# CH. K. TEGOPOULOS EDITIONS AE

**FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE GROUP FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2006COMPILED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

# CONTENTS

# INDEPENDENT AUDITOR'S REPORT

*To the Shareholders of CH. K. TEGOPOULOS EDITIONS S.A.*

**Report on the Financial Statements**

We have audited the accompanying financial statements of CH. K. TEGOPOULOS EDITIONS S.A., which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

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

**Report on Other Legal and Regulatory Requirements**

The content of the Report of the Board of Directors (or the Administrator) is consistent with the aforementioned financial statements.

Athens, 22 March 2007

**ALEXANDROS P. SFIRIS**

**Certified Public Accountant Auditor**

**SOEL Reg. No. 14871**

**SOL S.A. – Certified Public Accountants Auditors**

# BALANCE SHEET

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Note | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 5.1 | 66.793.883,79 | 70.589.943,27 | 66.793.883,58 | 70.589.943,06 |
| Investments in subsidiaries | 2.2.1 | 0,00 | 0,00 | 0,00 | 0,00 |
| Investments in associates | 2.2.2 | 3.200.579,29 | 3.067.941,65 | 2.436.786,00 | 2.074.886,00 |
| Available for sale financial assets | 5.2 | 5.171.293,84 | 15.369.643,74 | 5.171.293,84 | 15.369.643,74 |
| Deferred income tax assets | 5.3 | 1.772.264,49 | 0,00 | 1.312.609,27 | 0,00 |
| Other receivables | 5.4 | 21.135,42 | 21.110,42 | 21.145,18 | 21.120,18 |
| **Total non-current assets** | | **76.959.156,83** | **89.048.639,08** | **75.735.717,87** | **88.055.592,98** |
| **Current assets** | | | | | |
| Inventories | 5.5 | 3.116.833,22 | 3.986.110,93 | 3.114.693,64 | 3.982.663,06 |
| Trade & other receivables | 5.6 | 34.935.323,79 | 33.902.582,17 | 34.909.678,94 | 33.654.383,57 |
| Available for sale financial assets | 5.2 | 0,00 | 0,00 | 0,00 | 0,00 |
| Cash and cash equivalents | 5.8 | 2.356.130,12 | 3.526.253,80 | 1.570.721,72 | 2.732.613,24 |
| **Total current assets** | | **40.408.287,13** | **41.414.946,90** | **39.595.094,30** | **40.369.659,87** |
| **Total Assets** | | **117.367.443,96** | **130.463.585,98** | **115.330.812,17** | **128.425.252,85** |
| **EQUITY & LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| Share capital | 5.9 | 27.273.817,00 | 27.273.817,00 | 27.273.817,00 | 27.273.817,00 |
| Share premium | | 51.396.268,09 | 51.396.268,09 | 51.396.268,09 | 51.396.268,09 |
| Treasury shares | | 0,00 | -1.085.311,77 | 0,00 | -1.085.311,77 |
| Reserves at fair value | | 13.769.736,59 | 9.866.605,14 | 13.769.736,59 | 10.020.052,13 |
| Other reserves | | -858.714,40 | -571.340,54 | -706.466,64 | -572.539,77 |
| Retained earnings | | -24.596.794,17 | -18.330.533,41 | -24.622.777,25 | -18.574.482,16 |
| **Capital and reserves attributable to equity holders of the Parent** | | **66.984.313,11** | **68.549.504,51** | **67.110.577,79** | **68.457.803,52** |
| **Minority interest** | | 178.260,64 | 169.739,25 | 0,00 | 0,00 |
| **Total Equity** | | **67.162.573,75** | **68.719.243,76** | **67.110.577,79** | **68.457.803,52** |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Long-term bank borrowings | 5.10 | 6.061.607,73 | 15.100.000,00 | 6.061.607,73 | 15.100.000,00 |
| Other non-current liabilities | | 0,00 | 0,00 | 0,00 | 0,00 |
| Deferred income tax | 5.3 | 0,00 | 237.356,87 | 0,00 | 640.561,17 |
| Provision for benefit obligations | 5.11 | 11.064.121,53 | 10.070.618,26 | 9.376.217,30 | 8.516.775,26 |
| Other provisions | 5.12 | 3.152.840,21 | 2.513.294,89 | 3.152.840,21 | 2.513.294,89 |
| Grants for investments in assets | 5.13 | 2.203.161,03 | 2.540.998,79 | 2.203.161,03 | 2.540.998,79 |
| **Total non-current liabilities** | | **22.481.730,50** | **30.462.268,81** | **20.793.826,27** | **29.311.630,11** |
| **Current liabilities** | | | | | |
| Trade and other payables | 5.14 | 18.315.021,67 | 19.980.084,97 | 18.018.290,07 | 19.353.830,78 |
| Current income tax liabilities | | 0,00 | 0,00 | 0,00 | 0,00 |
| Short-term bank borrowings | 5.16 | 9.239.822,27 | **11.165.660,51** | 9.239.822,27 | **11.165.660,51** |
| Provisions and other liabilities | 5.17 | 168.295,77 | 136.327,93 | 168.295,77 | 136.327,93 |
| **Total current liabilities** | | **27.723.139,71** | **31.282.073,41** | **27.426.408,11** | **30.655.819,22** |
| **Total liabilities** | | **50.204.870,21** | **61.744.342,22** | **48.220.234,38** | **59.967.449,33** |
| **Total Equity and Liabilities** | | **117.367.443,96** | **130.463.585,98** | **115.330.812,17** | **128.425.252,85** |

# INCOME STATEMENT

| | Note | 01.01 – 30.09.2006 | 01.01 – 30.09.2005 |
|---|---|---|---|
| | | THE GROUP | |
| Sales | 6.1 | 124.843.448,16 | 109.495.565,39 |
| Cost of sales | 6.2 | -92.838.127,48 | -79.673.960,29 |
| **Gross profit** | | **32.005.320,68** | **29.821.605,10** |
| Other income | 6.3 | 1.047.850,54 | 1.162.910,11 |
| Selling and marketing costs | 6.4 | -36.664.514,19 | -27.829.222,82 |
| Administrative expenses | 6.5 | -5.064.210,93 | -4.813.333,97 |
| Finance costs – net | 6.6 | 526.404,62 | -4.032,28 |
| Results from associates | 6.7 | 397.506,64 | 356.091,88 |
| **Profit (loss) before taxes** | | **-7.751.642,64** | **-1.305.981,98** |
| Income tax expense | 6.8 | 1.493.903,27 | 161.774,20 |
| **Net profit (loss) for the period** | | **-6.257.739,37** | **-1.144.207,78** |
| **Attributable to:** | | | |
| Equity holders of the Parent | | -6.266.260,76 | -1.145.127,55 |
| Minority interest | | 8.521,39 | 919,77 |
| | | **-6.257.739,37** | **-1.144.207,78** |
| **Earnings (loss) after taxes per share – basic (expressed in €)** | 6.9 | -0,115 | -0,021 |

| | | THE COMPANY | |
|---|---|---|---|
| Sales | 6.1 | 124.814.412,06 | 109.481.398,51 |
| Cost of sales | 6.2 | -92.488.956,98 | -81.157.977,76 |
| **Gross profit** | | **32.325.455,08** | **28.323.420,75** |
| Other income | 6.3 | 1.054.658,39 | 1.168.836,41 |
| Selling and marketing costs | 6.4 | -36.942.037,25 | -26.084.604,27 |
| Administrative expenses | 6.5 | -5.061.395,84 | -5.247.220,00 |
| Finance costs – net | 6.6 | 1.137.572,18 | 174.361,65 |
| **Profit (loss) before taxes** | | **-7.485.747,44** | **-1.665.205,46** |
| Income tax expense | 6.8 | 1.437.452,35 | 111.006,00 |
| **Net profit (loss) for the period** | | -6.048.295,09 | -1.554.199,46 |
| **Earnings (loss) after taxes per share – basic (expressed in €)** | 6.9 | -0,111 | -0,029 |

# CASH FLOW STATEMENT

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.2006** | **31.12.2005** | **31.12.2006** | **31.12.2005** |
| **Cash flows related to Operating Activities** | | | | |
| Net Profit before taxes | -7.751.642,64 | -1.305.981,98 | -7.485.747,44 | -1.665.205,46 |
| Plus/Less adjustments for: | | | | |
| Depreciation and amortisation | 4.254.014,33 | 4.201.257,57 | 4.254.014,33 | 4.201.257,57 |
| Provisions | 1.621.503,27 | 1.268.942,99 | 1.487.442,04 | 1.244.844,38 |
| Other non-cash expense/income | 0,00 | 0,00 | 0,00 | 0,00 |
| Exchange rate differences | 0,00 | 0,00 | 0,00 | 0,00 |
| Net cash (income, expenses, profit and loss) from investing activities | -1.687.628,17 | -967.353,75 | -1.894.388,95 | -782.926,00 |
| Interest expense and similar charges | 763.716,91 | 615.294,15 | 756.816,77 | 608.564,35 |
| Plus/Less adjustments of working capital to net cash or related to operating activities: | | | | |
| Decrease/(increase) of Inventories | 869.277,71 | -459.706,98 | 867.969,42 | -454.547,13 |
| Decrease/(increase) of Receivables | -387.955,10 | -3.016.373,30 | -274.730,17 | -2.934.551,75 |
| (Decrease)/increase of payable accounts (except Banks) | -1.344.851,86 | 4.168.965,78 | -1.351.107,95 | 4.186.297,92 |
| Less: | | | | |
| Interest paid and similar expenses | -763.716,91 | -615.294,15 | -756.816,77 | -608.564,35 |
| Income tax paid | 0,00 | 0,00 | 0,00 | 0,00 |
| ***Net cash inflows/(outflows) generated from Operating Activities (a)*** | **-4.427.282,46** | **3.889.750,33** | **-4.396.548,72** | **3.792.169,53** |
| **Cash Flows related to Investing Activities** | | | | |
| Purchases of subsidiaries, associates, joint ventures and other investments | 0,00 | -89.950,11 | 0,00 | -120.000,00 |
| Purchases of tangible and intangible assets | -540.098,65 | -3.579.090,34 | -540.098,65 | -3.752.690,67 |
| Proceeds from sale of tangible and intangible assets | 31.040,10 | 43.233,82 | 31.040,10 | 43.233,82 |
| Proceeds from Available for sale financial assets | 14.235.758,49 | 0,00 | 14.235.758,49 | 0,00 |
| Interest received | 74.545,47 | 104.100,23 | 52.043,89 | 98.283,56 |
| Dividends received | 420.445,06 | 973.322,44 | 420.445,06 | 973.322,44 |
| ***Net cash inflows/(outflows) generated from Investing Activities (b)*** | **14.221.690,47** | **-2.548.383,96** | **14.199.188,89** | **-2.757.850,85** |
| **Cash Flows related to Financing Activities** | | | | |
| Cash received from issue of share capital | 0,00 | 0,00 | 0,00 | 39.230.032,68 |
| Proceeds from issuance of loans | 13.330.517,80 | 39.230.032,68 | 13.330.517,80 | -12.964.372,17 |
| Repayment of loans | -24.236.356,04 | -12.964.372,17 | -24.236.356,04 | -5.389,83 |
| Repayments of finance lease obligations (instalments for paying off the debt) | -58.392,27 | -5.389,83 | -58.392,27 | 0,00 |
| Return of capital | 0,00 | -30.307.762,24 | 0,00 | -30.307.762,24 |
| Dividends paid | -301,18 | -3.820.575,75 | -301,18 | -3.820.575,75 |
| ***Net cash inflows/(outflows) generated from Financing Activities (c)*** | **-10.964.531,69** | **-7.868.067,31** | **-10.964.531,69** | **-7.868.067,31** |
| ***Net increase/(decrease) in cash and cash equivalents for the period (a) + (b) + (c)*** | **1.170.123,68** | **-6.526.700,94** | **-1.161.891,52** | **-6.833.748,63** |
| ***Cash and cash equivalents at beginning of period*** | **3.526.253,80** | **10.052.954,74** | **2.732.613,24** | **9.566.361,87** |
| *Cash and cash equivalents at end of period* | **2.356.130,12** | **3.526.253,80** | **1.570.721,72** | **2.732.613,24** |

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED AT 31 DECEMBER 2006

| | THE GROUP | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share Capital** | **Reserve above par** | **Treasury shares** | **Reserves at fair value** | **Other reserves** | **Retained earnings** | **Minority interests** | **Total Equity** |
| **Balance at 1 January 2005** | **16.364.290,20** | **92.852.469,93** | **-1.324.224,57** | **10.395.633,84** | **-571.340,54** | **-13.306.331,92** | **168.819,48** | **104.579.316,42** |
| - Acquisition of company and adjustment to consolidation | | | | 370.924,28 | | -90.603,66 | | 280.320,62 |
| - Readjustment of property, plant and equipment | | | | -830.890,62 | | | | -830.890,62 |
| - Valuation of available-for-sale financial assets | | | | -69.062,36 | | | | -69.062,36 |
| - Changes of associates directly to equity | **0,00** | **0,00** | **0,00** | **-529.028,70** | **0,00** | **-90.603.66** | **0,00** | **-619.632,36** |
| - Income tax to and from net equity | | | | | | -1.142.127,55 | 919,77 | -1.144.207,78 |
| **Net income (expense) recognised directly in equity** | **0,00** | **0,00** | **0,00** | **-529.028,70** | **0,00** | **-1.235.731,21** | **919,77** | **-1.763.840,14** |
| - Profit/Loss for the period | | | | | | -3.788.470,28 | | -3.788.470,28 |
| **Total profit (loss) for the period** | 10.909.526,80 | | | | | | | 10.909.526,80 |
| - Dividends payable | | -41.456.201,84 | | | | | | -41.456.201,84 |
| - Share capital increase | | | 238.912,80 | | | | | 238.912,80 |
| - Capitalization-Distribution of Reserves-Decrease of Capital | **27.273.817,00** | **51.396.268,09** | **-1.085.311,77** | **9.866.605,14** | **-571.340,54** | **-18.330.533,41** | **169.739,25** | **68.719.243,76** |
| - Treasury shares | | | | | | | | |
| **Balance at 31 December 2005** | **27.273.817,00** | **51.396.268,09** | **-1.085.311,77** | **9.866.605,14** | **-571.340,54** | **-18.330.533,41** | **169.739,25** | **68.719.243,76** |
| | | | | | | | | |
| **Balance at 1 January 2006** | **27.273.817,00** | **51.396.268,09** | **-1.085.311,77** | **9.866.605,14** | **-571.340,54** | **-18.330.533,41** | **169.739,25** | **68.719.243,76** |
| - Readjustment of property, plant and equipment | | | | 541.515,94 | | | | 541.515,94 |
| - Valuation of available-for-sale financial assets | | | | 3.208.168,52 | | | | 3.208.168,52 |
| - Changes of associates directly to equity | | | | 0,00 | | | | 0,00 |
| **Net income (expense) recognised directly in equity** | **0,00** | **0,00** | **0,00** | **3.749.684,46** | **0,00** | **0,00** | **0,00** | **3.749.684,46** |
| - Profit/Loss for the period | | | | | | -6.266.260,76 | 8.521,39 | -6.257.739,37 |
| **Total profit (loss) for the period** | **0,00** | **0,00** | **0,00** | **3.749.684,46** | **0,00** | **-6.266.260,76** | **8.521,39** | **-2.508.054,91** |
| - Treasury shares | | | 1.085.311,77 | | -133.926,87 | | | 951.384,90 |
| **Balance at 31 December 2006** | **27.273.817,00** | **51.396.268,09** | **0,00** | **13.616.289,60** | **-705.267,41** | **-24.596.794,17** | **178.260,64** | **67.162.573,75** |

# STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED AT 31 DECEMBER 2006

| | THE COMPANY | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Share Capital** | **Reserve above par** | **Treasury shares** | **Reserves at fair value** | **Other reserves** | **Retained earnings** | **Total Equity** |
| **Balance at 1 January 2005** | **16.364.290,20** | **92.852.469,93** | **-1.324.224,57** | **10.480.018,47** | **-572.539,77** | **-13.231.812,42** | **104.568.201,84** |
| - Readjustment of property, plant and equipment | | | | 370.924,28 | | | 370.924,28 |
| - Valuation of available-for-sale financial assets | | | | -830.890,62 | | | -830.890,62 |
| **Net income (expense) recognised directly in equity** | **0,00** | **0,00** | **0,00** | **-459.966,34** | **0,00** | **0,00** | **-459.966,34** |
| - Profit/Loss for the period | | | | | | -1.554.199,46 | -1.554.199,46 |
| **Total profit (loss) for the period** | **0,00** | **0,00** | **0,00** | **-459.966,34** | **0,00** | **-1.554.199,46** | **-2.014.165,80** |
| - Dividends payable | | | | | | -3.788.470,28 | -3.788.470,28 |
| - Share capital increase | 10.909.526,80 | | | | | | 10.909.526,80 |
| - Capitalization-Distribution of Reserves-Decrease of Capital | | -41.456.201,84 | | | | | -41.456.201,84 |
| - Treasury shares | | | 238.912,80 | | | | 238.912,80 |
| **Balance at 31 December 2005** | **27.273.817,00** | **51.396.268,09** | **-1.085.311,77** | **10.020.052,13** | **-572.539,77** | **-18.574.482,16** | **68.457.803,52** |
| | | | | | | | |
| **Balance at 1 January 2006** | **27.273.817,00** | **51.396.268,09** | **-1.085.311,77** | **10.020.052,13** | **-572.539,77** | **-18.574.482,16** | **68.457.803,52** |
| - Readjustment of property, plant and equipment | | | | 541.515,94 | | | 541.515,94 |
| - Valuation of available-for-sale financial assets | | | | 3.208.168,52 | | | 3.208.168,52 |
| **Net income (expense) recognised directly in equity** | **0,00** | **0,00** | **0,00** | **3.749.684,46** | **0,00** | **0,00** | **3.749.684,46** |
| - Profit/Loss for the period | | | | | | -6.048.295,09 | -6.914.702,68 |
| **Total profit (loss) for the period** | **0,00** | **0,00** | **0,00** | **3.749.684,46** | **0,00** | **-6.048.295,09** | **-2.298.610,63** |
| - Treasury shares | | | 1.085.311,77 | | -133.926,87 | | 951.384,90 |
| **Balance at 31 December 2006** | **27.273.817,00** | **51.396.268,09** | **0,00** | **13.769.736,59** | **-706.466,64** | **-24.622.777,25** | **67.110.577,79** |

# CH. K. TEGOPOULOS EDITIONS AE
# Notes to the financial statements
# of the Parent Company and the Group
# Prepared in accordance with
# International Financial Reporting Standards (IFRS)
# 1 January 2006 – 31 December 2006
# (Amounts reported in Euro)

## 1. GENERAL INFORMATION

### 1.1 DESCRIPTION OF THE PARENT COMPANY & GROUP

The company CH. K. TEGOPOULOS EDITIONS AE (parent) was established in 1974 (Gov. Gazz. 1625/23.07.1974) and its duration was set to 100 years, its registered office is in Athens and its address is at 10-16 Minoos (N.Kosmos) Athens 11743. The company's website address is www.enet.gr. The English name of the company is CH. K. TEGOPOULOS EDITIONS AE.

The company (parent) is subject to Greek Legislation, is a Limited Liability Company and operates according to L. 2190/20. The Company is registered in the Public Companies Register under Reg. No. 2384/01/B/86/2383.

The company (parent) is listed on the Athens Stock Exchange since 30/12/1998 and its shares are traded in the category of Large Capitalization.

- It publishes the most significant Greek newspapers "ELEFTHEROTYPIA" & "KYRIAKATIKI ELEFTHEROTYPIA", which together with its inserts (magazines) play a leading part in their field in the case of circulation, readability & advertising income.
- It publishes the leading newspaper for Small Ads "CHRYSI EFKAIRIA".

The consolidated financial statements include the parent company, its subsidiaries and the associate companies (henceforth the group TEGOPOULOS or the group).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE PARENT COMPANY AND GROUP

The financial statements have been prepared in accordance with International Financial Reporting Standards (henceforth IFRS), which have been adopted by the European Union applying IFRS 1 "First-time-adoption of International Financial Reporting Standards" with transition date 1 January 2004.

The parent company until 31 December 2004 kept its accounting books and prepared its financial statements based on the Greek company law 2190/1920 and the law in effect. From 1 January 2005 and hence, the parent company based on the European law 1606/2002 and based on the Law 3229/2004 (as amended by law 3301/2004) prepares and publishes the financial statements in accordance with the International Financial Reporting Standards that have been adopted by the European Union.

The accounting policies described below, have been applied for the preparation of the interim financial statements.

The financial statements of the parent Company, have been prepared with the Greek Accounting Standards up until 31.12.2004. These standards differ in certain issues from the IFRS's. The comparative data of the year 2004 of the parent company were restated according to the adopted for the IFRS accounting policies and accounting estimations.

### 2.1. BASIS OF PREPARATION

#### 2.1.1. Historical Cost Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings prepared under fair value.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

### 2.1.2 Consolidation

- **Subsidiaries** are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given. equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

- **Associates** are entities over which the Group has a participation percentage lower than half of the voting rights and exercises significant influence. Associates are incorporated with the net equity method.

### 2.1.3 Depreciation

**Non-current assets**

The company's non-current assets are depreciated according to the following rates:

| | % |
|---|---|
| Buildings & other installations | 2-2,5 |
| Improvements on third party property | 20 |
| Plant & machinery | 8 |
| Furniture & utensils | 20-24 |
| Transportation equipment | 11-15 |

### 2.1.4 Property, plant and equipment (measurement)

Property, plant and equipment (PPE), except for land is shown at cost less subsequent depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of PPE.

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

Land is shown at fair value, based on valuations by independent valuers, less subsequent depreciation and impairment loss. Land is revalued at regular time periods so that the carrying amount does not differ to the fair values at the closing dates of the Balance Sheet.

Increases in the carrying amount arising on revaluation of land at fair value is credited to other reserves in shareholders' equity, except if it concerns to reversal of decreased revaluation (devaluation) of a specific land that had been recognised in expenses. In this circumstance an equal amount of the revaluation is recognised in income.

### 2.1.5 Taxation

Income tax is calculated on the taxable profit for the period with the each time effective rate (29% for the year 2006, 32% for the year 2005). The taxable profit differ from the company's net profit as disclosed in the financial statements, since they do not include income or expenses that are not taxed or accepted as deductible in other years and do not include amounts which are never taxed or accepted as deductible.

Deferred income tax is the tax either due or payable owing to time difference between income tax payment or tax recognition of expenses and it is accounted for to the extent that it is probable that future taxable profit will be available.

Deferred income tax liability is recognised mainly for all the temporary differences and deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available and be set off with the respective arising deferred income tax liability.

The amounts of deferred income tax (assets and liabilities) are reviewed at each Balance Sheet date and are reconsidered if payable, taking into account new facts and coincides that affect the availability of future taxable profit for their development.

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

Deferred income tax is charged or credited to the income statement, except when it relates to items transferred directly to equity in which case the deferred tax has the same accounting treatment.

**2.1.6 Inventories (merchandise-products-disposals-spare parts)**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the Weighted Average Cost of balances. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.1.7 Revenue**

Revenue is accounted for on its realisation and mainly represents income from sale of newspapers, advertisements and income from printing on behalf of third parties.

### 2.1.8 Impairment of assets

At each Balance Sheet date the company's management reviews the carrying amount of property, plant and equipment in order to determine if these assets have been subjected to impairment. No such indication existed at 31.12.2006.

### 2.1.9 Trade receivables

Trade receivables are measured at nominal value of receivables after being reduced by bad receivables. The company's management examines at regular time intervals the collectibility of receivables. For every contingent bad receivable is performed a provision.

### 2.1.10 Creditors

Creditors are measured at nominal value of liabilities.

### 2.1.11 Employee benefits

According to the Greek Labour Law, the company has an obligation to pay all employees a specific benefit on retirement. This benefit is due on retirement and is equal to 40% or 70% of the amount dependent on factors:

a) years of service at company
b) monthly salary during the year of retirement and
c) other factors as specified by the relative legislation

### 2.1.12 Investments

The company classifies its investments in the following categories:

**a) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.

**b) Available-for-sale financial assets**

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

Purchases and sales of investments are recognised on trade-date-the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value until sold or impaired. At sale or impairment the gains and losses are transferred to the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques.

### 2.1.13 Government grants

The Government grants for staff training or other expenses are recognised in the income statement over the period necessary to mach them with the costs that they are intended to compensate.

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

## 2.2 CONSOLIDATED COMPANIES & CONSOLIDATION METHOD

### 2.2.1. Subsidiaries

The interim consolidated financial statements of the group included the financial statements of the parent company CH. K. TEGOPOULOS EDITIONS AE as well as the subsidiary companies in which CH. K. TEGOPOULOS EDITIONS AE governs. All inter-company transactions and balances have been eliminated in the accompanying interim consolidated financial statements. In the interim individual financial statements of the company, the participations in the subsidiary companies are accounted for at acquisition cost deductible of any impairment provisions.

In the following table are set out all the subsidiary companies:

| No. | Sector | Company | Participation percentage | Country of Operation | Activity | Consolidation Method |
|---|---|---|---|---|---|---|
| 1. | PRINTING | FOTOEKDOTIKI SA | 90% | GREECE | PRE PRESS | Full |
| 2. | INFORMATION TECHNOLOGY | EPSILON NET SA | 51% | GREECE | ELECTRONIC TRADE | -//- |
| 3. | PUBLISHING | EPSILON GRAPHIC ARTS SA | 100% | GREECE | PUBLISHING-PRINTING | -//- |

In the Balance Sheet account of the parent company “investments in subsidiaries” are included the following participations:

## THE COMPANY

## 01.01.2006 – 31.12.2006

| No. | Investments in Subsidiaries | Participation percentage | Acquisition cost | Impairment | | Carrying amount 30.06.2006 |
|---|---|---|---|---|---|---|
| | | | | Until 31.12.2004 | 30.09.2005 | |
| 1. | FOTOEKDOTIKI SA | 90% | 146.443,09 | 146.443,09 | 0,00 | 0,00 |
| 2. | EPSILON NET SA | 51% | 737.872,34 | 737.872,34 | 0,00 | 0,00 |
| 3. | EPSILON GRAPHIC ARTS SA | 100% | 120.000,00 | 0,00 | 120.000,00 | 0,00 |
| | **TOTAL** | | **1.004.315,43** | **884.315,43** | **0,00** | **0,00** |

## 01.01.2005 – 31.12.2005

| No. | Investments in Subsidiaries | Participation percentage | Acquisition cost | Impairment | | Carrying amount 31.12.2005 |
|---|---|---|---|---|---|---|
| | | | | Until 31.12.2004 | 31.12.2005 | |
| 1. | FOTOEKDOTIKI SA | 90% | 146.443,09 | 146.443,09 | 0,00 | 0,00 |
| 2. | EPSILON NET SA | 51% | 737.872,34 | 737.872,34 | 0,00 | 0,00 |
| 3. | EPSILON GRAPHIC ARTS SA | 100% | 120.000,00 | 0,00 | 120.000,00 | 0,00 |
| | **TOTAL** | | **884.315,43** | **884.315,43** | **0,00** | **0,00** |

- The company EPSILON GRAPHIC ARTS SA was acquired in September 2005 against an amount of € 120.000,00.

### 2.2.2 Associates

The participations of the group in associates are accounted for in the consolidated financial statements with the equity method. Associates are companies where the group has significant influence over.

The participations in associates are initially recognised at cost and their carrying amount increases or decreases to show the share of the investor in profit or losses. The dividends which the investor receives from an associate decrease the carrying amount of the participation in the consolidated financial statements. In the individual financial statements of the company, the participations in associates are accounted for at acquisition cost less any impairment provisions.

In the following table are set out all the associate companies.

| No. | Company | Participation percentage | Country of operation | Activity | Consolidation Method |
|---|---|---|---|---|---|
| 1. | MEDIATEL S.A. | 44% | GREECE | TELECOMMUNICATIONS | Equity |
| 2. | ARGOS S.A. | 24,12% | GREECE | PRESS DISTRIBUTION | -//- |
| 3. | MEDIA CALL CENTER S.A. | 20% | GREECE | TELECOMMUNICATIONS | -//- |
| 4. | PLANATECH S.A. | 20% | GREECE | CONSTRUCTION OF LEISURE BOATS | -//- |

In the Balance Sheet account "Investments in associated companies" are included the following participations.

**THE GROUP**

**In Euro 31.12.2006 31.12.2005**

| No. | Investments in Associates | Carrying amount 01.01.2006 | Share of profits | Carrying amount 31.12.2006 | Carrying amount 01.01.2005 | Share of profits/losses | Carrying amount 31.12.2005 |
|---|---|---|---|---|---|---|---|
| 2. | MEDIATEL S.A. | 1.241.875,40 | -50.366,63 | 1.191.508,77 | 1.394.206,52 | -152.331,12 | 1.241.875,40 |
| 2. | ARGOS S.A. | 1.646.869,08 | 220.957,48 | 1.867.826,56 | 1.399.904,92 | 246.964,16 | 1.646.869,08 |
| 3. | MEDIA CALL CENTER S.A. | 53.949,20 | -53.949,20 | 0,00 | 90.050,28 | -36.101,08 | 53.949,20 |
| 4. | PLANATECH S.A. | 125.247,97 | 11.995,99 | 141.243,96 | 74.158,41 | 51.089,56 | 125.247,97 |
| | **TOTAL** | **3.067.941,65** | **132.637,64** | **3.200.579,29** | **2.958.320,13** | **109.621,52** | **3.067.941,65** |

**THE COMPANY**

**In Euro 31.12.2006 31.12.2005**

| No. | Investments in Associates | Acquisition cost (31.12.2006) | Impairment 31.12.2004 (31.12.2006) | Book Value (31.12.2006) | Acquisition cost (31.12.2005) | Impairment 31.12.2004 (31.12.2005) | Book Value (31.12.2005) |
|---|---|---|---|---|---|---|---|
| 1. | MEDIATEL S.A. | 1.108.800,00 | - | 1.108.800,00 | 1.108.800,00 | - | 1.108.800,00 |
| 2. | ARGOS S.A. | 1.063.986,00 | - | 1.063.986,00 | 702.086,00 | - | 702.086,00 |
| 3. | MEDIA CALL CENTER S.A. | 144.000,00 | - | 144.000,00 | 144.000,00 | - | 144.000,00 |
| 4. | PLANATECH S.A. | 420.000,00 | - 300.000,00 | 120.000,00 | 420.000,00 | -300.000,00 | 120.000,00 |
| | **TOTAL** | **2.374.886,00** | **-300.000,00** | **2.436.786,00** | **2.374.886,00** | **-300.000,00** | **2.074.886,00** |

The cost of acquisition of the company ARGOS S.A. haw risen in 20006 by the amount of 361.900,00€ after raise of capital by capitalization of reserves that the company realized. The percentage of participation remained unchangeable .

On March 2007 the company sold its percentage of participation (20%) of he relative company MEDIA CALL CENTER S.A. in the amount of 144.000,00€. This percentage was sold to the company MEDITEL S.A.

## 2.3 SEGMENT REPORTING

The segments in which CH. K. TEGOPOULOS EDITIONS AE and its group are the following:

**a) Publishing :**

The main activity of the parent company is the publication of newspapers. It publishes the most significant Greek political newspapers “ELEFTHEROTYPIA” & “KYRIAKATIKI ELEFTHEROTYPIA” together with its magazine inserts as well as also the leading newspaper for classified ads “CHRYSI EFKAIRIA”.

**b) Printing:**

In the printing sector operates a part of the parent company, since the subsidiary company FOTOEKDOTIKI S.A. is engaged in the electronic pre press and the printing of any kind of printed matter.

The group has its activities in Greece and therefore no distinction is made in geographical segments.

In the following tables are set out in detail the income and results, assets and liabilities that concern the segments of activity of CH. K. TEGOPOULOS EDITIONS AE and its group for the periods ended on 31 December 2006 and the respective comparative period 31.12.2005.

## Information per Group segment (31.12.2006)

**(Amounts reported in Euro)**

| 01.01. – 31.12.2006 | Publishing Segment | Printing Segment | Total |
|---|---|---|---|
| INCOME | | | |
| Total segment sales | 113.977.524,97 | 15.192.694,11 | 129.170.219,08 |
| Inter-segment sales | 6.387,26 | 4.320.383,66 | 4.326.770,92 |
| Net sales | 113.971.137,71 | 10.872.310,45 | 124.843.448,16 |
| Results per segment | -10.131.676,09 | 408.271,65 | -9.723.404,44 |

## Information per Group segment (31.12.2005)

**(Amounts reported in Euro)**

| 01.01. – 31.12.2005 | Publishing Segment | Printing Segment | Total |
|---|---|---|---|
| INCOME | | | |
| Total segment sales | 99.582.383,911 | 14.110.685,96 | 113.693.069,87 |
| Inter-segment sales | 5.628,58 | 4.191.875,90 | 4.197.504,48 |
| Net sales | 99.576.755,33 | 9.918.810,06 | 109.495.565,39 |
| Results per segment | -2.966.251,84 | 145.300,15 | -2.820.951,69 |

The segment results include the gross result for the period and the administrative expenses and selling and marketing costs.

## 3. FINANCIAL RISK MANAGEMENT

**3.1 Credit risk:** Credit risk exists only for income from advertising entries. The company’s management follows this risk on a continuous basis and evaluates the need to take additional guarantees.

**3.2 Liquidity risk:** Due to the fact that approximately 70% of the earnings comes from sales through agents, there is no liquidity risk.

**3.3 Cash flow risk:** It may arise from the increase of the interest rates for the debenture loans. It is worth mentioning that the value of the said loans is small in comparison to the total liabilities of the company.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS OF MANAGEMENT

The management’s estimates and judgments are constantly re-examined and rely on historical data and future estimates.

# 5. ANALYSIS OF BALANCE SHEET DATA

## 5.1 Property, plant and equipment

**TABLE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT FOR THE PERIOD (01.01.- 31.12.2006 )**

**THE GROUP**

| | CHANGES IN PPE | | | | DEPRECIATION | | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance 31/12/2005 | Additions for the year | Decreases for the year | Total 31/12/2006 | Total Depreciation at 1/1/2006 | Additions for the year | Adjustments | Decreases for the year | Total depreciation at 31/12/2006 | |
| **LAND** | 14.310.335,00 | 0,00 | 0,00 | 14.310.335,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 14.310.335,00 |
| **BUILDINGS & INSTALLATIONS** | 33.460.124,62 | -257.053,95 | 0,00 | 33.203.070,67 | 1.267.658,75 | 805.662,60 | 0,00 | 0,00 | 2.073.321,35 | 31.129.749,32 |
| **MACHINERY-TECHNICAL INSTALLATIONS** | 37.480.788,30 | 442.227,18 | 142.761,11 | 37.780.254,37 | 14.589.830,56 | 2.933.703,20 | 0,00 | 68.564,77 | 17.454.968,99 | 20.325.285,38 |
| **TRANSPORTATION EQUIPMENT** | 670.591,52 | 34.110,00 | 94.495,81 | 610.205,71 | 458.753,87 | 48.915,55 | 0,00 | 86.548,37 | 421.121,05 | 189.084,66 |
| **FURNITURE AND FIXTURES** | 6.966.973,85 | 320.815,42 | 53.562,08 | 7.234.227,19 | 5.982.626,84 | 465.732,98 | 0,00 | 53.562,06 | 6.394.797,76 | 839.429,43 |
| **TOTAL** | **92.888.813,29** | **540.098,65** | **290.819,00** | **93.138.092,94** | **22.298.870,02** | **4.254.014,33** | **0,00** | **208.675,20** | **26.344.209,15** | **66.793.883,79** |

**THE COMPANY**

| | CHANGES IN PPE | | | | DEPRECIATION | | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance 31/12/2005 | Additions for the year | Decreases for the year | Total 31/12/2006 | Total Depreciation at 1/1/2006 | Additions for the year | Adjustments | Decreases for the year | Total depreciation at 31/12/2006 | |
| **LAND** | 14.310.335,00 | 0,00 | 0,00 | 14.310.335,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 14.310.335,00 |
| **BUILDINGS & INSTALLATIONS** | 33.460.124,62 | -257.053,95 | 0,00 | 33.203.070,67 | 1.267.658,75 | 805.662,60 | 0,00 | 0,00 | 2.073.321,35 | 31.129.749,32 |
| **MACHINERY-TECHNICAL INSTALLATIONS** | 37.480.788,30 | 442.227,18 | 142.761,11 | 37.780.254,37 | 14.589.830,56 | 2.933.703,20 | 0,00 | 68.564,77 | 17.454.968,99 | 20.325.285,38 |
| **TRANSPORTATION EQUIPMENT** | 670.591,52 | 34.110,00 | 94.495,81 | 610.205,71 | 458.753,87 | 48.915,55 | 0,00 | 86.548,37 | 421.121,05 | 189.084,66 |
| **FURNITURE AND FIXTURES** | 6.965.694,07 | 320.815,42 | 53.562,08 | 7.232.947,41 | 5.981.347,27 | 465.732.98 | 0,00 | 53.562,06 | 6.393.518,19 | 839.429,22 |
| **TOTAL** | **92.887.533,51** | **540.098,65** | **290.819,00** | **93.136.813,16** | **22.297.590,45** | **4.254.014,33** | **0,00** | **208.675,20** | **26.342.929,58** | **66.793.883,58** |

## 5.2 Available-for-sale financial assets (non-current)

The available-for-sale financial assets are participations in the share capital of four companies with participation percentage lower than 20% as well as mutual fund units.

### THE GROUP

| No. | AVAILABLE-FOR-SALE FINANCIAL ASSETS | PARTICIPATION PERCENTAGE | BOOK VALUE | |
|---|---|---|---|---|
| | | | 31.12.2006 | 31.12.2005 |
| 1. | EMFASIS EKDOTIKI SA | 9,375% | 206.092,71 | 158.147,94 |
| 2. | EPSILON TELEKOM SA | 16% | 0,00 | 0,00 |
| 3 | DRAGOUNIS EDITIONS SA | 15% | 0,00 | 0,00 |
| 4. | TILETYPOS SA | 2,68% | 4.378.143,28 | 14.807.585,32 |
| 5. | Mutual Fund Units Eurobank SA | | 587.057,85 | 403.910,48 |
| | **TOTAL** | | **5.171.293,84** | **15.369.643,74** |

### THE COMPANY

| No. | AVAILABLE-FOR-SALE FINANCIAL ASSETS | PARTICIPATION PERCENTAGE | BOOK VALUE | |
|---|---|---|---|---|
| | | | 31.12.2006 | 31.12.2005 |
| 1. | EMFASIS EKDOTIKI SA | 9,375% | 206.092,71 | 158.147,94 |
| 2. | EPSILON TELEKOM SA | 16% | 0,00 | 0,00 |
| 3. | DRAGOUNIS EDITIONS SA | 15% | 0,00 | 0,00 |
| 4. | TILETYPOS SA | 2,68% | 4.378.143,28 | 14.807.585,32 |
| 5. | Mutual Fund Units Eurobank SA | | 587.057,85 | 403.910,48 |
| | **TOTAL** | | **5.171.293,84** | **15.369.643,74** |

From the financial statements at 30/09/2006 the shares of TILETYPOS SA and the Mutual Fund are shown in the non-current assets since the management does not know when they will liquidate them. Before 30/09/2006 these items were shown in the current assets (see note 5.7). In January 2006 through the Athens Stock Exchange were sold by the company 3.000.000 shares of TILETYPOS S.A. Following this sale, the percentage of CH. K. TEGOPOULOS EDITIONS SA in the share capital of TILETYPOS SA from 12,8% was limited to 2,68%.

## 5.3 Deferred Income Tax

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31/12/2006 | 31/12/2005 | 31/12/2006 | 31/12/2005 |
| ***RECEIVABLES*** | | | | |
| FROM PROVISION FOR DOUBTFUL RECEIVABLES | 604.314,10 | 666.829,35 | 604.314,10 | 666.829,35 |
| FROM TAX LOSS YEAR 2005 | 2.178.397,86 | 501.282,26 | 2.178.397,86 | 501.282,26 |
| FROM EMPLOYEE RETIREMENT BENEFITS | 3.178.758,24 | 3.114.880,19 | 2.719.103,02 | 2.711.675,89 |
| **TOTAL** | **5.961.470,20** | **4.282.991,80** | **5.501.814,98** | **3.879.787,50** |
| *LIABILITIES* | | | | |
| FROM ADJUSTMENTS OF LAND | 2.621.923,94 | 3.081.123,48 | 2.621.923,94 | 3.081.123,48 |
| FROM ADJUSTMENTS OF BUILDINGS | 793.434,23 | 849.952,78 | 793.434,23 | 849.952,78 |
| FROM DEPRECIATION OF BUILDINGS | 773.847,54 | 589.272,41 | 773.847,54 | 589.272,41 |
| **TOTAL** | **4.189.205,71** | **4.520.348,67** | **4.189.205,71** | **4.520.348,67** |
| | | | | |
| **TOTAL SET OFF** | **1.772.264,49** | **-237.356,87** | **1.312.609,27** | **-640.561,17** |

From 30/09/2006 the deferred tax is followed set off (receivable - liability) and the result .

## 5.4 Other Receivables

| | | | | |
|---|---|---|---|---|
| Given guarantees: | | | | |
| PPC for Plant electricity supply | 17.187,60 | 17.187,60 | 17.197,36 | 17.197,36 |
| Rent deposit for Thessaloniki Branch | 3.600,00 | 3.600,00 | 3.600,00 | 3.600,00 |
| Other Guarantees | 347,82 | 322,82 | 347,82 | 322,82 |
| **TOTAL** | **21.135,42** | **21.110,42** | **21.145,18** | **21.120,18** |

## 5.5 Inventories

| | | | | |
|---|---|---|---|---|
| Merchandise | 639.581.04 | 653.473,58 | 639.581,04 | 653.473,58 |
| Finished goods | 452.950.48 | 1.358.422,44 | 452.950,48 | 1.358.422,44 |
| Sub-products | 21.793,25 | 21.638,48 | 21.793,25 | 21.638,48 |
| Raw and auxiliary materials | 1.054.059,38 | 1.286.667,51 | 1.051.919,80 | 1.283.219,64 |
| Consumables | 276.565,88 | 198.702,72 | 276.565,88 | 198.702,72 |
| Spare parts | 671.883,19 | 467.206,20 | 671.883,19 | 467.206,20 |
| **TOTAL** | **3.116.833,22** | **3.986.110,93** | **3.114.693,64** | **3.982.663,06** |

## 5.6 Trade and other receivables

| | | | | |
|---|---|---|---|---|
| Trade receivables | 14.959.199,84 | 14.479.022,68 | 14.934.029,78 | 14.445.879,80 |
| Notes receivable | 16.187,10 | 34.272,50 | 16.187,10 | 34.272,50 |
| Cheques receivable | 7.367.099,50 | 2.891.848,68 | 7.367.099,50 | 2.890.848,68 |
| Cheques overdue | 1.858.577,05 | 1.409.680,85 | 1.858.577,05 | 1.409.680,85 |
| Cheques pledged | 7.156.533,57 | 12.960.650,01 | 7.156.533,57 | 12.960.650,01 |
| Loans to personnel | 13.557,96 | 12.061,59 | 13.557,96 | 32.071,88 |
| Receivables due from Greek Government | 1.099.379,19 | 1.303.558,28 | 1.098.904,40 | 1.095.333,32 |
| Other receivables | 2.098.433,74 | 244.246,62 | 2.098.433,74 | 218.405,57 |
| Transit debit balances | 228.643,19 | 241.432,30 | 228.643,19 | 241.432,30 |
| Blocked deposits | 137.712,65 | 325.808,66 | 137.712,65 | 325.808,66 |
| **TOTAL** | **34.935.323,79** | **33.902.582,17** | **34.909.678,94** | **33.654.383,57** |

## 5.7 Cash and cash equivalents

| | | | | |
|---|---|---|---|---|
| Cash on hand | 113.160,25 | 576.998,02 | 106.656,87 | 572.646,10 |
| Current and time deposits | 2.242.969,87 | 2.949.255,78 | 1.464.064,85 | 2.159.967,14 |
| | **2.356.130,12** | **3.526.253,80** | **1.570.721,72** | **2.732.613,24** |

## 5.8 Share Capital (equity)

| | | | | |
|---|---|---|---|---|
| Sub-divided into 54.547.634 common registered shares of € 0,50 each. Detailed analysis in the statement of changes in equity | **27.273.817,00** | **27.273.817,00** | **27.273.817,00** | **27.273.817,00** |

## 5.9 Long - term Borrowings

| | | | | |
|---|---|---|---|---|
| | **6.061.607,73** | **15.100.000,00** | **6.061.607,73** | **15.100.000,00** |

Concern issue by the Company on 23/06/2005 of two debenture loans where the National Bank of Greece participates fully in both underwritings under the following terms and conditions:

a) Issue of a debenture loan of Euro 20 million, (with balance at 31.12.2006, of € 5.100.000,00) of two (2) year duration, monthly interest charge at Euribor + 1, secured by trade receivables (clients' cheques) at rate 90%, maturity within twelve (12) months and possibility for anticipated redemption and

b) Issue of a debenture loan of Euro 10 million, (with balance at 31.12.2006, of € 5.830.000) of five (5) year duration, two (2) year grace period, at quarterly interest charge, and quarterly instalments of capital, interest Euribor + 1 without securing and possibility for anticipated redemption.

The loans were issued in order to strengthen the company's liquidity and finance the most permanent working capital requirements.

c) Working capital with a balance at 31.12.2006 of € 4.139.822,27.

Analytically the borrowings have as follows:

| | TYPE OF BORROWING | Debenture loan € 20 million | Debenture loan € 10 million | Working Capital | LEASING | Total 31.12.2006 |
|---|---|---|---|---|---|---|
| | **Long-term bank borrowings** | - | 5.830.000,00 | - | 231.607,73 | 6.061.607,73 |
| **Note 5.17** | **Short-term bank borrowings** | 5.100.000,00 | - | 4.139.822,27 | - | 9.239.822,27 |
| | **TOTAL** | **5.100.000,00** | **5.830.000,00** | **4.139.822,27** | **231.607,73** | **15.301.430,01** |

## 5.10 Provisions for employee retirement benefits

| | | | | |
|---|---|---|---|---|
| | **11.064.121,53** | **10.070.618,26** | **9.376.217,30** | **8.516.775,26** |

The average number of employed personnel at the end of the current period amounts for the company to 970 persons and for the group to 1.190 persons. The liability from retirement employee benefits is determined as present value of the defined benefit taking also into account actuarial parameters existing at the Balance Sheet date. The company assigned the above calculation to actuaries and the estimated at 31.12.2006 liability has been accounted for and is included in the financial statements based on IAS 19.

## 5.11 Other provisions

| | | | | |
|---|---|---|---|---|
| Provisions for doubtful receivables | 2.583.841,71 | 2.083.841,71 | 2.583.841,71 | 2.083.841,71 |
| Provisions tax audit differences | 442.000,00 | 314.000,00 | 442.000,00 | 314.000,00 |
| Provisions for Property Tax 2006 | 126.998,50 | 115.453,18 | 126.998,50 | 115.453,18 |
| | **3.152.840,21** | **2.513.294,89** | **3.152.840,21** | **2.513.294,89** |

## 5.12 Grants for investments in Assets

| | | | | |
|---|---|---|---|---|
| | **2.203.161,03** | **2.540.998,79** | **2.203.161,03** | **2.540.998,79** |

The above grant has been received based on L. 2601/98 for investments in building and mechanical installations of the factory complex at Koropi. The grant was received in two equal installments of € 2.289.069,73 in 1999 and 2001 respectively. The depreciated grants for assets are set out in the following table:

| | | | | |
|---|---|---|---|---|
| Initial Grant | 4.578.139,46 | 4.578.139,46 | 4.578.139,46 | 4.578.139,46 |
| Less Depreciation | 2.374.978,43 | 2.037.140,67 | 2.374.978,43 | 2.037.140,67 |
| Carrying amount | **2.203.161,03** | **2.540.998,79** | **2.203.161,03** | **2.540.998,79** |

## 5.13 Trade and other payables

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Trade payables** | **31/12/2006** | **31/12/2005** | **31/12/2006** | **31/12/2005** |
| Concerns liabilities from ordinary company transactions | **5.478.544,19** | **6.958.639,68** | **5.391.549,79** | **6.764.998,09** |
| **Sundry creditors** | | | | |
| Salaries and wages payable | 218.656,13 | 201.422,53 | 218.656,13 | 194.154,12 |
| Dividends payable | 155.689,03 | 155.990,21 | 134.189,03 | 134.490,21 |

| | | | | |
|---|---|---|---|---|
| Beneficiaries of guarantees | 28.285,67 | 27.694,95 | 27.896,42 | 24.464,28 |
| Cheques payable | 9.939.097,65 | 10.382.680,15 | 9.939.097,65 | 10.382.680,15 |
| Outstanding bank credits | 45.627,13 | 63.789,27 | 45.627,13 | 63.789,27 |
| Other liabilities | 58.113,52 | 58.753,27 | 51.088,30 | 54.569,47 |
| | **10.445.469,13** | **10.890.330,38** | **10.416.554,66** | **10.854.147,50** |
| **Taxes - duties** | | | | |
| V.A.T. | 106.972,02 | -208.148,03 | 112.847,64 | -205.062,38 |
| Payroll tax – ER's Contributions | 627.743,38 | 558.174,58 | 778.295,04 | 695.939,92 |
| Other taxes-duties | 209.942,75 | 233.138,68 | 18.202,78 | 52.043,90 |
| Stamp tax | 3.345,77 | 4.355,47 | 3.344,29 | 4.354,05 |
| | **948.003,92** | **587.520,70** | **912.689,75** | **547.275,49** |
| **Social security** | | | | |
| Social security Institution (IKA TEAM) | 525.438,93 | 490.129,09 | 493.072,67 | 457.400,14 |
| Other Pension Funds of Main Insurance | 392.975,93 | 372.260,49 | 301.176,027 | 278.920,72 |
| Auxiliary Insurance Pension Funds | 109.468,98 | 101.825,27 | 88.126,59 | 79.857,51 |
| AD Stamp | 415.120,59 | 371.231,33 | 415.120,59 | 371.231,33 |
| | **1.443.004,43** | **1.335.446,18** | **1.297.495,87** | **1.187.409,70** |
| **TOTAL** | **18.315.021,67** | **19.980.084,97** | **18.018.290,07** | **19.353.830,78** |

## 5.14Current Income Tax

| | | | | |
|---|---|---|---|---|
| **None** | **0,00** | **0,00** | **0,00** | **0,00** |

## 5.15 Short-term borrowings

| | | | | |
|---|---|---|---|---|
| See analysis note 5.10 | **9.239.822,27** | **11.165.660,51** | **9.239.822,27** | **11.165.660,51** |

## 5.16 Provisions & other liabilities

| | | | | |
|---|---|---|---|---|
| | **168.295,77** | **136.327,93** | **168.295,77** | **136.327,93** |

# 6. ANALYSIS OF ALL INCOME STATEMENT ACCOUNTS

## 6.1 Revenue – Other operating income

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **31.12.2006** | **31.12.2005** | **31.12.2006** | **31.12.2005** |
| Income from sale of newspapers etc. | 62.313.815,39 | 61.384.711,09 | 62.286.330,29 | 61.370.544,21 |
| Income from services rendered (entries) | 42.805.713,10 | 43.800.586,53 | 42.804.162,10 | 43.800.586,53 |
| Income from sale of merchandise | 18.863.747,48 | 3.757.116,70 | 18.863.747,48 | 3.757.116,70 |
| Income from sale of other inventories | 860.172,19 | 553.151,07 | 860.172,19 | 553.151,07 |
| **TOTAL** | **124.843.448,16** | **109.495.565,39** | **124.814.412,06** | **109.481.398,51** |

## 6.2 Cost of sales

| | | | | |
|---|---|---|---|---|
| Cost of Inventories | 37.453.260,65 | 28.477.740,54 | 37.447.803,46 | 28.474.895,32 |
| Payroll costs | 30.623.954,54 | 28.929.864,03 | 26.585.537,47 | 24.930.596,21 |
| Third parties' fees and expenses | 12.051.198,43 | 5.731.187,78 | 16.191.652,84 | 12.623.698,09 |
| Third parties' utilities and services | 2.277.356,64 | 1.833.648,69 | 2.273.846,13 | 1.910.563,66 |
| Taxes – duties | 901.168,29 | 1.680.367,74 | 901.175,58 | 1.175.904,72 |
| Sundry expenses | 1.967.925,10 | 7.857.642,76 | 1.931.988,32 | 7.257.772,73 |
| Interest expense and similar charges | 0,00 | 0,00 | 0,00 | 0,00 |
| Depreciation of PPE | 3.944.747,49 | 3.894.565,77 | 3.944.747,49 | 3.890.962,72 |
| Special expenses | 1.988.555,48 | 0,00 | 1.988.555,48 | 0,00 |
| Operating provisions | 1.629.960,86 | 1.268.942,99 | 1.223.650,20 | 893.584,30 |
| **TOTAL** | **92.838.127,48** | **79.673.960,29** | **92.488.956,98** | **81.157.977,76** |

## 6.3 Other operating income

| | | | | |
|---|---|---|---|---|
| Income from side business | **1.047.850,54** | **1.162.910,11** | **1.054.658,39** | **1.168.863,41** |

## 6.4 Selling and marketing costs

| | | | | |
|---|---|---|---|---|
| Third parties' fees and expenses | 2.221.245,95 | 1.782.869,73 | 2.221.245,95 | 1.891.077,70 |
| Third parties' utilities and services | 26.768.671,56 | 21.120.148,56 | 26.768.671,57 | 18.290.791,35 |
| Services of others | 164.366,76 | 221.726,71 | 164.458,81 | 214.935,12 |
| Taxes – duties | 114.926,15 | 80.443,87 | 114.921,55 | 73.805,46 |
| Sundry expenses | 7.313.201,30 | 4.537.067,92 | 7.326.845,06 | 5.442.032,83 |
| Interest expense and similar charges | 0,00 | 0,00 | 0,00 | 0,00 |
| Depreciation of PPE | 82.102,47 | 86.966,03 | 82.102,48 | 104.827,51 |
| Provisions of selling and marketing | 0,00 | 0,00 | 263.791,84 | 67.134,30 |
| **TOTAL** | **36.664.514,19** | **27.829.222,82** | **36.942.037,25** | **26.084.604,27** |

## 6.5 Administrative expenses

| | | | | |
|---|---|---|---|---|
| Payroll costs | 2.745.005,65 | 2.361.571,71 | 2.745.005,65 | 2.405.698,75 |
| Third parties' fees and expenses | 1.110.586,97 | 999.335,83 | 1.110.586,97 | 1.013.172,78 |
| Third parties' utilities and services | 363.174,94 | 500.162,33 | 363.378,32 | 428.956,43 |
| Taxes – duties | 67.049,29 | 93.418,68 | 67.046,60 | 603.835,12 |
| Sundry expenses | 551.22971 | 639.119,65 | 548.213,95 | 590.089,58 |
| Interest expense and similar charges | 0,00 | 0,00 | 0,00 | 0,00 |
| Depreciation of PPE | 227.164,37 | 219.725,77 | 227.164,37 | 205.467,34 |
| **TOTAL** | **5.064.210,93** | **4.813.333,97** | **5.061.395,84** | **5.247.220,00** |

## 6.6 Finance costs

| | | | | |
|---|---|---|---|---|
| Interest expense and similar charges | -763.716,91 | -615.294,15 | -756.816,77 | -608.564,35 |
| Income from sale of shares of TILETYPOS SA | 1.060.000,00 | 0,00 | 1.060.000,00 | 0,00 |
| Income from dividends | 155.576,06 | 507.234,44 | 782.345,06 | 684.642,44 |
| Income from securities | 0,00 | 35.152,52 | 0,00 | 35.152,52 |
| Credit interest and similar charges | 74.545,47 | 68.874,91 | 52.043,89 | 63.131,04 |
| **TOTAL** | **526.404,62** | **-4.032,28** | **1.137.572,18** | **174.361,65** |

## 6.7 Results from associates

| | | | | |
|---|---|---|---|---|
| MEDIATEL SA | 49.425,37 | 102.633,24 | 0,00 | 0,00 |
| ARGOS SA | 386.034,48 | 238.470,16 | 0,00 | 0,00 |
| MEDIA CALL CENTER SA | -53.949,20 | -36.101,08 | 0,00 | 0,00 |
| PLANATECH SA | 15.995,99 | 51.089,56 | 0,00 | 0,00 |
| **TOTAL** | **397.506,64** | **356.091,88** | **0,00** | **0,00** |

## 6.8 INCOME TAX ANALYSIS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| ***EXPENSES*** | | | | |
| FROM DEPRECIATION OF EXPENSES OF FOUNDATION 7 FIRST INSTALLMENT | 0,00 | 65.184,42 | 0,00 | 65.184,42 |
| FROM CHANGE IN TAX RATES OF PROVISION FOR DOUBTFUL RECEIVABLES | 62.515,25 | 62.515,25 | 62.515,25 | 62.515,25 |
| FROM DEPRECIATION OF BUILDINGS | 262.882,87 | 292.363,64 | 262.882,87 | 292.363,64 |
| FROM CHANGE IN TAX RATES FOR PROVISION FOR RETIREMENT BENEFITS | 241.811,06 | 232.057,55 | 241.811,06 | 232.057,55 |
| FROM TAX PROFIT FOR THE YEAR 2006 | 0,00 | 0,00 | 0,00 | 0,00 |
| **TOTAL** | **567.209,18** | **652.120,86** | **567.209,18** | **652.120,86** |
| ***REVENUES*** | | | | |
| | | | | |
| FROM PROVISION FOR RETIREMENT BENEFITS FOR THE PERIOD | 305.689,11 | 287.163,48 | 249.238,19 | 236.395,28 |
| FROM CHANGE OF DEFERRED TAX LIABILITIES DEPRECIATION DUE TO CHANGE OF TAX RATES | 9.025,48 | 25.449,32 | 9.025,48 | 25.449,32 |
| FROM TAX LOSS YEAR 2006 | 1.746.397,86 | 501.282,26 | 1.746.397,86 | 501.282,26 |
| **TOTAL** | **2.061.112,45** | **813.895,06** | **2.004.661,53** | **763.126,86** |
| **TOTAL INCOME TAX** | **1.493.903,27** | **161.774,20** | **1.437.452,35** | **111.006,00** |

The company's earnings were taxed for the year 2006 with the tax rate applicable 29% and for the year 2005 with 32% after having taken into consideration the non deductible expenses and the probability of creating tax exempt reserves.

The tax obligation of the company is not final before all the books and elements are audited from the Greek Tax Authorities. Such an audit has been done until the year 2001 and has been a prediction of € 442.000,00 for the years 2002-2006 (31.12.2006).

## 6.9 Analysis of earnings per share

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31/12/2006 | 31/12/2005 | 31/12/2006 | 31/12/2005 |
| Earnings/(loss) for the period after taxes | -6.266.260,76 | -1.145.127,55 | -6.048.295,09 | -1.554.199,46 |
| Weighted average number of common shares | 54.547.634 | 54.250.738 | 54.547.634 | 54.250.738 |
| Earnings (loss) per share in Euro | -0,115 | -0,021 | -0,111 | -0,029 |

## 7. ANALYSIS OF COMMITMENTS

There are no pre-notices of mortgage or mortgaged assets of the company.

## 8. RELATED - PARTY TRANSACTIONS

### 8.1 Transactions with subsidiaries, associates & other related - parties

CH. K. TEGOPOULOS EDITIONS AE has signed a private agreement with the subsidiary FOTOEKDOTIKI SA, to which it has assigned all its pre-press work for the total of its printed matter. The associate company ARGOS SA undertakes against a percentage fee the circulation and distribution of our total printed matter.

Moreover, CH. K. TEGOPOULOS EDITIONS AE has signed a private agreement with subsidiaries and associate companies to which it provides accounting and computer services as well as lease contracts in the capacity as lessor.

Finally, CH. K. TEGOPOULOS EDITIONS AE has signed private agreements with associate companies for posting advertisements in its printed matter.

The transactions between CH. K. TEGOPOULOS EDITIONS AE with the subsidiaries and associate companies have as follows:

| A . ASSOCIATES | PURCHASES FROM ASSOCIATES & SUBSIDIARIES 01.01.-31.12.2006 | SALES TO ASSOCIATES & SUBSIDIARIES 01.01.- 31.12.2006 | BALANCE 31/12/2006 | | GIVEN GUARANTEES |
|---|---|---|---|---|---|
| | | | RECEIVABLES | LIABILITIES | |
| MEDIATEL SA | 0,00 | 292.128,79 | 125.741,75 | 0,00 | - |
| PLANATECH SA | 0,00 | 3.389,72 | 182.841,50 | 0,00 | 770.000,00 |
| MEDIA CALL CENTER SA | 0,00 | 56.909,38 | 144.925,22 | 0,00 | - |
| ARGOS SA | 21.096.154,43 | 2.544,50 | 1.495.196,31 | 0,00 | - |
| TOTAL | **21.096.154,43** | **354.972,39** | **1.948.704,78** | **0,00** | **770.000,00** |
| **B . SUBSIDIARIES** | | | | | |
| FOTOEKDOTIKI SA | 4.320.383,66 | 5.196,31 | 17.583,21 | 228.488,93 | - |
| EPSILON NET SA | 0,00 | 1.661,54 | 814,75 | 0,00 | - |
| EPSILON GRAPHIC ART SA | 0,00 | 8,16 | 0,00 | 1,76 | - |
| TOTAL | **4.320.383,66** | **6.816,01** | **18.397,96** | **228.490,69** | **770.000,00** |

### 8.2 Board of Directors Fees

The fees of the executive members of the Board of Directors that provide their services to the group as executives during the period from 01.01.2006 – 31.12.2006 amounted to € 814.838,19 thousand.

The non-executive members of the Board of Directors from 01.01.2006 – 31.12.2006 received the amount of 25.787,97€.

### 8.3 Key Management Fees

The fees of the group to the Key Management during the period 01.01.2006 – 31.12.2006 amounted to € 1.496.111,23 thousand.

## 9. EVENTS AFTER THE BALANCE SHEET DATE

There were no substantial events after the balance sheet data that effect the financial position of the company.

## 10. AMENDMENTS OF THE FINANCIAL STATEMENTS OF PREVIOUS YEARS

The company proceeded in the restatement of the financial statements, that it had published in the past, as to face the investments in subsidiaries. The company consolidated with the full consolidation method its subsidiary companies, that had been exempted for various reasons. Moreover, in the individual financial statements the subsidiaries and associate companies are measured at cost less impairment loss. The amendments were made with their retrospective application from 1/1/2004, which is the start date of the preparation of financial statements based on IAS-IFRS. As a result the already published financial statements (which were individual statements) have differences with the restated individual financial statements (which are set out together with the consolidated financial statements).

- **Differences in the Income Statement**

The Income Statement for the year 31/12/2005 presents a change in relation to the already published one by € 120.000,00 which concerns an impairment loss of the subsidiary "EPSILON GRAPHIC ARTS SA", which was acquired at 30/09/2005. That is, before the amendment the loss after taxes for the year 2005 was € -1.434.199,46 and after the amendment it was € -1.554.199,96. The published results for the periods 31/03/2006 & 30/06/2006 have not been changed.

- **Changes in Equity and Assets**

It must be noted that each change in equity exists an equal change in the Non-Current Assets, where are found the accounts "Available-for-sale financial assets" and "Investments in associates". The differences in equity are set out in the following table.

- **CHANGE IN EQUITY DUE TO RESTATEMENT OF BALANCES**

| | | | | | |
|---|---|---|---|---|---|
| *Before the amendment* | *Amended* | *Before the amendment* | *Amended* | *Before the amendment* | *Amended* |
| **31/12/2004** | **31/12/2004** | **31/3/2005** | **31/3/2005** | **30/6/2005** | **30/6/2005** |
| 104.848.045,91 | 104.568.201,84 | 103.469.738,10 | 103.362.831,10 | 68.935.628,35 | 68.828.724,35 |
| *** Difference** | **-279.844,07** | | | | |
| *Before the amendment* | *Amended* | *Before the amendment* | *Amended* | *Before the amendment* | *Amended* |
| **30/9/2005** | **30/9/2005** | **31/12/2005** | **31/12/2005** | **31/3/2006** | **31/3/2006** |
| 67.062.738,78 | 66.835.831,78 | 69.517.516,18 | 68.457.803,52 | 70.627.027,12 | 69.567.314,46 |
| *Before the amendment* | *Amended* | | | | |
| **30/6/2006** | **30/6/2006** | | | | |
| 68.076.890,64 | 67.040.983,41 | | | | |

*** The difference presented at 31/12/2004 comes from 31/12/2003 and is analysed as follows:**

| | |
|---|---|
| Reintroduction of subsidiaries and associates at Cost | 904.471,36 |
| Impairment of subsidiary “FOTOEKDOTIKI SA” | -146.443,09 |
| Impairment of subsidiary “EPSILON NET SA” | -737.872,34 |
| Impairment of associate “PLANATECH SA” | -300.000,00 |
| **Total decrease of equity in the individual financial statements at 31/12/2004 (with equal decrease of Non-Current Assets)** | **-279.844,07** |

## 11. APPROVAL OF FINANCIAL STATEMENTS

The above FINANCIAL STATEMENTS OF THE PARENT COMPANY AND GROUP have been approved by the Board of Directors of the company on 22 March 2006.

Athens, 22 March2006

| | | |
|---|---|---|
| ***THE CHAIRMAN OF THE B. OF D.*** | ***THE VICE CHAIRMAN OF THE B. OF D.*** | ***THE MANAGING DIRECTOR*** |
| **Athanassios Tegopoulos**<br>**ID. No. X 080928** | **Dionysios Avgoustiniatos**<br>**ID. No. A 092664/1961** | **Eleni Tegopoulou**<br>**N 032130/1984** |

| | |
|---|---|
| ***THE ACCOUNTS DEPT. MANAGER*** | ***THE HEAD OF ACCOUNTS DEPT*** |
| **Vasileios Tsabokas**<br>**ID. No. N 244187/1983** | **Evaggelos Tatsis**<br>**ID. No. P 673041/1994** |