
3.2 Standards, amendments and interpretations effective in 2006 that are not related with the company’s activities .....	18
3.3 Standards, amendments and interpretations of standards already in effect with future implementation date (no discretionary implementation by the company).....	19
3.4 Important Accounting decisions, estimations and assumptions. ....	20
3.5 Segment reporting .....	20
3.6 Consolidation .....	20
3.7 Group Structure .....	22
3.8 Foreign currency conversion.....	23
3.9 Tangible assets .....	24
3.10 Intangible assets .....	25
3.11 Impairment of Assets .....	26
3.12 Financial instruments.....	26
3.13 Inventories .....	28
3.14 Trade receivables .....	29
3.15 Cash and cash equivalents .....	29
3.16 Non-current assets classified as held for sale.....	29
3.17 Own shares .....	29
3.18 Income tax & deferred tax.....	30
3.19 Employee benefits.....	31
3.20 Grants .....	31
3.21 Provisions .....	32
3.22 Recognition of income and expenses.....	32
3.23 Leases .....	33
3.24 Dividend distribution.....	33
4. Business Risk Management .....	34
5. Financial information by sector .....	35



ΚΩΝ. ΚΑΡΑΓΙΑΑΠΗΣ & ΥΙΟΙ ΑΕΒΕ

6. Notes on the Financial Statements.....	36
6.1 Tangible assets .....	36
6.2 Intangible assets .....	38
6.3 Investments in affiliated companies/ Assets available for sale/ Short Term receivables from affiliated companies.....	41
6.4 Deferred Tax .....	42
6.5 Other long – term receivables .....	43
6.6 Inventories .....	43
6.7 Customers and other trade receivables .....	44
6.8 Other receivables.....	44
6.9 Other current assets .....	45
6.10 Financial assets valued at fair value through the income statement.....	45
6.11 Cash and cash equivalents .....	46
6.12 Total equity .....	46
6.13 Loan liabilities .....	48
6.14 Employee benefit liabilities .....	48
6.15 Other long – term liabilities .....	48
6.16 Suppliers and other liabilities.....	49
6.17 Current tax liabilities.....	49
6.18 Other short – term liabilities.....	50
6.19 Cost of goods sold.....	50
6.20 Administrative / distribution expenses.....	50
6.21 Other operating income / expenses .....	51
6.22 Financial income / expenses.....	52
6.23 Income tax .....	52
6.24 Earnings per share.....	53
6.25 Gains/Losses from investments in subsidiaries and affiliates.....	54
6.26 Contingencies.....	56
6.27 Related Parties Transactions .....	57
6.28 Dividends.....	60
6.29 Number of employees .....	60
6.30 Company’s management proposal for dividends distribution period 2005.....	60
6.31 Events after the balance sheet date.....	60



ΚΩΝ. ΚΑΡΔΑΣΙΛΑΡΗΣ & ΥΙΟΙ Α.Ε.Β.Ε

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of "**CARDASILARIS & SONS A.E.B.E**" ("the Company") as well as the consolidated financial statements of the Company ("the Group"), which comprise (for both the Company and the Group), the balance sheet as at December 31, 2006, and the income statement, statement of changes in 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 that have been adopted by the European Union. 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 the International Standards on 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***



ΚΩΝ. ΚΑΡΔΑΛΙΑΠΗΣ & ΥΙΟΙ ΑΕΒΕ

In our opinion, the abovementioned financial statements present fairly, in all material respects, the financial position of the Company and that of the Group as of December 31, 2006, and the financial performance and the cash flows of the Company and those of the Group 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 abovementioned financial statements.

Athens, 28 March 2007

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

## **Management Report of the Board of Directors**

### **GENERAL OVERVIEW**

Year 2006 was a very difficult year for the Group as the results were greatly affected by extraordinary and unexpected events. Still we managed to show the very serious resistances of the group in situations and periods of crisis. The company's investments of the immediate previous years in buildings and mechanical equipment contributed to the continuous growth of the company in the European area and resulted in the company's productive capacity to gain an advantage as compared to the company's competitors in Europe.

The results of the year were not the desired ones, due to the massive crisis in the blanched almond market during the first half of 2006. The price of Blanched almonds deteriorated to unexpectedly low margins thus leading some of our customers to cancel their contracts. The management of the group took a harsh political decision for the strategy of the company. It preferred to fulfill the already existing contracts with the suppliers in order to do so and thus keeping the credibility of the company in the almonds market in very high levels. This move although it had a negative effect in the consolidated results for the year was recognized and appreciated in the almonds and dry fruits market worldwide.

About the results of the second half of 2006, the strikes by employees were an obstacle for both the productivity and export operation of the company in the final quarter in which full recovery of profitability was perceived and which historically is characterized by high selling activity. The decrease in the profit margins is due to the very low profit margins under which the group operated during the first 6 months of 2006 as a result of the strategic decision to fulfill the high priced purchase contracts of blanched almonds which were signed at a time when blanched almond price was considerably higher.



ΚΩΝ. ΚΑΡΔΑΣΙΛΑΡΗΣ & ΥΙΟΙ ΑΕΒΕ

The company that faced the greatest difficulties from the group, due to the above mentioned crisis was ECHALIE S.A. and for that reason Cardasilaris Family donated € 1.000.000,00 to the company in order to help its financial position.

In year 2006 in the context of the restructuring of the parent company's investments the participating interest in STAR FOODS POLAND SA were sold at the price of the purchase thus creating a loss of €400.000,00 was incurred due to exchange differences.

We consider that our effort for growth in the wider European market set out as our main goal to become one of the most competitive European groups in the dried fruits industry and to play a leading role in the developments in the markets where we operate is continued despite the obstacles we faced due to the general market crisis, expressed mainly through the fall of the blanched almond price during the first quarter of 2006.

Our positive course as well as the success of our strategic planning that was impressed directly in the results of 2005, were seriously undermined due to the crisis, the management remains optimistic for the uprising of the results within 2007.

It must be noted that the company and its subsidiaries' fixed assets resulted in surplus values. Surplus values are also expected in the new year in connection with the land owned by the company in the area of Votanikos further to the latest decisions announced for the general upgrading of the area.

Our observations regarding changes in figures, mainly negatively affected by the almond market crisis of results are below:

- Turnover was decreased by 26,78% compared to the previous year.
- Cost of sales was increased by 22,90% compared to the previous year. Given the decrease in sales that decrease is considered reasonable.
- Considering the above changes gross profit was decreased by 54,7% as compared to the previous year.
- The above mentioned negative trends depiction the negative effect the fall in the price of blanched almonds had in the results of 2006.

- Administrative expenses, distribution costs and other operating expenses were increased by 4,51% approximately in the context of the general development of the group in the year ended.
- Financial expenses where decreased by 6,66% due to the ability of the group to negotiate better terms in the rates.
- Profits before tax where decreased by 113,24%

Ratios regarding years 2005 and 2006 are as follows:

<b>RATIOS</b>						
		GROUP		COMPANY		
<b>ΔΕΙΚΤΕΣ ΠΕΥΣΤΟΤΗΤΑΣ</b>		<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	
<i>Liquidity</i>	<i>Current Asstes/Short Term Liabilities</i>	0,88	0,90	0,69	0,66	
<i>Direct Liquidity</i>	<i>Cash at hand and in bank/ Short Term Liabilities</i>	0,041	0,038	0,023	0,033	
<i>Average receivables received</i>	<i>Receivable *365/Sales</i>	50,93	70,00	78,39	111,88	
<i>Average creditors paid</i>	<i>Short term Liab * 365 / Cost of sales</i>	36,82	26,44	85,98	40,64	

The above ratios are considered satisfactory considering market conditions.

## **PERSPECTIVES FOR THE NEW YEAR**

The significant perspectives of further development and expansion of our operations will mark the following year.

In the domestic market the company intends to expand its sales network to the entire country. Its main goal however is to establish a presence in the markets abroad through its subsidiary



ΚΩΝ. ΚΑΡΔΑΜΙΑΑΡΗΣ & ΥΙΟΙ ΑΕΒΕ

companies and mostly ECHALIE S.A which has been successfully operating in the market of France as well as TESCO INVESTMENTS INC which operates in the English and international market, so that it becomes a key supplier of large European and international super markets chains, chocolate industries and wholesalers in dried fruits.

Shareholders, CARDICO Group SA in 2005 through its strategic choices strengthened its dynamic and its presence in the dried fruits industry expanding its activities in Europe.

## **CORPORATE GOVERNANCE**

The company has adopted the Principles of Corporate Governance as those are applicable in the context of Greek law and international practices. Corporate Governance as a set of rules, principles and mechanisms of controls based on which the company is organized and managed is intended to promote transparency towards investors as well as to safeguard the interests of shareholders and all persons involved in its operation.

The board of directors of Cardico S.A is the depositary of the principles of the Group's Corporate Governance. The board out of a total of 7 members includes 3, non executive members all of which fulfill the requirements set out by the law 3016/2002 for the to be named independent.

The internal controls department is intended to perform objective internal and external audits and ensure the effective communication between auditing bodies and the Board of Directors. Its duties are also to ensure compliance with the rules of Corporate Governance and the appropriate operation of the Internal Controls System and the supervision of work carried out by the Department of Internal Controls of the company.

Internal controls is a prerequisite of Corporate Governance. The Department of Internal Controls of CARDICO SA is an independent organizational unit which reports to the company's Board of Directors. Its duties also include the evaluation and improvement of risk management systems and internal controls system, as well as the ensuring of compliance with established policies according to the Company's Internal Regulation for Operation and laws applicable.

Since 2001 the company has had an Internal Controls department. Head of this department is Mr. Stavros Christakakis who is fully employed solely for that purpose.



**KON. KARDASSILARIS & YIOI AEBE**

## **POLICY ON DIVIDENDS**

Regarding the distribution of dividends the company's management, considering among other things the performance of the Group, the perspectives and investment plans, suggests that dividend distributed be 0,02€ / share as opposed to 0,08€/ share in 2005.

Nikolaos K. Kardasilaris

President of the Board of Directors

KON. KARDASSILARIS & SONS - "CARDICO" S.A.

## **INCOME STATEMENTS**



KON. KAPAZIAAPHE & VIOLAEBE

		GROUP		COMPANY	
		31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Sales</b>		<b>171.918.019</b>	<b>234.798.658</b>	<b>59.464.756</b>	<b>80.868.798</b>
Cost of goods sold	6.19	(158.953.286)	(206.178.159)	(52.588.626)	(69.086.647)
<b>Gross Profit</b>		<b>12.964.733</b>	<b>28.620.499</b>	<b>6.876.130</b>	<b>11.782.151</b>
Other operating income	6.21	2.568.638	3.649.252	2.267.448	3.626.246
Administration expenses	6.20	(4.767.410)	(5.478.254)	(1.831.431)	(2.344.049)
Distribution expenses	6.20	(7.161.130)	(8.765.790)	(2.775.512)	(3.222.806)
Other operating expenses	6.21	(1.428.612)	(993.997)	(1.227.589)	(933.333)
<b>Results Before Taxes Financing and Investments Results</b>		<b>2.176.219</b>	<b>17.031.711</b>	<b>3.309.046</b>	<b>8.908.208</b>
Financial Income	6.22	1.959.354	627.672	4.556.650	3.590.672
Financial Expenses	6.22	(5.094.232)	(5.457.613)	(3.851.504)	(4.441.827)
Profit / Loss from affiliated companies		(657.933)	7.178		
<b>Earnings before taxes</b>		<b>(1.616.592)</b>	<b>12.208.948</b>	<b>4.014.192</b>	<b>8.057.053</b>
Tax expense	6.23	235.667	(4.570.245)	(626.338)	(1.713.474)
<b>Earnings after taxes</b>		<b>(1.380.925)</b>	<b>7.638.703</b>	<b>3.387.855</b>	<b>6.343.579</b>
<b>Allocated to :</b>					
<i>The parent's shareholders</i>		(1.858.568)	7.501.526		
<i>Minority interest</i>		477.644	137.177		
<i>Basic Earnings per share</i>	6.24	(0,09)	0,36	0,16	0,30
<b>Brief results for the period</b>					
Earnings Before Taxes Financing and Investments Results, Depreciations and Amortizations		3.695.204	18.245.168	4.347.079	9.886.051
Earnings Before Taxes Financing and Investments Results		2.176.219	17.031.711	3.309.046	8.908.208
Earnings before taxes		(1.616.592)	12.208.948	4.014.192	8.057.053
Earnings after taxes		(1.380.925)	7.638.703	3.387.855	6.343.579

## Balance Sheet



ΚΩΝ. ΚΑΡΑΩΖΙΑΠΗΣ & ΥΙΟΙ ΑΕΒΕ

ASSETS	Note	GROUP		COMPANY	
		31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Non – current assets</b>					
Tangible Assets	6.1	50.362.412	46.109.283	41.862.203	39.736.492
Goodwill	6.2	823.171	946.621	223.827	290.982
Investments in Subsidiary Companies	6.3	0	0	56.290.935	54.637.002
Investments in Associate Companies	6.3	70.850	5.899.841	286.370	6.064.147
Associates available for sale	6.10	0	0	0	0
Differed tax receivables	6.4	0	96.464	0	0
Other Long – term receivables	6.5	342.235	315.304	50.809	47.669
		<b>51.598.668</b>	<b>53.367.513</b>	<b>98.714.143</b>	<b>100.776.292</b>
<b>Current assets</b>					
Inventories	6.6	25.766.800	24.974.647	9.706.134	7.767.867
Customers and other Trade Receivables	6.7	32.968.996	32.765.476	18.227.260	17.367.175
Subsidiary companies receivables	6.3	281.304	264.787	3.841.367	1.264.787
Other Receivables	6.8	14.815.679	8.793.525	9.747.996	8.039.175
Other Current Assets	6.9	568.533	4.488.307	340.527	4.283.152
Financial instruments at fair value through income statement	6.10	46.657	8.427	46.657	8.427
Cash and cash equivalents	6.11	3.272.033	3.261.732	2.013.965	1.332.456
		<b>77.720.002</b>	<b>74.556.901</b>	<b>43.923.906</b>	<b>40.063.039</b>
<b>Total Assets</b>		<b>129.318.670</b>	<b>127.924.414</b>	<b>142.638.050</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	6.567.422	4.970.054	35.750.279	32.706.752
Other reserves	6.12	11.059.825	6.880.494	8.704.959	6.072.929
Retained earnings		(5.976.592)	(1.229.923)	833.370	(772.229)
<b>Total assets classified as held for sale</b>		<b>19.114.191</b>	<b>18.084.163</b>	<b>52.752.145</b>	<b>45.470.988</b>
<b>Minority interest</b>		<b>2.308.395</b>	<b>1.904.308</b>		
<b>Exchange differences from conversion of subsidiaries abroad</b>		<b>(246.693)</b>	<b>102.815</b>		
<b>Total equity</b>		<b>21.175.893</b>	<b>20.091.285</b>	<b>52.752.145</b>	<b>45.470.988</b>
<b>Long – term liabilities</b>					
Long – term bank liabilities	6.13	16.755.719	20.399.592	15.228.571	18.939.037
Deferred tax liabilities	6.4	846.413	0	10.167.042	11.017.912
Liabilities for pension plans	6.14	410.662	450.346	184.195	169.127
Other long – term liabilities	6.15	5.061.840	7.557.059	3.857.229	6.337.367
<b>Total long – term liabilities</b>		<b>23.074.633</b>	<b>28.406.998</b>	<b>29.437.037</b>	<b>36.463.443</b>
<b>Short – term liabilities</b>					
Suppliers and related liabilities	6.16	11.514.583	20.798.412	5.855.342	16.274.998
Current tax liabilities	6.17	635.939	1.286.081	549.413	635.105
Short – term bank liabilities	6.13	63.274.995	49.468.177	46.111.125	35.591.980
Long – term liabilities payable in the next period	6.13	7.902.429	5.525.414	7.671.429	5.300.000
Other short – term liabilities	6.18	1.740.198	2.348.046	261.560	1.102.817
<b>Total Short – term Liabilities</b>		<b>85.068.144</b>	<b>79.426.131</b>	<b>60.448.868</b>	<b>58.904.900</b>
<b>Total Liabilities</b>		<b>108.142.777</b>	<b>107.833.129</b>	<b>89.885.905</b>	<b>95.368.343</b>
<b>Total Equity &amp; Liabilities</b>		<b>129.318.670</b>	<b>127.924.414</b>	<b>142.638.050</b>	<b>140.839.331</b>



KON. KAPLIZIAPIE & YIOI AEBE

## Consolidated Statement of changes in equity

	Share capital	Share premium	Legal reserve	Fair value reserves	Other reserves	Retained earnings	Total	Minority interest	Exchange differences from conversion of subsidiaries abroad	Total
<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	-7.393.878	10.739.601	1.750.711	-292.469	12.197.843
changes due to adoption in IFRS							0			0
Reserve from fixed assets revaluation for 2005				1.005.967			1.005.967			1.005.967
Fair value reserve for the period							0			0
Transfer of dividends from capital & reserves to a creditors' account					0	0	0			0
Decrease in share capital	-75.969						-75.969			-75.969
Changes in affiliated companies reserves							0			0
Purchase of own shares							0			0
Transfer from retained earnings to reserve					246.000	-246.000	0			0
Transfer of dividends to a liability account						-1.042.169	-1.042.169			-1.042.169
Sale of own shares					-87.870		-87.870			-87.870
Net results for the period							0			0
Change in exchange differences from conversion of subsidiaries abroad							0		395.284	395.284
Other adjustments						-49.402	-49.402	12.402		-37.000
Differed tax amendment				92.480			92.480	4.017		96.497
Net results for the period 1/1 - 31/12/2005						7.501.526	7.501.526	137.177		7.638.703
Change in minority interest							0			0
<b>Total recognized Profit /loss for the Period</b>	-75.969	0	0	1.098.446	158.130	6.163.955	7.344.562	153.597	395.284	7.893.442
<b>Balance of Equity as at December 31st 2005</b>	<b>6.576.171</b>	<b>887.366</b>	<b>1.237.401</b>	<b>4.970.054</b>	<b>5.643.094</b>	<b>-1.229.923</b>	<b>18.084.163</b>	<b>1.904.308</b>	<b>102.815</b>	<b>20.091.285</b>
							0			0
							0			0
							0			0
<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	1.904.308	102.815	20.091.286
Other adjustments						122.154	122.154	53.530		175.685
Change in exchange differences							0	-133.243	-349.508	-482.750
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					2.603.720		2.603.720			2.603.720
Transfer from retained earnings to reserve			28.610		1.228.000	-1.256.610	0			0
Transfer from creditors' account to affiliate's reserve					319.000		319.000			319.000
Net results for the period 1/1 - 31/12/2006						-1.858.568	-1.858.568	477.644		-1.380.925
change in differed taxes				-1.569.663			-1.569.663			-1.569.663
Fair value reserve				3.167.031			3.167.031	6.155		3.173.186
Change in minority interest							0			0
<b>Total Recognized Profit / loss for the Period</b>	0	0	28.610	1.597.368	4.150.720	-4.746.670	1.030.028	404.087	-349.508	1.084.608
<b>Balance of Equity as at December 31st 2006</b>	<b>6.576.171</b>	<b>887.366</b>	<b>1.266.011</b>	<b>6.567.422</b>	<b>9.793.814</b>	<b>-5.976.592</b>	<b>19.114.191</b>	<b>2.308.395</b>	<b>-246.693</b>	<b>21.175.893</b>



ΚΩΝ. ΚΑΡΔΙΑΣΤΡΑΦΗΣ & ΥΠΟΛΕΒΕ

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

### 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>	<b>6.652.140</b>	<b>887.366</b>	<b>1.218.082</b>	<b>3.749.851</b>	<b>26.788.748</b>	<b>4.942.717</b>	<b>(6.069.319)</b>	<b>38.169.585</b>
Other adjustments							(4.321)	(4.321)
Sale of own shares						(87.870)		(87.870)
Decrease in share capital	(75.969)							(75.969)
Changes in differed tax				88.298	1.073.888			1.162.186
Revaluation of fixed assets				1.005.967				1.005.967
Dividends paid							(1.042.169)	(1.042.169)
Net results for the period 01/01-31/12/2005							6.343.579	6.343.579
<b>Total recognized Profit /loss for the Period</b>	<b>(75.969-)</b>	<b>-</b>	<b>-</b>	<b>1.094.265-</b>	<b>1.073.888-</b>	<b>(87.870-)</b>	<b>5.297.090-</b>	<b>7.301.403</b>
<b>Balance of Equity as at December 31st 2005</b>	<b>6.576.171</b>	<b>887.366</b>	<b>1.218.082</b>	<b>4.844.116</b>	<b>27.862.636</b>	<b>4.854.846</b>	<b>(772.229)</b>	<b>45.470.988</b>
<b>Balance as at January 1<sup>st</sup> 2006 according to IFRS</b>	<b>6.576.171</b>	<b>887.366</b>	<b>1.218.082</b>	<b>4.844.116</b>	<b>27.862.636</b>	<b>4.854.846</b>	<b>(772.229)</b>	<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 due to revaluation				3.043.527				3.043.527
Change from purchase/sale of own shares						2.603.420		2.603.420
Net results for the period 01/01-30/6/2006							3.387.855	3.387.855
<b>Total recognized Profit /loss for the Period</b>	<b>0</b>	<b>0</b>	<b>28.610</b>	<b>3.043.527</b>	<b>0</b>	<b>2.603.420</b>	<b>1.605.599</b>	<b>7.281.157</b>
<b>Balance of Equity as at December 31st 2006</b>	<b>6.576.171</b>	<b>887.366</b>	<b>1.246.692</b>	<b>7.887.643</b>	<b>27.862.636</b>	<b>7.458.267</b>	<b>833.370</b>	<b>52.752.145</b>



ΚΩΝ. ΚΑΡΑΑΖΙΔΑΚΗΣ & ΥΙΟΙ ΑΕΒΕ

## Cash flow statement

### Cash Flow Statement

	GROUP period		COMPANY period	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Cash flows from operating activities</b>				
Earnings for the period before taxes	-1.616.592	12.208.948	4.014.192	8.057.053
Plus / less adjustments for :	0	0	0	0
Depreciations for the period	1.518.985	1.213.456	1.038.033	977.843
Provisions	-58.006	758.260	34.300	49.222
Exchange difference	307.220	-55.084	401.144	0
Results (revenues, expenses, earnings and losses) from investment activities	604.980	498	0	0
- Loss from acquisition of tangible assets	6.654	-69.281	0	-82.551
- Grants of tangible assets	-125.607	-163.216	-125.607	-163.216
Interest payable and similar charges	551.417	4.914.342	-735.161	851.156
<b>Plus / less adjustments for changes of working capital or similar with operating activities</b>	0	0	0	0
Reduction /(increase) of inventories	-914.912	-8.284.740	-1.938.267	-1.763.660
Reduction /(increase) of receivables	-6.227.495	-3.813.951	-5.145.485	-4.433.233
Reduction /(increase) of prepayments	3.939.327	-4.041.419	3.942.625	-3.631.652
Reduction /(increase) of short – term liabilities (except for banks and taxes)	-5.587.928	5.878.088	-10.647.557	4.229.539
Reduction /(increase) of liabilities from taxes	749.252	43.688	0	0
Reduction /(increase) of accruals and deferred income accounts (receive payment for grant)	-718.300	150.171	-714.549	64.491
Less :	0	0	0	0
Interest payable /interest receivable	-4.813.513	-5.311.781	-3.569.170	-4.241.052
Income tax /Tax differences / Other not charged to the operating cost taxes	-1.473.891	-3.577.912	-241.858	-371.394
Total of inputs /(outputs) form operating activities	<b>-13.858.409</b>	<b>-149.935</b>	<b>-13.687.360</b>	<b>-457.454</b>
<b>Cash flows from investment activities</b>				
Acquisition of subsidiaries, affiliated companies, joint ventures and other investments	7.415.696	2.334.975	7.415.356	2.334.975
Purchase of tangible and intangible fixed assets	-2.012.444	-4.506.255	-1.288.411	-3.980.993
Amounts collected from sales tangible and intangible assets	6.472	585.161	0	580.500
Increase in other long term receivables	23.000	608	0	0
Interest collected	152.493	45.462	152.493	45.462
Dividends collected	2.000	63.735	3.002.000	3.063.735
Total inflows / (outflows) from investing activities (b)	<b>5.587.217</b>	<b>-1.476.314</b>	<b>9.281.438</b>	<b>2.043.680</b>
<b>Cash flows from financing activities</b>				
Amounts collected from increase in share capital	0	-75.969	0	-75.969
Amounts collected from loans received	17.381.871	6.276.958	14.290.574	3.364.705
Loan payments	-5.189.299	-4.321.072	-5.110.466	-4.059.564
Settlement (payment) of liabilities from leasing	-2.157.435	0	-2.339.032	41.276
Dividends paid	-1.753.646	-1.042.169	-1.753.646	-1.042.169
Total inflows / (outflows) from financing activities (c)	<b>8.281.492</b>	<b>837.748</b>	<b>5.087.431</b>	<b>-1.771.720</b>
<b>Net increase /(decrease) in cash and cash equivalent in the period (a) + (b) + (c)</b>	<b>10.301</b>	<b>-788.501</b>	<b>681.509</b>	<b>-185.494</b>
<b>Opening balance of cash and cash equivalents</b>	<b>3.261.732</b>	<b>4.050.233</b>	<b>1.332.456</b>	<b>1.517.950</b>
<b>Closing balance of cash and cash equivalents</b>	<b>3.272.033</b>	<b>3.261.732</b>	<b>2.013.965</b>	<b>1.332.456</b>

## **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 December 31<sup>st</sup> 2005 (including the comparative data for the period ending on December 31<sup>st</sup> 2004) were approved by the Board of Directors of the company CARDICO S.A. on March 21<sup>st</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.



ΚΩΝ. ΚΑΡΔΑΛΙΑΠΗ & ΥΙΟΙ ΑΕΒΕ

## **2. Basis for preparation of the financial statements**

The consolidated financial statements of **Cardico S.A.** as of December 31<sup>st</sup>, 2006 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.

During 2004 and 2004 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 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 are consistent with the ones used for the year 2005.

### **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:

**- IAS 19. (Amendment) Employee Benefits ( effective date 1/1/2006)**

The particular amendment is obligatory for the accounting periods starting at or after the 1<sup>st</sup> of January 2006. This amendment gives an alternative way for the recognition of actuarial gains or losses. It is possible that it will enforce more ways of recognition for multi-employer plans, for which there isn't sufficient information about the accounting method for the determined benefits, also more disclosures are required. Since the company is not willing to change the accounting principle applied for the recognition of the actuarial gains or losses and is not participating in a multi-employer plan the implementation of this amendment is not expected to affect the company's financial statements.

#### **- IAS 39(Amendment). Selection of Fair Value**

This amendment constraints the classification of the financial instruments to financial instruments valued at fair value through the Profit & Loss account. The company is not expected to be affected by the adoption of the amendment since it does not have any financial instruments that are classified as financial instruments valued at fair value through the Profit & Loss account.

### **3.2 Standards, amendments and interpretations effective in 2006 that are not related with the company's activities**

IFRS 1 (Amendment), First Time Adoption of IFRS

IAS 21 (Amendment), Effects of Changes in the Exchange Rates

IAS 39 and IFRS 4 (amendment), Insurance Contracts

IAS 39 (Amendment), Cash flow hedging in foreseeable inter-company transactions.

IFRS 6, Exploration for and evaluation of Mineral Resources

IFRIC 4, Determining whether a contract contains a lease

IFRIC5, Rights to Interests arising from Decommissioning, Restoration, and Environmental Rehabilitation Funds

IFRIC 6, Liabilities arising from participating in a specific Market- Waste Electrical and Electronic equipment.

IFRIC 7, Implementation of restatement method on Hyperinflationary economies.

IFRIC 8, Scope of IFRS 2

IFRIC 9, Revaluation of Embedded Derivatives

IFRIC 10, Interim Financial Statements and Impairment.

### **3.3 Standards, amendments and interpretations of standards already in effect with future implementation date (no discretionary implementation by the company)**

The IASB has already issued a series of new standards and interpretations that can be adopted at a later date of 1.1.2006. The company's estimation in regard to the effect of these new standards and interpretations is as follows:

#### ***IAS 1 (Amendment) Capital Disclosures***

Due to the issuance of IFRS 7 more disclosures in regards with IAS 1 are required in order for the company to disclose more useful information relating to its policies and procedures in capital management . The company will implement the amendment of IAS 1 starting at 1/1/2007

#### ***IFRS 7 Financial Instruments: Disclosures***

IFRS 7 is referred to all the risks that derive from all financial instruments, except those that are particularly excluded (e.g. interests in subsidiaries, related parties, and joint ventures). IFRS 7 requires to disclose the significance of the instruments for the performance and the financial position of the company. As well qualitative and quantitative information is required in regards to the risks from the use of instruments. The company will adopt IFRS starting at 1/1/2007.

#### ***IFRS 8 Segment Reporting***

IFRS 8 will replace IAS 14 and sets different requirements in regards to segment reporting. IFRS's 8 Effective date is the 1/1/2009 and it is expected to be adopted by the company.

#### ***IFRIC 11 IFRS 2 Share Base payments***

The interpretation gives guideline on whether a payment agreed based on the share price of the entity which receives goods or services in return for its shares will be recorded as transaction settled in shares or as transactions settled in cash. IFRIC's 11 effective date is 1/1/2007 and is not expected to be adopted by the company.

#### ***IFRIC 12 Service concession arrangements***

IFRIC 12 deals with the way with which the managers of the concession of services right will need to apply IFRS's in order to record the obligations and rights deriving from the Service



ΚΩΝ. ΚΑΡΔΑΜΩΝΑΚΗ & ΥΙΟΙ ΑΕΒΕ

concession agreements. IFRIC's 12 effective date is 1.1.2008 and it is not expected to affect the financial statements of the company.

### **3.4 Important Accounting decisions, estimations and assumptions.**

Compilation of the financial statements according to IFRS's, requires management to take decisions, carry out estimations and use assertions that have effect on the amounts according to which the assets, the liabilities income and expenses are presented. Real amounts may be altered due to these estimations. The estimations are constantly evolving and are base in historical facts and other factors, such as expectations of future events that are expected to occur under the current circumstances.

### **3.5 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.

### **3.6 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 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



ΚΩΝ. ΚΑΡΑΑΖΙΤΑΡΗΣ & ΥΙΟΙ ΑΕΒΕ

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.

### 3.7 Group Structure

The structure of the Group on 31<sup>st</sup> December 2006 is as follows:

	<b>CONSOLIDATION METHOD AND PERCENTAGES</b>	
CARDICO ABEE	MOTHER	
ECHALIE S.A	FULL CONSOLIDATION	100,00%
TESCO S.A	FULL CONSOLIDATION	51,00%
XIROFRUIT S.A.	FULL CONSOLIDATION	57,69%
NUT COMPANY AEBET	FULL CONSOLIDATION	57,50%
SIFAKIS S.A	FULL CONSOLIDATION	51,00%
SDOUKOS S.A	EQUITY	24,92%
CARDICO SRL (MOLDOVA)	FULL CONSOLIDATION	92,86%
CARDICO LTD GEORGIA	FULL CONSOLIDATION	100,00%



ΚΩΝ. ΚΑΡΔΑΜΩΤΑΚΗ & ΥΙΟΙ ΑΕΒΕ

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

### **3.8 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 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.



ΚΩΝ. ΚΑΡΑΛΙΑΠΗ & ΥΙΟΙ ΑΕΒΕ

### 3.9 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.

### 3.10 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.

### **3.11 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.

### **3.12 Financial instruments**

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.



ΚΩΝ. ΚΑΡΔΑΜΩΤΑΚΗ & ΥΙΟΙ ΑΕΒΕ

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.

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.

### **3.13 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.

### **3.14 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.

### **3.15 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.

### **3.16 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.

### **3.17 Own shares**



ΚΩΝ. ΚΑΡΔΑΛΙΑΔΗΣ & ΥΙΟΙ ΑΕΒΕ

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

### **3.18 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.

### 3.19 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 implemented 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.

### 3.20 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.

### 3.21 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.

### 3.22 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.

### 3.23 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.

### 3.24 Dividend distribution

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.



ΚΩΝ. ΚΑΡΑΑΣΤΑΑΠΗΕ & ΥΙΟΙ ΑΕΒΕ

## **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

### **Liquidity Risk**

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



ΚΩΝ. ΚΑΡΑΛΙΑΠΗ & ΥΙΟΙ ΑΕΒΕ

## 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 - 31/12/2005

	GREECE	FRANCE	OTHER	TOTAL	INTER – COMPANY ELIMINATIONS	CONSOLIDATED BALANCE
Sales	88.601.610	119.006.000	43.185.267	250.792.876	15.994.218	234.798.658
Cost of goods sold	75.476.761	105.538.000	41.157.616	222.172.377	15.994.218	206.178.159
<b>Gross Profit</b>	<b>13.124.848</b>	<b>13.468.000</b>	<b>2.027.650</b>	<b>28.620.499</b>		<b>28.620.499</b>
Other operating income	3.692.852	14.000	0	3.706.852	57.600	3.649.252
Administration expenses	2.866.811	1.588.000	1.023.443	5.478.254		5.478.254
R&D expenses	0	0	0	0		0
Distribution expenses	4.282.790	4.483.000	0	8.765.790		8.765.790
Other operating expenses	956.997	37.000	0	993.997		993.997
<b>Operating Results</b>	<b>8.711.103</b>	<b>7.374.000</b>	<b>1.004.208</b>	<b>17.089.311</b>		<b>17.031.711</b>
<b>Depreciations not charged to operating costs</b>						
Financial Income	3.590.672	37.000	0	3.627.672	3.000.000	627.672
Financial Expenses	4.746.556	623.000	88.057	5.457.613		5.457.613
Loss from investments in affiliated companies	0				-7.178	7.178
<b>Earnings before taxes</b>	<b>7.555.219</b>	<b>6.788.000</b>	<b>916.151</b>	<b>15.259.370</b>		<b>12.208.948</b>
<b>Reserves for appropriation</b>						
Tax Expense	-2.131.766	-2.356.000	-82.479	-4.570.245		-4.570.245
<b>Earnings after tax</b>	<b>5.423.453</b>	<b>4.432.000</b>	<b>833.672</b>	<b>10.689.125</b>		<b>7.638.703</b>
<b>Net earnings</b>	<b>5.423.453</b>	<b>4.432.000</b>	<b>833.672</b>	<b>10.689.125</b>		<b>7.638.703</b>
Minority Interests	-421.349	0	408.499	-12.850	150.027	137.177
<b>Net earnings for the period</b>	<b>5.844.803</b>	<b>4.432.000</b>	<b>425.173</b>	<b>10.701.975</b>	<b>19.194.668</b>	<b>7.501.526</b>

1/1 - 31/12/2006

	GREECE	FRANCE	OTHERS	TOTAL	INTER – COMPANY ELIMINATIONS	CONSOLIDATED BALANCE
Sales	68.654.974	87.178.000	31.890.006	187.722.980	15.804.961	171.918.019
Cost of goods sold	60.327.984	85.460.000	28.970.264	174.758.247	15.804.961	158.953.286
<b>Gross Profit</b>	<b>8.326.990</b>	<b>1.718.000</b>	<b>2.919.743</b>	<b>12.964.733</b>		<b>12.964.733</b>
Other operating income	2.568.638	0	0	2.568.638	0	2.568.638
Administration expenses	2.427.944	1.179.000	1.160.466	4.767.410		4.767.410
R&D expenses	0			0		0
Distribution expenses	3.799.897	3.337.000	24.233	7.161.130		7.161.130
Other operating expenses	1.303.412	178.000		1.481.412	52.800	1.428.612
<b>Operating Results</b>	<b>3.364.376</b>	<b>-2.976.000</b>	<b>1.735.043</b>	<b>2.123.419</b>		<b>2.176.219</b>
Financial Income	4.559.905	380.000	19.449	4.959.354	3.000.000	1.959.354
Financial Expenses	4.234.654	748.000	111.579	5.094.232		5.094.232
Loss from investments in affiliated companies				0	-657.933	-657.933
<b>Earnings before taxes</b>	<b>3.689.627</b>	<b>-3.344.000</b>	<b>1.642.914</b>	<b>1.988.541</b>		<b>-1.616.592</b>
Tax Expense	-630.137	1.041.000	-175.196	235.667		235.667
<b>Earnings after tax</b>	<b>3.059.490</b>	<b>-2.303.000</b>	<b>1.467.718</b>	<b>2.224.208</b>		<b>-1.380.925</b>
<b>Net earnings</b>	<b>3.059.490</b>	<b>-2.303.000</b>	<b>1.467.718</b>	<b>2.224.208</b>		<b>-1.380.925</b>
Minority Interests	-171.442	0	714.733	543.291	-65.647	477.644
<b>Net earnings for the period</b>	<b>2.888.048</b>	<b>-2.303.000</b>	<b>2.182.451</b>	<b>2.767.499</b>		<b>-1.858.568</b>



ΚΩΝ. ΚΑΡΑΛΙΑΠΗ & ΥΙΟΙ ΑΕΒΕ

## 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:

	<b>1/1 - 31/12/2006</b>	<b>1/1 - 31/12/2005</b>
COMMERCIAL ACTIVITY	122.673.534	173.305.283
INDUSTRIAL ACTIVITY	64.323.845	77.295.413
OTHER ACTIVITIES	725.601	192.180
<b>TOTAL</b>	<b>187.722.980</b>	<b>250.792.876</b>
<b>Less :</b>		
Internal sales	15.804.961	15.994.218
<b>TOTAL</b>	<b>171.918.019</b>	<b>234.798.658</b>

## 6. Notes on the Financial Statements

### 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.



ΚΩΝ. ΚΑΡΑΛΙΑΠΗ & ΥΙΟΙ ΑΕΒΕ

On the parent company's buildings and land there is a mortgage in favor of bond holding loaners for the amount of € 32.000.000, while on buildings and land of the subsidiary company SIFAKIS SA there is a prenotation of mortgage for the amount of € 2.530.000.

	GROUP						
	Land	Buildings	Mechanical equipment	Transportation equipment	Furniture and other equipment	Tangible assets under construction	Total
Gross Book Value	8.440.783	25.114.971	10.659.288	750.480	1.334.985	25.819	46.326.327
Accumulated depreciation and value impairment	(49.840)	(641.030)	(1.343.833)	(196.246)	(434.031)	-	(2.664.981)
<b>Book value as at January 1<sup>st</sup> 2005</b>	<b>8.390.943</b>	<b>24.473.941</b>	<b>9.315.454</b>	<b>554.234</b>	<b>900.954</b>	<b>25.819</b>	<b>43.661.346</b>
Gross Book value	9.833.328	25.905.478	11.972.578	777.244	1.552.683	25.819	50.067.129
Accumulated depreciation and value impairment	(49.840)	(1.176.657)	(1.903.526)	(280.419)	(547.405)	-	(3.957.847)
<b>Book value as at December 31st 2005</b>	<b>9.783.488</b>	<b>24.728.821</b>	<b>10.069.051</b>	<b>496.825</b>	<b>1.005.278</b>	<b>25.819</b>	<b>46.109.283</b>
Gross Book value	12.129.115	27.836.135	12.577.490	1.007.829	1.886.491	263.403	55.700.462
Accumulated depreciation and value impairment	(49.840)	(1.713.062)	(2.518.505)	(366.116)	(690.527)	-	(5.338.050)
<b>Book value as at December 31st 2006</b>	<b>12.079.275</b>	<b>26.123.073</b>	<b>10.058.985</b>	<b>641.713</b>	<b>1.195.964</b>	<b>263.403</b>	<b>50.362.412</b>
	Land	Buildings	Mechanical equipment	Transportation equipment	Furniture and other equipment	Tangible assets under construction	Total
<b>Book value as at January 1<sup>st</sup> 2005</b>	<b>8.390.943</b>	<b>24.473.941</b>	<b>9.315.454</b>	<b>554.234</b>	<b>900.954</b>	<b>25.819</b>	<b>43.661.346</b>
Additions	1.392.545	790.506	1.313.290	26.764	217.698	0	3.740.803
Sales – Reductions	0	0	0	(35.108)	0	0	(35.108)
Depreciations	0	(535.626)	(559.693)	(49.065)	(113.374)	-	(1.257.758)
Transfers	0	0	0	-	-	0	0
Land & buildings Revaluation	0	0	0	0	0	0	0
<b>Book value as at December 31<sup>st</sup> 2005</b>	<b>9.783.488</b>	<b>24.728.821</b>	<b>10.069.051</b>	<b>496.825</b>	<b>1.005.278</b>	<b>25.819</b>	<b>46.109.283</b>
Additions - revaluation	1.861.453	683.042	610.861	234.738	336.201	235.995	3.962.291
Other adjustments	434.333	1.247.615	1.696	0	0	1.589	1.685.233
Sales	-	-	(7.644)	(4.152)	(2.394)	-	(14.190)
Depreciations	0	(536.405)	(614.979)	(85.698)	(143.122)	-	(1.380.204)
<b>Book value as at December 31st 2006</b>	<b>12.079.275</b>	<b>26.123.073</b>	<b>10.058.985</b>	<b>641.713</b>	<b>1.195.964</b>	<b>263.403</b>	<b>50.362.412</b>

	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	10.461.294	23.122.969	9.338.540	340.991	908.031	261.814	44.433.639
Accumulated depreciation and value impairment	0	(889.135)	(1.336.337)	(122.321)	(223.644)	0	(2.571.437)
<b>Book value as at December 31st 2006</b>	<b>10.461.294</b>	<b>22.233.834</b>	<b>8.002.203</b>	<b>218.670</b>	<b>684.388</b>	<b>261.814</b>	<b>41.862.203</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	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 - revaluation	1.590.818	580.913	605.645	10.225	65.658	235.995	3.089.254
Other adjustments							0
Sales	0	0	0	0	0	-	0
Depreciations		(413.398)	(436.565)	(33.121)	(80.459)	-	(963.543)
<b>Book value as at December 31st 2006</b>	<b>10.461.294</b>	<b>22.233.834</b>	<b>8.002.203</b>	<b>218.670</b>	<b>684.388</b>	<b>261.814</b>	<b>41.862.203</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).

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.

	GROUP			
	SOFTWARE	OTHER INTANGIBLE	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 1<sup>st</sup> 2005</b>	<b>445.133</b>	<b>237.000</b>	<b>148.839</b>	<b>830.972</b>
Gross Book Value	731.045	337.896	245.986	1.314.927
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>243.277</b>	<b>238.188</b>	<b>946.621</b>
Gross Book Value	746.430	337.896	852.704	1.937.030
Accumulated depreciation and value impairment	(352.223)	(147.121)	(614.516)	(1.113.859)
<b>Book value as at September 30<sup>st</sup> 2006</b>	<b>394.207</b>	<b>190.775</b>	<b>238.188</b>	<b>823.171</b>

  

	OTHER			
	SOFTWARE	INTANGIBLE ASSETS	GOODWILL	TOTAL
<b>Book value as at January 1<sup>st</sup> 2005</b>	<b>445.133</b>	<b>237.000</b>	<b>148.839</b>	<b>830.972</b>
Additions			97.147	97.147
Sales / Reductions	141.750-	38.896		180.646-
Depreciations	(121.727)	(32.619)		(154.346)
Transfers			(7.797-)	(7.797-)
Net foreign exchange differences				0
<b>Book value as at December 31<sup>st</sup> 2005</b>	<b>465.156</b>	<b>243.277</b>	<b>238.188</b>	<b>946.621</b>
Additions from acquisition of subsidiaries				0
Additions	15.385		606.718-	622.103
Sales – Reductions		(54-)		(54-)
Depreciations	(86.334)	(52.448)		(138.781)
Transfers			(606.718-)	(606.718)
Net foreign exchange differences				0
<b>Book value as at September 30<sup>st</sup> 2006</b>	<b>394.207</b>	<b>190.775</b>	<b>238.188</b>	<b>823.171</b>

Intangible assets include software programs and software licenses.

<b>COMPANY</b>		
	<b>SOFTWARE</b>	<b>Total</b>
Gross Book Value	456.760	456.760
Accumulated depreciation and value impairment	(99.491)	(99.491)
<b>Book value as at January 1st 2005</b>	<b>357.269</b>	<b>357.269</b>
Gross Book Value	486.506	486.506
Accumulated depreciation and value impairment	(195.524)	(195.524)
<b>Book value as at December 31st 2005</b>	<b>290.982</b>	<b>290.982</b>
Gross Book Value	493.841	493.841
Accumulated depreciation and value impairment	(270.014)	(270.014)
<b>Book value as at September 30st 2006</b>	<b>223.827</b>	<b>223.827</b>
	<b>Software</b>	<b>Total</b>
<b>Book value as at January 1st 2005</b>	<b>357.269</b>	<b>357.269</b>
Additions	29.746	29.746
Sales / Reductions		0
Depreciations	(96.033)	(96.033)
Transfers	-	0
Net foreign exchange differences	-	0
<b>Book value as at December 31st 2005</b>	<b>290.982</b>	<b>290.982</b>
Additions from acquisition of subsidiaries		0
Additions	7.335	7.335
Sales / Reductions		0
Depreciations	(74.490)	(74.490)
Transfers		0
Net foreign exchange differences		0
<b>Book value as at September 30st 2006</b>	<b>223.827</b>	<b>223.827</b>

Software and software licenses are included in Intangible assets.

In the year 2006 goodwill arose from the consolidation of the subsidiaries CARDICO LTD GEORGIA and CARDICO SRL MOLDOVA amounting to € 357.386,34 and € 249.331,84 respectively. The two amounts were impaired and charged the consolidated results of 2006.

### 6.3 Investments in affiliated companies/ Assets available for sale/ Short Term receivables from affiliated companies.

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<i>Investments in affiliated companies</i>	626.190	6.729.237	841.711	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>	-4.576.101	-4.850.156	-4.576.101	-4.850.156
<b>Total of Other Long Term Receivables</b>	<b>70.850</b>	<b>5.899.841</b>	<b>286.370</b>	<b>6.064.147</b>

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

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<i>Short Term Receivables against the group's affiliated companies</i>	<b>281.304</b>	<b>264.787</b>	<b>3.841.367</b>	<b>1.264.787</b>
<b>Total of Other Long Term Receivables</b>	<b>281.304</b>	<b>264.787</b>	<b>3.841.367</b>	<b>1.264.787</b>

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Participations in affiliated companies	0		17.216.700	15.395.424
Plus/Minus Adjustments at fair value	0	0	39.074.235	39.241.578
<b>Total of other long term liabilities</b>	<b>0</b>	<b>0</b>	<b>56.290.935</b>	<b>54.637.002</b>

Information about the affiliated companies of the Group:

TROFINO LTD	50,00%
STAR FOODS DISTRIBUTION A.S (CZECH)	75,54%

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) 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.

#### **Assets available for sale .**

Participation in KARDALCO S.A (TURKEY), has been fully impaired, given that although the company is not fully operating it does not have significant losses and its net assets are greater than its share price. Management of the company is in talks with the management of the Turkish company for the sale of its participation within 2007.

## **6.4 Deferred Tax**

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



ΚΩΝ. ΚΑΡΑΑΖΙΔΑΚΗΣ & ΥΙΟΙ ΑΕΒΕ

	GROUP				COMPANY			
	30/12/2006		31/12/2005		30/12/2006		31/12/2005	
	Receivable	Liability	Receivable	Liability	Receivable	Liability	Receivable	Liability
<b>Non current assets</b>								
Intangible - Tangible assets	572.936	1.397.558	847.271	1.892.066	375.646	921.315	801.939	1.377.050
Participation in affiliated and subsidiary companies		0				9.810.395		11.380.058
<b>Current Assets</b>								
Financial assets estimated in fair value	0	78.511	29.621					
<b>Reserves</b>								
De-taxation of reserves			3.934					
<b>Long – term liabilities</b>								
Employee benefits	43.000	29.301	102.318					
Other Long – term liabilities	90.000	236.000						
<b>Short – term liabilities</b>								
Provisions	0		96.000					
Other short – term liabilities	1.474.109	1.285.087	1.434.912	525.525	1.474.109	1.285.087	1.330.226	392.970
<b>Offset</b>	<b>2.180.045</b>	<b>3.026.457</b>	<b>2.514.055</b>	<b>2.417.592</b>	<b>1.849.754</b>	<b>12.016.797</b>	<b>2.132.165</b>	<b>13.150.077</b>
<b>Total</b>		<b>-846.413</b>		<b>96.464</b>		<b>-10.167.042</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	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Given Guarantees	342.235	315.304	50.809	47.669
<b>Total other long – term receivables</b>	<b>342.235</b>	<b>315.304</b>	<b>50.809</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	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Merchandise	20.203.412	22.372.411	4.830.252	5.289.630
Finished and semi – finished products	1.919.953	919.215	1.742.700	919.215
Work in progress	2.241.415	802.731	2.241.415	802.731
Raw and auxiliary materials spare parts and packing				
Spare parts and packing	1.402.020	880.290	891.767	756.290
Payments on account	0	0	0	0
<b>Total</b>	<b>25.766.800</b>	<b>24.974.647</b>	<b>9.706.134</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	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Customers	32.077.846	32.203.424	19.676.759	19.910.655
Notes receivable	1.625.665	145.395	143.665	143.665
Checks receivables	1.534.389	4.275.343	266.641	654.201
Checks overdue	90.196	268.261	28.705	28.705
Doubtful contested trade	998.111	914.000	19.356	
Less: Impairments	(3.357.211)	(5.040.947)	(1.907.865)	(3.370.050)
<b>Net trade receivables</b>	<b>32.968.996</b>	<b>32.765.476</b>	<b>18.227.260</b>	<b>17.367.175</b>
<b>Total</b>	<b>32.968.996</b>	<b>32.765.476</b>	<b>18.227.260</b>	<b>17.367.175</b>
Non Current Assets			-	-
Current Assets	32.968.996	32.765.476	18.227.260	17.367.175
<b>Total</b>	<b>32.968.996</b>	<b>32.765.476</b>	<b>18.227.260</b>	<b>17.367.175</b>

## 6.8 Other receivables

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Sundry debtors	13.439.021	7.665.655	8.876.607	7.116.523
Advances management accounts	143.329	149.294	113.541	149.294
Receivables from public authorities	1.233.329	978.576	757.848	773.359
<b>Total receivables from debtors</b>	<b>14.815.679</b>	<b>8.793.525</b>	<b>9.747.996</b>	<b>8.039.175</b>
<b>Total</b>	<b>14.815.679</b>	<b>8.793.525</b>	<b>9.747.996</b>	<b>8.039.175</b>
Non Current Assets				
Current Assets	14.815.679	8.793.525	9.747.996	8.039.175
<b>Total</b>	<b>14.815.679</b>	<b>8.793.525</b>	<b>9.747.996</b>	<b>8.039.175</b>

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

The group item "Sundry debtors" includes €1.000.000,00 which is a donation of Mr Cardasilaris Nicolaos towards the subsidiary ECHALIE S.A. Due to the very difficult financial season (fall of the blanched almond price) and other extraordinary circumstances that took place in the year ending at 31.12.2006, Mr Cardasilaris seeing that ECHALIE S.A was greatly affected, decided to donate € 1.000.000,00. The above mentioned amount was recorded as income in the profit and loss account in the subsidiary's income statement. By now € 300.000,00 were already deposited and the rest will be deposited as follows:

1. 30.6.2007 – € 300.000
2. 30.12.2007 – € 400.000

## 6.9 Other current assets

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

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Expenses attributed to future periods	474.680	775.363	246.674	570.207
Accrued income	0	0	0	0
Other accrued income	93.852	3.712.945	93.852	3.712.945
<b>Total</b>	<b>568.533</b>	<b>4.488.307</b>	<b>340.527</b>	<b>4.283.152</b>

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

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

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Shares / mutual funds</b>	196.937	204.635	196.937	204.635
Fair value revaluation	(150.280)	(196.208)	(150.280)	(196.208)
<b>Balance at the period end</b>	<b>46.657</b>	<b>8.427</b>	<b>46.657</b>	<b>8.427</b>

### 6.11 Cash and cash equivalents

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Cash in hand	586.812	1.942.020	126.830	74.053
Short – term bank deposits	2.685.221	1.266.947	1.887.135	1.258.403
Short-term investments (in cash)		52.765		
<b>Total</b>	<b>3.272.033</b>	<b>3.261.732</b>	<b>2.013.965</b>	<b>1.332.456</b>

### 6.12 Total equity

#### i) Share capital

The Group's share premium reserve emerged from the issuance of shares by cash at a value larger than their nominal value. During 2006 there was a decrease in share capital due to cancellation of own shares. All the law binding procedures were followed.

#### ii) Fair Value Reserves

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

	Number of shares	Common shares	Own shares	Total
<b>Balance as at 1/1/2006</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)	-
Purchase of Parent's shares (Own shares)	-	(266.963-)	266.963	-
<b>Balance as at 31/12/2006</b>	<b>21.254.570</b>	<b>21.552.570</b>	<b>368.000</b>	<b>21.920.570</b>

	GROUP			COMPANY		
	Revaluation of tangible assets	Reserve of affiliated companies revaluation	Total	Revaluation of tangible assets	Reserve or 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 1st 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 31st December 2004</b>	<b>3.870.492</b>	<b>1.115</b>	<b>3.871.607</b>	<b>3.749.852</b>	<b>26.788.747</b>	<b>30.538.599</b>
Deferred tax amendment	92.480	-	<b>92.480</b>	88.298	1.073.888	<b>1.162.186</b>
Revaluation 2005	1.005.967	-	<b>1.005.967</b>	1.005.967	-	<b>1.005.967</b>
<b>Balance as at 31st December 2005</b>	<b>4.968.938</b>	<b>1.115</b>	<b>4.970.054</b>	<b>4.844.116</b>	<b>27.862.635</b>	<b>32.706.752</b>
Revaluation of tangible asset	<b>1.597.368</b>	-	<b>1.597.368</b>	<b>3.043.527</b>	-	<b>3.043.527</b>
<b>Balance as at 31st December 2006</b>	<b>6.566.306</b>	<b>1.115</b>	<b>6.567.421</b>	<b>7.887.644</b>	<b>27.862.635</b>	<b>35.750.279</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>0</b>
<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 31st 2005</b>	<b>1.237.401</b>	<b>(4.636.895)</b>	<b>10.279.989</b>	<b>6.880.495</b>
Changes during the period	<b>28.610</b>	-	-	28.610
Purchase/Sell of own shares	-	2.603.720	-	2.603.720
Transfer of reserves of retained earnings from subsidiary	-	-	1.547.000	1.547.000
<b>Balance at 31st December 2006</b>	<b>1.266.011</b>	<b>(2.033.175)</b>	<b>11.826.989</b>	<b>11.059.825</b>

### 6.13 Loan liabilities

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Long – term loans</b>				
Debtenture loans	11.800.000,00	14.300.000,00	11.800.000	14.300.000
Bank loans	4.955.719	6.099.592	3.428.571	4.639.037
Other loans				
<b>Total of long – term loans</b>	<b>16.755.719</b>	<b>20.399.592</b>	<b>15.228.571</b>	<b>18.939.037</b>
<b>Short – term loans</b>				
Long – term liabilities payable at next period	7.902.429	5.525.414	7.671.429	5.300.000
Bank loans	63.274.995	49.468.177	46.111.125	35.591.980
Bonds		-	-	-
Other loans		-	-	-
<b>Total of short – term loans</b>	<b>71.177.424</b>	<b>54.993.591</b>	<b>53.782.553</b>	<b>40.891.980</b>
<b>TOTAL</b>	<b>87.933.142</b>	<b>75.393.184</b>	<b>69.011.125</b>	<b>59.831.016</b>

	31/12/2005	31/12/2006
Bank Loans (Short-Term)	4%	5%

### 6.14 Employee benefit liabilities

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Balance sheet liabilities fir:</b>				
Provisions for retirement benefits	410.662	450.346	184.195	169.127
<b>Total</b>	<b>410.662</b>	<b>450.346</b>	<b>184.195</b>	<b>169.127</b>

The main actuarial assumptions used are as follows:

	31/12/2005	31/12/2004
Technical Interest Rate	4,5%	4,5%
Future wage increases	4,0%	4,0%
Inflation	2,5%	2,5%

### 6.15 Other long – term liabilities

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

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Provisions for extraordinary risks	395.430	395.430	200.000	200.000
Deferred income (grants)	3.559.664	3.617.406	3.559.664	3.700.771
Long term liabilities from leasing contracts	1.106.746	3.544.223	97.564	2.436.596
<b>Balance at the period end</b>	<b>5.061.840</b>	<b>7.557.059</b>	<b>3.857.229</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.

The provisions for extraordinary risks includes the provision for tax inspection differences.

### 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	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Suppliers	8.199.022	17.359.828	4.661.226	14.774.948
Checks payable	2.984.361	3.225.092	1.116.289	1.306.797
Liabilities towards customers from the execution of projects	331.200	213.492	77.827	193.252
<b>Total</b>	<b>11.514.583</b>	<b>20.798.412</b>	<b>5.855.342</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	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Tax expense that corresponds to the period	686.627	3.159.065	179.177	165.453
Other tax liabilities	(50.688)	(1.872.984)	370.235	469.651
<b>TOTAL</b>	<b>635.939</b>	<b>1.286.081</b>	<b>549.413</b>	<b>635.105</b>

## 6.18 Other short – term liabilities

The other short-term liabilities are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Social security funds	601.614	153.468	117.239	112.825
Dividends payable	18.475	68.499	18.475	18.940
Sundry creditors	720.749	1.166.896	11.922	16.973
Deferred income	240.669	67.865	0	67.865
Accrued expenses	114.339	891.319	113.924	886.215
Other expenses	44.352	0	0	0
<b>Total</b>	<b>1.740.198</b>	<b>2.348.046</b>	<b>261.560</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 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Cost of inventories recognized as an expense	170.365.595	216.430.548	49.827.546	66.512.804
Employee remuneration and expenses	1.999.700	2.322.176	1.280.255	1.090.155
Third party remuneration and expenses	248.804	270.026	24.204	30.276
Third party benefits	908.701	1.522.266	546.100	602.071
Taxes – duties	166.325	148.835		3.030
Sundry expenses	349.736	442.691	315.566	277.421
Interest expenses	0	0		0
Depreciations of fixed assets	825.604	1.100.409	690.199	625.708
Provisions	1.415	39.951		0
Own production	(107.632)	(104.525)	(95.243)	(54.818)
Less: inter-company eliminations	(15.804.961)	(15.994.218)		
<b>Total</b>	<b>158.953.286</b>	<b>206.178.159</b>	<b>52.588.626</b>	<b>69.086.647</b>

## 6.20 Administrative / distribution expenses



ΚΩΝ. ΚΑΡΠΑΖΙΤΑΡΗ & ΥΙΟΙ ΑΕΒΕ  
ADMINISTRATIVE EXPENSES

	GROUP		COMPANY	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Cost of inventories recognized as an expense				
Employee remuneration and expenses	2.180.997	1.889.832	838.048	770.980
Third party remuneration and expenses	734.311	1.126.081	220.429	508.195
Third party benefits	764.772	1.148.139	311.941	415.011
Taxes – duties	307.490	172.699	85.044	3.281
Sundry expenses	402.927	721.459	211.284	458.128
Depreciations of fixed assets	342.076	303.703	149.617	49.222
Provisions	34.837	116.341	15.068	139.232
Less: inter-company eliminations				
<b>Total</b>	<b>4.767.410</b>	<b>5.478.254</b>	<b>1.831.431</b>	<b>2.344.049</b>

#### DISTRIBUTION EXPENSES

	Notes	GROUP		COMPANY	
		1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Inventory cost		15.044		15.044	
Employee remuneration and expenses		1.918.072	1.928.630	526.781	515.434
Third party remuneration and expenses		733.695	593.009	353.483	144.221
Third party benefits		2.032.345	3.121.537	130.176	280.324
Taxes – duties		242.245	228.810	298	0
Sundry expenses		1.898.663	2.350.821	1.633.425	2.169.484
Interest expenses					
Depreciations of fixed assets		269.392	282.175	116.304	113.343
Provisions		51.673	260.808		
Less: inter-company eliminations					
<b>Total</b>		<b>7.161.130</b>	<b>8.765.790</b>	<b>2.775.512</b>	<b>3.222.806</b>

## 6.21 Other operating income / expenses

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

	GROUP		COMPANY	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
<b>Other operating income</b>				
Grants and sundry sales income	125.607	568.018	125.607	568.018
Income of sequential activities	40.513	29.552	40.417	29.552
Extraordinary income	526.518	3.109.282	508.967	3.028.676
Grants for assets	0			
Extraordinary profit	366.884		83.365	0
Profit from assets sale	0			
Prior years income	46.931		46.907	
Income from provisions of prior years	1.462.185		1.462.185	
Less: Inter Company Eliminations	0	(57.600)		
<b>Total</b>	<b>2.568.638</b>	<b>3.649.252</b>	<b>2.267.448</b>	<b>3.626.246</b>
<b>Other operating expenses</b>				
Extraordinary expenses	1.238.770	738.126	1.057.643	712.462
Extraordinary losses	92.027	81.879	85.165	51.879
Prior years expenses	3.455	74.432	2.868	69.432
Provisions	65.246	0		
Depreciators not charged to the operating cost	81.913	99.560	81.913	99.560
Less: Inter Company Eliminations	(52.800)			
<b>Total</b>	<b>1.428.612</b>	<b>993.997</b>	<b>1.227.589</b>	<b>933.333</b>

“Extraordinary expenses” include expenses due to differences in exchange rates that occurred from the sale of the participation in Star Food Distribution amounting to € 400.000,00. Also the item “prior years expenses” refers to the reverse of the impairment of receivables from two doubtful debtors of the company. This was due to the settlement the company came to with a customer who has already starting repaying his debt in

instalments, second reason was the company's lawyer reassurance that the impairment already made for another doubtful debt was larger than what it should be and that the court case against the customer would win the company a considerable sum of money. There fore impairment for the above customer was decreased and the remaining amount was endorsed to prior years results.

## 6.22 Financial income / expenses

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Interest income from:</b>				
-Banks / Short term liquidation investments (repos)				
- Dividends form subsidiaries	3.002.000	3.063.735	3.002.000	3.063.735
- Profit from financial instruments (shares)	514.246	512.474	142.246	481.474
-Interest receive and relative income	1.443.109-	51.462-	1.412.405	45.462
Less: inter-company eliminations	(3.000.000)	(3.000.000-)		
	<b>1.959.354</b>	<b>627.671</b>	<b>4.556.650</b>	<b>3.590.671</b>
<b>Interest expenses from:</b>				
- valuation difrences expences & losses from 'investments and shares	282.333		282.333-	
- Interest and other bank charges	4.773.842	5.079.889	3.562.113	4.101.103
- Leasing interests	38.057	377.724	7.057	340.724
	<b>5.094.232</b>	<b>5.457.613</b>	<b>3.851.504</b>	<b>4.441.827</b>

## 6.23 Income tax

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Tax for the current period	(686.627)	2.651.904	179.177	213.425
Prior years' tax differences	0	507.161	0	100.000
Other not charged to the operating cost taxes	67.262	57.969	62.681	57.969
Deferred tax	383.698	1.353.210	384.480	1.342.080
<b>Total</b>	<b>(235.667)</b>	<b>4.570.245</b>	<b>626.338</b>	<b>1.713.474</b>
<b>Earnings before taxes</b>	(1.616.592)	12.208.948	4.014.192	8.057.053
Tax contributor	-14,58%	-37,43%	29,00%	32,00%
<b>Expected Tax Expense</b>	235.667	(4.570.245)	1.164.116	2.578.257
Change adjustments in tax contributor	-	-	-	-
Adjustments for salaries which are not applicable in taxation				
- Deferred tax for the period	383.698	1.353.210	384.480	1.342.080
Period adjustments	(922.294)	7.222.148	(984.938)	(2.364.832)
Other adjustments (Tax free reserves – other tax free reductions)				
- Tax differences	0	507.161	0	100.000
- Other not charged to the operating cost taxes	67.262	57.969	62.681	57.969
<b>Net tax expense</b>	<b>(235.667)</b>	<b>4.570.245</b>	<b>626.338</b>	<b>1.713.474</b>

The expected 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.



ΚΩΝ. ΚΑΡΔΑΛΙΑΠΗ & ΥΙΟΙ ΑΕΒΕ

## 6.24 Earnings per share

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Earnings that correspond to the parents' shareholders	(1.858.568)	7.501.526	3.387.855	6.343.579
Weighted average number of shares	21.512.570	21.381.185	21.552.570	21.381.185
Basic earnings per share (euro per share)	(0,09)	0,36	0,16	0,30



ΚΩΝ. ΚΑΡΔΑΛΙΑΠΗΣ & ΥΙΟΙ ΑΕΒΕ

## 6.25 Gains/Losses from investments in subsidiaries and affiliates

The amount of € 657.932,85 negatively affects the results of the company and it derives from the consolidation of the associate company SDOUKOS S.A. and the full impairment of the goodwill in consolidation from CARDICO GEORGIA and CARDICO MOLDOVA. The amount can be analyzed as follows:

<b>NAME</b>	<b>Amount</b>
SDOYKOS S.A	51.214,67
CARDICO GEORGIA	357.386,34
CARDICO MOLDOVA	249.331,84
<b>Total</b>	<b>657.932,85</b>



ΚΩΝ. ΚΑΡΑΛΙΑΠΗΣ & ΥΙΟΙ ΑΕΒΕ

## 6.26 Contingencies

### Information regarding contingent liabilities

Against the company there are legal claims a) 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. B) Of a company named KENTFORD LIMITED with seat in Ireland and in Moldavia of total amount €12.715.689. At the 10/09/2001 were signed a contract between Mrs.[Kardasilaris] and Sons S.A and the above company for the transfer of a Moldavian company of her property named KENTFORD SRL against price USD 200.000. Mrs. [Kardasilaris] and Sons [AEBE] in year 2002 withdrew the agreement concerning the acquiring of buying the shares of company KENTFORD SRL, as it was initially provided by the convention, after the weakness of the co-contractor company to ensure us for the safety of the undertaking. This weakness resulted to our company decision not to remain in the unstable commercial market of Moldavia as exporter. According to the company's legal consultant the above claim is not to flourish. 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. The years for which the Group's companies have not been inspected by the tax authorities are as follows:



ΚΩΝ. ΚΑΡΑΑΣΤΑΦΙΔΗΣ & ΥΙΟΙ ΑΕΒΕ

<b>COMPANY NAME</b>	<b>UNINSPECTED TAX YEARS</b>
CARDICO SA	2004-2006
NUT COMPANY SA	2002-2006
XIROFRUIT SA	2003-2006
SIFAKIS SA	2003-2006
SDOUKOS ANT. SA	2003-2006

## 6.27 Related Parties Transactions



ΚΩΝ. ΚΑΡΑΪΣΤΑΠΗ & ΥΙΟΙ ΑΒΕΕ

INTER COMPANY RECEIVABLES -LIABILITIES 31/12/2005

Liability

	CARDICO ABEE	ECHALIE S.A	TESCO S.A	XIROFRUIT ABEE	SIFAKIS S.A.	NUT COMPANY S.A.	TOTALS	
R e c e i v a b l e	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	
	XIROFRUIT ABEE	16					16	
	SIFAKIS S.A.	2.469					2.469	
	NUT COMPANY S.A.	47.927					47.927	
	<b>ΣΥΝΟΛΑ</b>	<b>1.363.181</b>	<b>1.889.534</b>	<b>988.616</b>	<b>568.022</b>	<b>658.401</b>	<b>9.646</b>	<b>5.477.399</b>

INTERCOMPANY SALES PURCHASES 1/1 - 31/12/2005

BUYER

	CARDICO ABEE	ECHALIE S.A	TESCO S.A	XIROFRUIT ABEE	SIFAKIS S.A.	NUT COMPANY S.A.	ΣΥΝΟΛΑ	
S A L E	CARDICO ABEE	5.033.063	1.070.494	1.802.121	570.132		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	
	XIROFRUIT ABEE	1.022					1.022	
	SIFAKIS S.A.							
	NUT COMPANY S.A.							
	<b>ΣΥΝΟΛΑ</b>	<b>4.185.408</b>	<b>5.824.063</b>	<b>3.612.494</b>	<b>1.802.121</b>	<b>570.132</b>	<b>0</b>	<b>15.994.218</b>



ΚΩΝ. ΚΑΡΑΑΖΙΤΑΡΗΣ & ΥΙΟΙ ΑΒΕΕ

INTER COMPANY RECEIVABLES -LIABILITIES 31/12/2006

Liability

30/9/2006	CARDICO ABEE	ECHALIE S.A	TESCO S.A	XIROFRUIT S.A.	SIFAKIS S.A	NUT COMPANY S.A.	CARDICO MOLDAVIA	CARDICO GEORGIA	TOTAL	
R e c e i v a b l e	CARDICO ABEE	2.586.474	598.939	822.971	932.910	9.646	10.063	-6.652	4.954.351	
	ECHALIE S.A	913.191	694.000						1.607.191	
	TESCO S.A	-8.814	598.000						589.186	
	XIROFRUIT S.A.									
	SIFAKIS S.A	15.549							15.549	
	NUT COMPANY S.A.	-2.056							-2.056	
	CARDICO MOLDAVIA	-158.784							-158.784	
	CARDICO GEORGIA	-206.339							-206.339	
	<b>TOTAL</b>	<b>552.747</b>	<b>3.184.474</b>	<b>1.292.939</b>	<b>822.971</b>	<b>932.910</b>	<b>9.646</b>	<b>10.063</b>	<b>-6.652</b>	<b>6.799.097</b>

INTERCOMPANY SALES PURCHASES 1/1 - 31/12/2006

BUYER

30/9/2006	CARDICO ABEE	ECHALIE S.A	TESCO S.A	XIROFRUIT S.A.	SIFAKIS S.A	NUT COMPANY S.A.	CARDICO MOLDAVIA	CARDICO GEORGIA	TOTAL
S A L E	CARDICO ABEE	2.807.651	2.937.170	1.567.036	712.364				8.024.222
	ECHALIE S.A	1.537.014	3.144.000						4.681.014
	TESCO S.A	1.728.458	852.000						2.580.458
	XIROFRUIT S.A.								0
	SIFAKIS S.A	12.000							12.000
	CARDICO GEORGIA	504.976							504.976
	NUT COMPANY S.A.	2.292							2.292
	<b>TOTAL</b>	<b>3.784.739</b>	<b>3.659.651</b>	<b>6.081.170</b>	<b>1.567.036</b>	<b>712.364</b>	<b>0</b>		<b>15.804.961</b>

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

Sales and purchases from the beginning of 2006 and the balances of receivables and liabilities of the company and the group at the end of the year, as these derive from the transaction with related parties( per IAS 24) summarize as follows:



ΚΩΝ. ΚΑΡΑΑΖΙΤΣΑΚΗΣ & ΥΙΟΙ ΑΕΒΕ

	<b>GROUP</b>	<b>Company</b>
<b>a) Sales of goods and services</b>	<b>0</b>	<b>8.024.222</b>
<b>b) Purchase of goods and services</b>	<b>0</b>	<b>3.784.739</b>
<b>c) Receivables</b>	<b>0</b>	<b>4.054.351</b>
<b>d) Liabilities</b>	<b>0</b>	<b>552.747</b>
<b>e) Transactions and fees paid to board of Directors</b>	<b>608.901</b>	<b>402.576</b>
<b>g) Receivables from company directors</b>	<b>0</b>	<b>0</b>
<b>h) Liabilities to company Directors</b>	<b>0</b>	<b>0</b>

### **6.28 Dividends**

The company paid dividends during 2006 of total value € 1.753.645,60

### **6.29 Number of employees**

The number of the engagement personnel of the Company as at 31.12.2006 was 110 employees and of the Group 227 employees.

### **6.30 Company's management proposal for dividends distribution period 2005**

The proposal of Board of Directors towards the stockholders of the Company is that the earnings per share value distribution, from the profit of the period, will be of total value € 438.411,40 This amount corresponds to € 0,02 per share, instead of € 0,08 per share for the period 2005.

### **6.31 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.