



VIVARTIA SA

FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2006
IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS (IFRS)

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Audit Report of Certified Auditors Accountants	1
Income Statement for the year ended December 31, 2006	3
Consolidated Income Statement for the year ended December 31, 2006	4
Balance Sheet as of December 31, 2006	5
Consolidated Statement of Changes in Equity for the year ended December 31, 2005	6
Statement of Changes in Equity for the year ended December 31, 2005	7
Consolidated Statement of Changes in Equity for the year ended December 31, 2006	8
Statement of Changes in Equity for the year ended December 31, 2006	9
Cash Flow Statement for the year ended December 31, 2006	10
Notes to the financial statements	11-81
Appendix I– Subsidiaries of Vivartia S.A. and tax unaudited years by entity	I-1, I-2



VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

ENGLISH TRANSLATION FROM THE GREEK ORIGINAL

INDEPENDENT AUDITORS' REPORT

To the Shareholders of VIVARTIA SA.:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

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

Emphasis of a matter

Without qualifying our opinion as fully described in note 40 to the financial statements the Greek Competition Committee has commenced an investigation with respect to the Company and other dairy and retail entities for alleged participation in horizontal and vertical agreements and adoption of concerted practices which may potentially result in fines. As the hearing in front of the Greek Competition Committee is pending and the final outcome cannot be reliably determined at present, no provisions has been made in the financial statements with respect with the above issue.



VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Report on Other Legal and Regulatory Requirements

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

Athens, March 23, 2007

John Mystakidis
A.M.ICA(GR) 16511
Ernst & Young (Hellas)
Certified Auditors Accountants S.A.

Andreas Tsamakis
A.M.ICA(GR) 17101
BDO Protypos Hellenic Auditing Co. S.A.
Certified Auditors-Accountants

**CONDENSED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2006**
(All amounts in thousands of Euro, except per share data)

	Notes	Company	
		1/1-31/12 2006	1/1-31/12 2005
REVENUES:			
Net sales		466.458	16.571
Cost of sales		(289.806)	(11.172)
Gross profit		176.652	5.399
Selling, general and administrative expenses	10	(149.640)	(6.335)
Other income/(expenses)	11	15.552	275
Financial income	12	57.160	28.762
Loss on disposal of subsidiary	6	(25.193)	-
Financial expenses	12	(50.142)	(23.975)
PROFIT BEFORE INCOME TAXES		24.389	4.126
Income taxes	13	(16.799)	(1.826)
NET PROFIT		7.590	2.300

The accompanying notes and appendix are an integral part of these financial statements

VIVARTIA S.A

CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED DECEMBER 31,2006
(All amounts in thousands of Euro, except per share data)



	Notes	1/1-31/12/2006			1/1-31/12/2005		
		Continuing Operations	Discontinued Operations (contribution to the group)	Total	Continuing Operations	Discontinued Operations (contribution to the group)	Total
REVENUES							
Net sales		731.274	44.960	776.234	584.243	110.154	694.397
Cost of sales		(429.460)	(23.957)	(453.417)	(347.266)	(60.527)	(407.793)
Gross Profit		301.814	21.003	322.817	236.977	49.627	286.604
Selling, general and administrative expenses	10	(243.932)	(19.736)	(263.668)	(184.192)	(46.149)	(230.341)
Other income/(expenses)	11	23.181	(581)	22.600	30.346	378	30.724
Financial income	12	46.905	(928)	45.977	13.909	232	14.141
Financial expenses	12	(51.606)	(1.607)	(53.213)	(25.076)	(4.926)	(30.002)
Share of profit/(losses) of associates valuated with equity method		(53)	-	(53)	(146)	-	(146)
Gain on disposal of Delta Ice Cream subgroup	6	-	49.060	49.060	-	-	-
PROFIT BEFORE INCOME TAXES		76.309	47.211	123.520	71.818	(838)	70.980
Income taxes	13	(25.931)	(220)	(26.151)	(28.407)	(1.679)	(30.086)
NET PROFIT		50.378	46.991	97.369	43.411	(2.517)	40.894
Attributable to:							
Equity holders of the parent		44.397		91.388	32.945		31.104
Minority interests		5.981		5.981	10.466		9.790
		50.378		97.369	43.411		40.894
Earnings per share (in Euro)							
Basic	14	0,76		1,56	0,75		0,71
Diluted		-		-	0,70		0,68
Weighted average number of shares, basic and diluted							
Basic		58.560.516		58.560.516	43.698.848		43.698.848
Diluted		-		-	47.264.894		47.264.894

The accompanying notes and appendix are an integral part of these financial statements

VIVARTIA S.A

**BALANCE SHEET
AT DECEMBER 31, 2006**



(All amounts in thousands of Euro, unless otherwise stated)

	Σημειώσεις	Group		Company	
		December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
ASSETS					
Non-Current Assets:					
Property, plant and equipment	15	647.786	364.894	343.439	6.227
Goodwill	16	296.614	151.317	243.903	-
Intangible assets	17	6.197	215	3.313	1
Investments in subsidiaries		-	-	224.861	361.765
Investments in associates	18	4.652	198	3.495	-
Available for sale financial assets	19	23.511	10.546	22.803	9.827
Bond loans		-	-	8.500	166.500
Other long term assets		3.451	1.652	97.985	112
Derivative financial instruments		112	-	112	-
Deferred income taxes		11.711	8.370	-	6.986
Total non-current assets		994.034	537.192	948.411	551.418
Current Assets:					
Inventories	20	83.763	43.797	35.467	-
Trade accounts receivable	21	156.033	107.398	112.947	6.709
Prepayments and other receivables	22	48.339	32.491	28.446	4.670
Financial assets at fair value through profit and loss	23	1.912	4.827	1.811	4.599
Cash and cash equivalents	24	135.024	99.762	72.618	18.644
Total current assets		425.071	288.275	251.289	34.622
Assets of disposal group classified as held for sale		-	207.225	-	128.410
TOTAL ASSETS		1.419.105	1.032.692	1.199.700	714.450
EQUITY AND LIABILITIES					
Equity attributable to equity holders of parent					
Share capital	25	170.801	120.417	170.801	120.417
Paid-in surplus		171.093	93.214	171.093	93.214
Accumulated deficit		16.429	(41.125)	73.913	(61.754)
Foreign exchange differences		(1.089)	(1.854)	-	-
Legal, tax free and special reserves	27	127.180	83.979	127.298	70.683
Reserves of merged companies		93.498	-	(4.239)	-
Other reserves		3.056	3.056	11.467	1.300
		580.968	257.687	550.333	223.860
Minority interests		44.211	61.450	-	-
Total Equity		625.179	319.137	550.333	223.860
Non-Current Liabilities:					
Long-term borrowings at amortised cost	29	214.024	205.081	218.735	244.000
Long-term borrowings at fair value through profit and loss	29	174.291	190.655	174.291	190.655
long-term liabilities from financial leases	30	32.248	1.995	31.457	-
Grants	33	18.412	9.877	10.865	-
Deferred income taxes		50.788	38.053	28.243	-
Reserve for staff retirement indemnities	31	16.882	10.235	9.671	1.014
Other provisions	32	1.843	-	1.500	-
Derivative financial instruments		29.372	16.484	29.372	16.580
Other long-term liabilities		1.654	2.844	-	-
Total non-current liabilities		539.514	475.224	504.134	452.249
Current Liabilities:					
Trade accounts payable	35	141.374	95.066	96.355	2.702
Short-term borrowings	36	32.099	16.457	13	23
Short-term from financial leases	30	3.891	1.841	3.582	-
Current portion of long-term debt	29	3.056	20.556	-	20.357
Income taxes payable	13	11.479	15.883	7.163	-
Accrued and other current liabilities	37	62.513	31.307	38.120	15.259
Total current liabilities		254.412	181.110	145.233	38.341
Liabilities directly associated with the assets classified as held for sale		-	153.221	-	-
Intragroup loans to operations classified as held for sale		-	(96.000)	-	0
TOTAL LIABILITIES AND EQUITY		1.419.105	1.032.692	1.199.700	714.450

The accompanying notes and appendix are an integral part of these financial statements

VIVARTIA S.A
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED IN DECEMBER 31, 2005



(All amounts in thousand of Euro, unless otherwise stated)

	Group								Minority interests	Total equity	
	Attributable to equity holders of the parent										
	Share capital	Paid-in surplus	Legal, tax free and special reserves	Other reserves	Fair value reserve	Treasury shares	Exchange Differences	Accumulated deficit			
Balance, January 1, 2005 as initially published	119.359	91.452	80.006	3.153		(55.420)		(24.492)	214.058	130.678	344.736
Adjustments (Note 3(ag))	-	-	-	-	-	-	-	(4.884)	(4.884)	0	(4.884)
Adjusted balance, January 1, 2005	119.359	91.452	80.006	3.153	-	(55.420)	-	(29.376)	209.174	130.678	339.852
Profit for the period	-	-	-	-	1.318	-	-	(12.696)	(11.378)	(53)	(11.431)
Disposal of treasury shares	-	-	-	-	-	-	-	31.104	31.104	9.790	40.894
Share capital increase	1.058	1.762	-	-	-	-	-	(11.227)	44.193	-	44.193
								-	2.820	-	2.820
Transfer to legal, tax free and special reserves	-	-	3.627	(97)	-	-	-	(3.530)	-	-	-
Movement of fair value reserve	-	-	-	-	1.706	-	-	-	1.706	-	1.706
Exchange differences	-	-	-	-	-	-	-	(1.854)	(1.854)	-	(1.854)
Transfer to profit and loss from sale of available for sale investment	-	-	-	-	(2.678)	-	-	-	(2.678)	-	(2.678)
Dividends	-	-	-	-	-	-	-	(6.902)	(6.902)	-	(6.902)
Dividends paid to the minority shareholders	-	-	-	-	-	-	-	-	-	(5.739)	(5.739)
Other acquisitions of minority interests	-	-	-	-	-	-	-	(14.300)	(14.300)	(5.423)	(19.723)
Acquisition of minority interest of DELTA Dairy S.A.	-	-	-	-	-	-	-	5.803	5.803	(67.803)	(62.000)
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	0	-	-
Balance, December 31, 2005	120.417	93.214	83.633	3.056	346	0	(1.854)	(41.124)	257.688	61.450	319.138

The accompanying notes and appendices are an integral part of these financial statements

VIVARTIA S.A

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED IN DECEMBER 31, 2005



(All amounts in thousand of Euro, unless otherwise stated)

	Company						
	Share capital	Paid-in surplus	Legal, tax free and special reserves	Other reserves	Treasury shares	Accumulated deficit	Total equity
Balance, January 1, 2005 as initially published	119.359	91.452	70.221	1.300		(38.535)	243.797
Adjustments (Note 3(og))	-	-	-	-	-	(4.834)	(4.834)
Adjusted balance, January 1, 2005	119.359	91.452	70.221	1.300		(43.369)	238.963
First time adoption of IAS 32 and 39 (net of deferred tax of € 6,649)	-	-			(1.190)	(13.782)	(14.972)
Increase of share capital	1.058	1.762				0	2.820
Profit for the period						2.300	2.300
Dividends						(6.902)	(6.902)
Transfer to legal, tax free and special reserves							
Movement of fair value reserve					1.652		1.652
Balance, December 31, 2005	120.417	93.214	70.221	1.300	462	(61.753)	223.861

The accompanying notes and appendices are an integral part of these financial statements

VIVARTIA S.A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2006



(All amounts in thousand of Euro, unless otherwise stated)

	Group								Minority interests	Total equity	
	Attributable to equity holders of the parent										
	Share capital	Paid-in surplus	Legal, tax free and special reserves	Reserve of merged companies	Other reserves	Fair value reserve	Exchange Differences	Accumulated deficit			Total
Balance, January 1, 2006	120.417	93.214	83.633	-	3.056	346	(1.854)	(41.124)	257.688	61.450	319.138
Share Capital Increase from settlement of convertible bond	10.484	9.575	-	-	-	-	-	-	20.059	-	20.059
Early conversion of convertible bond	-	(795)	-	-	-	-	-	7.094	6.299	-	6.299
Share Capital Increase	15.527	(12.110)	-	(1.563)	-	-	-	(1.854)	-	-	-
Rounding due to the decrease of shares par value	231	(231)	-	-	-	-	-	-	-	-	-
Acquisition of minority interest and merger of subsidiaries (Note 4 & 6)	7.758	25.694	16.492	-	-	-	-	(23.840)	26.104	(28.965)	(2.861)
Business combinations (merger of Chipita International S.A)(Note 4)	16.384	55.746	25.936	95.061	-	371	-	2.582	196.080	18.615	214.695
Acquisition of minority interest of subsidiaries	-	-	-	-	-	-	-	(10.248)	(10.248)	(6.911)	(17.159)
Dividends	-	-	-	-	-	-	-	(7.569)	(7.569)	-	(7.569)
Dividends to minority of subsidiaries	-	-	-	-	-	-	-	-	-	(5.568)	(5.568)
Exchange differences	-	-	-	-	-	-	765	-	765	-	765
Minority of Delta Ice Cream S.A(disposal)	-	-#	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-	-
Movement of fair value reserve	-	-	-	-	-	402	-	-	402	-	402
Acquisition of minority interest /merger of subsidiaries	-	-	-	-	-	-	-	-	-	(391)	(391)
Profit for the period	-	-	-	-	-	-	-	91.388	91.388	5.981	97.369
Balance December 31, 2006	170.801	171.093	126.061	93.498	3.056	1.119	(1.089)	16.429	580.968	44.211	625.179

The accompanying notes and appendix are an integral part of these financial statements

VIVARTIA S.A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2006



(All amounts in thousand of Euro, unless otherwise stated)

	Company							Total equity
	Share capital	Paid-in surplus	Legal, tax free and special reserves	Reserve of merged companies	Other reserves	Fair value reserve	Retained earnings/ Accumulated deficit	
Restated Balance , January 1, 2006	120.417	93.214	70.221	-	1.300	462	(61.753)	223.861
Share Capital Increase from settlement of convertible bond	10.484	9.575	-	-	-	-	-	20.059
Early conversion of convertible bond	-	(795)	-	-	-	-	7.094	6.299
Share Capital Increase	15.527	(12.110)	-	-	-	-	(1.854)	1.563
Rounding due to the decrease of shares par value	231	(231)	-	(1.563)	-	-	-	(1.563)
Merger of subsidiaries companies (Note 4 & 6)	7.758	25.694	29.906	(97.737)	10.167	-	131.138	106.926
Business combinations (merger of Chipita International S.A) (Note 4)	16.384	55.746	25.934	95.061	-	373	2.582	196.080
Dividends	-	-	-	-	-	-	(7.569)	(7.569)
Minority dividends of the merged subsidiaries	-	-	-	-	-	-	(3.336)	(3.336)
Transfer to legal, tax free and special reserves	-	-	-	-	-	-	-	0
Movement of fair value reserve	-	-	-	-	-	402	21	423
Profit for the period	-	-	-	-	-	-	7.590	7.590
Balance December 31, 2006	170.801	171.093	126.061	(4.239)	11.467	1.237	73.913	550.333

The accompanying notes and appendix are an integral part of these financial statements

VIVARTIA S.A

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2006
(All amounts in thousands of Euro, unless otherwise stated)



	Group		Company	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Cash flows from operating activities				
Profit before income taxes	123.520	70.980	24.390	4.126
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation and amortisation	33.080	33.102	18.815	946
Depreciation of discontinued operations	5.070			
Provisions	4.416	4.292	3.707	(298)
Interest and other related income	(30.389)	(6.975)	(4.038)	(25.231)
Interest and other related expenses	20.830	25.318	22.587	18.899
Gain on disposal of Delta Ice Cream subgroup	(49.060)	-	-	-
Bond valuation at fair value through profit and loss	(16.376)		(16.376)	
Gain from valuation and disposal of investments, financial assets and derivatives	29.333	(2.784)	30.187	1.545
Dividends received			(10.574)	-
Gain/ (loss) on disposal of property, plant and equipment	(4.201)	(306)	(819)	-
Losses on equity investees	53	146	-	-
Amortization of government grants	-	(1.315)	-	-
Negative goodwill	(5.752)	-	-	-
Impairment charge	-	606	-	-
Profit before working capital changes	110.524	123.064	67.879	(13)
(Increase)/Decrease in:				
Inventories	(16.713)	4.354	(12.572)	0
Receivables	52.635	(25.550)	63.631	(2.981)
(Increase)/Decrease in:				
Liabilities (except bank)	(68.695)	19.454	(71.547)	1.711
Income taxes paid	(23.197)	(32.030)	(25.228)	(3.314)
Interest paid	(20.779)	(32.763)	(22.587)	(19.820)
Grants received		-		-
Cash Flows from Operating Activities:	33.775	56.529	(424)	(24.417)
Cash Flows from Investing Activities:				
Capital expenditure for tangible and intangible assets	(34.513)	(40.734)	(12.865)	(1.541)
Proceeds from disposal of property, plant and equipment	14.849	8.884	7.772	-
Interest, dividends and other related income received	7.497	8.932	14.612	25.717
Acquisition of minority of subsidiaries	-	(20.557)	-	(18.904)
Acquisition of minority of Delta Dairy	-	(62.000)	-	-
Sales of treasury shares	-	44.193	-	-
(Acquisitions)/Disposals of investments available for sale	(29.986)	1.675	(28.311)	(478)
Gain/(loss) on disposal of financial assets	20.697	-	-	-
Grants received	1.988	3.369	1.899	-
Delta Ice Cream intra group loan received from Nestle	205.599	-	205.599	-
Cash Flows for Investing Activities:	186.131	(56.238)	188.706	4.794
Cash Flows from Financing Activities:				
Net change in short-term borrowings	(111.704)	75.833	(98.162)	(18.003)
Net change of long term borrowings	(84.082)	(40.174)	(83.910)	62.970
Minority interests		360		
Dividends paid	(13.137)	(13.081)	(10.905)	(7.342)
Net Cash used in Financing Activities	(208.923)	22.938	(192.977)	37.625
Effect of exchange rates changes on cash	213	(176)		
Net Increase/Decrease of cash and cash equivalents	11.196	23.053	(4.695)	18.002
<i>Cash and cash equivalents at beginning of year</i>	101.841	78.788	18.644	642
<i>Cash and cash equivalents at beginning of year: - merged entities</i>				
<i>Cash and cash equivalents at beginning of year: - acquired entities</i>	21.987		58.669	
<i>Cash and cash equivalents of discontinued operations</i>				
Cash and cash equivalents at end of period	135.024	101.841	72.618	18.644

The accompanying notes and appendix are an integral part of these financial statements.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

1. CORPORATE INFORMATION:

Vivartia S.A (hereinafter “VIVARTIA” or “Group”) was incorporated in September 1st 2006 following the merger by absorption of DELTA Dairy S.A, CHIPITA S.A, Goody’s S.A. and General Frozen Foods S.A by the formerly named Delta Holding S.A.(the former parent company). The shares of the Company are traded on the Athens Stock Exchange (“ASE”). References to the «Company » or «VIVARTIA», include, unless the contents indicate otherwise, VIVARTIA S.A and its consolidated subsidiaries.

The absorbed companies comprise business divisions of Vivartia. Specifically, Vivartia performs its activities in the market segments of Dairy & Drinks through the former Delta Dairy S.A., Bakery & Confectionery, through the former Chipita, Foodservices and Entertainment through the former Goody’s and Frozen Foods through the former General Frozen Foods S.A.

Its main lines of business are (i) the production and distribution of dairy products, such as milk and related products, yogurt and fruit juices, (ii) quick service restaurants and café bars, (iii) the production and distribution of general frozen foods such as vegetables, ready made recipes/meals and pastries, and (iv) the snacks and other confectionary products based on soft dough.

Vivartia extends its productive and commercial activities through its subsidiaries in countries such as Bulgaria, Cyprus, Egypt, Greece, Mexico, Poland, Portugal, Romania, Russia. It engages in commercial activities in: Czech Republic, Germany, Hungary, Italy, Slovakia, Ukraine and export activities in: Albania, Austria, Belarus, Canada, Croatia, FYROM, Kazakhstan, Lebanon, Malta, Serbia & Montenegro, Slovenia, Spain, United Kingdom and the USA.

As further described in Note 7, in late 2005 the Group concluded a binding agreement with the Nestle Group for the sale of the Delta Ice Cream subgroup, a transaction that was completed in May 2006.

The Company's registered office is in Athens at 10 Ziridi Street, 151 23 Marousi. The life of Vivartia S.A., according to its Articles of Association, is eighty (80) years effective December 31, 1968, with a possible extension permitted following a decision of the General Meeting of its Shareholders.

As at December 31, 2006 and 2005, the Company's average number of employees was approximately 10,838 and 5,605 respectively.

A full list of the consolidated subsidiaries together with their related unaudited years by tax authorities is provided in Appendix I.

2.1 GENERAL INFORMATION AND ACCOUNTING POLICIES

(a) ***Basis of Preparation of Financial Statements:*** The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

These financial statements under the historical cost convention, except for available for sale assets, financial assets at fair value through profit and loss, derivative financial instruments and liabilities which were measured at fair value.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in “Significant accounting estimates and judgments” on note 2.5.

(b) Approval of Financial Statements: The Board of Directors of VIVARTIA S.A. approved the accompanying consolidated financial statements for the year ended December 31, 2006, on March 30, 2007. It is noted that the accompanying consolidated financial statements are pending to the approval of the parent’s Shareholders’ General Assembly Meeting.

2.2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the accompanying financial statements, are as follows:

(a) Basis of Consolidation: The accompanying consolidated financial statements of the Company include the accounts of VIVARTIA S.A. and all subsidiaries where VIVARTIA S.A. has control. Control is presumed to exist when VIVARTIA S.A. through direct or indirect ownership retains the majority of voting interest or has the power to control the Board of the investee. Subsidiaries are consolidated from the date on which effective control is acquired by the parent and cease to be consolidated from the date in which control is transferred out of the Group.

All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Group. A full list of the consolidated subsidiaries together with the related ownership interests is provided in Appendix I.

The financial statements of the subsidiaries are prepared for the same reporting date with the parent company.

The consolidated financial statements include the financial statements of two subsidiaries (S. Nendos S.A. – Greece and Edita SAE - Egupt), in which, although the direct parent owns less than 50% of the voting power, it exercises control either through the power to control and appoint the majority of the Board of Directors’ members (S. Nendos S.A.) or based upon a shareholders agreement signed with the other shareholders (Edita S.AE).

(b) Investments in Subsidiaries (separate financial statements): The investments of the parent Company in its consolidated subsidiaries are measured at acquisition cost less any cumulative impairment losses.

(c) Investments in Associates:

i) Consolidated financial statements: The Company's investments in other entities in which VIVARTIA exercises significant influence and are not subsidiaries or joint-ventures are accounted for using the equity method. Under this method the investment in associates is recognized at cost in addition to the changes in the percentage of the Company in the associate’s equity after the initial date of acquisition less possible provisions for impairment in value. The consolidated statement of income reflects the Company's share of the results of operations of the associate.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

- ii) Separate financial statements:** Investments in associates in the stand-alone financial statements are measured at acquisition cost less any cumulative impairment losses.

The financial statements of the associates are prepared for the same reporting date with the parent company.

(d) Joint ventures (Jointly controlled entities)

(i) Consolidated financial statements:

A joint venture is an entity jointly controlled by the Group and one or more other ventures in terms of a contractual arrangement. The Group's interest in jointly controlled entities is accounted for by the proportional consolidation method of accounting, taking into consideration the percentage controlled by the Group as at the date of consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures.

The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial statements of the joint ventures are prepared for the same reporting date with the parent company.

(ii) Separate financial statements:

Investments in joint ventures in Company's financial statements are valued at cost less impairment losses.

- (e) Functional and Presentation Currency and Foreign Currency Translation:** The functional and presentation currency of VIVARTIA S.A. and its Greek subsidiaries is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates which are in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are adjusted to reflect the current exchange rates.

Gains or losses resulting from year-end foreign currency remeasurements are reflected in the accompanying statement of income excluding the transactions that correspond to conditions of compensating cash flows presented in equity.

The functional currency of the Company's foreign subsidiaries is the official currency of the related country in which each subsidiary operates. Accordingly, at each reporting date all balance sheet accounts of these subsidiaries are translated into Euro using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the weighted average rate of exchange prevailing during the year/period. The cumulative difference from the above

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

translation is recognized directly in separate component of equity until the disposal or derecognition of a subsidiary in which case it is transferred to the consolidated statement of income

- (f) **Intangible Assets (excluding goodwill):** Intangible assets mainly consist of milk production rights and trademarks. Milk production rights represent fees paid to the Ministry of Agricultural Development every four to five years by certain milk producing subsidiaries in respect of maintaining their milk production capacity based on the quotas issued by the Ministry of Agricultural Development and the European Union. Amortization is made through to the next renewal date. Trademarks are amortized over their estimated useful lives which are set to five years.
- (g) **Research and Product Development Costs:** Research costs are expensed as incurred. Development expenditure is mainly incurred for developing products. Costs incurred for the development of an individual project are recognized as an intangible asset only when the requirements of IAS 38 "Intangible Assets" are met.
- (h) **Revenue Recognition:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Revenue, net of trade discounts sales incentives and the related VAT, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

Franchise fees

Franchise fees relate to a subsidiary which establishes and develops quick service restaurants and café bars through the use of franchisees. These fees are recognized to income in the period to which they relate.

Interest

Revenue is recognized on the accrual basis of accounting.

Dividends

Revenue from dividends is recognized when the right on such dividends is approved by the respective bodies of the companies' that declare them.

- (i) **Property, Plant and Equipment:** Tangible Assets (land, buildings, machinery and technical works, transportation means and furniture and fixtures) are stated at historical cost less accumulated depreciation and any impairment in value.

The Group proceeded to a fair valuation of its land, buildings and machinery and equipment as at January 1, 2004 (transition date to IFRS) and these fair values were used as deemed cost at the date of transition to IFRS. The resulted revaluation surplus was credited to retained earnings.

Repairs and maintenance are charged to expenses as incurred. Major improvements are capitalized to the cost of the asset to which they relate when they extend the life, increase the earnings capacity or improve the efficiency of the respective assets.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset, is included in the consolidated statement of income in the year the item is derecognized.

- (j) **Depreciation:** Depreciation is computed based on the straight-line method at rates, which approximately reflect the average useful lives of relative assets.

The useful lives used are as follows:

<u>Classification</u>	<u>Useful Life</u>
Buildings	50 years
Machinery and equipment	20 years
Transportation equipment	6-9 years
Furniture and fixtures	3-6 years

- (k) **Business combinations, goodwill and changes in minority interests :** Business combinations are accounted for using the acquisition accounting method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities) of the acquired business at fair value. Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortized, but it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. At the acquisition date (or at the date of completion of the relative purchase price allocation) any goodwill acquired is allocated to each of the cash-generating units related to goodwill. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill resulting from acquisitions or business combinations has been allocated to the main cash generating units in group level. The cash generating units have been defined in accordance with the provisions of IAS 36 "Impairment of Assets". The Group, in order to decide whether an impairment of goodwill exists, performed the related impairment tests in the cash generating units in which goodwill was allocated, and based on those tests no impairment loss occurred.

When the Group increases its participation interest to existing subsidiaries (acquisition of minority interests) the total difference between the purchase price and the portion of the minority interests acquired (goodwill or negative goodwill) is transferred directly to equity as it is considered as a transaction among the shareholders (entity concept method). Similarly, when

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
(All amounts in thousands of Euro, unless otherwise stated)

minority interests are sold (without losing control of the subsidiary) then the related gains or losses are recognized directly to equity.

(l) Impairment of Assets:

(i) Non Financial Assets:

With the exception of goodwill and intangibles with indefinite life which are reviewed for impairment at least annually, the carrying values of other non - current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognized in the consolidated statement of income. The recoverable amount is measured as the higher of fair value minus selling expenses and value in use. Fair value minus selling expenses is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(ii) Financial Assets:

At each reporting date the Group assesses any potential indicative factor regarding whether a financial asset or group of financial assets has been impaired.

The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets stated at cost or according to the equity method (investments in subsidiaries and associates in the separate balance sheet), assets measured at amortized cost based on the effective interest rate method (non current receivables) and available for sale investments.

The recoverable amount of investments in subsidiaries and associates is determined similarly with the non-financial assets.

The recoverable/εισπράξιμη amount of the remaining financial assets is generally determined, for the purpose of performing the related impairment tests, based on the estimated future cash flows discounted either at the initial effective interest rate of the financial asset or the group of financial assets, or at the current market rate of return for a similar financial asset. The resulting impairment losses are recognized to the consolidated income statement.

(m) Inventories: Inventories are stated at the lower of cost and net realizable value. Cost of finished and semi-finished products includes all costs incurred in bringing inventories to their current location and state of manufacture and comprises raw materials, labour, an applicable amount of production overhead (based on normal operating capacity, but excluding borrowing costs) and packaging. The cost of raw materials and finished goods are determined based on the weighted average basis. Net realizable value for finished and semi-finished goods is the estimated selling price in the ordinary course of the Group, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value for raw materials is the estimated replacement cost in the ordinary course of business. Provision for slow

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

moving or obsolete inventories is made when necessary. As at December 31, 2006 and December 31, 2005, there were no inventories measured in their net realizable value.

(n)Accounts Receivable (Credit and Collection): Short term receivables are presented in their nominal value, net of provisions for potential non collectible accounts, while long-term receivables (balances that deviate from the normal credit terms) are measured at amortized cost based on the effective interest rate method. The Company has established criteria for granting credit to customers which are generally based upon the size of the customer's operations and consideration of relevant financial data. Business is generally conducted with such customers under normal terms with collection expected within sixty days after shipment. At each balance sheet date all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate allowance for doubtful accounts. The balance of such allowance for doubtful accounts is appropriately adjusted at each balance sheet date in order to reflect the possible risks. Any amount written-off with respect to customer account balances is charged against the existing allowance for doubtful accounts. It is the Group's policy not to write-off an account until all possible legal action has been exhausted.

(o) Investments and other financial assets: Financial assets (primary) in the scope of IAS 39 are classified based on their nature and their characteristics at the following four categories:

- financial assets at fair value through profit and loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The purchase and sale of investments is recognised on the date of the transaction which is the date on which the Group commits to purchase or sale the related financial asset. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

- (i) Financial assets at fair value through profit and loss:
Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in income.
- (ii) Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.
- (iii) Held-to-maturity investments:
Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are carried at amortized cost using the effective interest method. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortisation process.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

(iv) Available-for-sale financial assets:

Available-for-sale financial assets (primary) are those non-derivative financial assets that are designated as available-for sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity. On disposal, impairment or derecognition of the investment, the cumulative gain or loss is transferred to the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

(p) De-recognition of Financial Assets and Liabilities

(i) Financial assets: A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(q) Derivative Financial Instruments and hedging: The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and cross currency swaps to hedge its risks associated with interest rate and foreign currency fluctuations.

Such derivative financial instruments are measured at fair value at the balance sheet date.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The fair value of such derivatives is calculated by reference to market values for similar instruments and it is confirmed with the respective financial institutions.

Any gains or losses arising from changes in the fair value on derivatives during the year that qualify for hedge accounting and are effective are taken directly to equity in the case of cash flow hedges while in the case of fair value hedges they are taken to the income statement. As further described in Note 34, some of the hedged liabilities were classified as valued at fair value through profit and loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or firm commitment
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or the foreign currency risk in a firm commitment
- hedges of a net investment in a foreign operation.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognized in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss.

Certain derivatives, although characterized as effective hedges based on Group policies, do not meet the criteria for hedge accounting in accordance with the provisions of IAS 39 and, therefore, gains or losses are recognized in the statements of income.

- (r) **Cash and Cash Equivalents:** The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.

For the purpose of the cash flow statements, cash and cash equivalents consist of cash at hand and in banks and of cash and cash equivalents as defined above.

- (s) **Bank and Bond Loans:** All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction cost. After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method. Financial liabilities may be designated at initial recognition as at fair value through profit and loss if the following criteria are met:
- (i) the designation eliminates or significantly reduces the inconsistent treatment (accounting mismatch) that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis;
 - (ii) or the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a Group's documented risk management strategy;
 - (iii) or the financial liability contains an embedded derivative that would need to be separately recorded.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Certain bond loans have been designated as being measured at fair value through profit and loss, on the basis that such measurement method is more representative in connection with above loans. The Group concluded derivative financial instruments (mainly cross currency swaps) to hedge against the foreign currency risk of these loans which are measured at fair value. Accordingly, such measurement basis was applied for the specific loan in order to significantly reduce the measurement inconsistency (accounting mismatch) that would otherwise arise between the derivative and the underlying loan.

- (t) **Borrowing Costs:** Borrowing costs are recognized as an expense in the period in which they are incurred.
- (u) **Reserve for Staff Retirement Indemnities:** Staff retirement obligations are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end, based on the employees earning retirement benefit rights steadily throughout the working period. Retirement obligations are calculated on the basis of financial and actuarial assumptions detailed in Note 31 and are determined using the projected unit credit actuarial valuation method (Project Unit credit Method). Net pension costs for the period are included in payroll in the accompanying consolidated statement of income and consist of the present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial gains or losses recognized in the fiscal year and any additional pension charges. Past service costs are recognized on a straight-line basis over the average period until the benefits under the plan become vested. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation at the beginning of each period are recognized based on corridor approach over the average remaining service period of active employees and included as a component of net pension cost for a year if, as of the beginning of the year. The retirement benefit obligations are not funded.
- (v) **State Pension:** The Company's employees are covered by one of several Greek State sponsored pension funds covering post-retirement pensions and healthcare benefits. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan.

(w) **Income Taxes (Current and Deferred):**

(i) **Current Income Taxes**

Current income taxes are computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece or other tax jurisdictions in which foreign subsidiaries operate. Current income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns and, additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted or substantively enacted tax rates.

(ii) **Deferred Income Taxes**

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities. Deferred income tax liabilities are recognized for all taxable temporary differences:

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

- Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
 - In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
 - Deferred tax assets are recognized for all discounted temporary differences and transferred tax assets and losses, at the time where it is possible that taxable profit will be available which will be used against the discounted temporary differences and the transferred unused taxable assets and losses.
 - Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
 - In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and there will be available taxable profit which will be used against temporary differences.
 - The deferred tax assets are reviewed at each balance sheet date and reduced at the time where it is not considered as possible that enough taxable profits will be presented against which, a part or the total of assets can be utilised.
 - Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.
 - Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.
- (x) **Leases:** Finance leases, which transfer to the Company or to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease period.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on the straight line basis over the lease period.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

For sale and leaseback transactions resulting in a finance lease, any excess of sales proceeds over the carrying amount is not recognized as income in the financial statements but, instead, it is deferred and amortized over the lease term.

If the fair value (sale proceeds) at the time of a sale and leaseback transaction is less than the carrying amount of an asset, no adjustment is made unless there has been impairment in value, in which case, the carrying amount is reduced to the recoverable amount.

- (y) **Government Grants:** Government grants which primarily relate to the subsidization of property, plant and equipment are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of income over the expected useful life of the relevant asset by equal annual installments, against corresponding amortization expense.

When the grant relates to an expense item, it is recognized against these expenses over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

- (z) **Provisions and Contingent Assets, Liabilities:** Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Regarding the provisions that are expected to be settled in the long term when the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

- (w) **Treasury shares:** Treasury shares are presented at cost as a separate component in equity. On the purchase, sale, issue or cancellation of the treasury shares, the relevant amounts and the result of each act / settlement are recognized directly in equity.

- (x) **Earnings per Share:** Basic earnings per share (EPS) are computed by dividing net income attributable to parent company shareholders by the weighted average number of common shares outstanding during each year, excluding the average number of common shares purchased by the group as treasury shares.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the parent (after deducting interest on convertible shares, net of tax), by the weighted average number of shares outstanding during the year (adjusted for the effect of dilutive convertible shares).

The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
(All amounts in thousands of Euro, unless otherwise stated)

(y) **Segment Reporting:** The Group presents the required information considering as principal criterion of segment segregation, its business segments and, as a second criterion geographical segments. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The dairy segment produces dairy products (milk, cheese, yogurt and other related products) and fruit juices.

The catering services and entertainment segment includes the Company's chain of quick service restaurants, "Goody's" and its chain of café bars, "Flocafé".

The bakery and pastry segment division includes mainly the production and distribution of croissants and bakery snacks.

The frozen foods includes the production and distribution of frozen vegetables and foods.

Transactions between business segments are set on an arm's length basis in a manner similar to transactions with third parties. The Group's geographical segments are determined by the location of the Group's assets and operations.

(z) **Convertible Bond Loan:** The Company had one convertible bond outstanding as of December 31, 2005, which comprises debt investments with an embedded conversion option. According to IAS 32, the liability component is determined on the basis of the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied (at the time of its issue) by the market to instruments of comparable credit profile and providing substantially the same cash flows, on the same terms, but without the conversion option.

The remaining part of the instrument, if any, would be the equity component representing the embedded option to convert the liability into equity of the issuer.

On allocation of the consideration as discussed above, any resulting gain or loss relating to the liability component would be recognized in the consolidated statement of income, while the amount of consideration relating to the equity component would be recognized in equity.

(aa) **Non-current Assets Held for Sale and Discontinued Operations :** The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The basic preconditions to classify a non-current asset (or a disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets / groups and its sale must be highly probable.

For the sale to be highly probable the following preconditions should be met accumulatively:

- the appropriate level of management must be committed to a plan to sell the asset (or disposal group),
- an active program to locate a buyer and complete the plan must have been initiated,

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

- the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value,
- the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, with some exceptions, and
- actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately before the initial classification of a non current asset (or a disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) will be measured in accordance with the applicable IFRS.

Non current assets (or disposal group) classified as held for sale will be measured at the lower of its carrying amount and fair value less costs to sell and any possible resulting impairment losses will be recognized in the income statement. Any subsequent increase in fair value will be recognized, but not in excess of the cumulative impairment loss which was previously recognized.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale it should not be depreciated or amortized.

(ab) Reclassifications: Certain line items of the previous year's (2005) financial statements were reclassified in order to conform to the current year's presentation.

2.3 ADOPTION OF NEW ACCOUNTING PRINCIPLES:

Within 2006 the Group has adopted certain new standards, interpretations and amendments of standards. These standards and the relative impact on the financial statements was the following:

(i) IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006): This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. Adoption of this amendment did only impact the format and extent of disclosures presented in the accounts.

(ii) IAS 21 (Amendment), The Effects of changes in Foreign Exchange Rates (effective from 1 January 2006): According to this amendment all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognized in a separate component of equity in the consolidated financial statements regardless of the currency in which the monetary item is denominated. The amendment had no significant impact on the financial statements of the Group.

(iii) IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006): The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment does not have any impact in the consolidated financial statements.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

(iv) IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006): This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. This amendment did not have any impact on the classification of financial instruments, as the Group has not classified any other financial at fair value through profit and loss, except those held for trading.

(v) IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006): This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value and subsequently measured at the higher of: (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. This amendment is not relevant to the Group.

(vi) IFRS 6, Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006): IFRS 6 is not relevant to the Group's operations.

(vii) IFRIC 3, Emission Rights: IFRIC 3 has not been adopted by the EU and has subsequently been withdrawn by the IASB. IFRIC 5 is not relevant to the Group's operations.

(viii) IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006): IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. IFRIC 4 did not impact the accounting policy of the existing business arrangements.

(ix) IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006): IFRIC 5 is not relevant to the Group's operations.

(x) IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005): IFRIC 6 is not relevant to the Group's operations.

2.4 NEW STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board, as well as the IFRIC, have already issued a number of new accounting standards and interpretations whose application is mandatory for the periods beginning January 1, 2007 onwards (except if mentioned otherwise below). The Group's assessment regarding the effect of these new standards and interpretations is as follows:

IFRS 7: Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures: (effective for financial years beginning on or after 1 January 2007).

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

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

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

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

IFRIC 7 requires entities to apply *IAS 29 Financial Reporting in Hyper-inflationary Economies* in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency as if the economy had always been hyperinflationary. IFRIC 7 is not relevant to the Group's operations..

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

IFRIC 8 clarifies that IFRS 2 *Share-based payment* will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given. IFRIC 8 is not relevant to the Group's operations.

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

IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows. IFRIC 9 is not relevant to the Group's operations.

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

This interpretation may impact the financial statements should any impairment losses be recognized in the interim financial statements in relation to available for sale equity investments, unquoted equity instruments carried at cost and goodwill as these may not be reversed in later interim periods or when preparing the annual financial statements. The implication of this IFRIC is not expected to affect significantly the Group. This Interpretation is expected to be adopted by the EU in the near future.

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

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instrument to be accounted for as an equity-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent. IFRIC 11 is not relevant to the Group's operations. This Interpretation is expected to be adopted by the EU in the near future.

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

The Interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides for the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset or an intangible asset. IFRIC 12 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates. Such judgments and estimates are periodically reviewed by management in order to reflect current condition and correspond to anticipation of current risks and are based on Group's Management prior experience in conjunction to the volume / level of such transactions and events.

The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming twelve months period are as follows:

Significant accounting judgments and related uncertainty

(a) Goodwill impairment tests:

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flow. More details are given in Note 16.

(b) Provision for income taxes:

Current income tax liabilities for the current and prior periods are measured, in accordance with IAS 12, at the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported in the respective income tax returns and the potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Further details are provided in Note 13.

(c) Deferred tax Assets:

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised tax losses at 31 December 2006 was € 11,820 (31 December 2005 : € 9,996) and the unrecognised tax losses at 31 December 2006 was € 58,000 respectively. Further details are contained in Note 13.

(d) Allowance for doubtful receivables:

Group's management periodically reassess the adequacy of the allowance for doubtful receivables in conjunction with its credit policy, taking into account reports from its Legal Department, following the processing of historical data and recent developments of the cases they are assigned to.

3. BUSINESS COMBINATIONS AND ACQUISITION OF MINORITY INTERESTS:

(a) Aquisition-merger by absorbtion of Chipita International S.A. Group

On December 19, 2005 the Board of Directors of Delta Holding S.A. (acquirer) announced its decision to merge by absorption Chipita International S.A. (acquiree) according to the provisions of L. 2166/1993. December 31, 2005 was determined to be the date on which the merged entities will prepare the conversion balance sheets. According to the merger agreement concluded the existing shareholders of Chipita exchanged 1 share of Chipita with 0.33 shares Of Delta Holdings, which were issued upon the share capital increase of the acquirer. Confirmation of the true and fair of the share exchange ratio was assigned to international firms, after considering the result of the legal and financial due diligence reviews performed. The BoD's of the two companies decided the new company to be named "VIVARTIA S.A."

The merger agreement through absorbtion was approved by the Shareholders General Assembly on July 1, 2006 and the related legal and financial documents were submitted to the Respective State authorities and the final approval was obtained by the Ministry of Development on August 31, 2006, the date on which the new Board of Directors of VIVARTIA S.A was officially assembled. The aforementioned final approval date was considered, in accordance with IFRS 3 «Business Combinations», as the date when VIVARTIA S.A. obtained control over Chipita International S.A.

The goodwill arose on due the above acquisition/ merger was tentatively determined based on the carrying (accounting) values of the acquired Entity as of August 31, 2006 and thus is considered provisional. The determination of the fair values of identifiable assets, liabilities and contingent liabilities of the acquiree, the Purchase Price Allocation on the basis and the provisions of IFRS 3 "Business Combinations" and the resulting final determination of goodwill

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

will be concluded subsequently, as the acquirer has opted to use the option provided in the standard. Based on such option the acquirer shall recognise any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date. Due to the size and the number of Chipita's subsidiaries, which mainly act abroad, we adopted the aforementioned policy provided in the standard

The carrying values, the cost of acquisition and the provisional goodwill on the merger transaction with CHIPITA as of August 31, 2006, are as follows:

<u>ASSETS</u>	
Property, plant and equipment & intangibles assets	281.402
Investments in subsidiaries and associates	5.077
Deferred tax assets	1.417
Other non-current assets	3.440
Inventories	35.121
Current assets	78.993
Cash and cash equivalent	21.986
Total assets	<u>427.436</u>
<u>LIABILITIES</u>	
	240.560
Long and short interest- bearing loans and borrowings	7.092
Deferred tax liabilities	44.805
Other long term liabilities	81.419
Other short term liabilities	<u>373.876</u>
Total liabilities	<u>53.560</u>
Net assets	196.081
Total consideration	<u>53.560</u>
Net assets acquired	<u>142.521</u>

The acquisition cost of € 196.081 was determined, according to the provisions of IFRS 3, on the basis of the number of the new shares issued by VIVARTIA S.A (15.993.532) in exchange for the old shares of Chipita International S.A multiplied by the price of the new shares at the date of acquisition.

Since the aforementioned merge by absorption had taken place on 1st January 2006, the total revenues and the total profit before tax of the Group for the year 2006 would be amounted to € 941.708 και € 82.265 respectively.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

(b) Buy- out of the milk production sector of Nestle (Platy Imathias, Greece)

On the 9th of August 2006 the Group bought out the milk production sector VLACHAS from NESTLE that consists of the following:

- The milk factory of VLACHAS (Land, buildings, machinery and transportation means)
- The inventories of raw materials and products.
- The receivables and advance payments referring to milk producers
- Access to the factory milk zone and its production and relevant procedures and monitoring systems
- The registered trademark VLACHAS
- The liabilities to the personnel of VLACHAS' industry at Plati Imathias.

The buy-out occurred through the contribution of the assets and liabilities of the milk sector VLACHAS to a subsidiary of the Group (EUROFEED) in book values and an increase in the share capital of the subsidiary in favor of NESTLE according to Law 2166/93 and a simultaneous buy out of the new shares (19.351.150 shares) issued from, at that time named, DELTA DAIRIES..

The procedure of estimating the fair value of assets and liabilities as well as the apportion of the buy-out price is still in the process of evaluating the acquired intangible assets. As a result the negative goodwill that arose and it is presented in the following table is temporary and is expected to reach a final amount within the next months.

The following table consists of the book values and temporary fair values of the assets and liabilities of the sector as well as the temporary goodwill.

	<u>Book values</u>	<u>Temporary fair values</u>
Non-current assets		
Tangible assets	<u>4.518</u>	<u>13.893</u>
Current Assets		
Inventories	3.242	3.242
Receivables	<u>996</u>	<u>996</u>
	<u>4.238</u>	<u>4.238</u>
Liabilities		
Other Liabilities	(129)	(129)
Deferred Tax	-	(1.758)
Compasations	<u>(2.240)</u>	<u>(4.584)</u>
	<u>(2.369)</u>	<u>(6.471)</u>
Assets acquired		11.660
Buy out price of shares from NESTLE		<u>(5.908)</u>
Temporary negative goodwill		<u>5.752</u>

The temporary negative goodwill recognised in the consolidated statement of income.

The total buy out price amounting to € 5.908 has been paid in cash within year 2006.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

(c) Other acquisitions:

Within the accounting period of 2006, the Group acquired the majority of three companies – restaurants of GOODYS for the total of € 1.539. The goodwill emerged to € 2.775 has been registered to assets provided that the net assets acquired were negative to € 1.236.

(d) Acquisition of Minority interest:

The major transactions of minority interest buy outs follow below:

- (i) On the 1st of November of 2006 the Group through its parent company VIVARTIA SA acquired an additional percentage amounting to 20,12% of the shares incorporating voting rights of its subsidiary Charalambides Dairies Public Company Limited. As a result, the percentage share on December 31, 2006 amounted to 75,02% (December 31, 2005: 54,90%).
- (ii) On the 27th of December 2006, the Group through its 100% subsidiary Chipita Participations Ltd acquired an additional percentage of 4,75% of the shares incorporating voting rights of its subsidiary Chipita East Europe (Cyprus) Ltd. As a result, the percentage share on December 31, 2006 amounted to 95,25%.
- (iii) On the 27th of December 2006, the Group through its 100% subsidiary Chipita East Europe (Cyprus) Ltd acquired an additional percentage of 41,42% of the shares incorporating voting rights of its subsidiaries Chipita Russia (Cyprus) Ltd, Chipita Russia Trading (Cyprus) Ltd and Chipita Ukraine Trading (Cyprus) Ltd. As a result, its percentage to its subsidiary mentioned above on December 31, 2006 amounted to 100%. The preceding transactions resulted in the acquisition of minority interest that its book value amount to € 6.911, while the difference between the price paid and the above book value at the date of the acquisition amounted to € 10.248 has been recorded to retained earnings.

4. INVESTMENT IN MUTUALLY CONTROLLED COMPANY:

The Group owns a share of 40,00% to the joint venture Chipima S.A, that has its headquarters in Portugal and its main activity deals with the development, production and distribution of snacks, products of plough dough and relative products. The above company is consolidated with the method of proportional consolidation taking in regard that the Group considers that it mutually controls the company with the other shareholder.

The amounts below are included in the consolidated financial statements of year 2006 and represent the share of the Group to the assets and liabilities as well as to the after tax profit of the joint venture:

	<u>31.12.2006</u>
Tangible assets	1.386
Other long-term receivables	5
Current assets	1.978

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

	<u>3.368</u>
Other short-term liabilities	<u>478</u>
	<u>478</u>
Equity	<u>2.890</u>
Revenues	<u>1.589</u>
Profit after tax	<u>282</u>

The average number of personnel to the joint venture on December 31, 2006 amounted 133 employees.

5. MERGER THROUGH ABSORPTION OF THE SUBSIDIARIES GOODY'S S.A., GENERAL FROZEN FOODS S.A. AND DELTA DAIRY S.A.:

On December 19, 2005 the Board of Directors of Delta Holding S.A. announced its decision to merge by absorption its subsidiaries Goody's S.A. General Frozen Foods S.A. and Delta Dairy S.A. according to the provisions of Greek L 2166/1993. December 31, 2005 was determined to be the date of preparation of the conversion Balance Sheets. The existing shareholders of Goody's exchanged 1 share of their company for 1.05 new shares of Delta Holding and the existing shareholders of General Frozen Foods exchanged 1 share of their company for 0.54 new shares of Delta Holding. Delta Dairy is a wholly owned subsidiary of the parent.

The parent's and the subsidiaries Shareholders' General Assemblies for the fiscal year 2005 which took place in early June 2006, approved the merger agreement. The merger completed on September 1st 2006.

The acquisition of the minority interests of Goody's (28,95%) and General Frozen Foods (18,29%) immediately before the above mentioned legal merger, resulted to a goodwill which charged directly to equity in accordance with the accounting treatment followed by the Group

According to the Share exchange ratio defined in the merger agreement, 4.931.453 and 1.192.110 new shares of VIVARTIA were issued in favor of the old shareholders of GOODY'S S.A. and General Frozen Foods S.A. respectively which formed an acquisition cost for the minority interest at Euro 60.460 and 14.615 respectively. The resulted goodwill of Euro 40.029 and 6.080 for GOODY'S and General Frozen Foods S.A. respectively was changed directly to the shareholders' equity according to the accounting treatment followed by the Group.

In connection with the legal merger of the three subsidiaries they were accounted for in the separate financial statements of the parent on the basis of the pooling of interest method as such mergers were made at intragroup level and lacked commercial substance. Accordingly and based on the accounting treatment followed when the pooling of interest applies and the respective provision of Greek L.2166/93 according to which the commercial transaction and activities of the absorbed entities subsequent to the conversion date (31/12/2005) are made in behalf of the legal absorber, the separate income statement of VIVARTIA includes the income statement of the absorbed subsidiaries from January 1, 2006. Consequently the separate income statement of VIVARTIA for the period ended December 31, 2006 is not comparable with the separate income statement for the corresponding period of 2005.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The following table has been prepared for comparability purpose and presents the balance sheet and separate income statement for the period ended December 31, 2006 together with a proforma separate income statement for the corresponding period of 2005 on the assumption that the legal absorption of the three subsidiaries had been effected as at January 1, 2005:

	Proforma Balance Sheet 31.12.2005
ASSETS	
Non-Current Assets	
Property, Plant and Equipment	244.140
Goodwill	139.242
Intangible Assets	131
Investment in Delta Ice Cream	128.410
Investments in subsidiaries	129.172
Investments in associates	2.733
Available for sale financial assets	10.319
Other long term assets	23.710
Deferred income taxes	13.549
Total non-current assets	691.406
Current assets:	
Inventories	23.362
Trade accounts receivable	84.191
Prepayments and other receivables	109.339
Financial assets at fair value through profit and loss	4.632
Cash and cash equivalents	74.980
Total current assets	296.504
TOTAL ASSETS	987.910
EQUITY AND LIABILITIES	
Equity attributable to equity holders of parent	
Share capital	128.155
Paid-in surplus	118.908
Retained earnings	(6.810)
Legal, tax free and special reserves	100.126
Other reserves	3.645
Total Equity	344.024
Non-Current Liabilities:	
Long term borrowings	434.655
Grants	4.600
Deferred income taxes	37.361
Derivative financial instruments	16.484
Reserve for staff retirement indemnities	7.887
Other long term liabilities	1.614
Total non-current liabilities	502.601
Current liabilities:	
Trade accounts payable	73.441
Short-term borrowings	36
Current portion of long-term debt	20.356
Income taxes payable	19.263
Accrued and other current liabilities	28.189
Total current liabilities	141.285
TOTAL LIABILITIES AND EQUITY	987.910

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
 (All amounts in thousands of Euro, unless otherwise stated)

	Proforma Income Statement
	1.1. - 31.12.2005
REVENUES:	
Net sales	418.276
Cost of sales	(252.212)
Gross profit	166.064
Selling, general and administrative expenses	(133.275)
Other income/(expenses)	34.046
Net financial income	10.873
PROFIT BEFORE INCOME TAXES	77.707
Income taxes	(21.415)
NET PROFIT	56.292

6. DISPOSAL OF SUBGROUP ICE CREAM- DISCONTINUED OPERATIONS

In late 2005, the Group reached a binding agreement with NESTLE Group for the sale of Delta Ice Cream SA and its subsidiaries (Delta Ice Cream subgroup). The criteria set forth in IFRS 5 in connection with the classification and measurement of Delta Ice Cream subgroup as disposal group held for sale were satisfied within the last days of December 2005. The consideration price agreed between the two parties was determined as a multiple of earnings before interest, income taxes, depreciation and amortization (EBITDA) for the rolling twelve month period from October 1, 2004 to September 30, 2005, less the net debt of the subgroup as of September 30, 2005 plus or minus the net change in the working capital through to the date of the completion of the transaction. The sale was completed in May 31, 2006 and the net consideration price was Euro 111,173.

It is noted that at the end of the year 2006, was judged at prime level, pendency between the disposed DELTA ICE CREAM's subsidiary, by the name DELYUG, on which were imposed compensation and interests by the amount of € 7.955. The amount was charged the results of discontinued operations, taken for granted that according to the sale contract any contingent liabilities would burden the seller. Consequently the net consideration received € 111.173 was decreased at the amount of the charges derived from the aforementioned pendency € 7.955 and was set at the amount of € 103.218.

Delta Ice Cream's income statements for the first semester of 2005 and the period 1/1 -31/5/2006 are separately presented in the consolidated Statement of Income under "DISCONTINUED OPERATIONS" while summarized information of the sub group's assets and liabilities as at December 31, 2005 are as follows:

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
 (All amounts in thousands of Euro, unless otherwise stated)

ASSETS	<u>31.12.2005</u>
Non - Current Assets	
Property, plant and equipment	117.775
Goodwill	50.783
Other non current assets	682
Total Non Current Assets	<u>169.240</u>
Current Assets	
Inventories	13.401
Trade accounts receivable	17.477
Other current receivables	4.864
Financial assets at fair value through profit and loss	164
Cash	2.079
Total Current Assets	<u>37.985</u>
TOTAL ASSETS	<u>207.225</u>
LIABILITIES	
Non - Current liabilities	
Long term loans and borrowings	98.754
Grants	835
Deferred tax liabilities	6.490
Other long- term liabilities	3.132
Total non-current liabilities	<u>109.211</u>
Current Liabilities	
Trade accounts payable	12.982
Short - term borrowings	22.027
Current portion of loans and borrowings	1.341
Other current liabilities	7.659
Total current liabilities	<u>44.009</u>
TOTAL LIABILITIES	<u>153.220</u>
Less: Intra-group loans to discontinued operations	<u>(96.000)</u>
	<u>57.220</u>
Net cash inflow from sale:	
Net consideration received	111.173
Net cash disposed of with the sub-group	96.000
Net cash inflow	<u>(1.575)</u>
	<u>205.598</u>

Net cash inflow from sale has not taken into consideration the case of DELYUG, because the respective outflow from Group to Nestle has not taken place until December 31, 2006.



VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
 (All amounts in thousands of Euro, unless otherwise stated)

7. SEGMENT INFORMATION:

Segment Information

31 December 2006

	<u>Dairy & Beverage s</u>	<u>Frozen Foods</u>	<u>Catering services & entertainment</u>	<u>Bakery & pastry</u>	<u>Other</u>	<u>Elimination s</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>	<u>Consolidated</u>
Segment revenues	374.214	73.438	156.541	128.477	3.377	(4.773)	731.274	44.960	776.234
Segment results, profit from operations	44.727	13.949	17.766	14.956	(606)	(9.729)	81.063	686	81.749
Financial income/(expense), net	(1.548)	(736)	(76)	(3.858)	332	1.185	(4.701)	(2.535)	(7.236)
Gain on disposal of discontinued operations	-	-	-	-	-	-	-	49.060	49.060
Share of profits/(losses) of associates	-	-	-	(53)	-	-	(53)	-	(53)
Profit before tax	43.179	13.213	17.690	11.045	(274)	(8.544)	76.309	47.211	123.520
Income taxes	-	-	-	-	-	-	(25.931)	(220)	(26.151)
Net profit/(loss) for the period	-	-	-	-	-	-	50.378	46.991	97.369



VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

31 December 2005

	<u>Dairy & Beverages</u>	<u>Frozen Foods</u>	<u>Catering services & entertainment</u>	<u>Bakery & pastry</u>	<u>Other</u>	<u>Eliminations</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>	<u>Consolidated</u>
Segment revenues	366.136	69.074	146.256	-	16.571	(13.794)	584.243	110.154	694.397
Segment results, profit from operations	54.716	11.860	18.230	-	15.243	(16.918)	83.131	3.856	86.987
Financial income/(expense), net	(2.849)	(1.238)	647	-	(8.140)	413	(11.167)	(4.694)	(15.861)
Gain on disposal of discontinued operations	-	-	(146)	-	-	-	(146)	-	(146)
Share of profits/(losses) of associates	51.867	10.622	18.731	-	7.103	(16.505)	71.818	(838)	70.980
Profit before tax	-	-	-	-	-	-	(28.407)	(1.679)	(30.086)
Income taxes	-	-	-	-	-	-	43.411	(2.517)	40.894



VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Assets and Liabilities

31 December 2006

	<u>Dairy & Beverages</u>	<u>Frozen Foods</u>	<u>Catering services & entertainment</u>	<u>Bakery & pastry</u>	<u>Other</u>	<u>Eliminations</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>	<u>Consolidated</u>
Tangible and intangible fixed assets	247.194	56.580	69.805	279.440	250.830	46.748	950.597	-	950.597
Investments	-	-	-	-	253.355	(253.355)	-	-	-
Investments	-	-	-	-	4.652	-	4.652	-	4.652
Investments in Associates	125.757	54.401	63.075	140.154	503.455	(422.986)	463.856	-	463.856
Other assets	372.951	110.981	132.880	419.594	1.012.292	(629.593)	1.419.105	-	1.419.105
Segment liabilities	(283.119)	(76.399)	(50.010)	(354.270)	(471.091)	440.963	(793.926)	-	(793.926)
Total liabilities	(283.119)	(76.399)	(50.010)	(354.270)	(471.091)	440.963	(793.926)	-	(793.926)

31 December 2005

	<u>Dairy & Beverages</u>	<u>Frozen Foods</u>	<u>Catering services & entertainment</u>	<u>Bakery & pastry</u>	<u>Other</u>	<u>Eliminations</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>	<u>Consolidated</u>
Tangible and intangible fixed assets	244.102	53.930	75.724	-	6.229	136.441	516.426	168.557	684.983
Investments	5.663	1.173	4.604	-	542.752	(554.192)	-	-	-
Investments	-	-	-	-	-	198	198	-	198
Investments in Associates	144.234	49.321	70.585	-	222.935	(178.232)	308.843	38.668	347.511
Other assets	393.999	104.424	150.913	-	771.916	(595.785)	825.467	207.225	1.032.692
Segment liabilities	(202.583)	(52.960)	(55.392)	-	(495.323)	245.923	(560.335)	(153.220)	(713.555)
Total liabilities	(202.583)	(52.960)	(55.392)	-	(495.323)	245.923	(560.335)	(153.220)	(713.555)



VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Other Segment Information

31 December 2006

	Dairy & Beverages	Frozen Foods	Catering services & entertainment	Bakery & pastry	Other	Eliminations	Continuing operations	Discontinued operations
Capital expenditure:								
Tangible fixed assets	6.156	5.315	6.616	13.890	595	32.572	-	32.572
Intangible fixed assets	316	2	-	623	645	1.586	-	1.586
Total	6.472	5.317	6.616	14.513	1.240	34.158	-	34.158
Depreciation	15.743	2.201	6.673	6.918	1.035	32.570	5.010	37.580
Amortization	49	2	-	450	9	510	60	570
Total	15.792	2.203	6.673	7.368	1.044	33.080	5.070	38.150

31 December 2005

	Dairy & Beverages	Frozen Foods	Catering services & entertainment	Bakery & pastry	Other	Eliminations	Continuing operations	Discontinued operations
Capital expenditure:								
Tangible fixed assets	13.922	6.912	11.023	-	1.541	33.398	6.623	40.021
Intangible fixed assets	60	3	-	-	0	63	650	713
Total	13.982	6.915	11.023	-	1.541	33.461	7.273	40.734
Depreciation	11.447	1.822	6.067	-	946	20.282	12.691	32.973
Amortization	61	4	0	-	-	65	64	129
Total	11.508	1.826	6.067	-	946	20.347	12.755	33.102



VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The following tables present revenues, expenditure and certain asset information regarding the Group's geographical segments for the years ended December 31, 2006 and December 31, 2005.

31 December 2006

	<u>Greece</u>	<u>Europe</u>	<u>Other</u>	<u>Eliminations</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>	<u>Consolidated</u>
Segment revenues	694.735	138.464	32.044	(133.969)	731.274	44.960	776.234
Total segment assets	1.835.798	685.269	39.662	(1.141.624)	1.419.105	-	1.419.105
Purchase of tangible assets	1.347	593	-	(354)	1.586	-	1.586
Purchase of intangible assets	17.540	11.838	3.194	-	32.572	-	32.572

31 December 2005

	<u>Greece</u>	<u>Europe</u>	<u>Other</u>	<u>Eliminations</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>	<u>Consolidated</u>
Segment revenues	614.813	43.107	-	(73.677)	584.243	110.154	694.397
Total segment assets	1.476.415	104.827	-	(755.775)	825.467	207.225	1.032.692
Purchase of tangible assets	63	-	-	-	63	650	713
Purchase of intangible assets	26.258	7.141	-	-	33.399	6.622	40.021

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
(All amounts in thousands of Euro, unless otherwise stated)

8. PAYROLL COST:

Payroll cost in the accompanying financial statements is analyzed as follows:

	Group		Company	
	2006	2005	2006	2005
Wages and salaries	112.982	84.030	59.058	8.159
Social security costs	25.574	17.944	12.944	1.238
Staff retirement indemnities (Note 31)	4.416	1.978	3.707	(202)
Other staff costs	2.388	1.059	617	100
Total payroll of continuing operations	145.360	105.011	76.326	9.295
Total payroll from discontinued operations	6.219	21.477	-	-
Total payroll	151.579	126.488	76.326	9.295
Less: amounts charged to production cost of continuing operations	(48.263)	(45.667)	(31.816)	(7.355)
Less: amounts charged to production cost of discontinued operations	(6.219)	(21.477)	-	-
Payroll (Note 10)	97.097	59.344	44.510	1.940

9. DEPRECIATION AND AMORTISATION:

Depreciation and amortization in the accompanying financial statements is analyzed as follows:

	Group		Company	
	2006	2005	2006	2005
Depreciation on property, plant and equipment (Note 15)	32.570	20.282	18.524	946
Amortization of intangible assets (Note 17)	510	65	291	1
Depreciation and amortization from continuing operations	33.080	20.347	18.815	947
Depreciation and amortization from discontinued operations	5.070	12.755	-	-
	38.150	33.102	18.815	947
Amortization of subsidies (Note 33)	(1.545)	(1.070)	(950)	-
Amortization of subsidies discontinued operations	(56)	(245)	-	-
	36.549	31.787	17.865	947
Less: amounts charged to production cost of continuing operations	(21.533)	(11.510)	(13.055)	(110)
Less: amounts charged to production cost of discontinued operations	(5.070)	(12.636)	-	-
Depreciation and amortization (Note 10)	9.946	7.641	4.810	837

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

Selling, general and administrative expenses in the accompanying financial statements are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Payroll (Note 8)	97.097	59.344	44.510	1.940
Advertising and promotion costs	61.210	61.562	57.389	322
Third party fees	8.585	12.676	10.729	606
Depreciation and amortization (Note 9)	9.946	7.641	4.810	837
Rent expense	12.640	5.845	4.039	651
Commissions	2.252	7.810	3.026	-
Utilities	4.414	3.657	2.778	224
Insurances	986	1.083	585	42
Repairs and maintenance	5.021	3.527	3.476	175
Shipping and handling costs	13.476	9.008	8.304	-
Stationery and other consumables	2.480	1.781	968	48
Traveling and entertainment	2.086	1.422	1.547	323
Subscriptions and contributions	675	679	413	202
Bad debt provision	1.108	2.374	448	261
Other	4.250		3.495	423
Selling, general and administrative expenses from continuing operations	<u>17.706</u>	<u>5.783</u>	<u>3.123</u>	<u>281</u>
Shipping and handling costs	243.932	184.192	149.640	6.335
Selling, general and administrative expenses from discontinued operations	<u>19.736</u>	<u>46.149</u>	<u>-</u>	<u>-</u>
Total	<u>263.668</u>	<u>230.341</u>	<u>149.640</u>	<u>6.335</u>

11. OTHER INCOME/ (EXPENSES), NET:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Income from Danone	-	18.500	-	-
Income from services	10.117	6.655	7.139	-
Subsidies	958	1.275	498	129
Management fees & royalties	10	-	1.738	-
Rental income	1.535	606	1.999	132
Gain/(loss) from sales of fixed assets	4.106	819	3.351	-
Insurance indemnities	178	290	103	12
Negative goodwill of milk production sector Nestle (Note 3β)	5.752	-	-	-
Other	525	2.201	724	2
Other income/(expenses) from continuing operations	<u>23.181</u>	<u>30.346</u>	<u>15.552</u>	<u>275</u>
Other income/(expenses) from discontinued operations	<u>(581)</u>	<u>378</u>	<u>-</u>	<u>-</u>
Total	<u>22.600</u>	<u>30.724</u>	<u>15.552</u>	<u>275</u>

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

12. FINANCIAL INCOME/(EXPENSES), NET:

Financial income/(expenses), net in the accompanying financial statements is analyzed as follows :

	Group		Company	
	2006	2005	2006	2005
Interest on long term loans and borrowings (Note 29)	(18.715)	(14.099)	(21.615)	(13.433)
Interest on short-term borrowings (Note 36)	(2.063)	(1.869)	(972)	(637)
Interest on derivatives	(6.590)	(1.488)	(6.590)	(1.488)
Other financial expenses	(1.396)	(2.936)	(314)	(2.148)
Loss from valuation and sale of subsidiaries, derivatives and other investments at fair values	(22.742)	(3.810)	(20.484)	(4.630)
Interest on financial leasing	(262)	-	(167)	-
Foreign exchange differences	109	(268)	-	(1.639)
Total financial expenses from continuing operations	(51.659)	(24.470)	(50.142)	(23.975)
Total financial expenses from discontinued operations	(1.607)	(4.926)	-	-
Total financial expenses	(53.266)	(29.396)	(50.142)	(23.975)
Interest earned on derivative financial instruments	15.752	6.344	15.752	6.344
Dividends	-	-	10.574	16.449
Interests on deposits (Note 26)	4.760	399	4.037	5
Foreign exchange differences	(810)	-	113	-
Gain from valuation and sale of subsidiaries, derivatives and other investments at fair values	25.332	7.166	24.842	3.532
Interest income from loans receivable	-	-	1.842	2.432
Total financial income from continuing operations	45.033	13.909	57.160	28.762
Total financial income from discontinued operations	929	232	-	-
Total financial income	45.962	14.141	57.160	28.762
Total financial income /(expenses), net	(7.304)	(15.255)	7.018	4.787

13. INCOME TAX:

According to the tax law, the income tax applicable to Greek companies for the period of 2006 is 29% (32% until 31st December 2005).

In November 2004, a new tax act was approved whereby the corporate tax rate for companies will be gradually reduced from 35% to 25%. Specifically, for fiscal years 2005 and 2006 the tax rate is reduced to 32% and 29%, respectively and from fiscal year 2007 and onwards it is further reduced to 25%.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The provision for income taxes reflected in the accompanying financial statements is analyzed as follows:

	Group		Company	
	2006	2005	2006	2005
Current income taxes:				
- current income tax charge	20.518	26.849	13.127	313
- adjustments in respect of income tax of previous years	3.917	333	2.237	-
Deferred income taxes	1.716	2.904	1.435	1.513
Total provision for income taxes reported in the statement of income	26.151	30.086	16.799	1.826
Less: Provision for income taxes from discontinued operations	(220)	(1.679)	-	-
	25.931	28.407	16.799	1.826

The reconciliation of the provision for income taxes to the amount determined by the application of the Greek statutory tax rate to pretax income is summarized as follows:

	Group		Company	
	2006	2005	2006	2005
Profit before income taxes	123.520	70.980	24.389	4.126
Income taxes calculated at the nominal applicable tax rate (29% and 32%)	35.821	22.714	7.073	1.320
Additional tax assessments	3.917	333	2.337	-
Tax effects of non-taxable income and expenses not deductible for tax purposes	4.349	5.425	1.283	506
Tax provision for reserve L. 3220/2004	1.593	-	1.250	-
Tax effects of losses from subsidiaries for which no deferred tax asset was recognized	(3.932)	2.920	(2.451)	-
Tax effects of profits from subsidiaries taxed at different rates	(1.368)	(1.306)	-	-
Tax effect of fpr gain/losses on disposal of subsidiaries	(14.227)	-	7.306	-
Income taxes reported in the statements of income	26.151	30.086	16.799	1.826

Greek tax laws and related regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate. During 2006 the absorbed companies by the parent company Delta Dairy, Goody's and General Foods were audited by tax authorities and additional taxes and penalties were imposed, while the remaining difference from the formed provisions was recorded in the consolidated statement of income. The absorbed company Chipita S.A is subject to the audit by tax authorities for the unaudited tax years 2001 up to 2005.

VIVARTIA S.A, (former DELTA HOLDING S.A.) has been audited from the tax authorities up to 31st December 2006. The subsidiaries of VIVARTIA S.A. their books and records have not been audited by the tax authorities for the certain years as analyzed in Appendix I.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

In a future tax examination of the related unaudited years, additional taxes and penalties may be assessed VIVARTIA S.A. and to its subsidiaries. Pending the outcome of these future tax examinations, the Company, based upon previous years' tax examinations and past interpretations of the tax laws, believes they have provided adequate provisions for probable future tax assessments.

The deferred income taxes relate to the temporary differences between the book values and the tax bases of assets and liabilities and are calculated using the applicable statutory income tax rate.

The movement of deferred tax during the period ended 31st December 2006 and 2005 for the Group and the Company has as follows:

<u>Group</u>	<u>January 1, 2005</u>	<u>(Debit)/ Credit to P&L</u>	<u>(Debit)/ Credit to equity</u>	<u>Discontinued operations</u>	<u>Additions due to business combination</u>	<u>December 31 2005</u>
Deferred income tax assets/ (income tax liability):						
Deferred costs	1.933	682	-	(103)	-	2.512
Staff retirement indemnities	2.921	(172)	-	(540)	-	2.209
Tax losses carried forward	806	(106)	-	(451)	-	249
Provisions for doubtful debts	4.704	247	-	(935)	-	4.016
Intangible assets	(51.372)	420	-	8.737	-	(42.215)
Financial assets	908	(2.669)	6.201	(32)	-	4.408
Accrued and other current liabilities	2.032	(360)	-	(140)	-	1.532
Other	(1.402)	(946)	-	(46)	-	(2.394)
Total	(39.470)	(2.904)	6.201	6.490	-	(29.683)

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
(All amounts in thousands of Euro, unless otherwise stated)

<u>Group</u>	<u>January 1, 2006</u>	<u>(Debit)/ Credit to P&L</u>	<u>(Debit)/ Credit to equity</u>	<u>Translation adjustments</u>	<u>Additions due to business combination</u>	<u>December 31 2006</u>
Deferred income tax assets/ (income tax liability):						
Deferred costs	2.512	(221)	-	-	808	3.100
Staff retirement indemnities	2.209	451	-	-	1.560	4.220
Tax losses carried forward	249	316	-	-	2.390	2.955
Provisions for doubtful debts	4.016	(2.218)	-	-	-	1.798
Tax losses carried forward	(42.215)	446	-	-	(13.154)	(54.923)
Impairment of assets	-	-	-	-	729	729
Financial assets	4.408	229	-	-	-	4.637
Accrued and other current liabilities	1.532	378	-	-	-	1.910
Other	(2.394)	(1.097)	-	(244)	234	(3.430)
Total	(29.683)	(1.716)	-	(244)	(7.433)	(39.077)

<u>Company</u>	<u>January 1, 2005</u>	<u>(Debit)/ Credit to P&L</u>	<u>(Debit)/ Credit to equity</u>	<u>Additions due to business combination</u>	<u>Due to merger</u>	<u>December 31 2005</u>
Deferred income tax assets/ (income tax liability):						
Deferred costs	221	(221)	-	-	-	-
Staff retirement indemnities	393	(140)	-	-	-	253
Tax losses carried forward	-	-	-	-	-	-
Provisions for doubtful debts	153	65	-	-	-	218
Intangible assets	292	(17)	-	-	-	275
Financial assets	790	(3.513)	6.650	-	-	3.927
Accrued and other current liabilities	-	2.313	-	-	-	2.313
Other	-	-	-	-	-	-
Total	1.849	(1.513)	6.650	-	-	6.986

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
(All amounts in thousands of Euro, unless otherwise stated)

<u>Company</u>	<u>January 1, 2006</u>	<u>(Debit)/ Credit to P&L</u>	<u>Additions due to business combination</u>	<u>Due to merger</u>	<u>December 31, 2006</u>
Deferred income tax assets/ (income tax liability):					
Deferred costs	-	50	305	741	1.097
Staff retirement indemnities	253	295	1.718	148	2.415
Tax losses carried forward	-	-	-	40	40
Provisions for doubtful debts	218	(691)	2.688	-	2.215
Intangible assets	275	(534)	(34.990)	(5.219)	(40.468)
Impairment of assets	-	50	125	729	904
Financial assets	3.927	2.458	(28)	-	6.357
Accrued and other current liabilities	2.313	(2.400)	87	-	-
Other	-	(665)	(704)	566	(802)
Total	6.986	(1.435)	(30.798)	(2.995)	(28.243)

Deferred income tax assets and liabilities are disclosed in the accompanying balance sheets as follows:

	<u>Group</u>	
	<u>2006</u>	<u>2005</u>
Deferred income tax liabilities	50.788	38.053
Deferred income tax assets	11.711	8.370
Net deferred tax liabilities	39.077	29.683

. The European Commission, following its recent Announcement 2006/C20/05 stated that these tax exempt reserves have the form of a government subsidy and has requested the Greek Government to comment. The European Commission finally concluded that the relevant reserves are a form of government subsidy and companies should be required to submit to the taxation authorities the applicable income tax.

As a result the Group has decided to account for the income tax expense related to the above tax free reserves using the rates in effect at the date such reserves were created (Note 33). However, the Group intends to challenge any tax that maybe assessed in this respect, as the reserves were created according to existing legislation at the time.

During the year ended December 31, 2006, the carrying value of recognised tax losses was € 11,820 for the Group and € 8.860 for the Company. Deferred tax assets are recognized for all unused tax losses to the extend that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As at December 31, 2006, certain foreign subsidiaries had accumulated tax losses € 58 mill. approximately for which no deferred tax asset was recognized. The Group's management believes that these tax losses will not be recovered through profits of the following years.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

14. EARNINGS PER SHARE:

The calculation of basic and diluted earnings per share as of December 31 2006 and 2005 is as follows:

	Group		Company	
	2006	2005	2006	2005
Net profit attributable to equity holders of the parent	91.388	31.104	7.590	2.300
Weighted average number of shares outstanding	58.560.819	47.285.093	58.560.819	47.285.093
Less: Weighted average number of treasury shares	-	(3.586.145)	-	-
Total weighted average number of shares outstanding	58.560.819	43.698.848	58.560.819	47.285.093
Basic Earnings per share	1.56	0.71	0.13	0.06
Net profit attributable to equity holders of the parent	91.388	31.104	7.590	2.300
Interest on convertible shares, net of tax	-	1.005	-	1.005
Adjusted net profit attributable to equity holders of the parent	-	32.109	-	3.305
Total weighted average number of shares outstanding	58.560.819	43.698.848	58.560.819	47.285.093
Effect of dilution of convertible shares	-	3.566.046	-	3.566.046
Total adjusted weighted average number of shares outstanding	58.560.819	47.264.894	58.560.819	50.851.139
Diluted Earnings per share	1.56	0.68	0.13	0.07

The Company had preference shares that under the provisions of IAS 32 would be treated as dilutive. However, on April 27, 2005, at an extraordinary shareholders' meeting, the preference shareholders waived their rights and the preference shares were converted into common voting shares. Since, the distribution of profits for the year ended December 31, 2005, was approved by the Ordinary Assembly Meeting of the Company on June 2006, no preference shares were in effect upon distribution and as such, no dilutive effect on profits of 2005 has been taken into consideration. The number of the newly issued ordinary shares, in exchange for the preference shares, was taken into consideration for the calculation of the basic earning per share.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

15. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment is analyzed as follows:

Group	Land	Buildings and installations	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
COST							
At January 12006	67.342	104.328	202.572	28.632	47.675	9.404	459.953
Additions	15	2.978	6.737	2.251	6.189	14.402	32.572
Transfers from CIP	6	11.002	15.949	379	35	(27.371)	-
Disposals	(765)	(3.059)	(10.227)	(3.111)	(3.504)	-	(20.666)
Business combination	18.180	128.241	201.004	12.632	18.475	23.896	402.428
Other transfers	-	2	53	1.073	(322)	(63)	743
Translation adjust.	(44)	550	681	(98)	89	385	1.563
At December 31, 2006	84.734	244.042	416.769	41.758	68.637	20.653	876.593
ACCUMULATED DEPRECIATION							
At January 1	-	(10.229)	(31.786)	(21.196)	(31.848)	-	(95.059)
Depreciation expense	-	(4.076)	(18.833)	(2.904)	(6.757)	-	(32.570)
Disposals	-	838	4.013	2.433	2.790	-	10.074
Business combination	-	(27.677)	(64.969)	(6.241)	(12.183)	-	(111.070)
Other transfers	-	(2)	(4)	(433)	390	-	(49)
Translation adjust.	-	(24)	(105)	28	(32)	-	(133)
At December 31, 2006	-	(41.170)	(111.684)	(28.313)	(47.640)	-	(228.807)
NET VALUE							
At January 1, 2006	84.734	202.872	305.085	13.445	20.997	20.653	647.786

Group	Land	Buildings and installations	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
COST							
At January 1, 2005	81.217	132.689	272.044	39.292	48.916	11.759	585.917
Additions	6	4.301	13.409	2.245	6.867	13.193	40.021
Transfers from CIP	9	4.940	7.432	48	588	(13.017)	-
Disposals	(4.007)	(2.752)	(240)	(2.397)	(2.845)	(576)	(12.817)
Other transfers	-	-	(302)	-	302	-	-
PP&E of discontinued operations	(10.026)	(35.201)	(89.865)	(10.607)	(6.182)	(1.965)	(153.846)
Translation adjust,	143	351	94	51	29	10	678
At December 31, 2005	67.342	104.328	202.572	28.632	47.675	9.404	459.953
ACCUMULATED DEPRECIATION							
At January 1, 2005	-	(9.265)	(35.533)	(25.290)	(32.244)	-	(102.332)
Depreciation expense	-	(4.655)	(18.934)	(3.757)	(5.627)	-	(32.973)
Disposals	-	87	33	2.069	2.090	-	4.279
Other transfers	-	-	(131)	-	131	-	-
PP&E of discontinued operations	-	3.906	22.783	5.820	3.810	-	36.319
Translation adjust,	-	(302)	(4)	(38)	(8)	-	(352)
At December 31, 2005	-	(10.229)	(31.786)	(21.196)	(31.848)	-	(95.059)
ACCUMULATED DEPRECIATION							
At January 1, 2005	67.342	94.099	170.786	7.436	15.827	9.404	364.894

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Company	Land	Buildings and installations	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
COST							
At January, 2006	2.920	925	30	1.090	6.266	-	11.231
Additions	-	1.146	2.234	640	3.845	3.912	11.777
Absorbed companies	43.180	51.631	155.414	15.544	17.808	1.629	285.205
Business combination	7.758	72.888	75.975	2.596	8.679	2.314	170.209
Disposals	-	(961)	(9.718)	(1.851)	(2.082)	-	(14.611)
Other transfers	6	301	3.224	379	35	(3.945)	-
Translation adjust.	-	-	-	-	(560)	-	(560)
At December 31, 2006	53.864	125.930	227.159	18.398	33.991	3.910	463.252
ACCUMULATED DEPRECIATION							
January 1, 2006	-	(58)	(12)	(939)	(3.995)	-	(5.004)
Depreciation expense	-	(1.774)	(11.955)	(1.186)	(3.609)	-	(18.524)
Absorbed companies	-	(2.512)	(20.127)	(12.409)	(12.245)	-	(47.293)
Business combination	-	(17.808)	(31.458)	(1.947)	(5.856)	-	(57.069)
Disposals	-	571	3.856	1.475	1.756	-	7.658
Other transfer	-	-	-	-	419	-	419
At December 31, 2006	-	(21.581)	(59.696)	(15.006)	(23.530)	-	(119.813)
NET BOOK VALUE							
At December 31, 2006	53.864	104.349	167.463	3.392	10.461	3.910	343.439

Company	Land	Buildings and installations	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)
Cost						
At January 1, 2005	2.920	352	30	1.090	6.860	11.252
Additions	-	573	-	-	968	1.541
Disposals	-	-	-	-	(1.628)	(1.628)
Other transfers	-	-	-	-	66	66
At December 31, 2005	2.920	925	30	1.090	6.266	11.231
ACCUMULATED DEPRECIATION						
At January 1, 2005	-	(10)	(6)	(847)	(4.757)	(5.620)
Depreciation expense	-	(48)	(6)	(92)	(800)	(946)
Disposals	-	-	-	-	1.604	1.604
Other transfers	-	-	-	-	(42)	(42)
At December 31, 2005	-	(58)	(12)	(939)	(3.995)	(5.004)
NET BOOK VALUE						
At December 31, 2005	2.920	867	18	151	2.271	6.227

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Tax revaluation of land and buildings: In accordance with Greek tax legislation, land and buildings are revalued every four years based on non industry specific indices that were announced through respective Ministerial Decisions. The latest of these revaluations which was applied in December 31, 2004, was reversed for IFRS reporting purposes on the basis of not meeting the criteria set forth in IAS 16, however, it resulted to an increase of the tax base of the related assets. The net surplus occurred on land and buildings on the above tax revaluation was taxed at 2% and 8%, respectively.

There are no restrictions on title or transfer or other encumbrances on the Company's property. In addition, no item of property, plant and equipment has been pledged as security for liabilities. As at December 31, 2006 the net book value of the purchased through financial leases intangible assets for the Group and the Company amount to € 44.144 and € 43.238 respectively and analysed as follows:

	31 December 2006	
	Group	Company
Land	5.625	5.625
Buildings	32.281	32.281
Machinery and equipment	5.332	5.332
Transportation equipment	906	-
Total	44.144	43.238

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

16. GOODWILL

The movement of goodwill for the years ended December 31, 2006 and 2005 in the consolidated financial statements has as follows:

	<u>At January 1, 2005</u>	<u>Additions</u>	<u>Impairment losses</u>	<u>Transfer to Available for Sale Assets</u>	<u>At December 31, 2005</u>
Catering Services & entertainment Division	118.215	802	(606)	-	118.411
Delta Ice Cream	50.783		-	(50.,783)	-
Frozen Food Division	31.325		-	-	31.325
Other	1.581		-	-	1.581
	<u>201.904</u>	<u>802</u>	<u>(606)</u>	<u>(50.783)</u>	<u>151.317</u>

	<u>At January 1, 2006</u>	<u>Additions</u>	<u>Impairment Losses</u>	<u>At December 31, 2006</u>
Bakery & pastry division	118.411	2.775	-	121.186
Frozen Food Division	-	142.522	-	142.522
Other	31.325	-	-	31.325
	1.581	-	-	1.581
	<u>151.317</u>	<u>145.297</u>	<u>-</u>	<u>296.614</u>

During December 2005, the carrying amount of goodwill allocated at Delta Ice Cream subgroup was classified as disposal group available for sale at the consolidated balance sheet.

Impairment tests were also performed at December 31, 2006 and 2005 with the exception of the goodwill arisen due to the merge/acquisition of the bakery and pastry division (former Chipita Group) considered that the purchase price allocation of the assets, liabilities and contingent liabilities of the acquiree and the value in use of the cash-generating units to which the goodwill is allocated is in progress.

The recoverable amounts of goodwill regarding catering services & entertainment division (former Goody's S.A.) and frozen food division (former General Frozen Foods) have been determined based on a value in use calculation of net discounted cash flows expected to arise from the specific activity as follows:

- (a) Catering Services & entertainment Division:** As mentioned above, the recoverable amount of Goody's S.A. has been determined based on a value in use calculation of net discounted cash flows expected to arise from the specific activity (value in use). To assess this, Goody's Group is divided in 36 cash-generating units and cash flow projections are based on financial forecasts approved by management covering a five-year period. The discount rate applied to cash flow projections was 6.96% to 9.7% (2005: 6.10% to 9.70%) and cash flow beyond the five-year period were extrapolated using a 2% growth rate (2005: 2%) which is the expected average growth rate for the specific industry division.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

(b) Frozen Food Division

The recoverable amount of General Frozen Foods S.A. has been determined based on a value in use calculation. To assess this, General Frozen Foods S.A. group is divided to two cash-generating units and cash flow projections are based on financial forecasts approved by management covering a five-year period. The discount rate applied to cash flow projections was 6.79 % (2005: 8.40 % to 9.07 %) and cash flow beyond the five-year period were extrapolated using a 2% growth rate (2005: 2%) which is the expected average growth rate for the specific industry division.

Key assumptions used in value in use of calculation of above impairment tests:

Budgeted gross margins: The basis used to determine the value assigned to the budgeted gross margins is the average actual gross margins achieved by each cash-generating unit in the preceding five years period. Specific weight was given to the gross margins of the last two years, as they were estimated to be more representative of the current conditions.

Capital Needs: All the necessary estimated acquisitions of fixed as well as working capital needs were taken into account, based on the latest five years actual needs, in order for the cash-generating units to maintain their production capacity and market share.

Bond rates: The yield on a 10 year Greek government bond rate at the beginning of the budgeted year is utilized and the value assigned to the key assumption is consistent with the external information sources.

Goodwill arisen mainly from the merge/acquisition of CHIPITA Group is presented at the consolidated Financial Statements in accordance with the provisions of the related IAS/IFRS

Stand alone Financial Statements present the merger by absorption of the subsidiaries Goody's, General Frozen Foods and Chipita. Considering the fact that the above mentioned subsidiaries (that are subparent companies of the group) were absorbed by merge/acquisition according to the provisions of L. 2166/93 from former Delta Holdings SA and form a legal entity, a part of the goodwill arisen is presented in the stand alone Financial Statements at the initial acquisition. Referred to the subsidiaries, a part of the goodwill arisen was recognized to each standalone financial statement which in addition with a goodwill arisen from the consolidation of their sub-subsidiaries results in the goodwill presented in the consolidated financial statement.

The carrying amount of the goodwill which arose from the absorption of Chipita and is presented in the stand alone Financial Statements is considered provisional.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
 (All amounts in thousands of Euro, unless otherwise stated)

17. INTANGIBLE ASSETS

Group

	<u>Trademarks</u>	<u>Software and other</u>	<u>Total</u>
Cost			
At January 1, 2006	3.581	148	3.729
Additions	1.147	439	1.586
Business Combination	5.540	4.687	10.227
Translation adjustments	71	6	77
At December 31, 2006	10.339	5.280	15.619
Accumulated amortization			
At January 1, 2006	(3.366)	(148)	(3.514)
Amortization for the year	(236)	(274)	(510)
Business Combination	(2.899)	(2.426)	(5.325)
Foreign exchange differences	(69)	(5)	(74)
At December 31, 2006	(6.570)	(2.853)	(9.423)
Net book value as at December 31, 2006	3.769	2.427	6.196
Cost			
At January 1, 2005	3.865	1.714	5.579
Additions	120	593	713
Transfers to Discontinued operations	(404)	(2.159)	(2.563)
At December 31, 2005	3.581	148	3.729
Accumulated amortization			
At January 1, 2005	(3.596)	(1.190)	(4.786)
Amortization for the year	(81)	(48)	(129)
Transfers to Discontinued operations	311	1.090	1.401
At December 31, 2005	(3.366)	(148)	(3.514)
Net book value as at December 31, 2006	215	-	215

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Company

	<u>Trademarks</u>	<u>Software and other</u>	<u>Total</u>
Cost			
January 1, 2006	3	-	3
Absorbed Companies	3.210	-	3.210
Business Combination	774	3.235	4.009
Additions	1.011	75	1.086
At December 31, 2006	4.998	3.310	8.308
Accumulated amortization			
At January 1, 2006	(2)	-	(2)
Absorbed Companies	(3.080)	-	(3.080)
Business Combination	(189)	(1.433)	(1.622)
Amortization for the year	(121)	(170)	(291)
At December 31, 2006	(3.392)	(1.603)	(4.995)
Net Book value at December 31, 2006	1.606	1.707	3.313
Cost			
January 1, 2005	4	10	14
Disposals	(1)	(10)	(11)
At December 31, 2005	3	-	3
Accumulated amortization			
At January 1, 2005	(2)	(10)	(12)
Amortization for the year	(1)	-	(1)
Disposals	1	10	11
At December 31, 2005	(2)	-	(2)
Net book value as at December 31, 2005	1	-	1

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

18. INVESTMENTS IN ASSOCIATES

The Company has the following interest in related companies, which due to significant influence are classified as associates and accounted for under the equity method in the consolidated financial statements and cost of acquisition less possible accumulated impairment losses in the separate financial statements:

Entity	Country of Incorporation	% of ownership		Carrying Amount	
		2006	2005	At December 31, 2006	At December 31, 2005
Arma Investments S.A.	Greece	25,00%	25,00%	73	86
Volos Restaurants S.A.	Greece	-	30,00%	-	-
Nea Makri Restaurants S.A	Greece	30,00%	30,00%	-	-
Aristotelous 27 Restaurants Patisseries S.A.	Greece	-	48,85%	-	71
Desmos Developments S.A.	Greece	30,00%	30,00%	-	-
Thisio Café S.A.	Greece	-	35,00%	-	-
Café Halcyon S.A.	Greece	35,00%	35,00%	-	41
Café Patisseries Marina Zeas S.A.	Greece	50,00%	50,00%	-	-
VALTOP Holdings S.A. (Dodoni group of companies)	Greece	24,21%	24,21%	-	-
Chipiga SA	Mexico	35,00%	-	3.903	-
Tsimis Printing SA	Greece	30,00%	-	676	-
Leventis Snack LTD	Nigeria	40,00%	-	-	-
				4,652	198

None of the above associates is listed on any Stock Exchange and accordingly, there are no published price quotations for the fair value of these investments. The disclosures required by IAS 28 regarding investments in associates are not provided due to immateriality.

At December 31, 2006 , the Group's subsidiaries have not provided any guarantees to associates for working capital requirements.(December 31, 2005: €130.)

The amount of € 3.495 at the Company's Financial Statements represents the acquisition cost of the associates: Tsimis Printing SA, Café Halcyon SA, Arma Investments SA, Desmos Developments SA and Café Patisseries Marina Zeas SA.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

19. AVAILABLE FOR SALE INVESTMENTS:

Available for sale investments consist of equity participations in unlisted entities which are analyzed below. Except for the investment in Global Capital Investors (II) Limited Partnership, and Global Capital Investors (I) Limited Partnership which is accounted for at fair value, the other available for sale investments are accounted for at cost due to the fact that they are not traded in an active market and their fair value cannot be reliably measured.

	Group		Company	
	At December 31, 2006		At December 31, 2006	
	2006	2005	2006	2005
MEVGAL SA	15.050	-	15.050	-
Global Capital Investors (II) Limited Partnership	7.255	9.610	7.255	9.610
Global Capital Investors (I) Limited Partnership	195		195	
Ioniki Sfoliata S.A.	587	587	-	-
Faras Food	-	102	-	-
AYS S.A	176	88	176	88
SEV	101	50	101	50
Baring Hellenic Ventures	-	79	-	79
Other	147	30	26	-
Total	23,511	10,546	22.803	9,827

(a) MEVGAL S.A. : On June 2006 Group acquired 21% of MEVGAL SA at a consideration price of € 15.050 MEVGAL SA is not listed in the Athens Stock Exchange and it is activated to the milk production sector, mainly in North Greece. The management of MEVGAL SA, according to its articles of association, regards that there are specific limitations on company's shares transfer and consequently management believes that the aforementioned share transfer is invalid.

Consequently, taking for granted those conditions, Group has not the control of MEVGAL SA and therefore it has classified that participation as a financial asset available for sale which is valued at cost, due to the fact that there are no elements that permit a reliable measurement of its fair value.

(b) Global Capital Investors (II) Limited Partnership: The Company has an interest stake of 5% in Global Capital Investors (II) Limited Partnership («Global Capital»), which was incorporated in Guernsey Islands on March 24, 2004.

Global Capital's principle activity is that of an investment vehicle for institutional and sophisticated private investors, with the primary object of achieving long-term capital growth by investing in equity related securities, in unquoted companies in Greece and other countries with developed or converging market economies, where Greek business is increasingly active.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The Company's investment in Global Capital is accounted for at fair value, as analyzed in Note 3 (aa). From the above valuation of the investment at fair value as at December 31, 2006, a gain of € 402 (December 31, 2005: gain € 2,219) was recognized in fair value reserve within equity.

Furthermore, during the year 2006, a capital of €3.300 was returned while an additional investment of €500 was realized.

(c) Global Capital Investors (I) Limited Partnership: The Company has an interest stake of 2% in Global Capital Investors (I) Limited Partnership («Global Capital»), which was incorporated in Guernsey Islands in 1997.

20. INVENTORIES

Inventories are analyzed as follows:

	Group		Company	
	December 31,		December 31,	
	2006	2005	2006	2005
Finished and semi-finished products	23.741	18.271	9.966	-
Raw materials and supplies	44.303	17.375	18,266	-
Merchandise	15.873	8.151	7,295	-
Less: Provision for obsolete inventories	(154)	-	(60)	-
Total	83,763	43,797	35,467	-

21. TRADE ACCOUNTS RECEIVABLE:

Trade accounts receivable are analyzed as follows:

	Group		Company	
	December 31,		December 31,	
	2006	2005	2005	2005
Trade:				
Domestic accounts receivable	119,240	99,463	99,241	7,580
Foreign accounts receivable	36,211	8,187	11,852	-
Post-dated cheques receivable	17,776	15,717	14,236	-
Drafts receivable	523	163	113	-
	173,750	123,530	125,442	7,580
-Less: allowance for doubtful accounts receivable	(17,717)	(16,132)	(12,495)	(871)
Total	156,033	107,398	112,947	6,709

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The movement of the allowance for doubtful accounts receivable for the periods ended December 31, 2006 and December 31, 2005, is as follows:

Balance at December ,2005	610
Additional provisions for the period	261
Less: Release to the income of Statement	-
Provisions relating to discontinued operations	-
Balance at December 31, 2005	<u>871</u>
Balance at December ,2006	871
Additional provisions for the period	448
Business Acquisition	9
Absorbed Companies	11.517
Less: Release to the income of Statement	(350)
Balance at December 31, 2006	<u>12.495</u>

22. PREPAYMENTS AND OTHER RECEIVABLES:

Prepayments and other receivables are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>December 31</u>	<u>December 31</u>	<u>December 31</u>	<u>December 31</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	2.475	5.809	1.440	1.683
Prepaid and withheld taxes	13.669	13.603	11.841	-
Advances for inventory purchases	7.887	5.238	145	-
VAT receivable	1.297	1.065	201	2.286
Accrued income	3.838	1.142	2.137	13
Prepaid expenses	13.641	1.814	1.927	278
Other advances and prepayments	165	216	23	-
Payments on account	1.364	954	1.221	322
Loans and advances to personnel	3.960	266	3.960	-
Receivables from associates (Note 22)	43	2.384	5.552	88
Other	<u>48.339</u>	<u>32.491</u>	<u>28.446</u>	<u>4.670</u>

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
 (All amounts in thousands of Euro, unless otherwise stated)

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS:

Financial instruments at fair value through profit and loss consist of investments in mutual funds and equity participations which are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Mutual Funds:	1.790	1.159	1.694	1.115
Equity Participations:				
Listed:				
- Marfin Financial Group	-	3.079	-	3.079
- Chipita A.E.	-	425	-	405
-Katselis	-	101	-	-
- Other	122	63	117	-
Sub total	122	3.668	117	3.484
Total	1.912	4.827	1.811	4.599

The measurement of the above financial assets was made at fair values as described in Note 3 (aa).

24. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cash in hand	14.438	13.611	12.322	111
Cash at banks				
- sight accounts	70.099	19.765	23.103	2.202
- time deposits	50.487	66.386	37.193	16.331
Total	135.024	99.762	72.618	18.644
	<u>Group</u>		<u>Company</u>	
	<u>2006</u>		<u>2005</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Sight deposits in Euro	59.698	19.703	21.638	2.202
Time deposits in Euro	45.982	66.306	37.193	16.331
Total deposits in Euro	105.680	86.009	58.831	18.533
Sight deposits in foreign currencies	10.401	62	1.465	-
Time deposits in foreign currencies	4.505	80	-	-
Total deposits in foreign currencies	14.906	142	1.465	-
Total	120.586	86.151	60.296	18.533

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Deposits in foreign currencies as of December 31, 2006 mainly consisted of Egypt pounds, HUF, SKK, RUB, CZK, Romania Lei and Polish Zloty. Cash at banks earn interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to € 4,760 and € 399 for the years ended at December 31, 2006 and 2005 respectively for the Group (€ 4,037 and € 5 for the years ended December 31, 2006 and 2005 respectively for the company), and is included in financial income, net in the accompanying statement of income.

25. SHARE CAPITAL (the amounts per share are in Euros)

At December 31, 2005, the Company's share capital amounted to € 120.417 and comprised of 40.958.268 registered shares of € 2,94 par value each. Until April 27, 2005, the share capital of the Company consisted of 29.096.509 common shares and 11.501.759 non-voting preference shares.

The non-voting preference shareholders had the following rights:

- (i) To first receive the minimum dividend distribution and then participate equally in any additional dividend distribution,
- (ii) In case that no dividends are distributed or, the distribution is less than the minimum dividend for on or more fiscal years, then the cumulative shortfall will be covered from future years profits and,
- (iii) To first receive their paid-in capital in case the Company is dissolved and then equally participate in any additional distributions in excess of the Company's total paid-in capital

On April 27, 2005, at an extraordinary shareholders' meeting with the participation of preference shareholders, the preference shareholders waived their rights and agreed for the conversion of the preference shares into common registered voting shares. Also, at the same extraordinary shareholders' meeting the shareholders approved the conversion of the preference shares to common shares and approved to convert all shares from bearer to registered shares.

On November 2005 the bond holders of a part (60.000 titles) of the Company's convertible bond, used the right of converting their bonds into shares. Consequently, following the decision of the Company's Board of Directors on December 19, 2005, the Company's Share Capital was increased by € 1,058 with the issuance of 360.000 shares of nominal value of € 2.94 (full amount) each. The carrying value of the bonds at the conversion date was recognized in equity according to the provision of IAS 32. The difference between the nominal value of the shares and the carrying value of the bonds amounting to € 1.762 was recognized in share premium.

On January 20, 2006 the remaining bond holders of the convertible bond (594.341 titles) decided to convert their bonds into shares of the Company. Consequently, following a decision of the Company's Board of Directors on January 27, 2006, the Company's share capital was increased by € 10.484 with the issuance of 3.566.046 common registered shares of a nominal value € 2,94 (full amount) each. The difference between the nominal value of shares and the carrying value of the bonds amounting to € 8.780 was recognized in the share premium. The difference between the unamortized cost of the bond at the date of conversion (by the method of effective rate) and the nominal value of the bond € 7.094 was recognized in the equity, in the retained earnings.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Following the legal and typical merger of subsidiaries Goody's S.A. General Frozen Foods S.A. and Delta Dairy S.A as well as of acquisition of Chipita International S.A., on September 1st 2006, the share capital of the Company (acquirer) was increased by an aggregate amount of € 24.142 which represents the contributed share capitals of the above entities after eliminating any crossholdings and is analysed as follows:

- a. increase of € 1.791 due to the net share capital contribution of Goody's S.A., which resulted by deducting from its total share capital of € 6.187 the absorber's participation of € 4.396
- b. increase of € 5.967 due to the net share capital contribution of General Frozen Foods S.A.. which resulted by deducting from its total share capital of € 32.630 the absorber's participation of € 26.663
- c. increase of € 16.384 due to the share capital contribution of Chipita International S.A.

With respect to Delta Dairy S.A, no respective increase in share capital occurred due to the fact that the Company was the sole owner of Delta Dairy S.A. and its shares were invalidated, after the acquisition.

Furthermore and for maintaining a rounded per share nominal value and in order to achieve an exchange ratio 1 to 1, the share capital was further increased by an amount of € 231 through a respective transfer from the share premium reserve and through adjusting the nominal value of each share from € 2,94 to € 2,33 each. As a result, the share capital of the acquirer amounted to € 155.274 divided into 66.641.409 ordinary registered shares of € 2,33 (full amount) per value each.

The Board of Directors of the Company Vivartia S.A., due to the extraordinary shareholders' meeting of 19/12/2006 decided to increase its share capital by € 15.527, as following: a) by capitalization of € 3.417 from the retained earnings and the reserves from the merger of subsidiaries, b) by capitalization of € 12.110 from the share premium.

The increase was made by the issuance of 6.664.140 common registered shares of nominal value of € 2,33 each and the free distribution to the shareholders of the company, in a ratio of a new free share to ten old common registered shares. Consequently the share capital of the Company at 31 December 2006 amounts to € 170.801.929,17 divided into 73.305.549 ordinary registered shares of € 2,33 (full amount) per value each. The share capital on December 31, 2006 is fully paid.

26. TREASURY SHARES:

As of December 31, 2004, the Group held 7,172,290 shares of its own stock (4.871.881 common shares and 2.300.409 preference shares). The total acquisition cost of these shares amounting to € 55.420 was reflected in a special reserve, as a reduction of the Group's equity. On June 30, 2005, the Group disposed of the treasury shares realizing a loss of € 11.227. This loss was recognized directly in equity by charging retained earnings.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

27. LEGAL, TAX FREE AND SPECIAL RESERVES:

Legal, tax free and special reserves are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Legal reserve	16.494	16.714	16.494	8.573
Tax free, specially taxed and special reserves	109.567	66.919	109.567	61.648
Fair value reserve	1.119	346	1.237	462
Total	<u>127.180</u>	<u>83,979</u>	<u>127.298</u>	<u>70.683</u>

Legal Reserve: Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory financial statements to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the existence of the Company.

Tax Free and Specially Taxed Reserves: Tax free and specially taxed reserves represent interest income and investments sales of non listed entities which are non taxable or have been specially taxed at source. These reserves are subject to taxation in case of their distribution. This income is not taxable, assuming there are adequate profits from which the respective tax free reserves can be established. According to the Greek tax regulations, this reserve is exempted from income tax, provided it is not distributed to shareholders. The Company has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax.

Special Reserves: Special reserves are not distributed to the shareholders based on the special provisions of laws (under the condition that there are enough profits for their formation). These reserves relate mainly to investments and are not distributed and, accordingly, the Company, has not provided for deferred income tax.

The tax free reserves of the Company and the Group include also reserves that have been formed by the parent company and by some greek subsidiaries in accordance with the article 2 of Act 3220/2004 of a total amount € 6.372 και € 5.000 for the Group and the Company respectively. The European Committee has issued the statement 2006/C20/05, according to which, these reserves are considered as a form of not allowed state support and has asked from the Greek Government to levy the relative corporate taxes that have not been imposed on the above reserves, when formed.

As a result, the Group decided to provide for the amount of tax that proportionated to the above reserves at the date of their formation (Note 32). The Group intends to claim any tax charge that occur, as the above reserves were formed according to the legislation that was in force at the time of their formation.

28. DIVIDENDS:

Under Greek corporate law, companies are required each year to declare from their statutory profits, dividends of at least 35% of after-tax statutory profit, after allowing for legal reserve, or a minimum of 6% of the paid-in share capital, whichever is greater. With the unanimous consent of

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

all shareholders, a company may not declare any dividend. Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

- (a) No dividends can be distributed to the shareholders as long as the company's net equity, as reflected in the statutory financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves and,
- (b) No dividends can be distributed to the shareholders as long as the unamortized balance of "Preoperating Expenses," as reflected in the statutory financial statements exceeds the aggregate of distributable reserves plus retained earnings.

On March 23, 2007, the Company's Board of Directors decided to propose to the General Assembly meeting extra dividend of € 1,25 per share, through return of capital to the shareholders, that is included in Equity and has not been recognized as liability in the Balance Sheet. The proposal of the Board of Directors is subject to the approval of the Annual General Assembly meeting.

29. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings outstanding at December 31, 2006 and December 31, 2005, are analyzed as follows:

		Group		Company	
		December 31st		December 31st	
		2006	2005	2006	2005
Bond loan in \$ and € (€ 45 million and \$ 176 million)	(a)	174.291	190.655	174.291	190.655
Long term loans in fair value through profit and loss		174.291	190.655	174.291	190.655
€ 200 million bond loan	(b)	200.000	200.000	200.000	200.000
€ 26.5 million convertible bond	(c)	-	20.356	-	20.356
€ 44 million bond from related company (Note 38)		-	-	17.600	44.000
Other		17.080	5.281	1.135	-
Long Term Loans in unamortized cost		217.080	225.637	218.735	264.356
Minus: Short term portion of long term debt		(3.056)	(20.556)	-	(20.356)
Long term loans in unamortised cost		214.024	205.081	218.735	244.000

(a) Bond loan in € and \$

On July 27, 2005 the parent Company issued a non convertible bond loan denominated in € and \$ (USA), equal to the Euro equivalent of € 190,065, with a duration of 7 and 10 years, bearing fixed and floating interest rates and which was exclusively covered through the US private placement market. The 13% of the financing bears floating interest rate at Euribor + 1.25% while the remaining 87% bears fixed interest rates ranging from 4.38% to 5.87%.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The repayment of the bonds will be made at maturity while the Group has the right to repay the bonds at their nominal value under certain conditions.

The terms of the bond loan contain events of default including, among others, failure to make payments, inability to meet general and economic guarantees, certain events of insolvency, the suspension of business, ownership structure and materially adverse changes clause affecting the financial position of the Group.

In addition, the terms contain financial covenants including requirements to maintain minimum ratios of net borrowings to EBITDA, EBITDA to net interest expense and minimum net worth levels. Furthermore, the Group has also given certain undertakings relating to its compliance with laws and regulations, the disposal of assets, the maintenance of the nature of operations, mergers, investments and environmental matters.

For the total amount of bonds in foreign currency (\$), Vivartia S.A hedged the interest rate and the currency risk through interest rate and cross-currency swaps. For the part of the bonds denominated in € and bearing fixed interest rate, the Company has carried out an interest rate swap.

The above loan has been classified as measured at fair value through profit and loss, which has been calculated based on current interest rates. The resulting profit from the valuation at fair value as at December 31, 2006, amounting to € 16,376, is included in financial expenses in the statement of income.

(b) € 200 million – Bond Loan

On July 27, 2005, VIVARTIA S.A. issued a non convertible bond loan denominated in € (based on the provisions of L. 3156) amounting to € 200,000 bearing floating interest rate (Euribor plus margin), of a duration of 5 years, which was covered exclusively by Banks in Greece and abroad. The loan will be repaid at maturity. The Group has the right to proceed to the repayment of the nominal value of the bonds without penalty or other cost. The average annual interest rate as at December 31st 2006 was 4.5%.

The terms of the bond loan contain events of default including, among others, failure to make payments, inability to meet general and economic guarantees, certain events of insolvency, the suspension of business, ownership structure and material adverse changes clause affecting the financial position of the Group.

In addition, the terms contain financial covenants including requirements to maintain minimum ratios of net borrowings to EBITDA, EBITDA to net interest expense and minimum net worth levels.

Furthermore, the Group has also given certain undertakings relating to its compliance with laws and regulations, the disposal of assets, the maintenance of the nature of operations, mergers, investments and environmental matters.

The above loan was used for the repayment of the bond loan ('Eurobond').

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

(c) € 26.5 million – Convertible Bond

On May 17, 2000, VIVARTIA S.A. (“Issuer”) issued a convertible bond with a face value of € 26.9 million. Initially, the convertible bond matured in May 2003 however, based on the decision taken by the shareholders at their general assembly meeting of April 21, 2003, it was agreed to extend the maturity date to May 17, 2006. As a result, of the extension, the convertible bond was reduced to € 26.5 million with the settlement of € 0.4 million. On May 17, 2006, the holders may opt for repayment of € 38 million (nominal value increased by 41.58%) or conversion into 4,706,424 common shares of the Issuer. Interest is payable semi-annually in arrears at a nominal interest rate of 0.25% per annum.

The Issuer may increase its share capital over the duration of the convertible bond but will (i) allow all the bond holders to convert at an earlier date so that they can participate in the share capital increase, (ii) to indemnify them with a cash payment and/or (iii) to adjust the conversion ratio.

The convertible bond contains events of default including, without limitation, the issuance of a new convertible bond should this convertible bond exceed 25% of the Issuer’s share capital and the adherence to limitations relating to share capital increases.

Furthermore, under certain conditions, a bond holder may request earlier conversion and the Issuer may request earlier redemption.

In August 2005, the Company repurchased a part of the convertible bond loan for a nominal value of €4,455. In November 2005, bondholders with bonds representing a nominal value of €2,055, used their right of converting their bonds into shares.

Finally, on January 20th 2006, the remaining bondholders (representing 594,341 bonds) requested the conversion of their bonds into shares of the Company.

From the above settlement through conversion, the carrying amount of the loan was recorded in equity according to the provisions of IAS 32.

Regarding the long term loans the following table shows the future repayments for the Group and the Company as of December 31st 2006:

	December 31 2006	
	Group	Company
Within 1 year	3.056	-
2-5 years	214.024	201.135
After 5 years	-	17.600
Total	217.080	218.735

The total interest expense of the long term loans for continuing operations for the years ending December 31st 2006 and 2005 reached € 18,715 and € 14,099 respectively for the Group (€ 21,615 and € 13,433 for the years ending December 31st 2006 and 2005 respectively for the Company) and is included in the financial expenses of the attached results.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

30. LEASING LIABILITIES:

- (a) On June 2004, the merged company through absorption from VIVARTIA S.A., Chipita International S.A. committed an agreement of sale and lease back on its office buildings to Metamorfozi of Attica. The agreement's duration is 15 years. The Company has the right to buy back its buildings, at the end of the contract's duration at a nominal price. The rent paid per month (capital and interest) amounts to €100 and is adjusted in relation to the EURIBOR's fluctuations. The average interest for the sale and lease back contract mentioned above for the year ended on the 31st of December 2006 amounted to 3,79%.

On December 2005, the the merged company through absorption from VIVARTIA S.A., Chipita International S.A. committed an agreement of sale and lease back on its industrial buildings to the industrial area of Lamia. The agreement's duration is 12 years. The Company has the right to buy back its buildings, at the end of the contract's duration at a nominal price. The rent paid per month (capital and interest) amounts to € 178 and is adjusted in relation to the EURIBOR's fluctuations. The average interest for the sale and lease back contract mentioned above for the year ended on the 31st of December 2006 amounted to 3,70%.

- (b) The subsidiaries of the Group, EDITA S.A. and DIGMA S.A. having its headquarters in Egypt have signed leasing contracts regarding vehicles.
- (c) The Company has signed a leasing contract regarding machinery of dairy industry that will be fully paid in the next year.

Leasing liabilities are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Leasing liabilities	36.139	3.836	35.039	-
Minus: Short term liabilities	(3.891)	(1.841)	(3.582)	-
Long term liabilities	<u>32.248</u>	<u>1.995</u>	<u>31.457</u>	<u>-</u>

The future minimum payments of the lease contracts in relation to the present value of the net minimum payments for the Group and the Company on the 31st of December 2006 and 2005 are presented as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31 December 2006</u>		<u>31 December 2006</u>	
	<u>Minimum Payments</u>	<u>Payments Present Value</u>	<u>Minimum Payments</u>	<u>Payments Present Value</u>
Within a year	5.673	3.891	5.210	3.582
Within 2 to 5 years	15.407	12.180	14.384	11.403
Over 5 years	27.317	20.068	27.304	20.054
Total minimum lease payments	<u>48.397</u>	<u>36.139</u>	<u>46.898</u>	<u>35.039</u>
Minus:				
Finance expenses	(12.258)	-	(11.859)	-
Present value of minimum lease payments	<u>36.139</u>	<u>36.139</u>	<u>35.039</u>	<u>35.039</u>

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

	The Group		The Company	
	31 December 2005		31 December 2005	
	Minimum Payments	Payments Present Value	Minimum Payments	Payments Present Value
Up to year	2.012	1.841	-	-
Within 5 years	2.062	1.995	-	-
Over 5 years	-	-	-	-
Total minimum lease payments	4.074	3.836	-	-
Minus:				
Finance expenses	(238)		-	
Present value of minimum lease payments	3.836	3.836	-	-

31. PENSION AND STAFF RETIREMENT INDEMNITIES:

(a) *State Pension:* The Group's and the Company's contributions to the state pension funds for the year ended December 31, 2006, that have been charged to the income statement recorded to expenses and were € 25.574 and € 12.944 respectively (€ 17.944 and € 1.237, for the Group and the Company respectively for the period ended December 31, 2005).

(b) *Staff Retirement Indemnities:* Under the labour law of the countries in which the Group operates, employees and workers are entitled to various types of termination payments in the event of dismissal or retirement. In respect with the Greek subsidiaries (that consist the largest part of the Group's activities) the amount of compensation varies according to the salary, the years of services and the manner of termination (dismissal or retirement) of the employee. Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that such termination schemes are not funded and they represent defined benefit plans according to IAS 19. In accordance with this practice, the Company does not fund these plans. The Group charges operations for benefits earned in each period with a corresponding increase in the respective actuarial liability. Benefits payments made during each period to retirees are charged against this liability.

The movement in the net liability in the accompanying balance sheets has as follows:

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
 (All amounts in thousands of Euro, unless otherwise stated)

	<u>The Group</u>		<u>The Company</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Net liability at beginning of the year	10.235	11.703	1.014	1.573
Liability emerging from the absorption of subsidiaries	-	-	6.873	-
Actual benefits paid - continuing operations	(3.287)	(1.429)	(2.929)	(357)
Actual benefits paid - discontinued operations	-	(791)	-	-
Total actual benefits paid	<u>(3.287)</u>	<u>(2.220)</u>	<u>(2.929)</u>	<u>(357)</u>
Expense recognised in the consolidated statements of income - continuing operations (Note 8)	4.416	1.978	3.707	(202)
Expense recognised in the consolidated statements of income – discontinued operations	50	934	-	-
Total expenses recognised in the consolidated statement of income	<u>4.416</u>	<u>2.912</u>	<u>3.707</u>	<u>(202)</u>
Net liability at end of the year/period of discontinued operations	-	(2.160)	-	-
Liability emerging from the merger of companies	5.468	-	1.006	-
Net liability at end of the year – continuing operations	<u>16.882</u>	<u>10.235</u>	<u>9.671</u>	<u>1.014</u>

An independent international actuary firm assessed the Group's liabilities arising from the obligation to pay termination indemnities. The details and principal assumptions of the actuarial study as at December 31, 2006 and 2005 have as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Present value of unfunded obligations	19.214	12.122	11.710	1.432
Unrecognised actuarial net loss	(2.332)	(1.887)	(2.039)	(418)
Net liability in balance sheet	<u>16.882</u>	<u>10.235</u>	<u>9.671</u>	<u>1.014</u>
Components of net periodic pension cost:				
Service cost	1.156	884	826	125
Interest cost	561	478	390	81
Recognition of actuarial loss/(profit)	53	-	47	-
Regular charge to operations	1.770	1.362	1.264	206
Additional cost of extra benefits	2.646	616	2.443	273
Curtailment cost of transfer of employees	-	-	-	(681)
Total charge to operations	<u>4.416</u>	<u>1.978</u>	<u>3.707</u>	<u>(202)</u>

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

	<u>The Group</u>		<u>The Company</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Reconciliation of benefit obligation:				
Net liability at start of period	12.132	11.941	1.432	1.685
Net liability emerging from absorption of subsidiaries	-	-	8.099	-
Merger of companies	5.436	-	967	-
Net liability at start of period - discontinued operations	-	(2.232)	-	-
Service cost	1.156	884	826	125
Interest cost	561	478	390	81
Benefits paid	(3.287)	(1.429)	(2.929)	(357)
Additional cost of extra benefits	2.646	616	2.443	273
Curtailement cost of transfer of employees	-	-	-	(681)
Actuarial loss	580	1.864	482	306
Present value of obligation at the end of the year	<u>19.214</u>	<u>12.122</u>	<u>11.710</u>	<u>1.432</u>

Principal Assumptions:	<u>2006</u>	<u>2005</u>
Discount rate	4,0%	4,0%
Rate of compensation increase	4,5%	4,5%
Increase in consumer price index	2,9%	2,5%
Expected remaining labour's life duration	13,60	16,87

The additional cost of extra benefits relate to benefits paid to employees who became redundant. Most of these benefits were not expected within the terms of this plan and, accordingly, the excess of benefit payments over existing reserves has been treated as an additional pension charge. The additional pension charge for the continuing operations as at December 31, 2006, amounted to € 2.646 (31 December 2005: € 616) for the Group and to € 2.443 (31 December 2005: € 273) for the Company.

32. OTHER PROVISIONS

The movement of the other provisions for the Group and the Company during the years ended on the 31 December 2006 and 2005 has as follows:

	<u>The Group</u>	<u>The Company</u>
Balance January 1, 2005	-	-
Additions	-	-
Balance December 31, 2005	<u>-</u>	<u>-</u>
Balance January 1, 2006	-	-
Additions	1.843	1.500
Balance December 31, 2006	<u>1.843</u>	<u>1.500</u>

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The additions of other provisions during year 2006 for the Group and the Company are analysed as follows:

	<u>The Group</u>	<u>The Company</u>
Provision for taxation of reserve Law 3220/2004 (a)	1.593	1.250
Impairment of tangible assets	200	200
Other provisions	<u>50</u>	<u>50</u>
	<u>1.843</u>	<u>1.500</u>

(a) It refers to tax provision concerning the tax free reserves of Law 3220/2004 at the date of their formation (Note 13).

33. GOVERNMENT GRANTS:

The movement of government grants for the year ended December 31, 2006 and 2005, has as follows:

	<u>The Group</u>	<u>The Company</u>
Balance January 1, 2005	8.887	-
Additions	3.369	-
Amortization	(1.315)	-
Governments grants relating to discontinued operations	<u>(1.064)</u>	<u>-</u>
Balance December 31, 2005	<u>9.877</u>	<u>-</u>

	<u>The Group</u>	<u>The Company</u>
Balance January 1, 2006	9.877	-
Absorption of subsidiaries	-	4.600
Mergers of Companies	8.489	5.657
Write off	(341)	(341)
Additions	1.988	1.899
Depreciation	<u>(1.601)</u>	<u>(950)</u>
Balance December 31, 2006	<u>18.412</u>	<u>10.865</u>

34. DERIVATIVE FINANCIAL INSTRUMENTS

The Group, using the IFRS “First Time Implementation” has implemented IAS 39 «Financial Products: Recognition and Valuation» from January 1st 2005 as follows:

Interest rate option

The Company has entered into an interest rate option of € 25 million euros (to cover part of its bond loan), according to which it pays floating rate based on 6month Euribor and receives fixed rate of 4.38%. This derivative qualifies for fair value hedge accounting. As such, any change in the fair value is recognized in the income statement.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Cross currency swap

The Company has entered into the following cross currency swaps to hedge against foreign currency fluctuation risk from the Bond Loans that were signed in July 2005.

<u>Contract Date</u>	<u>Effective Date</u>	<u>Maturity</u>	<u>Position</u>	
			<u>Debit</u>	<u>Credit</u>
20/6/2005	27/7/2005	27/7/2012	\$ 99 million	€ 81 million
20/6/2005	27/7/2005	27/7/2015	\$ 77 million	€ 63 million
			\$176 million	€144 million

The above derivatives qualify for fair value hedge accounting according to IAS 39 «Financial Products: Recognition and Valuation», and any change in their fair value is recognized in the income statement. From the valuation of the above derivatives at fair values on December 31st 2006, a total loss of € 19.115 arose which was recognized in the income statement.

Forward currency contracts

The Group as at December 31, 2006 had two open positions on forward contracts for a total amount of US\$ 3.500 for the hedging of exchange rate risk derived from liabilities in US dollars which have duration of one year and expire through to November 2007. From the measurement at fair values as at January 1, 2005, a loss of € 213 was incurred, while as at December 31st, 2006, a loss amounting to €15 arose which was included in financial expense of the year.

Other Interest Rate Swaps

The Group has also entered in the following interest rate swaps as well as other derivative contracts which do not qualify for hedge accounting. From measurement of these derivatives at fair values as of January 1, 2005, a loss of € 12.618 was incurred, which was recognized directly in equity (€ 8.580, net of the deferred tax asset of € 4.038), while the respective measurement as of December 31, 2006 resulted in a profit of € 6.324, which was included in the financial income of the year.

The notional amount and the maturity of such derivatives are as follows:

	<u>€</u>	<u>SFR</u>
Within one year	-	-
Between two and five years	50.000	48.000
After five years	440.800	-
	<u>490.800</u>	<u>48.000</u>

Above interest rate swaps bear mainly floating interest rate, which according to the respective contract, are adjusted accordingly in connection with the fulfillment or not of specific factor relating to interest rate currency variable and the maintenance or not of interest rate of specific currencies above of below predetermined levels.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

35. TRADE ACCOUNTS PAYABLE

Trade accounts payable are analyzed as follows:

	Group		Company	
	2006	2005	2006	2005
Domestic suppliers	106.080	60.876	77.488	2.467
Foreign suppliers	2.955	3.632	3.355	63
Post-dated cheques payable	25.416	23.225	13.855	172
Notes payable	6.923	7.333	1.657	-
Total	141.374	95.066	96.355	2.702

36. SHORT-TERM BORROWINGS:

Short-term borrowings are draw-downs under various lines of credit maintained by the Group with several banks. The use of these facilities is presented below:

	Group		Company	
	December 31		December 31	
	2006	2005	2006	2005
Credit lines available	250.000	153.600	200.000	48.000
Unused portion	(217.901)	(137.143)	(199.987)	(47.977)
Used portion	32.099	16.457	13	23

Short-term borrowings throughout the year were denominated in various currencies, however, the used portion of the outstanding balance of short-term borrowings at December 31, 2006 and 2005, was mainly denominated in Euro. The analysis of the borrowings per currency for both the Group and the Company as at December 31, 2006 is as follows (all values are expressed in Euro):

	December 31 2006	
	Group	Company
- Euro	27.602	13
- HUF (Hungarian forint)	976	-
- PLN (Polish Zloty)	1.077	-
- Egyptian Pounds	2.354	-
Total	32.009	13

As at December 31 2006 and 2005 the Group has signed short-term loan agreements and overdraft accounts of floating interest rates (Euribor plus spread for the loans in Euro). The above loans have been approved without any guarantees or other securities. The weighted average interest rate on short-term borrowings in Euro as at December 31, 2006 and 2005, was 5,0% and 4,1% respectively, while the weighted average interest rate on short term borrowings in HUF and PLN for the year ending 2006 reached 8,5% and 5,46% respectively.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Interest on short-term borrowings of continuing operations for the year ended December 31, 2006 and 2005, amounted to € 2.063 and € 1.869 respectively (€ 972 and € 637 for the year ended December 31, 2006 and 2005 for the Company respectively) and is included in interest expense in the accompanying income statement.

37. ACCRUED AND OTHER CURRENT LIABILITIES

The amount reflected in the accompanying balance sheets is analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Accrued interest	8.529	12.871	7.564	13.989
Advances from customers	384	5.324	191	-
Taxes, other than income taxes, payable	4.084	4.859	974	581
Social security payable	6.710	4.297	3.659	234
Accrued expenses	4.390	1.869	1.587	5
Wages and salaries payable	2.564	1.344	1.141	-
Dividends payable	397	266	617	166
Deferred income	2.585	264	2.568	45
Payables to related parties	4.535	-	4.535	-
Other	28.335	213	15.284	239
Total	<u>62.513</u>	<u>31.307</u>	<u>38.109</u>	<u>15.259</u>

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

38. RELATED PARTY DISCLOSURES:

i) Transactions with related parties:

The consolidated financial statements include the financial statements of Vivartia S.A. and its subsidiaries listed in Appendix I. The Company has also investments in associates. In relation to Vivartia S.A, there is no ultimate parent in the form of a legal entity, as the majority of the share capital (26,73% of common shares as of December 31, 2006) is owned by Mr. Dimitris Daskalopoulos and there are no other senior shareholders who hold a significant part of Vivartia S.A.'s share capital.

Vivartia purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of associates or companies, which have common ownership and/or management with Vivartia.

Account balances with associates are as follows:

	Group		Company	
	2006	2005	2006	2005
Trade receivables from subsidiaries:	-	-	23.593	6.809
Interest receivables from subsidiaries:	-	-	121	-
Loan receivables from subsidiaries: (a)	-	-	97.112	166.500
Bond receivables from subsidiaries	-	-	8.500	-
Trade receivables from associates:	3.960	266	3.960	266
Total	3.960	266	133.286	173.575
Commercial liabilities to subsidiaries:	-	-	17.929	-
Interest receivables to subsidiaries:	-	-	341	-
Bond payables to subsidiaries (note 29) (b)	-	-	17.600	44.000
Trade payables to associates:	4.535	-	4.535	-
Total	4.535	-	40.405	44.000

(a) In queue of contracts loan, Vivartia has loaned its subsidiary Chipita East Europe (Cyprus) Ltd, by an interest rate of EURIBOR plus 2%. The total of above loans amounting on December 31, 2006 to € 74.910, are depicted in parent company's long term receivables. Furthermore, in parent company's long term receivables, are included interest loans granted to its subsidiaries Chipita Participations Ltd και Cream Line (Cyprus) Ltd, which were amounting to € 18.200 and € 4.000 respectively, on 31 December, 2006.

(b) It concerns a loan bond, issued by VIVARTIA S.A. on 22 July, 2005 and was totally covered by its subsidiary. The loan that was predicted to be paid off at once on 22 July 2012 (seven years after its issue), bears interest rate Euribor plus 1.30% and is payable semi-annually. During the year ended, a part of long term loan bond was paid off, amounting to € 26.400.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

Transactions with related parties for the year ended December 31, 2006 and 2005 are analyzed as follows:

	Group		Company	
	2006	2005	2006	2005
Inventory sales to subsidiaries:	-	-	24.300	-
Service sales to subsidiaries:	-	-	12.811	16.551
Interest charges to subsidiaries:	-	-	3.659	2.432
Inventory sales to associates:	3.353	1.343	3.353	1.343
Service sales to associates:	188	323	188	323
Interest charges to associates:	4	-	4	-
Total:	3.545	1.666	44.315	20.649
Inventory purchases from subsidiaries:	-	-	51.645	-
Service purchases from subsidiaries:	-	-	3.382	21
Interest charges from subsidiaries:	-	-	1.661	686
Inventory purchases from associates:	5.030	-	5.030	-
Service purchases from associates:	3	-	3	-
Total	5.033	-	61.721	707

Sales and services rendered to related parties are made at normal market prices. Outstanding balances at year-end are unsecured and settlement occurs in cash. No related guarantees have been provided or received for the above receivables. For the period ended December 31, 2006 and 2005, the Company has not raised any provision for doubtful debts relating to amounts owed by related parties.

Key management personnel fees of the Company for the years ended December 31, 2006 and 2005, has as follows:

	2006	2005
Short-term employee benefits	4.643	2.201
Social security contributions	144	57
Total compensation paid to key management personnel	4.787	2.258

Key management personnel fees of the Group for the year ended December 31, 2006 (employers' contributions were concluded) were amounted to € 5.834.

(ii) Commercial Cooperation and shareholder relationship with DANONE

On February 15, 2005, the Group announced that it would acquire the 30% that the French Dairy Company, DANONE, held in Delta Dairy S.A. and would modify the cooperation agreement that exists between the French entity and the Group.

Based on the above, on May 26, 2005, Delta Dairy S.A. acquired from DANONE the 30% of its shares held by DANONE (12.521.735 shares) at a price of € 62 million. The Extraordinary General Assembly of Shareholders of Delta Dairy S.A. on May 26, 2005, decided on the cancellation of the acquired treasury shares through the reduction of the share capital by an amount of € 61.190 which was performed:

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

- a) by the amount of Euro 29.050 through cancellation of the acquired 12.521.735 treasury shares of a nominal amount of Euro 2,32 (full amount) each,
- b) by the amount of Euro 32.139 through the reduction of the nominal value of the remaining shares of Delta Dairy S.A. from Euro 2,32 (full amount) to Euro 1,22 (full amount) each in order to offset the losses from the above purchase.

After the completion of the above transaction, the parent Company increased its equity participation in the subsidiary Delta Dairy S.A., from 70% to 100%. In respect to the financial statements of the Group, the above transaction was confronted as an acquisition of minority and is reflected in the accompanying consolidated statement of changes in equity for the year ended December 31, 2005.

In addition, under the amendment of the commercial cooperation between Danone and the Group and, based on the relative agreement that was signed on May 26, 2005, DANONE paid Delta Dairy S.A. the amount of € 18.500 as a fee for the amendment of the agreement terms between the two parties. The above amount was collected during the first semester of 2005 and is included in "Other Income/(Expenses)" in the consolidated statement of income for the period ended December 31, 2005.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main financial products of the Group, except for derivatives, are cash and cash equivalents, trade and other receivables, trade and other payables, bank loans and bond loans, investments available-for-sale, and financial assets at fair value through profit and loss.

As it is noted analytically in Note 33 and 3 (ab) the Group also contracts derivative financial instruments such as interest rate swaps as well as cross currency swaps, aiming at managing the currency and interest rate risks which arise from the business and financing products used. The management examines and reviews in a periodical basis the policies and procedures relevant with the financial risk management, as described below:

(i) Concentration of credit risk: The Company does not have significant concentration of credit risk with any of its counterparties.

The major exposure on credit risk is reflected from the amount of each asset, including derivative financial instruments.

With respect to derivative financial instruments, the Group monitors its positions, the credit classification of the contractors and the amounts of the contracts that it signs with each of them.

The Group's policy is to sign agreements with contractors that satisfy high criteria, while, considering the high level of credibility of the counterparties, does not believe that the issuance of any guarantee is required.

(ii) Fair Value: The amounts presented in the accompanying balance sheets for cash, assets and short-term liabilities, approach their respective fair values due to their short-term maturities.

The fair values of the investments that are listed in stock exchanges are based on stock prices at the date of the preparation of the balance sheet. The fair values of derivatives are based on market valuation.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

For all derivatives, the fair values are confirmed by the credit institutions with which the Group has signed the relevant agreements.

(iii) Interest rate risk: Interest risk arises mainly from the long-term loans. Management closely monitors on a constant basis the fluctuations in the currency exchange rates as well as in the interest rates and evaluates the need for assuming certain positions for the hedging of such risks.

Under this scope, it contracts financial instruments aiming at reducing the interest rate cost and the limitation in the Group's exposure from interest rate fluctuations. These derivatives as of January 1, 2005, are valued at their fair value and recognized as liabilities in the attached financial statements. It is the Group's policy to continuously monitor the trends in interest rates as well as the financing needs of the Group. Therefore, the decisions for the tenor of the loans as well as the balance between fixed and floating rates, arise independently, in each case.

(iv) Foreign Exchange Risk: The Group's exposure in foreign currency risks, originates mainly from commercial activities in foreign currency. For some of the above transactions, the Group carries out forward contracts in foreign currency hedging any foreign currency risk. These derivatives, as of January 1, 2005, are valued at their fair market values and are recognized as liabilities in the attached financial statements.

With respect to long-term loans, the Group carries out cross-currency swaps to minimize its exposure in foreign currency risk.

(v) Liquidity risk: The Group manages its liquidity risk through the continuous monitoring of its financial needs. It budgets and monitors its flows and acts accordingly in order to have adequate cash deposits and unutilized credit lines with banks.

The existing unutilized approved credit lines available to the Group are sufficient to cover any financing need.

40. CONTINGENCIES AND COMMITMENTS:

(a) Competition Committee's Investigation

In the context of officio investigation of Competition Committee's General Management in Greek Purchase of Milk, for violation of article 1 of L.703/77, as being in force and the article 81 SEK, the General Management issued on December 15, 2006, its proposal 8218/06 accusing the group of horizontal and vertical collaborations and specifically for:

- (1) agreement with other milk industries aiming to definition of producer's price.
- (2) exchange of confidential information at Greek Union Milk Industry level
- (3) exchange of confidential information with other milk industries
- (4) agreement with other industries aiming to common discount policy
- (5) Resale price definition concerning retail market chain
- (6) Resale price definition concerning Company's distributors
- (7) Ban of passive sales to Company's distributors

The Company submitted note on 16 February, 2007, contradicting the 8218/06 proposal of Competition Committee's General Management and on 6 March, 2007 submitted addition-contradiction to companies' notes to which the above proposal is addressed.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

(All amounts in thousands of Euro, unless otherwise stated)

The conversation of the above case before the Competition Committee's General Management, started on 22 March, 2007, concerning the accusation of the horizontal collaborations and the 7th May, 2007 has been set as the date on beginning of the conversation concerning the vertical collaborations.

Group's management and its legal advisors estimate that the accusation of Competition Committee are ungrounded and reject the reasons of General Management, but cannot estimate the judgment of Competition Committee referred to accusations against Group, the possibility of fine imposition and the possible amount.

(b) Litigation and claims:

The Company and its subsidiaries are parties to various lawsuits (as a defendant or as a plaintiff) and arbitration proceedings in the normal course of business. Management and the Company's legal advisors estimate that all of the lawsuits are expected to be settled without any material adverse effect on the Group's or the Company's financial position or results of operations.

(c) Commitments:

(i) Guarantees:

The Group has the following contingent liabilities at December 31, 2006:

- It has issued letters of guarantee for good performance for a total amount of € 2.424.
- It has provided guarantees for repayment of bank overdrafts and commercial liabilities of various subsidiaries and associates aggregating to € 948.
- It has provided guarantees for good performance of subsidized investment programs aggregating to € 285.
- It has provided guarantees for its participation in various competitions aggregating to € 176.

(ii) Operating Lease Commitments:

As of December 31, 2006, the Group has entered into a number of operating lease agreements relating to the rental of buildings and transportation equipment which expire on various dates through 2025.

Rental expense (continuing operations) included in the accompanying consolidated income statement for the year ended December 31, 2006, amounted to € 12.640 and € 4.039 for the Group and the Company respectively (€ 5.845 and € 651 as at December 31, 2005 for the Group and the Company respectively).

Future minimum rentals payable under non-cancelable operating leases as at December 31, 2006 and at December 31, 2005, are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Within one year	10.772	9.777	4.060	746
2-5 years	36.854	41.429	7.046	2.529
After 5 years	36.323	35.394	999	-
Total	<u>83.949</u>	<u>86.600</u>	<u>12.105</u>	<u>3.275</u>

41. SUBSEQUENT EVENTS

(a) Letter of Intent for a co-operation memorandum with the shareholder of the Company "HELLENIC ZIMI S.A." Mr. Michalis Arabatzis.

On February 4, 2007, Vivartia S.A. announced the signing of Letter of Intent with the shareholder of the Company "HELLENIC ZIMI S.A." Mr. Michalis Arabatzis, for the exchange of 49% of the share capital of the Company "HELLENIC ZIMI" with 49% of the share capital of the Company "ALESIS S.A.", that is a 100% subsidiary of VIVARTIA S.A..

Since the negotiations between the parties terminate, it is expected that a contractual agreement will be signed, and the terms of the exchange will be settled.

(b) Signing of Share Purchase Agreement for the acquisition of 46% of the share capital of Christies Dairies Public Ltd:

On July 24, 2006, VIVARTIA S.A. signed a Letter of Intent with Cyprus Trading Corporation Public Ltd, for the sale to Delta Holdings of 25 million shares approximately of Christies Dairies Public Ltd, listed in the CSE.

On December 14, 2006, Vivartia S.A. signed a Share Purchase Agreement for the acquisition of 46% of the share capital of Christies Dairies Public Ltd, that is held by Cyprus Trading Corporation Public Ltd and other shareholders, at a price of 7.298.078 CYP, or 25.165.786 shares of 0,29 CYP per share. The transaction is subject to the conditional of the approval of the collection from the Committee of Competition Protection of Cyprus, that has not been issued until this day. By the finalization of the above transaction, a public tender offer for the acquisition of the total shares of Christies Dairies Public Ltd will be announced by Vivartia S.A., at the same price per share, as per the provisions of Cyprus Law.

(c) Acquisition of minority interest:

On January 18, 2007, the Group acquired, through its 100% subsidiary Chipita Participations Ltd, additional 5% of the share capital, with voting right, of its subsidiary company EDITA SAE, and as a result the participation percentage at 31 December 2006 amounts to 30,00%. The buy-out price amounted to € 6.800. As it is referred at the Note 2.2, the Group considers that, despite the participation percentage of 25%, it exerts control upon this subsidiary, given that the subsidiary's management has been assigned to the Group by the relative contract that has been signed with the majority shareholder.

VIVARTIA S.A
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006
(All amounts in thousands of Euro, unless otherwise stated)

(d) Shares transfer between subsidiaries:

On January 2007, the shares of the subsidiary Chipita Germany GmbH were transferred, from the parent Company to Chipita Participations Ltd.

**THE CHAIR MAN
OF THE BOARD**

**THE MANAGING
DIRECTOR**

**THE GROUP
CHIEF
FINANCIAL
OFFICER**

**THE GROUP
CHIEF
ACCOUNTING
OFFICER**

**DIMITRIS
DASKALOPOULOS
I.D.no. M 289326**

**SPYRIDON
THEOTHOROPOULOS
I.D.no. F 090107**

**PANDELI
ECONOMO
PASS. No C 000668**

**NIKOLAOS
KAPPAS
I.D.no X 425851**

1. The companies included in the consolidation are the following:	Equity participation	Country of Incorporation	Unaudited years
(a) Subsidiaries of VIVARTIA ABEE			
AGROTEAM EOD	100,00%	BOULGARIA	-
BALKAN RESTAURANTS S.A.	100,00%	BOULGARIA	1999-2006
CHARALAMBIDES DAIRIES LTD	74,90%	CYPRUS	-
CHIPITA GERMANY GMBH	100,00%	GERMANY	-
CHIPITA PARTICIPATIONS LTD	100,00%	CYPRUS	-
CREAM LINE S.A.	100,00%	GREECE	2003-2006
DELTA FOOD HOLDINGS LTD.	100,00%	CYPRUS	-
DELTA FOOD PARTICIPATION & INVESTMENTS LTD.	100,00%	CYPRUS	-
GREENFOOD S.A.	78,88%	GREECE	2003-2006
HELLENIC CATERING S.A.	98,15%	GREECE	2006
HELLENIC FOOD INVESTMENTS S.A.	51,04%	GREECE	2003-2006
SMAYK S.A.	100,00%	GREECE	1999-2006
UNCLE STATHIS EOD	100,00%	BOULGARIA	-
ATHENINA CAFÉ-PATISSERIES S.A.	80,91%	GREECE	2003-2006
ALESIS CONFECTIONERY S.A.	100,00%	GREECE	2004-2006
ANTHEMIA S.A.	100,00%	GREECE	2005-2006
VIGLA S.A.	100,00%	GREECE	2003-2006
VIOMAR S.A.	86,06%	GREECE	2003-2006
ENDEKA S.A.	100,00%	GREECE	2003-2006
ERMOU RESTAURANTS S.A.	55,00%	GREECE	2005-2006
EFKARPIA RESTAURANTS S.A.	51,00%	GREECE	2003-2006
EASTERN CRETE RESTAURANTS-PATISSERIES S.A.	60,00%	GREECE	2004-2006
DRAMA RESTAURANTS-PATISSERIES S.A.	50,05%	GREECE	2003-2006
TEMBI CAFÉ-PATISSERIES S.A.	52,10%	GREECE	2004-2006
MEGARA RESTAURANTS-PATISSERIES S.A.	54,10%	GREECE	2003-2006
SERRES RESTAURANTS-PATISSERIES S.A.	50,05%	GREECE	2003-2006
KAVALA RESTAURANTS S.A.	51,00%	GREECE	2003-2006
MALIAKOS RESTAURANTS S.A.	51,00%	GREECE	2003-2006
NERATZIOTISSA RESTAURANTS S.A.	60,00%	GREECE	2006
PANORAMA RESTAURANTS S.A.	51,00%	GREECE	2003-2006
VOLOS COAST RESTAURANTS S.A.	50,01%	GREECE	2003-2006
HARILAOU RESTAURANTS S.A.	51,00%	GREECE	2003-2006
GEFSIPLOIA S.A.	51,00%	GREECE	2003-2005
EUROFEED HELLAS S.A.	100,00%	GREECE	2006
VERIA CAFÉ-PATISSERIES S.A.	70,00%	GREECE	2004-2006
EXARCHIA CAFÉ-PATISSERIES S.A.	94,71%	GREECE	2003-2006
KIFISSIA CAFÉ-PATISSERIES S.A.	50,10%	GREECE	2004-2006
PARALIA CAFÉ-PATISSERIES S.A.	82,59%	GREECE	2003-2006
NAFFLIOS S.A.	94,71%	GREECE	2003-2006
SARANDA S.A.	98,61%	GREECE	2006
S. NENDOS S.A.	31,41%	GREECE	2005-2006
HELLENIC FOOD SERVICE PATRON S.A.	72,50%	GREECE	2006
Franka S.A	100,00%	GREECE	2005
INVESTAL RESTURANTS	100,00%	GREECE	2005-2006
IVISKOS S.A.	50,01%	GREECE	2003-2006
PAPAGIANAKIS S.A.	60,00%	GREECE	NEW COMPANY
ΠΑΠΑΓΙΑΝΑΚΗΣ ΚΑΤΑΣΤΗΜΑ ΕΤΣΙΑΣΗΣ Α.Ε.			
(ii) Subsidiaries of HELLENIC FOOD INVESTMENTS S.A.			
HOLLYWOOD RESTAURANTS-PATISSERIES S.A.	93,57%	GREECE	2005-2006
ZEFXI RESTAURANTS-PATISSERIES S.A.	96,98%	GREECE	2003-2006
RESTAURANTS SYGROU S.A.	75,00%	GREECE	2006
SEA ΠΑΙΑΝΙΑΣ S.A.	100,00%	GREECE	2006
ILION CAFÉ-PATISSERIES S.A.	100,00%	GREECE	2004-2006
PAGRATI TECHNICAL AND CATERING COMPANY	100,00%	GREECE	2002-2006
(iii) Subsidiaries of CREAM LINE A.E.			
CREAM LINE (CYPRUS) LTD	100,00%	BOULGARIA	-
CREAM LINE BULGARIA (CYPRUS) LTD	100,00%	CYPRUS	-
CREAM LINE NISS DOO	100,00%	CYPRUS	-
CREAM LINE ROMANIA (CYPRUS) LTD	100,00%	SERBIA	-
CREAM LINE ROMANIA S.A.	77,00%	CYPRUS	-
OPIRUS TRADING LTD	100,00%	CYPRUS	-
(iv) Subsidiaries of CHIPITA PARTICIPATIONS LTD			
CHIPITA UKRAINE (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA ZAO	100,00%	RUSSIA	-
EDITA SAE	30,00%	EGYPT	-
CHIPITA NIGERIA (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA EAST EUROPE (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA ITALIA SPA	100,00%	ITALY	-

VIVARTIA SA



APPENDIX I
SUBSIDIARIES OF VIVARTIA S.A AND TAX UNAUDITED YEARS PER COMPANY

(v) Subsidiary of EDITA SAE			
DIGMA SAE	100,00%	EGYPT	-
(vi) Subsidiary of CHIPITA UKRAINE (CYPRUS) LTD			
TEO PLUS	100,00%	UKRAINE	-
(vii) Subsidiaries of CHIPITA EAST EUROPE (CYPRUS) LTD			
CHIPITA BULGARIA (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA POLAND (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA ROMANIA (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA YUGOSLAVIA (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA HUNGARY (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA RUSSIA (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA RUSSIA TRADING (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA CZECH (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA UKRAINE TRADING (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA FOODS BULGARIA (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA BULGARIA TRANSPORTATION LTD	60,00%	CYPRUS	-
(viii) Subsidiary of CHIPITA BULGARIA (CYPRUS) LTD			
CHIPITA BULGARIA SA	100,00%	BOULGARIA	-
(ix) Subsidiary of CHIPITA POLAND (CYPRUS) LTD			
CHIPITA POLAND SP ZOO	100,00%	POLAND	-
x) Subsidiary of CHIPITA ROMANIA (CYPRUS) LTD			
CHIPITA ROMANIA SRL	100,00%	ROMANIA	-
(xi) Subsidiary of CHIPITA YUGOSLAVIA (CYPRUS) LTD			
CHIPITA BELGRADE SA	100,00%	SERBIA	-
(xii) Subsidiary of CHIPITA HUNGARY (CYPRUS) LTD			
CHIPITA HUNGARY KFT	100,00%	HUNGARY	-
(xiii) Subsidiaries of CHIPITA RUSSIA (CYPRUS) LTD			
CHIPITA ST PETERSBURG ZAO	100,00%	RUSSIA	-
ELDI OOO	100,00%	RUSSIA	-
(xiv) Subsidiary of CHIPITA RUSSIA TRADING (CYPRUS) LTD			
CHIPITA RUSSIA TRADING OOO	100,00%	RUSSIA	-
(xv) Subsidiaries of CHIPITA CZECH (CYPRUS) LTD			
CHIPITA CZECH LTD	100,00%	CZECH	-
CHIPITA SLOVAKIA LTD	100,00%	SLOVAKIA	-
(xvi) Subsidiary of CHIPITA UKRAINE TRADING (CYPRUS) LTD			
CHIPITA UKRAINE TRADING ZBUT	100,00%	UKRAINE	-
(xvii) Subsidiary of CHIPITA FOODS BULGARIA (CYPRUS) LTD			
CHIPITA FOODS BULGARIA EAD	100,00%	BOULGARIA	-
(xviii) Subsidiary of CHIPITA BULGARIA TRANSPORTATION LTD			
DIAS TRANSPORTATION LTD	100,00%	BOULGARIA	-
Associates consolidated under the proportionate consolidation method :			
CHIPIMA SOSIADADE DE PRODUTOS ALIMENTARES S.A.	40,00%	PORTUGAL	-
Associates consolidated under the equity consolidation method :			
VALTOP HOLDINGS Ltd (Dondoni Group of Companies)	24,21%	GREECE	
ARMA INVESTMENTS S.A.	25,00%	GREECE	
DESMOS DEVELOPMENTS S.A.	30,00%	GREECE	
CAFÉ HALKYON S.A.	35,00%	GREECE	
MARINA ZEAS S.A.	50,00%	GREECE	
CHIPIGA S.A.	35,00%	MEXICO	
TSIMIS S.A.	30,00%	GREECE	
LEVENTIS SNACKS LTD	40,00%	NIGERIA	