



# **INTERIM FINANCIAL STATEMENTS FIRST HALF OF 2006**

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# HELLENIC DUTY FREE SHOPS S.A.

## INTERIM FINANCIAL STATEMENTS

### COMPILED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

### A' SIX MONTHS 2006

(PERIOD 1<sup>ST</sup> JANUARY – 30<sup>TH</sup> JUNE 2006)

It is declared that the accompanying Financial Statements are those, which have been published by posting them on the internet, at the address [www.dutyfreeshops.gr](http://www.dutyfreeshops.gr). It is noted that, the published in the press, data and information of the period as of January 1<sup>st</sup> to June 30<sup>th</sup>, in accordance with the common Ministerial Decision with reg. nr. 172/10.01.2006 of the Ministers of National Economy, Finance and Development respectively, aim at providing the public with certain general elements of financial information but they do not present a comprehensive view of the financial position and the results of operations of the Company and the Group, in accordance with International Financial Reporting Standards.

Therefore, it is recommended, to any reader, before proceeding to any kind of investment decision or other transaction with the Company, to visit the Company's web site, at the address [www.dutyfreeshops.gr](http://www.dutyfreeshops.gr) where are posted the Annual financial statements prepared in accordance with the International Financial Reporting Standards accompanied with the Review Report of the Certified Auditor Accountants whenever it is required.

Ag. Stefanos, 22<sup>nd</sup> August, 2006

**For H.D.F.S. S.A.**

**Georgios Velentzas**  
**General Director**  
**Member of the Board of Directors**

# 1. BALANCE SHEET

(Amounts reported in thousand €)		<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>Note</u>	<u>30.06.2006</u>	<u>31.12.2005</u>	<u>30.06.2006</u>	<u>31.12.2005</u>
<b>ASSETS</b>					
<b>Non current Assets</b>					
Property, plant and equipment	6.6	26,438.01	26,041.53	24,811.58	24,416.47
Intangible assets	6.7	52,258.34	53,141.31	52,197.88	53,066.49
Investments to subsidiaries		0.00	0.00	2,059.92	2,059.92
Deferred tax income	6.18	493.53	640.67	452.39	378.03
Other debtors	6.10	3,294.75	<u>3,223.76</u>	<u>2,829.61</u>	<u>2,787.18</u>
		<b>82,484.63</b>	<b>83,047.27</b>	<b>82,351.38</b>	<b>82,708.09</b>
<b>Current Assets</b>					
Inventory	6.8	64,807.86	49,783.14	60,142.06	46,212.36
Trade debtors and other debtors	6.9	23,317.23	9,368.05	28,681.41	13,560.77
Financial assets evaluated at fair value through results	6.10	1,717.45	1,866.26	1,717.45	1,866.26
Cash and cash equivalent	6.11	19,084.00	64,201.52	14,273.73	60,996.72
		<b>108,926.54</b>	<b>125,218.97</b>	<b>104,814.65</b>	<b>122,636.11</b>
<b>Total Assets</b>		<b>191,411.17</b>	<b>208,266.24</b>	<b>187,166.03</b>	<b>205,344.20</b>
<b>NET EQUITY</b>					
<b>Capital and reserves returned to mother company shareholders</b>					
Share capital	6.12	15,802.50	15,802.50	15,802.50	15,802.50
Share premium	6.12	65,259.02	65,259.02	65,259.02	65,259.02
Fair value reserves	6.13	49.81	49.81	49.81	49.81
Other reserves	6.14	38,869.75	38,869.75	38,516.32	38,516.32
Retained earnings	6.14	19,965.94	1,558.35	19,420.66	1,286.50
		139,947.02	121,539.43	139,048.31	120,914.15
Minority rights		0.14	0.12		
<b>Total equity</b>		<b>139,947.16</b>	<b>121,539.55</b>	<b>139,048.31</b>	<b>120,914.15</b>
<b>LIABILITIES</b>					
<b>Long Term Liabilities</b>					
Provisions for employees benefits	6.15	4,556.03	4,326.74	4,477.23	4,260.11
Other provisions	6.15	4.37	25.41	4.37	25.41
		<b>4,560.40</b>	<b>4,352.15</b>	<b>4,481.60</b>	<b>4,285.52</b>
<b>Short Term Liabilities</b>					
Trade creditors and other liabilities	6.16	39,195.01	21,696.57	36,155.05	20,031.74
Current tax income	6.16	7,708.60	18,537.97	7,481.07	17,972.79
Dividends payable	6.28	0.00	42,140.00	0.00	42,140.00
		<b>46,903.61</b>	<b>82,374.54</b>	<b>43,636.12</b>	<b>80,144.53</b>
<b>Total Liabilities</b>		<b>51,464.01</b>	<b>86,726.69</b>	<b>48,117.72</b>	<b>84,430.05</b>
<b>Total Equity and Liabilities</b>		<b>191,411.17</b>	<b>208,266.24</b>	<b>187,166.03</b>	<b>205,344.20</b>

## 2. COMPANY FINANCIAL STATEMENT FOR THE PERIOD

(Amounts reported in thousand €)

### THE COMPANY

	Note	<u>01.01- 30.06.06</u>	<u>01.01- 30.06.05</u>	<u>01.04- 30.06.06</u>	<u>01.04- 30.06.05</u>
Turnover (Sales)	6.20	100,631.93	97,915.95	62,536.54	61,257.75
Cost of Sales		-50,796.78	-48,442.66	-30,746.98	-29,734.81
Gross Profit		<b>49,835.15</b>	<b>49,473.29</b>	<b>31,789.56</b>	<b>31,522.94</b>
Other income		7,487.74	3,555.35	5,694.19	2,179.85
Administration expenses	6.25	-6,119.59	-5,878.08	-3,370.75	-3,287.40
Selling and distribution expenses	6.25	-26,391.25	-25,712.55	-16,269.73	-15,787.82
Other expenses		<u>-269.94</u>	<u>-339.15</u>	<u>-124.76</u>	<u>-160.04</u>
Profit before taxes from financing and investing results		<b>24,542.11</b>	<b>21,098.86</b>	<b>17,718.51</b>	<b>14,467.53</b>
Depreciations	6.23	2,348.63	2,179.00	1,157.91	1,219.10
Profit before taxes from financing and investing results and depreciation		<b>26,890.74</b>	<b>23,277.86</b>	<b>18,876.42</b>	<b>15,686.63</b>
Earnings from financing - investing operation		1,073.12	2,351.35	501.90	539.46
Profit before taxes		<b>25,615.23</b>	<b>23,450.21</b>	<b>18,220.41</b>	<b>15,006.99</b>
Less taxes	6.25	-7,481.07	-7,102.68	-5,278.93	-4,610.43
Profit after taxes		<b>18,134.16</b>	<b>16,347.53</b>	<b>12,941.48</b>	<b>10,396.56</b>
<u>Attributable to:</u>					
Company shareholders		<b>18,134.16</b>	<b>16,347.53</b>	<b>12,941.48</b>	<b>10,396.56</b>
Minority interest					
Earnings per share after taxes - basic (in €)	6.26	0.34	0.31	0.25	0.20

### 3. GROUP FINANCIAL STATEMENT FOR THE PERIOD

(Amounts reported in thousand €)

	Note	THE GROUP			
		<u>01.01- 30.06.06</u>	<u>01.01- 30.06.05</u>	<u>01.04- 30.06.06</u>	<u>01.04- 30.06.05</u>
Turnover (Sales)	6.20	109,872.06	102,767.43	67,887.32	64,013.30
Cost of Sales		<u>-58,024.95</u>	<u>-51,488.10</u>	<u>-34,933.35</u>	-31,511.93
Gross Profit		<b>51,847.11</b>	<b>51,279.33</b>	<b>32,953.97</b>	<b>32,501.37</b>
Other income		9,964.16	5,560.04	7,108.53	3,440.45
Administration expenses	6.25	-6,355.59	-6,109.76	-3,485.99	-3,399.48
Selling and distribution expenses	6.25	-30,176.21	-28,825.16	-18,702.11	-17,731.67
Other expenses		<u>-283.44</u>	<u>-353.72</u>	<u>-137.01</u>	<u>-169.88</u>
Profit before taxes from financing and investing results		<b>24,996.03</b>	<b>21,550.73</b>	<b>17,737.39</b>	<b>14,640.79</b>
Depreciations	6.23	<u>2,433.71</u>	<u>2,262.23</u>	<u>1,198.71</u>	<u>1,262.49</u>
Profit before taxes from financing and investing results and depreciation		27,429.74	23,812.96	18,936.10	15,903.28
Earnings from financing - investing operation		1,120.18	1,239.65	533.76	555.72
Profit before taxes		<b>26,116.21</b>	<b>22,790.38</b>	<b>18,271.15</b>	<b>15,196.51</b>
Less taxes	6.25	<u>-7,708.60</u>	<u>-7,268.57</u>	<u>-5,372.14</u>	-4,679.12
Profit after taxes		<b>18,407.61</b>	<b>15,521.81</b>	<b>12,899.01</b>	<b>10,517.39</b>
<u>Attributable to:</u>					
Company shareholders		<b>18,407.59</b>	<b>15,521.79</b>	<b>12,899.00</b>	<b>10,517.38</b>
Minority interest		0.02	0.02	0.01	0.01
Earnings per share after taxes - basic (in €)	6.26	0.35	0.29	0.24	0.20

## 4. STATEMENT OF CHANGES IN NET EQUITY FOR THE PERIOD

### THE COMPANY

(Amounts reported in thousand €)

	Share Capital	Share Premium	Own Shares	Fair value reserves	Currency exchange differences	Other reserves	Retained earnings	Total	Total Equity
<b>Balance at 01.01.2005</b>	15,802.50	64,608.36		49.81		35,734.75	8,933.35	125,128.77	125,128.77
Accounting methods changes and revised amounts	0,00	0	0	0	0	0	0	0	0
<b>Revised Balance</b>	<b>15,802.50</b>	<b>64,608.36</b>	<b>0.00</b>	<b>49.81</b>	<b>0.00</b>	<b>35,734.75</b>	<b>8,933.35</b>	<b>125,128.77</b>	<b>125,128.77</b>
<b>- Period results</b>							16,347.53	16,347.53	16,347.53
<b>Balance at 30.6.2005</b>	<b>15,802.50</b>	<b>64,608.36</b>	<b>0.00</b>	<b>49.81</b>	<b>0.00</b>	<b>35,734.75</b>	<b>25,280.88</b>	<b>141,476.30</b>	<b>141,476.30</b>
<b>Balance at 30.6.2005</b>									
<b>Balance at 01.01.2006</b>	15,802.50	65,259.02	0	49.81	0	38,516.32	1,286.50	120,914.15	120,914.15
Accounting methods changes and revised amounts	0,00	0	0	0	0	0	0	0	0
<b>Revised balance</b>	<b>15,802.50</b>	<b>65,259.02</b>	<b>0.00</b>	<b>49.81</b>	<b>0.00</b>	<b>38,516.32</b>	<b>1,286.50</b>	<b>120,914.15</b>	<b>120,914.15</b>
<b>- Period Results</b>	0	0	0	0	0	0	18,134.16	18,134.16	18,134.16
<b>Balance at 30.06.2006</b>	<b>15,802.50</b>	<b>65,259.02</b>	<b>0.00</b>	<b>49.81</b>	<b>0.00</b>	<b>38,516.32</b>	<b>19,420.66</b>	<b>139,048.31</b>	<b>139,048.31</b>

**THE GROUP**

*(Amounts reported in thousand €)*

	Share Capital	Share Premium	Fair value reserves	Other reserves	Retained earnings	Total	Minority interest	Total net equity
<b>Balance at 01.01.2005</b>	15,802.50	64,608.36	49.81	36,005.07	9,342.87	125,808.61	0.07	125,808.68
Accounting methods changes and revised amounts						0.00	0	0.00
<b>Revised Balance</b>	<b>15,802.50</b>	<b>64,608.36</b>	<b>49.81</b>	<b>36,005.07</b>	<b>9,342.87</b>	<b>125,808.61</b>	<b>0.07</b>	<b>125,808.68</b>
<b>-Period results</b>					15,521.79	15,521.79	0.02	15,521.81
<b>Balance at 30.06.2005</b>	<b>15,802.50</b>	<b>64,608.36</b>	<b>49.81</b>	<b>36,005.07</b>	<b>24,864.66</b>	<b>141,330.40</b>	<b>0.09</b>	<b>141,330.49</b>
<b>Balance at 01.01.2006</b>	15,802.50	65,259.02	49.81	38,869.75	1,558.35	121,539.43	0.12	121,539.55
Accounting methods changes and revised amounts						0.00	0	
<b>Revised Balance</b>	<b>15,802.50</b>	<b>65,259.02</b>	<b>49.81</b>	<b>38,869.75</b>	<b>1,558.35</b>	<b>121,539.43</b>	<b>0.12</b>	<b>121,539.55</b>
<b>- Period results</b>	0	0	0	0	18,407.59	18,407.59	0.02	18,407.61
<b>Balance at 30.06.2006</b>	<b>15,802.50</b>	<b>65,259.02</b>	<b>49.81</b>	<b>38,869.75</b>	<b>19,965.94</b>	<b>139,947.02</b>	<b>0.14</b>	<b>139,947.16</b>

## 5. CASH FLOW STATEMENT

(Amounts reported in thousand €)

### CASH FLOW STATEMENT FOR THE PERIOD

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b><u>01.01- 30.06.06</u></b>	<b><u>01.01- 30.06.05</u></b>	<b><u>01.01- 30.06.06</u></b>	<b><u>01.01- 30.06.05</u></b>
<b>Cash Flow from operating activities</b>				
Profit before taxes	26,116.21	22,790.38	25,615.23	23,450.21
<i>Profit adjustments related to the the following transactions:</i>				
Depreciations	2,433.71	2,262.23	2,348.63	2,179.00
Provisions	217.12	214.70	217.12	214.70
Results (earnings) from investing activities	-1,338.68	-1,309.61	-1,280.31	-2,404.70
Debit interest and similar expenses	218.50	69.96	207.19	53.35
Operating profit before any changes of the floating capital	<b>27,646.86</b>	<b>24,027.66</b>	<b>27,107.86</b>	<b>23,492.56</b>
Decrease (increase) of inventories	-15,024.72	-21,865.36	-13,929.70	-21,773.50
Decrease (increase) of receivables	-13,724.22	-894.60	-15,088.74	-2,599.76
Increase (decrease) of current liabilities (except banks)	15,417.55	20,614.33	14,321.98	20,779.49
Cash generated from main operations	<b>14,315.47</b>	<b>21,882.03</b>	<b>12,411.40</b>	<b>19,898.79</b>
Interest and other similar expenses paid	-218.50	-69.96	-207.19	-53.35
Current tax income	-16,465.95	-13,730.00	-16,192.38	-13,186.41
<i>Cash Flows from Operating Activities</i>	-2,368.98	8,082.07	-3,988.17	6,659.03
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant, equipment and intangible assets	-1,947.22	-2,299.04	-1,875.13	-1,357.13
Interest received	1,319.00	1,276.59	1,260.62	1,221.74
Dividends received - Investment income	19.68	33.02	19.69	1,182.96
<i>Cash Flows from Investing activities</i>	-608.54	-989.43	-594.82	1,047.57
<b>Cash Flows from Financing Activities</b>				
Dividends paid	-42,140.00	-36,872.50	-42,140.00	-36,872.50
<i>Cash Flows from Financing Activities</i>	<u>-42,140.00</u>	<u>-36,872.50</u>	<u>-42,140.00</u>	<u>-36,872.50</u>
Net increase (decrease) in cash and cash equivalent	-45,117.52	-29,779.86	-46,722.99	-29,165.90
Cash at the beginning of period	64,201.52	69,098.21	60,996.72	64,941.78
Cash at the end of period	<b>19,084.00</b>	<b>39,318.35</b>	<b>14,273.73</b>	<b>35,775.88</b>

## **6. NOTES TO THE INTERIM COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS**

### **6.1. General Information**

The company HELLENIC DUTY FREE SHOPS SA is active in the retail travel sector. In particular, the company holds, in addition, the exclusive right to operate duty free shops in existence or that may later be established in Greece. This right was conceded to the company under art. 120 of L. 2533/1997. The Company operates 88 shops in 43 points (20 airports, 11 border stations and 12 ports) throughout Greece. HELLENIC DUTY FREE SHOPS SA is a societe anonyme company incorporated and domiciled in Greece. The address of its registered office is 23<sup>rd</sup> km Athens - Lamia National Road, Ag. Stefanos, web site [www.dutyfreeshops.gr](http://www.dutyfreeshops.gr), and has its primary listing on the Athens Stock Exchange (sector "Retail Commerce").

The consolidated financial statements of the company cover the company and its subsidiaries (The Group).

#### **Structure of the Group**

<b>Company</b>	<b>Registered Offices</b>	<b>Shareholding</b>
HDFS S.A.	AG. STEFANOS	Parent
HELLENIC DISTRIBUTIONS S.A.	AG. STEFANOS	99,99% Subsidiary
HDFS SKOPJE DOO	SKOPJE	100,00% Subsidiary
HTB HELLENIC TOURIST BUREAU S.A.	AG. STEFANOS	99,99% Subsidiary

As of 5.5.2006, the Group is included with the full consolidation method, in the consolidated financial statements of the Company FOLLI FOLLIE ABEE, a company with registered address in Ag. Stefanos Attica, with a 49,36% participation, whereas, until 4.5.2006 was included with the equity consolidation method in the consolidated financial statements of the companies FOLLI FOLLIE ABEE and GERMANOS ABEE, both with registered address in Ag. Stefanos, Attica, with a 24,68% participation each.

## **6.2. Summary of significant accounting policies applied by the Group**

### **6.2.1. Basis of preparation of financial statements**

These Company and Consolidated financial statements for the period 1<sup>st</sup> March to 31<sup>st</sup> March 2006, have been prepared based on:

- The principle of historical cost
- The principle of continuation of activity (going concern)
- The principle of independence of each financial year
- The uniformity of presentation
- The significance of data

They have also been prepared in accordance with the IFRS that have been issued from the International Accounting Standards Board (IASB), as well as their interpretations issued by the Standards Interpretation Committee (IFRIC) of IASB, adopted by the European Union under the Regulation nr. 1606/2002 of the European Union on December 31<sup>st</sup>, 2005.

The current financial statements are covered by IFRS 1 "First time adoption of IFRS", as they are part of the group's first financial statements for the year for which financial statements are prepared and published in accordance with IFRS (financial year 2005). 1<sup>st</sup> January 2004 is considered as the Group's transition date to the new standards in accordance with IFRS 1. The policies set out below have been consistently applied to all the periods presented.

Hellenic Duty Free Shops' financial statements were prepared in accordance with Greece's Generally Accepted Accounting Principles (GAAP) until 31 December 2004. GAAP differs in some areas from IFRS. The comparative figures in respect of 2004 were restated to reflect the adjustments, according to the adopted for IFRS, in the accounting policies and the accounting estimates.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments in the process of applying the Company's accounting policies.

**6.2.2. Consolidation – Evaluation of subsidiaries and other related Companies**

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Specifically, for those business mergers that have been realized before the date of transition of the Group to the IFRS (1st January 2004), the exception of IFRS 1 was used and the purchase method was not applied retrospectively. In the context of the aforementioned exception, the Company did not recalculate the acquisition cost of the subsidiaries acquired before the transition date to the IFRS, nor the fair value of the acquired assets and liabilities at the acquisition date, and therefore no goodwill has been recognized in its consolidated financial statements in accordance with IFRS.

Inter - company transactions, balances and unrealized gains from transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

The participations in subsidiaries in the balance sheet of the parent are measured at acquisition cost less any provision for impairment of their values.

The Companies of the Group with their respective participation percentages that are included in the consolidated financial statements (with the method of full consolidation) are:

<b>Company</b>	<b>Registered Offices</b>	<b>Shareholding</b>
HDFS S.A.	AG. STEFANOS	Parent
HELLENIC DISTRIBUTIONS S.A.	AG. STEFANOS	99,99% Subsidiary
HDFS SKOPJE DOO	SKOPJE	100,00% Subsidiary
HTB HELLENIC TOURIST BUREAU S.A.	AG. STEFANOS	99,99% Subsidiary

## HELLENIC DUTY FREE SHOPS S.A.

Within the 4<sup>th</sup> quarter of the year, the formal absorption of the company "THE NUANCE GROUP (HELLAS) S.A. was completed in accordance with the approval decision K2-16747-30/12/2005 of the General Secretariat of Commerce and the Ministry of Development. The absorption was realized in accordance with the provisions of article 78 of L. 2190/1920 and the articles 1-5 of L.2166/1993, yet incorporated in the current financial statements of the Company in accordance with the framework of IFRS.

### 6.2.3. Segment Reporting

Primary format for reporting segment information is geographical segments that are based on revenue from duty free and duty paid sales

### 6.2.4. Property, Plant and Equipment

Property, plant and equipment is shown at cost less subsequent depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Installations on third parties' property (establishment of stores) are depreciated over the estimated time of the lease.

Land is not depreciated. Depreciation of buildings - installations on third parties' property is calculated using the straight - line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, the other PPE is calculated based on the rates provided by P.D. 299/2003, as follows:

- Buildings (privately owned)	50	Years
- Installations on third parties' property (buildings)	20	"
- Installations on third parties' property (other)	12,50	"
- Machinery equipment	8,33	"
- Cars - Vehicles	6,67 – 8,33	"
- Other equipment	6,67	"

The useful life of PPE is periodically revised and the depreciations factors are readjusted for the current and the future financial years, if they differ significantly from the preceded estimations. When the accounting values of tangible assets exceed their recovered value, the difference (impairment) is recognized directly in the income statement.

Residual values are not recognized.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

#### **6.2.5. Intangible Assets**

##### **( a ) Exclusive Right to operate Duty Free Shops**

The exclusive right to operate Duty Free shops (art. 120 L. 2533/1997) is shown at cost less accumulated amortization. Amortization is calculated using the straight - line method to allocate the cost of licenses over their estimated useful lives, which is set to 50 years (amortization rate 2%).

##### **( b ) Computer Software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives, which is estimated to 4,17 years approx. (amortisation rate 24%).

##### **( c ) Concession Rights**

Concession Rights are related to the value of stores obtained with the acquisition of the company "THE NUANCE GROUP ( HELLAS ) S.A." and are calculated by an independent evaluator, based on future cash flows.

#### **6.2.6. Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost formula. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses wherever is necessary.

#### **6.2.7. Trade Receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying

amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

**6.2.8. Cash and cash equivalents**

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

**6.2.9. Transactions in foreign currencies**

Transactions expressed in foreign currencies, are translated into Euro at the exchange rate effective at the date of the transaction. At the balance sheet date the monetary property assets and liabilities that are expressed in foreign currencies are translated into Euro at the exchange rate effective at this date. The exchange differences that arise at this conversion are recognized in the income statement.

**6.2.10. Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

**6.2.11. Government Grants**

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

Government grants relating to costs are deferred and recognized in the income statement over a period required to correspond them with the costs that are intended to compensate.

### **6.2.12. Deferred Taxation**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax is determined using tax rates (and laws) that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

### **6.2.13. Employee Benefits**

#### **(a) Short Term benefits**

Short - term employee benefits towards the employees in money and in kind are recognized as an expense when accrued.

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

Post - employment benefit schemes comprise both defined contribution plans (Government pension insurance) and defined benefit plans (lump sum benefit paid to employee on retirement dependent on years of service. Provided and imposed by L. 2112/20). Accrued cost of defined contribution plans is recognized as an expense over the related period.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using “the projected unit credit method”. According to this method, the defined benefit obligations that relate to past - service at the date of value determination are accounted separately from the expected benefits at the year after the date of value determination (employees remaining in service for a specific period of time).

The most significant assumptions used at the two aforementioned dates are as follows:

<b>Date of value determination</b>	<b>Discount interest rate</b>	<b>Inflation</b>	<b>Future salary increases</b>
<b>31.12.2004</b>	4.50%	2.80%	4.00%
<b>31.12.2005</b>	4.00%	2.80%	4.00%

#### **6.2.14. Provisions**

Provisions are recognized when:

- a)** There is a present legal or constructive obligation as a result of past events,
- b)** It is more likely than not that an outflow of resources will be required to settle the obligation and,
- c)** The required amount has been reliably estimated

#### **6.2.15. Revenue Recognition**

Revenue comprises the fair value of the sale of goods and services, net of value - added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

*(a) Sales of goods*

Sales of goods are recognized when a Group entity has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is reasonably assured. The sales of goods are mainly carried out in cash or by credit cards.

*(b) Interest Income*

Interest income is recognized based on the principle of accrued income, using the effective interest.

*(c) Marketing – Royalties etc.*

Income from marketing activities - customizations - royalties - HR services etc. is recognized on an accruals basis, in accordance with the substance of the relevant agreements.

*(d) Dividends*

Dividend income is recognized when the right to receive payment is established, i.e. when approved by the body entitled to pay them out (General Assembly).

#### **6.2.16. Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's and in the Group's financial statements in the period in which the dividends are approved by the Board of Directors. Thus, the dividend for distribution in the closing Balance Sheets (31/12) of each year is shown as a liability and not as an increase in Equity.

### **6.2.17. New Accounting Standards and interpretations of the IFRIC**

The International Accounting Standards Committee, as well as the Interpretations Committee has already issued a series of new accounting standards and interpretation, the implementation of which is mandatory for the accounting periods starting as of 1<sup>st</sup> January 2006. The Company evaluates the impact of those new standards and interpretations as follows:

- **IFRS 6 : Exploration and evaluation of mineral assets**  
Not applicable, and not influencing the Group's financial statements.
  
- **IFRS 7 : Financial Instruments Disclosures**  
Will not affect the financial statements of the Group.
  
- **IFRS 3 : Emission Rights**  
Not applicable, and not influencing the Group's financial statements.
  
- **IFRS 4 : Determining whether an arrangement contains a lease**  
Not applicable, and not influencing the Group's financial statements.
  
- **IFRS 5 : Rights to interests from Decommissioning, restoration and environmental rehabilitation funds**  
Not applicable, and not influencing the Group's financial statements.
  
- **IFRS 6 : Liabilities arising from participating in a specific market-waste, electrical and electronic equipment**  
Not applicable, and not influencing the Group's financial statements.
  
- **IFRS 7 : Applying the restatement approach under IAS 29**  
Not applicable, and not influencing the Group's financial statements.
  
- **IFRS 8 : Scope of IFRS 2**  
Not applicable, and not influencing the Group's financial statements.

### **6.3. Financial risk management – Financial risk factors**

#### *(a) Credit risk*

The Company has no significant concentrations of credit risk because most of the sales concern on one hand, retail sales carried out in cash or with credit cards and, on the other hand, wholesale sales representing a small percentage of total sales, mainly made towards customers with an appropriate credit history.

#### *(b) Liquidity risk*

Liquidity risk is zero due to availability of sufficient cash and securities.

#### *(c) Cash flow and fair value risk due to changes of interest rate*

The company has interest - bearing assets due to placing its cash and cash equivalents at bank time deposit accounts of zero risk, at an interest rate fixed in advance. The variation of this interest rate is not so significant as to raise a cash flow and fair value risk due to changes of interest rate.

### **6.4. Critical accounting estimates and judgments of the Management**

Estimates and judgments of the Management are continuously evaluated based on historical experience and other factors, including expectations of future events considered to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months.

### **6.5. Transition to IFRS**

#### **6.5.1. Basis of transition to IFRS**

##### **6.5.1.1. Application of IFRS 1**

The Company's and the Group's financial statements for the year 31<sup>st</sup> December 2005 were the first annual financial statements that comply with IFRS. These financial statements have been prepared as described in Note 6.2.1. The Group has complied with IFRS 1. The reporting date of these financial statements is 31<sup>st</sup> December 2005. The IFRS adoption date is 1<sup>st</sup> January 2005. The Group has applied certain of the optional exemptions from full

retrospective application of IFRS, in preparing these annual financial statements in accordance with IFRS 1.

**6.5.1.2 Exemptions from full retrospective application decided by the Group**

*Employee benefits exemption*

The Company has decided to recognize all cumulative actuarial gains and losses as at 1<sup>st</sup> January 2004.

**6.5.1.3 Consistency of estimates between Greek GAAP and IFRS**

The estimates under IFRS, as of 01.01.2004 are consistent with the estimates made for the same date under Greek GAAP, with the exception of the cases where there is evidence that those estimates were in error. Such is the case of the assets' useful lives, which under previous GAAP were based on tax provisions.

**6.5.2 Compliance of IFRS with Greek GAAP**

The following reconciliations provide an overview of the impact on equity of the transition to IFRS.

## HELLENIC DUTY FREE SHOPS S.A.

### TABLE OF ADJUSTMENT OF NET EQUITY OPENING PERIOD (01.01.2006 AND 01.01.2005 RESPECTIVELY) BETWEEN THE GREEK ACCOUNTING POLICIES (GAAP) AND THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

(Amounts reported in €)

	THE GROUP		THE COMPANY	
	01.01.2006	01.01.2005	01.01.2006	01.01.2005
Total net equity under local GAAP (as at 1.1.2006 and 1.1.2005 respectively)	123,788,118	130,681,212	122,496,152	129,363,326
Set - up provision for employee indemnity	-4,234,780	-3,800,541	-4,234,780	-3,800,541
Recognition of deferred tax liabilities	640,676	1,473,969	378,028	1,195,335
Restatement due to useful life used for fixed assets depreciation and restatement of their revalued cost to historical cost.	-24,103	-176,591	86,423	-83,142
Write - off of amortisable expenses	-378,932	-378,932	-380,910	-380,910
Transfer of withheld taxes related to tax free reserves to tax free reserves	-192,539	-192,539	-192,539	-192,539
Adjustment of accrued income	-770,831	-770,831	0	0
Recognition of currency exchange differences in income statement	0	68	0	68
Measurement of securities at market prices (31.12.2005)	257,137	48,153	257,137	48,153
Adjustment of long term liabilities to current values	-369,195	-439,114	-355,355	-420,478
Measurement of participations at cost	0	12,000	0	0
Goodwill resulted from absorption of NUANCE	3,340,000		3,340,000	
Provision for tax differences	-516,000	-648,180	-480,000	-600,000
<b>Total equity of the period opening under IFRS (as at 1.1.2006 and 1.1.2005 respectively)</b>	<b>121,539,551</b>	<b>125,808,674</b>	<b>120,914,157</b>	<b>125,129,272</b>

## HELLENIC DUTY FREE SHOPS S.A.

### TABLE OF ADJUSTMENT OF FINANCIAL RESULTS FOR PERIOD 1.1 – 31.12.2004 BETWEEN THE GREEK ACCOUNTING POLICIES (GAAP) AND THE INTERNATIONAL ACCOUNTING STANDARDS (IAS)

(Amounts reported in €)

	<b>GROUP</b>	<b>COMPANY</b>
Net profit of period after taxes in accordance with the GAAP	42,821,476.30	42,601,467.84
Counter entry of long term depreciation expenses in accordance with GAAP and not recognized by IAS	1,102,610.08	1,100,632.14
Restatement due to useful life used for PPE's depreciation	-278,297.11	-259,838.63
Adjustment of long term liabilities to current values	69,918.36	65,123.36
Set up provision for employees indemnity	-227,310.00	-227,310.00
Measurement of participations at cost	396,425.99	396,425.99
Provision for tax differences	-312,000.00	-300,000.00
Adjustment of accrued income	-770,831.00	0.00
Counter entry of accounting exchanges differences recognised in the Income Statement of 31.12.03	-16,734.61	-16,734.61
Profit distributable to the employees	-375,116.77	-375,116.77
Recognition of diferred taxation 01.1-31.12.04	-431,884.36	-676,246.03
<b>Net profit for the period revised in accordance with IAS</b>	<b>41,978,256.88</b>	<b>42,308,403.29</b>

**6.6. Property, Plant and Equipment**

**THE GROUP**

	Land	Buildings	Machinery & Mechanical equipment	Transportation means	Furniture, Fittings & equipment	Fixed assets under construction	Total
<b>01.01.2005</b>							
Cost	86.60	20,147.45	3,025.05	1,152.16	15,686.86	44.32	40,142.44
Additions	17.70	1,880.26	85.56	327.29	1,899.02	3,422.96	7,632.79
<b>Balance 31.12.05</b>	<b>104.30</b>	<b>22,027.71</b>	<b>3,110.61</b>	<b>1,479.45</b>	<b>17,585.88</b>	<b>3,467.28</b>	<b>47,775.23</b>
<b>Accumulated depreciation</b>							
Balance 01.01.2005	0.00	5,333.77	1,602.91	786.16	10,027.89	0.00	17,750.73
Depreciations	0.00	1,399.56	263.28	133.86	2,186.27	0.00	3,982.97
<b>Balance 31.12.05</b>	<b>0.00</b>	<b>6,733.33</b>	<b>1,866.19</b>	<b>920.02</b>	<b>12,214.16</b>	<b>0.00</b>	<b>21,733.70</b>
<b>Residual value 31.12.05</b>	<b>104.30</b>	<b>15,294.38</b>	<b>1,244.42</b>	<b>559.43</b>	<b>5,371.72</b>	<b>3,467.28</b>	<b>26,041.53</b>
<b>01.01 – 30.06.2006</b>							
Opening Balance	<b>104.30</b>	<b>22,027.71</b>	<b>3,110.61</b>	<b>1,479.45</b>	<b>17,585.88</b>	<b>3,467.28</b>	<b>47,775.23</b>
Additions	0.00	270.22	91.56	36.58	563.33	995.72	1,957.41
Disposals	-2.37	-935.18	0.00	0.00	0.00	0.00	-937.55
<b>Balance 30.06.2006</b>	<b>101.93</b>	<b>21,362.75</b>	<b>3,202.17</b>	<b>1,516.03</b>	<b>18,149.21</b>	<b>4,463.00</b>	<b>48,795.09</b>
<b>Accumulated depreciation</b>							
Balance 01.01.2006	<b>0.00</b>	<b>6,733.33</b>	<b>1,866.19</b>	<b>920.02</b>	<b>12,214.16</b>	<b>0.00</b>	<b>21,733.70</b>
Depreciations	0.00	471.19	127.67	75.70	875.39	0.00	<b>1,549.95</b>
Impairment of depreciation	0.00	-926.57	0.00	0.00	0.00	0.00	<b>-926.57</b>
<b>Balance 30.06.2006</b>	<b>0.00</b>	<b>6,277.95</b>	<b>1,993.86</b>	<b>995.72</b>	<b>13,089.55</b>	<b>0.00</b>	<b>22,357.08</b>
<b>Residual value 30.06.2006</b>	<b>101.93</b>	<b>15,084.80</b>	<b>1,208.31</b>	<b>520.31</b>	<b>5,059.66</b>	<b>4,463.00</b>	<b>26,438.01</b>

## HELLENIC DUTY FREE SHOPS S.A.

### THE COMPANY

	Land	Buildings	Machinery & Mechanical equipment	Transportation means	Furniture, Fittings & equipment	Fixed assets under construction	Total
<b>01.01.2005</b>							
Cost	86.60	19,506.87	2,985.59	1,152.16	15,140.60	44.32	38,916.14
Additions	17.70	1,875.51	81.02	268.06	1,861.51	2,520.79	6,624.59
<b>Balance 31.12.05</b>	<b>104.30</b>	<b>21,382.38</b>	<b>3,066.61</b>	<b>1,420.22</b>	<b>17,002.11</b>	<b>2,565.11</b>	<b>45,540.73</b>
<b>Accumulated depreciation</b>							
Balance 01.01.2005	0.00	5,144.51	1,595.01	786.16	9,783.30	0.00	17,308.98
Depreciations	0.00	1,348.67	257.78	130.75	2,078.08	0.00	3,815.28
<b>Balance 31.12.05</b>	<b>0.00</b>	<b>6,493.18</b>	<b>1,852.79</b>	<b>916.91</b>	<b>11,861.38</b>	<b>0.00</b>	<b>21,124.26</b>
<b>Residual value 31.12.05</b>	<b>104.30</b>	<b>14,889.20</b>	<b>1,213.82</b>	<b>503.31</b>	<b>5,140.73</b>	<b>2,565.11</b>	<b>24,416.47</b>
<b>01.01 – 30.06.2006</b>							
Opening Balance	104.30	21,382.38	3,066.61	1,420.22	17,002.11	2,565.11	<b>45,540.73</b>
Additions	0.00	238.29	71.79	36.58	539.50	993.81	<b>1,879.97</b>
Disposals	-2.37	-934.17	0.00	0.00	0.00	0.00	<b>-936.54</b>
<b>01.01 - 30.06.06</b>	<b>101.93</b>	<b>20,686.50</b>	<b>3,138.40</b>	<b>1,456.80</b>	<b>17,541.61</b>	<b>3,558.92</b>	<b>46,484.16</b>
<b>Accumulated depreciation</b>							
Balance 01.01.2005	0.00	6,493.18	1,852.79	916.91	11,861.38	0.00	<b>21,124.26</b>
Depreciations	0.00	446.21	125.56	71.49	832.13	0.00	<b>1,475.39</b>
Impairment of depreciation	<b>0.00</b>	-927.07	0.00	0.00	0.00	<b>0.00</b>	<b>-927.07</b>
<b>Balance 30.06.2006</b>	<b>0.00</b>	<b>6,012.32</b>	<b>1,978.35</b>	<b>988.40</b>	<b>12,693.51</b>	<b>0.00</b>	<b>21,672.58</b>
<b>Residual value 30.06.2006</b>	<b>101.93</b>	<b>14,674.18</b>	<b>1,160.05</b>	<b>468.40</b>	<b>4,848.10</b>	<b>3,558.92</b>	<b>24,811.58</b>

**6.7. Intangible Assets**

	THE GROUP			THE COMPANY		
	Other set up expenses	Grant & right for industrial ownership	Total for the Group	Other set up expenses	Grant & right for industrial ownership	Total for the Company
<b>01.01.2005</b>						
Cost	1,381.06	58,694.05	60,075.11	1,317.99	58,694.06	60,012.05
Additions	3,904.13	0.00	3,904.13	3,810.10	0.00	3,810.10
<b>Balance 31.12.05</b>	<b>5,285.19</b>	<b>58,694.05</b>	<b>63,979.24</b>	<b>5,128.09</b>	<b>58,694.06</b>	<b>63,822.15</b>
<b>Accumulated depreciation</b>						
Balance 01.01.2005	1,008.38	8,217.15	9,225.53	958.92	8,217.17	9,176.09
Depreciations	438.51	1,173.89	1,612.40	405.69	1,173.88	1,579.57
<b>Balance 31.12.05</b>	<b>1,446.89</b>	<b>9,391.04</b>	<b>10,837.93</b>	<b>1,364.61</b>	<b>9,391.05</b>	<b>10,755.66</b>
<b>Residual value 31.12.2005</b>	<b>3,838.30</b>	<b>49,303.01</b>	<b>53,141.31</b>	<b>3,763.48</b>	<b>49,303.01</b>	<b>53,066.49</b>
<b>01.01 – 30.06.2006</b>						
Opening balance	<b>5,285.19</b>	<b>58,694.05</b>	<b>63,979.24</b>	<b>5,128.09</b>	<b>58,694.06</b>	<b>63,822.15</b>
Additions	4.59	0.00	4.59	4.63	0.00	4.63
Disposals	-3.80	0.00	-3.80	0.00	0.00	0.00
<b>Balance 30.06.2006</b>	<b>5,285.98</b>	<b>58,694.05</b>	<b>63,980.03</b>	<b>5,132.72</b>	<b>58,694.06</b>	<b>63,826.78</b>
<b>Accumulated depreciation</b>						
Balance 01.01.2005	<b>1,446.89</b>	<b>9,391.04</b>	<b>10,837.93</b>	<b>1,364.61</b>	<b>9,391.05</b>	<b>10,755.66</b>
Depreciations	296.82	586.94	<b>883.76</b>	286.30	586.94	<b>873.24</b>
Impairment of depreciation	0.00	0.00	<b>0.00</b>	0.00	0.00	<b>0.00</b>
<b>Balance 30.06.2006</b>	<b>1,743.71</b>	<b>9,977.98</b>	<b>11,721.69</b>	<b>1,650.91</b>	<b>9,977.99</b>	<b>11,628.90</b>
<b>Residual value 30.06.2006</b>	<b>3,542.27</b>	<b>48,716.07</b>	<b>52,258.34</b>	<b>3,481.81</b>	<b>48,716.07</b>	<b>52,197.88</b>

**6.8. Inventories**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>31.12.2005</u>	<u>30.06.2006</u>	<u>31.12.2005</u>
<b>Merchandise</b>	64,807.86	49,783.14	60,142.06	46,212.36
	<b>64,807.86</b>	<b>49,783.14</b>	<b>60,142.06</b>	<b>46,212.36</b>

**6.9. Trade receivables**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>31.12.2005</u>	<u>30.06.2006</u>	<u>31.12.2005</u>
<b>Trade Receivables</b>				
Net balance of trade receivables	<b>1,474.72</b>	<b>1,218.61</b>	<b>8,841.26</b>	<b>6,964.00</b>

**6.10. Other receivables**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>31.12.2005</u>	<u>30.06.2006</u>	<u>31.12.2005</u>
Participations & other long term debt	3,294.75	3,223.76	4,889.53	4,847.10
Receivables from differed taxes	493.53	640.67	452.39	378.03
Checks	952.79	572.40	0.00	82.77
Sundry debtors	19,571.97	6,124.74	18,858.95	5,466.89
Securities	1,717.45	1,866.26	1,717.45	1,866.26
Other receivables	1,317.75	1,452.30	981.20	1,047.11
	<b>27,348.24</b>	<b>13,880.13</b>	<b>26,899.52</b>	<b>13,688.16</b>

**6.11. Cash and cash equivalent**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>31.12.2005</u>	<u>30.06.2006</u>	<u>31.12.2005</u>
Cash in hand	1,340.40	2,020.15	1,178.64	1,962.55
Current and time deposits	17,713.12	62,181.38	13,070.77	59,034.17
Credit cards (Banks)	30.48	0.00	24.32	0.00
	<b>19,084.00</b>	<b>64,201.53</b>	<b>14,273.73</b>	<b>60,996.72</b>

**6.12. Share capital and share premium**

	Number of shares	Common shares	Issued capital	Share premium	Own shares	Total
1 <sup>st</sup> January 2005	52,675,000	52,675,000	15,802.50	64,608.36	0	80,410.86
30 <sup>th</sup> June 2005	52,675,000	52,675,000	15,802.50	64,608.36	0	80,410.86
31 <sup>st</sup> December 2005	52,675,000	52,675,000	15,802.50	65,259.02	0	81,061.52
30 <sup>th</sup> June 2006	52,675,000	52,675,000	15,802.50	65,259.02	0	81,061.52

The total authorized number of ordinary shares is 52,765,000 million shares with a par value of €0.30 per share. All issued shares are fully paid.

**6.13. Revaluation surplus – Investment Grants**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>31.12.2005</u>	<u>30.06.2006</u>	<u>31.12.2005</u>
Revaluation surplus from participations & securities valuation	49.81	49.81	49.81	49.81
	<b>49.81</b>	<b>49.81</b>	<b>49.81</b>	<b>49.81</b>

**6.14. Profit carried forward and other reserves**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>31.12.2005</u>	<u>30.06.2006</u>	<u>31.12.2005</u>
Profit carried forward	19,965.94	1,558.35	19,420.66	1,286.50
General reserve	12,474.26	12,474.26	12,273.20	12,273.20
Tax free reserves under specific law provisions	26,395.49	26,395.49	26,243.12	26,243.12
Minority interest	0.14	0.12		
	<b>58,835.83</b>	<b>40,428.22</b>	<b>57,936.98</b>	<b>39,802.82</b>

According to the provisions of the Companies' Act of Greece (L. 2190/20) the formation of Legal Reserve, with the per annum transfer of an amount equal to 5% of annual net profits, is mandatory until the size of the legal reserve reaches the one third (1/3) of the Share Capital. The other reserves (tax - free reserves) concern accumulated profit for which it is provided either an exemption from taxation or taxation at a lower tax rate, as long as they are not distributed. In case of appropriation it shall be paid income tax at the tax rate effective at the time of its appropriation. The General Meeting of Shareholders decides the appropriation of reserves.

**6.15. Long term liabilities**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>31.12.2005</u>	<u>30.06.2006</u>	<u>31.12.2005</u>
Employees' indemnity provision	4,556.03	4,326.74	4,477.23	4,260.11
Other provisions	4.37	25.41	4.37	25.41
	<b>4,560.40</b>	<b>4,352.15</b>	<b>4,481.60</b>	<b>4,285.52</b>

**6.16. Trade and other payables**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b><u>30.06.2006</u></b>	<b><u>31.12.2005</u></b>	<b><u>30.06.2006</u></b>	<b><u>31.12.2005</u></b>
Trade payables and other creditors	33,376.24	26,023.82	30,621.89	24,477.25
Prepayments from trade receivables	122.85	152.05	120.62	130.43
Current income tax payables and other taxes	7,708.60	18,537.97	7,481.07	17,972.79
Social Security payables	940.85	1,735.37	812.53	1,490.39
Other payables	2,683.15	2,122.71	2,404.90	2,064.22
Income tax prepayment and other taxes	2,071.92	-8,337.38	2,195.11	-8,130.55
Dividends payable	0.00	42,140.00	0.00	42,140.00
	<b>46,903.61</b>	<b>82,374.54</b>	<b>43,636.12</b>	<b>80,144.53</b>

**6.17. Short term provisions for other payables and expenses**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2006</u></b>	<b><u>30.06.005</u></b>
Provision for unaudited fiscal years	<b>762.00</b>	<b>780.00</b>	<b>720.00</b>	<b>750.00</b>
	<b>762.00</b>	<b>780.00</b>	<b>720.00</b>	<b>750.00</b>

The aforementioned provisions for non-audited fiscal years, are included in the current income tax liabilities.

**6.18. Deferred income tax**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

The offset amounts are as follows:

<b><u>COMPANY</u></b>	<b><u>30.06.2006</u></b>	<b><u>31.12.2005</u></b>
<b>Deferred tax assets:</b>		
To be recovered after more than 12 months	1,479,719.83	1,425,268.23
To be recovered within 12 months	40,216.44	19,553.70
	<b><u>1,519,936.27</u></b>	<b><u>1,444,821.93</u></b>
<b>Deferred tax liabilities:</b>		
To be recovered after more than 12 months	1,066,670.54	1,064,947.40
To be recovered within 12 months	870.73	1,846.50
	<b><u>1,067,541.27</u></b>	<b><u>1,066,793.90</u></b>

## HELLENIC DUTY FREE SHOPS S.A.

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

### Deferred tax assets

	<u>Provisions</u>	<u>Assets</u>	<u>Long term</u>	<u>Total</u>
1st January 2004	1,250,630.85	253,530.78	169,960.25	1,674,121.88
Charged/Credited to the income statement	-300,495.60	-1,263.24	-57,677.36	-359,436.20
31st December 2004	950,135.25	252,267.54	112,282.89	1,314,685.68
Charged/Credited to the income statement	108,559.75	42,415.98	-20,839.48	130,136.25
31st December 2005	<b>1,058,695.00</b>	<b>294,683.52</b>	<b>91,443.41</b>	<b>1,444,821.93</b>
Charged/Credited to the income statement	54,279.88	28,974.88	-8,140.42	75,114.34
30th June 2006	<b><u>1,112,974.88</u></b>	<b><u>323,658.40</u></b>	<b><u>83,302.99</u></b>	<b><u>1,519,936.27</u></b>

### Deferred tax liabilities

	<u>Long term amortization expenses</u>	<u>Currency Exchange differences</u>	<u>Total</u>
1st January 2004	203,339.97	-5,880.95	197,459.02
Charged/credited to the income statement	-322,690.78	5,880.95	-316,809.83
31st December 2004	-119,350.81	0.00	-119,350.81
Charged/credited to the income statement	-91,104.20	0.00	-91,104.20
Charged/credited to the capital	-856,338.89	0.00	-856,338.89
31st December 2005	<b>-1,066,793.90</b>	<b>0.00</b>	<b>-1,066,793.90</b>
Charged/credited to the income statement	-1,723.14	975.77	-747.37
30 <sup>th</sup> June 2006	<b><u>-1,068,517.04</u></b>	<b><u>975.77</u></b>	<b><u>-1,067,541.27</u></b>

### GROUP

#### **Deferred tax assets:**

To be recovered after more than 12 months  
To be recovered within 12 months

**30.06.2006**

1,513,833.74  
46,935.68

**1,560,769.42**

**31.12.2005**

1,457,314.97  
249,813.93

**1,707,128.90**

#### **Deferred tax liabilities:**

To be recovered after more than 12 months  
To be recovered within 12 months

1,066,123.61  
1,120.33

**1,067,243.94**

1,064,356.97  
2,096.10

**1,066,453.07**

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

## HELLENIC DUTY FREE SHOPS S.A.

### Deferred tax assets

	<u>Provision</u>	<u>Counter entry of receivables</u>	<u>Fixed Assets</u>	<u>Long term receivables</u>	<u>Total</u>
1st January 2004	1,250,630.85	0.00	278,293.61	178,161.02	1,707,085.48
Charged/credited to the income statement	-300,495.60	246,665.92	139.17	-60,691.79	-114,382.30
31st December 2004	950,135.25	246,665.92	278,432.78	117,469.23	1,592,703.18
Charged/credited to the income statement	108,559.75	-23,124.93	48,295.98	-19,305.08	114,425.72
31st December 2005	<b>1,058,695.00</b>	<b>223,540.99</b>	<b>326,728.76</b>	<b>98,164.15</b>	<b>1,707,128.90</b>
Charged/credited to the income statement	54,279.88	-223,540.99	31,641.43	-8,739.80	-146,359.48
30th June 2006	<b><u>1,112,974.88</u></b>	<b><u>0.00</u></b>	<b><u>358,370.19</u></b>	<b><u>89,424.35</u></b>	<b><u>1,560,769.42</u></b>

### Deferred tax liabilities

	<u>Long term amortization expenses</u>	<u>Currency exchange differences</u>	<u>Total</u>
1st January 2004	204,648.49	-5,880.95	198,767.54
Charged/credited to the income statement	-323,383.06	5,880.95	-317,502.11
31st December 2004	-118,734.57	0.00	-118,734.57
Charged/credited to the income statement	<u>-91,379.61</u>	0.00	<u>-91,379.61</u>
Charged/credited to own share capital	<u>-856,338.89</u>	<u>0.00</u>	<u>-856,338.89</u>
31st December 2005	<b>-1,066,453.07</b>	<b>0.00</b>	<b>-1,066,453.07</b>
Charged/credited to the income statement	-1,766.64	975.77	-790.87
30th June 2006	<b><u>-1,068,219.71</u></b>	<b><u>975.77</u></b>	<b><u>-1,067,243.94</u></b>

### **6.19. Retirement benefit obligations (N.2112/20)**

Based on the provisions of L. 2112/20 the company is obliged to pay to the retired employees a lump sum multiple amount of the monthly salary at the time of retirement (determined by the Law), on the basis of the years of service. These benefits were determined by an independent actuary. The main actuarial assumptions used are as follows:

	<b>2005</b>	<b>2004</b>
Discount interest rate (%)	4.00%	4.50%
Future salary increases	4.00%	4.00%

## HELLENIC DUTY FREE SHOPS S.A.

The movement of the account from 01.01.2004 to 30.06.2006 is as follows:

	THE GROUP	THE COMPANY
<b>Balance of obligations at 01.01.2004</b>	<b>3,598,086</b>	<b>3,573,231</b>
Expense charged to period 01.01 - 31.12.2004	886,257	814,441
Paid compensation 01.01 - 31.12.2004	-641,516	-587,131
<b>Balance of obligation at 31.12.2004</b>	<b>3,842,827</b>	<b>3,800,541</b>
Expense charged to period 01.01 - 31.12.2005	646,853	595,557
Paid compensation 01.01 - 31.12.2005	-162,942	-135,992
<b>Balance of obligation at 31.12.2005</b>	<b>4,326,738</b>	<b>4,260,106</b>
Expense charged to period 01.01 - 30.06.2006	256,862	226,053
Paid compensation 01.01 - 30.06.2006	-27,570	-8,934
<b>Balance of obligation at 30.06.2006</b>	<b>4,556,030</b>	<b>4,477,225</b>

### 6.20. Sales

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>30.06.2005</u>	<u>30.06.2006</u>	<u>30.06.2005</u>
Sales to passengers from third parties (duty free)	56,812.27	55,456.12	52,334.87	55,454.00
Sales to EU passengers (duty paid)	53,032.28	47,301.34	48,269.55	42,451.98
Other sales	27.51	9.97	27.51	9.97
<b>Total</b>	<b>109,872.06</b>	<b>102,767.43</b>	<b>100,631.93</b>	<b>97,915.95</b>

**6.21. Other operating income**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>30.06.2005</u>	<u>30.06.2006</u>	<u>30.06.2005</u>
Income from marketing activities - customizations - royalties - HR services etc.	9,573.60	5,374.48	7,142.51	3,398.37
Other income	390.56	185.56	345.23	156.98
	<b>9,964.16</b>	<b>5,560.04</b>	<b>7,487.74</b>	<b>3,555.35</b>

**6.22. Employees benefits**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>30.06.2005</u>	<u>30.06.2006</u>	<u>30.06.2005</u>
Salaries and wages	12,640.81	11,240.00	11,000.07	9,725.69
Social security contribution	3,353.38	2,922.69	2,895.61	2,501.31
Dismissal compensation	27.57	77.91	8.93	61.28
Provision for retirement benefits	217.12	214.7	217.12	214.7
Other benefits	713.06	251.07	662.57	226.37
	<b>16,951.94</b>	<b>14,706.37</b>	<b>14,784.30</b>	<b>12,729.35</b>

**6.23. Depreciation**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>30.06.2005</u>	<u>30.06.2006</u>	<u>30.06.2005</u>
Depreciation of tangible assets	1,549.95	1,571.62	1,475.39	1,488.39
Amortization of intangible assets	883.76	690.61	873.24	690.61
	<b>2,433.71</b>	<b>2,262.23</b>	<b>2,348.63</b>	<b>2,179.00</b>

**6.24. Other operating expenses**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
Third parties fees - expenses	928.86	1,025.90	823.84	927.50
Insurance premiums, concession fees, Repairs, maintenance and other	12,964.41	13,375.90	11,426.57	12,260.74
Taxes - Duties	64.77	64.56	24.78	27.54
Transportation expenses	269.67	208.17	244.41	207.11
Logistics	610.49	864.91	610.49	864.91
Promotion and advertisement expenses	769.37	620.07	761.28	619.16
Sundry expenses (travelling, exhibitions, subscriptions, donations, grants, stationery, consumables, etc)	1,538.58	1,806.81	1,486.54	1,775.32
	<b>17,146.15</b>	<b>17,966.32</b>	<b>15,377.91</b>	<b>16,682.28</b>

**6.25. Breakdown of administration expenses**

**THE GROUP**

	<b>The Group</b>		<b>The Company</b>	
	<b><u>30.06.2006</u></b>		<b><u>30.06.2005</u></b>	
	<b>ADMINISTRATION EXPENSES</b>	<b>DISTRIBUTION EXPENSES</b>	<b>ADMINISTRATIO N EXPENSES</b>	<b>DISTRIBUTION EXPENSES</b>
Employees salaries and wages	3,122.48	13,829.46	2,903.11	11,803.26
Third parties fees	514.47	413.74	560.15	465.75
Third parties wages	930.84	12,034.22	950.85	12,425.70
Taxes - Duties	7.82	56.94	22.16	42.39
Other expenses	810.00	2,378.12	758.64	2,740.62
Depreciation of fixed assets	<u>969.98</u>	<u>1,463.73</u>	914.85	1,347.44
	<b>6,355.59</b>	<b>30,176.21</b>	<b>6,109.76</b>	<b>28,825.16</b>

**THE COMPANY**

	The Group		The Company	
	<u>30.06.2006</u>		<u>30.06.2005</u>	
	ADMINISTRATION EXPENSES	DISTRIBUTION EXPENSES	ADMINISTRATION EXPENSES	DISTRIBUTION EXPENSES
Employees salaries and wages	2,992.86	11,791.44	2,789.04	9,940.31
Third parties fees	426.08	397.76	471.97	455.53
Third parties wages	927.27	10,499.31	947.28	11,313.46
Taxes - Duties	6.70	18.06	12.20	15.34
Other expenses	803.55	2,299.18	750.50	2,715.94
Depreciation of fixed assets	<u>963.13</u>	<u>1,385.50</u>	907.09	1,271.97
	<b>6,119.59</b>	<b>26,391.25</b>	<b>5,878.08</b>	<b>25,712.55</b>

**6.26. Income Tax**

	THE GROUP		THE COMPANY	
	<u>30.06.2006</u>	<u>30.06.2005</u>	<u>30.06.2006</u>	<u>30.06.2005</u>
Current tax for the period	7,315.45	7,114.76	7,315.44	6,952.89
Plus: Provision for unaudited financial years	246.00	156.00	240.00	150.00
Deferred tax	147.15	-2.19	-74.37	-0.21
	<b>7,708.60</b>	<b>7,268.57</b>	<b>7,481.07</b>	<b>7,102.68</b>

**6.27. Earnings per share**

*Basic*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<u>30.06.2006</u>	<u>30.06.2005</u>	<u>30.06.2006</u>	<u>30.06.2005</u>
<b>Net profit for the period</b>	<b>18,407.61</b>	<b>15,521.81</b>	<b>18,134.16</b>	<b>16,347.53</b>
<b>Attributable to:</b>				
Equity holders of the Company	<b>18,407.59</b>	<b>15,521.81</b>	<b>18,134.16</b>	<b>16,347.53</b>
Minority interest	0.02	0.02		
Weighted average number of ordinary shares in issue	52,675,000	52,675,000	52,675,000	52,675,000
<b>Basic earnings per share</b>	<b>0.35</b>	<b>0.29</b>	<b>0.34</b>	<b>0.31</b>

## **6.28. Dividends per share**

**The dividends paid in 2005, were €36,872.50 thousand (€0.70 per share) and concerned the year 2004 earnings. The dividends paid in 2006, were €42,140.00 thousand (€0.80 per share) and concerned the year 2005 earnings.**

## **6.29. Contingencies**

The Group has contingent liabilities in respect of Greek State, other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. No additional payments are anticipated at the date of these financial statements. The parent company has been audited by the tax authorities until the financial year 2004 and its subsidiary "Hellenic Distributions S.A." until the financial year 2002. For the non-audited years a respective provision has been formed. The merged company "THE NUANCES GROUP (HELLAS)" S.A., has been audited by tax authorities until the financial year 2005. It is predicted that there will be no tax audited differences for the other companies of the group.

**6.30. Transactions with other related parties**

The following transactions were carried out with related parties:

**i) Sales – Purchases of goods and services**

	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
Sales of goods to subsidiaries	1,659.18	1,356.89
Purchase of goods from subsidiaries	501.86	2.1
Sales of goods to related parties following the I.A.S. 24	0	
Purchase of goods from related parties following the I.A.S. 24	1,722.55	2,343.48

**ii) Year end balances arising from sale of goods and services**

	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
<b>Receivables from related parties</b>		
Subsidiaries	11,042.44	7,095.96
Related parties following the I.A.S. 24	0	0.00

	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
<b>Liabilities to related parties</b>		
Subsidiaries	3,029.69	2.11
Related parties following the I.A.S. 24	0	3,330.10

**THE GROUP**

**i) Sales – Purchases of goods and services**

	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
Sales of goods to related parties following the I.A.S. 24	0	
Purchase of goods from related parties following the I.A.S. 24	1,806.29	2,434.81

ii) **Year end balances arising from sale of goods and services**

	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
<b>Receivables from related parties</b>		
To related parties following the I.A.S. 24	0	0.00

	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
<b>Liabilities to related parties</b>		
To related parties following the I.A.S. 24	0	3,346.15

**6.31. Detailed accounting estimates**

**6.30.1 Useful lives of tangible assets**

The management of the company determines the estimated useful lives and the relevant depreciation impairments of the tangible assets.

**6.32. Number of employed personnel**

Average number of employed personnel at the end of the current period: Group 1,338, Company 1,135.

**6.33. Real liens**

There are no real liens on the property assets of company

**6.34. Contested or under arbitration disputes**

There are no contested or under arbitration disputes nor any decisions of national or arbitral courts, which may have a material effect on the financial position or operation of the company.



76, 3rd Septembriou Str  
104 33 Athens, Greece  
Tel: 00 30 210 825 3078-9  
Fax: 00 30 210 825 2133  
e-mail: info@bakertillyhellas.gr  
www.bakertillyhellas.gr

## **AUDITORS REVIEW REPORT**

To the Shareholders of « **HELLENIC DUTY FREE SHOPS SA** »

We have reviewed the accompanying Interim Financial Statements and the Consolidated Interim Financial Statements of the societe anonyme « **HELLENIC DUTY FREE SHOPS SA** », as of and for the six-month period ended 30 June 2006. These interim financial statements are the responsibility of the Company's management.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Statements and the accompanying Consolidated Interim Financial Statements do not give a true and fair view in accordance with the International Financial Reporting Standards that have been adopted by the European Union (IAS 34 ).

Athens, 24 August 2006

**GEORGIOS I. VARTHALITIS**  
**Certified Public Accountant**  
**SOEL Reg. No. 10251**

**DIMITRIOS I. IAKOVIDIS**  
**Certified Public Accountant**  
**SOEL Reg. No. 13251**