

# **C. ROKAS SA**

## **FINANCIAL STATEMENTS**

**31 DECEMBER 2007**

*IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS  
AS THEY HAVE BEEN ADOPTED BY THE EUROPEAN UNION*



These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language.

In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.



(All amounts in € thousands except for amounts per share)

## **C. ROKAS SA**

### **Financial Statements for the year ended 31/12/2007**

It is hereby certified that the presented accounts refer to the Financial Statements that were approved by the Board of Directors of the “C. Rokas SA” on 11/03/2008, that have been publicized by their submission to the Athens Exchange and the Hellenic Capital Market Commission, and have been posted on the Company’s website, at the address **[www.rokasgroup.gr](http://www.rokasgroup.gr)**

It is noted that the condensed financial statements that have been published in the press are meant to present to the reader several general financial facts, yet do not provide a complete picture of the financial position and results of the Company, according to IFRS.

**Vassiliki Christodouloupoulou**  
**Chairman of the BoD & Chief Executive Officer**



(All amounts in € thousands except for amounts per share)

## Contents

Note		Note	
	Independent Auditors' Report	3	Financial risk management objectives and policies
	Balance Sheet	4	Significant accounting estimates and judgements
	Income Statement	5	Property, plant and equipment
	Statement of Changes in Equity	6	Trade and other receivables
	Cash Flow Statement	7	Inventories
	Notes to the Financial Statements:	8	Cash and cash equivalents
1	General Information	9	Share capital & share premium
2	Accounting policies	10	Other reserves
2.1	<i>Basis of preparation</i>	11	Trade and other payables
2.2	<i>Changes in accounting policies and disclosures</i>	12	Deferred income tax
2.3	<i>Foreign currency translation</i>	13	Retirement benefit obligations
2.4	<i>Property, plant and equipment</i>	14	Provisions
2.5	<i>Impairment of assets</i>	15	Other operating income / (expenses)
2.6	<i>Inventories</i>	16	Expenses by nature
2.7	<i>Financial assets</i>	17	Financial income & expenses
2.8	<i>Trade receivables</i>	18	Income tax expense
2.9	<i>Cash and cash equivalents</i>	19	Earnings per share
2.10	<i>Share Capital</i>	20	Dividends per share
2.11	<i>Borrowings</i>	21	Contingencies
2.12	<i>Income tax and deferred income tax</i>	22	Subsidiary companies
2.13	<i>Grants</i>	23	Related party transactions
2.14	<i>Employee benefits</i>	24	Post balance sheet events
2.15	<i>Provisions, contingent liabilities and contingent assets</i>		
2.16	<i>Revenue recognition</i>		
2.17	<i>Leases</i>		
2.18	<i>Dividend distribution</i>		
2.19	<i>New standards and interpretations</i>		



(All amounts in € thousands except for amounts per share)

## Independent Auditors' Report

Translation from Greek original audit report text

### To the shareholders of "C. Rokas SA"

#### Report on the Financial Statements

We have audited the accompanying financial statements of C. ROKAS ABEE (the "Company"), which comprise the balance sheet as at 31 December 2007, 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 as of 31 December 2007 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.

#### Report on Other Legal and Regulatory Requirements

The Board of Directors' Report includes the information required by article 43a par. 3 of C.L.2190/1920, as well as article 11a of L.3371/2005 and is consistent with the aforementioned financial statements.

Athens, 13 March 2008

THE CERTIFIED AUDITOR ACCOUNTANT

John Mystakidis  
S.O.E.L. R.N. 16511  
ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.  
11TH KLM NATIONAL ROAD ATHENS – LAMIA, METAMORFOSI  
COMPANY S.O.E.L. R.N. 107

 **ERNST & YOUNG**



(All amounts in € thousands except for amounts per share)

## Balance Sheet

	Note	As at 31 December 2007	As at 31 December 2006
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant, and equipment	5	16.963	16.429
Investments and other non current receivables	6, 22	69.076	65.247
		<b>86.039</b>	<b>81.676</b>
<b>Current assets</b>			
Inventories	7	6.949	6.330
Trade and other receivables	6	17.751	19.146
Cash and cash equivalents	8	4.249	2.413
		<b>28.949</b>	<b>27.889</b>
<b>Total assets</b>		<b>114.988</b>	<b>109.565</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	9	11.887	11.887
Share premium	9	49.329	49.329
Other reserves	10	10.282	11.956
Retained earnings		30.556	23.573
<b>Total equity</b>		<b>102.054</b>	<b>96.745</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Deferred income tax liabilities	12	1.091	1.470
Retirement benefit obligations	13	414	374
Grants		206	227
Provisions	14	-	570
		<b>1.711</b>	<b>2.641</b>
<b>Current liabilities</b>			
Borrowings		4.479	5.142
Trade and other payables	11	6.465	4.330
Current income tax liabilities		279	707
		<b>11.223</b>	<b>10.179</b>
<b>Total liabilities</b>		<b>12.934</b>	<b>12.820</b>
<b>Total equity and liabilities</b>		<b>114.988</b>	<b>109.565</b>

The notes on pages 9 - 29 are an integral part of these financial statements.

THE CHAIRMAN OF THE BOD &  
CHIEF EXECUTIVE OFFICER

VASSILIKI CHRISTODOULOPOULOU  
GREEK ID NO. Ε 438488

ONE MEMBER OF THE BOD

ATHANASIOS TSANTILAS  
GREEK ID NO. ΑΕ 045074

THE CHIEF FINANCIAL  
OFFICER

CHRISTIAN THOMAS  
GREEK ID NO. Π 062606

THE FINANCIAL  
CONTROLLER

EKATERINI KAPOGLOU  
A' CLASS LICENSE NO. 52819



(All amounts in € thousands except for amounts per share)

## Income Statement

		<b>Year ended</b>	<b>Year ended</b>
	Note	<b>31 December 2007</b>	<b>31 December 2006</b>
Sales		18.028	16.153
Cost of goods sold	16	(12.204)	(13.433)
<b>Gross profit</b>		<b>5.824</b>	<b>2.720</b>
Selling and marketing costs	16	(470)	(506)
Administrative expenses	16	(5.896)	(4.307)
Other operating income / (expenses) – net	15	(768)	549
<b>Operating profit / (loss)</b>		<b>(1.310)</b>	<b>(1.544)</b>
Financial income	17	10.648	8.931
Financial expenses	17	(326)	(98)
<b>Profit before income tax</b>		<b>9.012</b>	<b>7.289</b>
Income tax expense	18	576	(565)
<b>Profit for the year</b>		<b>9.588</b>	<b>6.724</b>
<b>Earnings per share for profit attributable to the equity holders of the Company (€ per share)</b>			
– Basic and diluted	19	0,40	0,28

The notes on pages 9 - 29 are an integral part of these financial statements.



(All amounts in € thousands except for amounts per share)

## Statement of Changes in Equity

	Attributable to equity holders of the Company				Total equity
	Share capital	Share premium	Other reserves	Retained earnings	
<b>Balance at 1 January 2006</b>	<b>11.887</b>	<b>49.329</b>	<b>27.101</b>	<b>5.745</b>	<b>94.062</b>
Profit for the year	-	-	-	6.724	6.724
Distributed dividends	-	-	(3.546)	(495)	(4.041)
Mvnt. from reserves to retained earnings	-	-	(12.139)	12.139	-
Other movements	-	-	540	(540)	-
<b>Balance at 31 December 2006</b>	<b>11.887</b>	<b>49.329</b>	<b>11.956</b>	<b>23.573</b>	<b>96.745</b>
<b>Balance at 1 January 2007</b>	<b>11.887</b>	<b>49.329</b>	<b>11.956</b>	<b>23.573</b>	<b>96.745</b>
Profit for the year	-	-	-	9.588	9.588
Distributed dividends	-	-	-	(4.279)	(4.279)
Mvnt. from reserves to retained earnings	-	-	(2.174)	2.174	-
Other movements	-	-	500	(500)	-
<b>Balance at 31 December 2007</b>	<b>11.887</b>	<b>49.329</b>	<b>10.282</b>	<b>30.556</b>	<b>102.054</b>

The notes on pages 9 - 29 are an integral part of these financial statements.



(All amounts in € thousands except for amounts per share)

## Cash Flow Statement

	Note	Year ended 31 December 2007	Year ended 31 December 2006
<b>Profit before income tax</b>		<b>9.012</b>	<b>7.289</b>
Depreciation and amortization	5, 15	916	909
Provisions		(530)	224
Results of investing activity and profit from sale of fixed assets		(10.631)	(9.052)
Interest expenses and related expenses	17	326	98
(Increase) / decrease in inventories	7	(619)	(649)
(Increase) / decrease in receivables		1.394	(6.760)
Increase / (decrease) in payables (excluding borrowings)		2.119	(799)
Interest and similar expenses paid	17	(326)	(98)
Income tax paid		(215)	(975)
<b>Total cash inflows / (outflows) from operating activities</b>		<b>1.446</b>	<b>(9.813)</b>
Investment in subsidiaries	22	(3.828)	(3.951)
Proceeds from sale of investments		-	-
Proceeds from sale of treasury shares		-	-
Purchases of property, plant and equipment	5	(1.488)	(1.133)
Proceeds from sale of property, plant and equipment		-	217
Interest received	17	39	8
Dividends received	17	10.609	8.923
<b>Total cash inflow / (outflow) from investing activities</b>		<b>5.332</b>	<b>4.064</b>
Proceeds from borrowings		8.731	11.917
Repayments of borrowings		(9.394)	(6.775)
Dividends paid	20	(4.279)	(4.041)
<b>Total cash inflow / (outflow) from financing activities</b>		<b>(4.942)</b>	<b>1.101</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1.836</b>	<b>(4.648)</b>
Cash and cash equivalents at beginning of the year	8	2.413	7.061
<b>Cash and cash equivalents at end of the year</b>	8	<b>4.249</b>	<b>2.413</b>

The notes on pages 9 - 29 are an integral part of these financial statements.



(All amounts in € thousands except for amounts per share)

## Notes to the financial statements

### 1. General information

The C. Rokas SA (“the Company”) operates in the segment of electromechanical projects.

The Company’s activities are in Greece, and its total number of employees is 167 as at 31 December 2007 (175 as at 31 December 2006).

The Company is a societe anonyme (SA) incorporated and domiciled in Greece at the address Rizareiou 3, Halandri 152 33, Athens, Greece.

The Company’s website address is: [www.rokasgroup.gr](http://www.rokasgroup.gr)

The Company is listed on the Athens Exchange.

On 11 March 2008, the Board of Directors of the Company approved these financial statements for issue, and they are still subject to final approval by the Annual General Assembly of Shareholders.

### 2. Accounting policies

#### 2.1 Basis of preparation

The financial statements of C. Rokas SA of 31 December 2007 cover the year ended 31 December 2007 and have been prepared in accordance with International Financial Reporting Standards, as those have been adopted by the European Union.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of specific assets and liabilities (available for sale financial assets and derivative financial instruments) to fair value.

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 Note 4: Significant accounting estimates and judgments.

#### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures.

- IFRS 7 “Financial Instruments: Disclosures”

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company’s financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

- IAS 1 (Amendment) “Presentation of Financial Statements – Capital Disclosures”

This amendment requires disclosures to enable users of the financial statements to evaluate the Company’s objectives, policies and processes for managing capital. These new disclosures are shown in Note 3.

- IFRIC 7 “Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies”  
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 Company’s operations and did not have an effect on the financial statements.

- IFRIC 8 “Scope of IFRS 2”

This interpretation requires IFRS 2 Share-Based Payments to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As the Company does not have any share-based payments /



(All amounts in € thousands except for amounts per share)

equity instruments are only issued to employees, the interpretation had no impact on its financial position or performance.

- IFRIC 9 “Reassessment of Embedded Derivatives”

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Company has no embedded derivatives requiring separation from the host contract, the interpretation had no impact on the financial position or performance of the Company.

- IFRIC 10 “Interim Financial Reporting and Impairment”

This interpretation requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the Company had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Company.

## 2.3 Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Euro (€), which is the functional and presentational currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

## 2.4 Property, plant and equipment

Property, plant and equipment is presented in these consolidated financial statements at historical cost less subsequent depreciation and potential accumulated provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, 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 not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

Buildings	50	years
Plant and machinery	5–15	years
Equipment, motor vehicles, and furniture	3–8	years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

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

Own assets constructed include the direct payroll expenses of the personnel involved in the construction, the cost of the used materials, as well as other direct general expenses.

## 2.5 Impairment of assets

### a) Non financial assets:

The Company at each balance sheet date examines whether there are indications of impairment for its non financial assets. The carrying values of other non-current assets are reviewed for impairment when 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 income statement. The recoverable amount is measured



(All amounts in € thousands except for amounts per share)

as the higher of net selling price and value in use. Net selling price 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 disposal costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

***b) Financial assets:***

At each reporting date the Company 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 (investments in subsidiaries and associates in the separate balance sheet), assets measured at amortized cost (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 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 in the consolidated income statement.

## **2.6 Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted-average method.

The cost of finished goods and work in progress comprises raw materials, direct labour, design costs, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## **2.7 Financial assets**

The Company classifies its financial assets depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

***(a) Financial assets at fair value through profit or loss***

This category has two sub-categories: 'financial assets held for trading', and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

*Not applicable to the Company.*

***(b) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

*See Note 2.8*

***(c) 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.

Regular 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. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. 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. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within 'other (losses)/gains – net', in the period in which they arise.



(All amounts in € thousands except for amounts per share)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary securities classified as available for sale and non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available for sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available for sale equity instruments are recognised in the income statement when the Company's right to receive payments is established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

*Not applicable to the Company.*

## **2.8 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

## **2.9 Cash and cash equivalents**

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

## **2.10 Share capital**

Ordinary and preference shares of the Company are classified as equity.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases part of its own equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are sold or cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

## **2.11 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

## **2.12 Income tax and deferred income tax**

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



(All amounts in € thousands except for amounts per share)

is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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 assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

## 2.13 Grants

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

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

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

## 2.14 Employee benefits

### *(a) Short term benefits*

Monetary and non-monetary short-term employee benefits (excluding termination benefits) should be recognized as an expense when accrued. Any unpaid amounts should be recognized as a liability.

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

Post-employment benefits include pensions or lump-sum indemnities paid to employees in exchange for their service. Thus, they include both defined contribution plans and defined benefit plans. The accrued cost of defined contribution plans is recognized as an expense in the relevant period.

#### **• Defined contribution plan**

Based on the defined contribution plan, the Company's obligation (either legal or constructive) is limited to the amount agreed to be contributed to the entity (fund) that manages contributions and pays benefits. Thus the amount of the benefits to be received by an employee is determined based on the amounts paid by the Company (or by the employee too) and the investment performance of the relevant contributions.

The contribution payable by the Company as part of a defined contribution plan will be recognized either as an obligation after deducting the contribution made, or as an expense.

#### **• Defined benefit plan**

The obligation recorded in the balance sheet for the defined benefit plans is the present value of the obligation for the defined benefit less the fair value of the plan assets (if any) and the valuations resulting from any actuarial gains or losses and the cost of previous service. The defined benefit obligation is calculated on a yearly basis by an independent actuary by the use of the projected unit credit method. For prepayment thereof, the exchange rate of the long-term Greek Government bonds is used.

The actuarial profits or losses are part of both the benefit obligation of the Company and of the cost that will be recognized in the Income Statement. The actuarial profits or losses arise from adjustments based on historical data or a change of estimates for future data. If the accumulated actuarial profits or losses are higher than the 10% margin of the accumulated obligation, they are recorded in the Income Statement within the anticipated average insurance time of the participants to the plan. The cost of previous service is recognized directly in the Income Statement, except for the case where the changes in the plan are dependent upon the remaining time of service of the employees. In the said case, the cost of previous service is recorded in the Income Statement using the straight-line method within the maturity period.

### *(c) Employment termination benefits*

The benefits due to termination of the employment relationship are paid when employees leave before their normal retirement date. The Company records such benefits when they are committed, either when it actually terminates current employees based upon a detailed formal plan without possibility of withdrawal, or when it provides the said



(All amounts in € thousands except for amounts per share)

benefits as an incentive for voluntary redundancy. When such benefits fall due more than twelve months after the balance sheet date, they should be discounted based on the yield return of top quality corporate bonds or government bonds.

When an offer is made to encourage voluntary redundancy, the measurement of the termination benefits should be based on the number of employees expected to accept the offer. When it is impossible to estimate the number of employees who will accept the benefits, no accounting is done, but the relevant costs are acknowledged as a potential obligation.

## **2.15 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company 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 the obligation, and a reliable estimate of the amount can be made.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **2.16 Revenue recognition**

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates and discounts.

Revenue is recognized as follows:

### ***(a) Construction contracts***

Revenue from construction contracts is accounted for in the period in which the project is constructed, based on the stage of its completion. The Company uses the method of percentage of completion in order to determine the appropriate income and expense that is to be recognised in a particular period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### ***(b) Sale of goods***

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

### ***(c) Sales of services***

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### ***(d) Interest income***

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### ***(e) Dividend income***

Dividend income is recognised when the right to receive payment is established.

## **2.17 Leases**

### ***The Company is the lessee***

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding



(All amounts in € thousands except for amounts per share)

rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the period of the lease.

## **2.18 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

## **2.19 New standards and interpretations**

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published but are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

- IFRS 8 "Operating Segments" (effective for annual periods beginning on or after 1 January 2009)  
IFRS 8 replaces IAS 14 "Segment Reporting" and adopts a management-based 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 Company is in the process of assessing the impact this new standard will have on its financial statements.
- IFRIC 11 "IFRS 2-Group and Treasury Share Transactions" (effective for annual periods beginning on or after 1 March 2007)  
This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments 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 Company's operations.
- Amendment to IAS 23 "Borrowing costs" (effective for annual periods beginning on or after 1 January 2009)  
The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed. This standard has not yet been adopted by the EU.
- IFRIC 12 "Service Concession Arrangements" (effective for annual periods beginning on or after 1 January 2008)  
IFRIC 12 outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognise a financial asset and/or an intangible asset.  
IFRIC 12 is not relevant to the Company's operations. This Interpretation has not yet been adopted by the EU.
- IFRIC 13 "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 July 2008)  
IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled.  
The Company expects that this Interpretation will have no impact on its financial statements as no such schemes currently exist. This Interpretation has not yet been adopted by the EU.
- IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2008)  
IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. It also explains how this limit, also referred to as the "asset ceiling test", may be influenced by a minimum funding requirement and aims to standardize current practice.  
The Company expects that this Interpretation will have no impact on its financial position or performance as all defined benefit schemes are currently in deficit. This Interpretation has not yet been adopted by the EU.



(All amounts in € thousands except for amounts per share)

- Amendments to IAS 1 “Presentation of Financial Statements” (effective for annual periods beginning on or after 1 January 2009)

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with “other comprehensive income”; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet. The Company will make the necessary changes to the presentation of its financial statements in 2009. This standard has not yet been adopted by the EU.

- Amendments to IFRS 2 “Share Based Payment” – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009)

The amendment clarifies two issues: The definition of “vesting condition”, introducing the term “non-vesting condition” for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty.

The Company expects that this Interpretation will have no impact on its financial statements. This standard has not yet been adopted by the EU.

- Revisions to IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after 1 July 2009)

A revised version of IFRS 3 “Business Combinations” and an amended version of IAS 27 “Consolidated and Separate Financial Statements” were issued by IASB on January 10, 2008. IFRS 3R introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). IAS 27R requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests. This standard has not yet been adopted by the EU.

- Amendments to IAS 32 and IAS 1 “Puttable Financial Instruments” (effective for annual periods beginning on or after 1 January 2009)

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity.

The Company does not expect these amendments to impact the financial statements of the Company. The amendments to that standard have not yet been adopted by the EU.



(All amounts in € thousands except for amounts per share)

### 3. Financial risk management objectives and policies

#### Financial risk factors

The Company's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk, and cash flow interest-rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department, under policies approved by the Board of Directors. The treasury department identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and non-derivative financial instruments, and the investment of excess liquidity.

#### (a) Foreign exchange risk

The Company does not operate internationally, neither does it have long-term borrowings in foreign exchange, and therefore is not exposed to foreign exchange risk arising from currency fluctuations.

#### (b) Interest rate risk

The operating income and cash flows of the Company are in effect independent from interest rate fluctuations. The Company does not hold significant interest earning investments. The Company's policy is to maintain almost its entire borrowings in products of floating interest with guaranteed return.

The danger of interest rate fluctuations derives mostly from borrowings. It is Company policy to maintain almost its entire borrowings in products of floating interest.

The following table demonstrates the sensitivity of the Company's profit before tax to reasonable changes in interest rates, with all other variables held constant:

#### Sensitivity Analysis due to Interest Rate Changes

	Year ended 31 December 2007	Year ended 31 December 2006
<b>Variation of EURIBOR +1%</b>		
Effect on profit before tax	-43	-11
<b>Variation of EURIBOR -1%</b>		
Effect on profit before tax	43	11

Note: Table above excludes the positive impact of interest received from deposits.

#### (c) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

#### (d) Liquidity risk

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business. The Company manages liquidity risk by proper management of working capital and cash flows. This is done by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Company has sufficient undrawn call/demand borrowing facilities that could be utilized to fund any potential shortfall in cash resources.

The table below summarizes the maturity profile of financial liabilities based on contractual undiscounted payments.

	As at 31 December 2007			
	<1 year	1 to 5 years	>5 years	Total
Borrowings	4.479	-	-	4.479
Trade and other payables	6.465	-	-	6.465
	<b>10.944</b>	<b>-</b>	<b>-</b>	<b>10.944</b>



(All amounts in € thousands except for amounts per share)

	As at 31 December 2006			Total
	<1 year	1 to 5 years	>5 years	
Borrowings	5.142	-	-	5.142
Trade and other payables	4.330	-	-	4.330
	<b>9.472</b>	-	-	<b>9.472</b>

#### Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong investment grade credit rating and healthy capital ratios in order to support its operations and maximize shareholder value. The Company manages its capital structure conservatively using the ratio of net debt to earnings before interest, taxes, depreciation and amortization (EBITDA). Company's policy is to maintain leverage targets in line with an investment grade profile. The Company monitors capital using net debt to EBITDA ratio. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	As at 31 December 2007	As at 31 December 2006
Long term bank borrowings	-	-
Short term bank borrowings	4.479	5.142
<b>Debt</b>	<b>4.479</b>	<b>5.142</b>
Minus: Cash and cash equivalents	(4.249)	(2.413)
<b>Net debt</b>	<b>230</b>	<b>2.729</b>
	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2006</b>
<b>EBITDA</b>	(394)	(635)
<b>Net debt / EBITDA</b>	(0,58)	(4,30)

#### 4. Significant accounting estimates and judgements

Management makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### *Provision for income tax*

According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities, and includes the current income tax for each fiscal year, as well as a provision for extra taxes which may arise from future tax audits. The final clearance of income taxes may be different (but not materially) from the relevant amounts which are included in these financial statements. For more information, see Note 18.



(All amounts in € thousands except for amounts per share)

## 5. Property, plant, and equipment

	Land and buildings	Plant, machinery, equipment, and vehicles	Assets under construction	Total
<b>Cost</b>				
As at 1 January 2006	11.185	8.993	19	20.197
Additions	35	981	117	1.133
Sales / Destructions / Reductions	(77)	(122)	-	(199)
<b>As at 31 December 2006</b>	<b>11.143</b>	<b>9.852</b>	<b>136</b>	<b>21.131</b>
<b>Accumulated depreciation</b>				
As at 1 January 2006	(407)	(3.419)	-	(3.826)
Sales / Destructions / Reductions	8	96	-	104
Depreciation	(204)	(776)	-	(980)
<b>As at 31 December 2006</b>	<b>(603)</b>	<b>(4.099)</b>	<b>-</b>	<b>(4.702)</b>
<b>Cost</b>				
As at 1 January 2007	11.143	9.852	136	21.131
Additions	5	1.021	462	1.488
Sales / Destructions / Reductions	480	60	(540)	-
Sales / Destructions / Reductions	-	(103)	-	(103)
<b>As at 31 December 2007</b>	<b>11.628</b>	<b>10.830</b>	<b>58</b>	<b>22.516</b>
<b>Accumulated depreciation</b>				
As at 1 January 2007	(603)	(4.099)	-	(4.702)
Sales / Destructions / Reductions	-	86	-	86
Depreciation	(226)	(711)	-	(937)
<b>As at 31 December 2007</b>	<b>(829)</b>	<b>(4.724)</b>	<b>-</b>	<b>(5.553)</b>
<b>Net book value</b>				
<b>As at 31 December 2006</b>	<b>10.540</b>	<b>5.753</b>	<b>136</b>	<b>16.429</b>
<b>As at 31 December 2007</b>	<b>10.799</b>	<b>6.106</b>	<b>58</b>	<b>16.963</b>

There are no pledges on the property, plant, and equipment of the Company.

Depreciation expense has been charged as follows:

	Year ended 31 December 2007	Year ended 31 December 2006
Cost of goods sold (Income Statement)	232	542
Selling and marketing costs (Income Statement)	-	-
Administrative expenses (Income Statement)	619	438
	851	980
(Note 16)	86	-
Capitalized depreciation expenses (Balance sheet)	<b>937</b>	<b>980</b>



(All amounts in € thousands except for amounts per share)

## 6. Trade and other receivables

	As at 31 December 2007	As at 31 December 2006
Trade receivables	11.566	12.604
Other receivables	1.337	5.444
Prepaid expenses and accrued income	3.076	393
Prepayments	1.772	705
<b>Total current receivables</b>	<b>17.751</b>	<b>19.146</b>
Long term guarantees	11	10
<b>Total non-current receivables</b>	<b>11</b>	<b>10</b>

The values stated above reflect the fair values of the receivables.

Trade receivables include €7.711 (2006: €3.708), which relate to transactions with related parties.

All non-current receivables expire within 5 years of the balance sheet date.

As at 31 December, the ageing analysis of trade receivables is as follows:

	As at 31 December 2007	As at 31 December 2006
Neither past due nor impaired	6.740	8.865
Past due but not impaired		
>30 days	2	20
31 - 60 days	11	17
61 - 90 days	180	-
91 - 120 days	-	-
>120 days	4.633	3.702
	<b>11.566</b>	<b>12.604</b>

Trade receivables are non-interest bearing and are normally settled on 60 days terms.

## 7. Inventories

	As at 31 December 2007	As at 31 December 2006
Raw materials	3.880	2.725
Work in progress	2.980	3.514
Finished goods	89	91
	<b>6.949</b>	<b>6.330</b>

The cost of inventories recognized as expense in “cost of goods sold” amounted to €4.643 (31 December 2006: €5.087).

During the year ended 31 December 2007, the Company made a provision of €1.044 against the construction cost of wind park towers, which due to technological changes have been evaluated as partially impaired. This provision is estimated as adequate for the cover of losses which may arise from the sale of these inventories, whose total initial cost was €2.043 approximately, and which are included in work in progress. This expense is included in the other expenses line item of the income statement.



(All amounts in € thousands except for amounts per share)

## 8. Cash and cash equivalents

	As at 31 December 2007	As at 31 December 2006
Cash in hand	13	23
Short-term bank deposits	4.236	2.390
	<u>4.249</u>	<u>2.413</u>

The values stated above reflect the fair values of cash and cash equivalents.

The effective interest rate on short-term bank deposits of the Company is approximately 3% and their average maturity is 15 days.

All Company's cash and cash equivalents have been denominated in Euro.

## 9. Share capital & share premium

	Number of shares	Ordinary shares	Share premium	Total
At 31 December 2006	23.774.324	11.887	49.329	61.216
At 31 December 2007	23.774.324	11.887	49.329	61.216

The total number of Company's shares is 23.774.324 shares with a par value of €0,50 per share, of which 3.229.872 are preference shares, also with a par value of €0,50 per share.

All issued shares are fully paid.

The non-voting preference shares have the following privileges:

- The first dividend - from the fiscal year's earnings, amounting to 6% of the nominal value of the share, is first distributed to preference shares and then to common shares.
- As with common shares, they are entitled to additional dividends distributed in any form.
- They are entitled to a cumulative dividend. If the Company in one or more fiscal years cannot distribute a dividend or if it distributes a dividend which is less than the specified dividend (6%) of the nominal value of the share, then preference shareholders may collect the dividend of those years cumulatively out of the earnings of the following fiscal years.
- Upon wind-up or liquidation of the Company, preference shareholders shall have priority in receiving the share capital they have paid and at the same time they shall participate equally with common shareholders in the liquidation proceeds, by the amount exceeding the total capital of the Company.

## 10. Other reserves

	Statutory reserves	Special reserves	Tax-free reserves	Extraordinary & Other reserves	Total
At 1 December 2006	2.360	2.918	4.418	17.405	27.101
Movements during the year	540	(2.602)	(1.650)	(11.433)	(15.145)
At 31 December 2006	2.900	316	2.768	5.972	11.956
Movements during the year	500	(316)	-	(1.858)	(1.674)
At 31 December 2007	3.400	-	2.768	4.114	10.282

During the year 2007, based on a relevant decision of the Company's Management, reserves totalling €2.174, for which tax had been already paid, were transferred to retained earnings (€12.139 transfer of reserves to retained earnings for 2006). From the above movements, no tax burdens or extra taxes arose for the Company.

### *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 books to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the lifespan of the Company.



(All amounts in € thousands except for amounts per share)

#### ***Tax-free and Special Reserves***

These 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 exempt from income tax, provided they are not distributed to shareholders. At this phase, the Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax.

#### ***Extraordinary and Other Reserves***

Specially taxed reserves represent interest income and are non taxable or have been specially taxed at source. These reserves, excluding any prepaid taxes, are subject to income tax in case of distribution to shareholders. At this phase, the Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax.

## **11. Trade and other payables**

	<b>As at 31 December 2007</b>	<b>As at 31 December 2006</b>
Trade payables	3.871	2.051
Social security and other taxes	263	251
Accrued expenses and deferred income	101	123
Liabilities from rates and duties	1.058	318
Other liabilities	1.172	1.587
	<b>6.465</b>	<b>4.330</b>

The values stated above reflect the fair values of the trade and other payables.

Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

Other payables are non-interest bearing and are normally settled on 30 days terms.



(All amounts in € thousands except for amounts per share)

## 12. Deferred income tax

Deferred income tax is provided in total on temporary differences, with the method of the contingent liability, using a standard tax rate of 25%. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax assets and liabilities are presented as follows:

	As at	As at	As at	As at
	<u>31 December 2007</u>	<u>31 December 2007</u>	<u>31 December 2006</u>	<u>31 December 2006</u>
	Assets	Liabilities	Assets	Liabilities
Property, plant, equipment	174	(2.073)	174	(1.940)
Provisions	104	-	196	-
Tax losses	704	-	-	-
Other	-	-	100	-
<b>Total before offsetting</b>	<u>982</u>	<u>(2.073)</u>	<u>470</u>	<u>(1.940)</u>
Offsetting of balances	(982)	982	(470)	470
<b>Total after offsetting</b>	<u>-</u>	<u>(1.091)</u>	<u>-</u>	<u>(1.470)</u>

All deferred tax assets and liabilities of the Company are expected to be recovered or paid according to the term (long- or short-) of the amounts over which they have been recognised.

As at 31 December 2007, the Company had €2.817 worth of accumulated tax losses for which a deferred tax asset of €704 was calculated. Based on fiscal legislation, the Company has the right to make usage of the aforementioned tax losses for a period of five years after the year they were created.

The movement on the deferred income tax account has been (charged) or credited in the income statement as follows:

	As at	As at
	<u>31 December 2007</u>	<u>31 December 2006</u>
Property, plant, equipment	(133)	(157)
Grants	-	(8)
Provisions	(92)	16
Tax losses	704	-
Other	(100)	-
(Note 18)	<u>379</u>	<u>(149)</u>



(All amounts in € thousands except for amounts per share)

### 13. Retirement benefit obligations

Under Greek labour law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). 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 pension plans are not funded. In accordance with this practice, the Company does not fund these plans. The Company charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.

The retirement benefit obligations were estimated through an actuarial report.

The provision for retirement benefits which was recognised in the balance sheet and charged in the income statement for the years 2007 and 2006 is as follows:

	<b>As at 31 December 2007</b>	<b>As at 31 December 2006</b>
Present value of obligations	611	614
Unrecognised traditional asset	-	-
Immediate recognition of obligation at transition	-	-
Unrecognised net loss	(126)	(163)
Unrecognised past service cost	(71)	(77)
<b>Net liability in balance sheet</b>	<b>414</b>	<b>374</b>
<i>Components of income statement charge</i>		
Service cost	40	40
Interest cost	23	20
Amortisation of net obligation at transition	-	-
Amortisation of unrecognised net loss	8	7
Recognition of past service cost	6	6
<b>Regular income statement charge</b>	<b>77</b>	<b>73</b>
Additional cost of extra benefits	112	39
Restructuring expenses	-	-
Other expenses	1	-
<b>Total income statement charge</b>	<b>190</b>	<b>112</b>
<i>Movements in net liability in balance sheet</i>		
Net liability at beginning of year	374	311
Contributions paid by the Company	-	-
Benefits paid directly by the Company	(150)	(49)
Total expense recognised in income statement	190	112
<b>Net liability in balance sheet before adjustment</b>	<b>414</b>	<b>374</b>
Adjustment	-	-
<b>Net liability in balance sheet</b>	<b>414</b>	<b>374</b>
<i>Reconciliation of benefit obligation</i>		
DBO at beginning of year	614	532
Service cost	40	40
Interest cost	23	20
Employee contributions	-	-
Benefits paid directly by the Company	(150)	(49)
Expenses	-	-
Extra payments or expenses	113	40
Past service cost arising over last year	-	-
Actuarial loss	(29)	31
<b>DBO at end of the year</b>	<b>611</b>	<b>614</b>
<i>Actuarial assumptions</i>		
Discount rate	4,70%	4,00%
Rate of compensation increase	4,00%	4,00%
Average future working life	12,29	12,34



(All amounts in € thousands except for amounts per share)

## 14. Provisions

	<u>Legal</u>
At 31 December 2005	409
Additions for the year	161
At 31 December 2006	<u>570</u>
Utilization of provision	(570)
At 31 December 2007	<u>-</u>

The provision of €570 concerned a specific legal case, which was solved during 2007, and thus the provision was utilized.

## 15. Other operating income / (expenses)

	<u>Year ended 31 December 2007</u>	<u>Year ended 31 December 2006</u>
Various sales income	40	15
Income from other activities	47	35
Amortisation of grants	21	71
Gain from sale of subsidiary company (Note 22)	36	-
Other income	368	721
<b>Other operating income</b>	<b><u>512</u></b>	<b><u>842</u></b>
Provision of construction cost of wind park towers	(1.044)	-
Other expenses	(236)	(293)
<b>Other operating expenses</b>	<b><u>(1.280)</u></b>	<b><u>(293)</u></b>
<b>Other operating income / (expenses) – net</b>	<b><u>(768)</u></b>	<b><u>549</u></b>

## 16. Expenses by nature

	<u>Year ended 31 December 2007</u>	<u>Year ended 31 December 2006</u>
Cost of inventories recognised as expense (Note 7)	4.643	5.087
Depreciation expense (Note 5)	851	980
Personnel cost *	8.012	6.167
Third party fees and expenses	1.914	2.078
Third party charges	802	851
Taxes and tariffs	137	147
Other expenses	2.211	2.936
<b>Total cost of goods sold, selling&amp;marketing, and administration expenses</b>	<b><u>18.570</u></b>	<b><u>18.246</u></b>

\*Personnel cost is analyzed as follows:

	<u>Year ended 31 December 2007</u>	<u>Year ended 31 December 2006</u>
Wages and salaries	6.715	5.015
Social security costs	1.107	1.040
Other employee benefit costs (Note 13)	190	112
	<b><u>8.012</u></b>	<b><u>6.167</u></b>



(All amounts in € thousands except for amounts per share)

The above expenses have been charged as follows:

	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2006</b>
Cost of goods sold	12.204	13.433
Selling and marketing costs	470	506
Administrative expenses	5.896	4.307
	<b>18.570</b>	<b>18.246</b>

## 17. Financial income & expenses

	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2006</b>
Dividend income from investments in subsidiaries	10.609	8.923
Other interest received	39	8
<b>Interest received and similar financial income</b>	<b>10.648</b>	<b>8.931</b>
<b>Interest paid and similar financial expenses</b>	<b>(326)</b>	<b>(98)</b>

## 18. Income tax expense

	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2006</b>
Current income tax (25% and 29% equivalently)	197	(416)
Deferred income tax	379	(149)
<b>Income tax expense</b>	<b>576</b>	<b>(565)</b>
<b>Profit before income tax</b>	<b>9.012</b>	<b>7.289</b>
Tax rate	25%	29%
<b>Anticipated tax charge</b>	<b>(2.253)</b>	<b>(2.114)</b>
Income not subject to tax	2.652	2.588
Non-deductible expenses	(636)	(81)
(Creation) / reversal of income tax provisions	215	(416)
Tax losses for which no def. income tax is recognised	-	(542)
Tax losses for which def. income tax is recognised	468	-
Other adjustments	131	-
<b>Actual tax charge</b>	<b>576</b>	<b>(565)</b>

Greek tax legislation 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.



(All amounts in € thousands except for amounts per share)

## 19. Earnings per share

The basic earnings per share are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2006</b>
Profit attrib. to equity holders of the Co (€ thousands)	9.588	6.724
Weighted average no. of ordinary shares in issue (thousands)	23.774	23.774
<b>Basic and diluted earning per share (€ per share)</b>	<b>0,40</b>	<b>0,28</b>

## 20. Dividends per share

The dividends approved for the years 2006 and 2005 (which were subsequently paid in the years 2007 and 2006) amounted to €4.279 and €4.041. At the Annual General Meeting of the Shareholders of the Company, which is expected to take place in June 2008, a dividend of €0,19 per share (€4.517) shall be proposed for the year ended 31 December 2007 (2006: €0,18 per share and 2005: €0,17 per share). These financial statements do not reflect this dividend as payable, as it will be charged directly to equity in the year ended 31 December 2008, once approved by the AGM.

## 21. Contingencies

There are no contingent liabilities, which could have material adverse effects on the financial position of the Company.

The Company's open tax years are 2006-2007.



(All amounts in € thousands except for amounts per share)

## 22. Subsidiary companies

The Company has a majority holding in 33 subsidiary companies, the details of which are as follows:

Name	% Holding		Investment value in € thousands at 31 Dec. 2007	Investment value in € thousands at 31 Dec. 2006
	31 December 2007	31 December 2006		
Rokas Aeoliki SA	99,00	99,00	19.292	19.292
Rokas Aeoliki Evia SA	99,13	99,13	11.352	11.352
Rokas Aeoliki Zarakas SA	99,13	99,13	11.637	11.637
Rokas Aeoliki Kriti SA	99,62	99,62	2.130	2.130
PPC Renewables-Rokas SA	51,00	51,00	838	838
Rokas Aeoliki Thraki SA	99,00	99,00	6.247	6.247
Rokas Aeoliki Thraki II SA	51,09	51,09	5.875	5.875
Rokas Aeoliki Thraki III SA	99,38	98,97	99	60
Rokas Aeoliki Komito SA	99,99	99,99	6.880	6.880
Rokas Aeoliki Thessalia I SA	99,38	98,97	99	60
Rokas Aeoliki Thessalia II SA	99,38	98,97	99	60
Rokas Aeoliki Viotia SA	99,38	98,97	99	60
Rokas Aeoliki Achladotopos SA	99,38	98,97	99	60
Rokas Energy SA	99,64	99,11	150	60
Rokas Aeolos Ltd	100,00	100,00	51	51
Rokas Aeoliki Vorios Ellas I Ltd	98,00	98,00	18	18
Rokas Aeoliki Vorios Ellas II Ltd	98,00	98,00	18	18
Rokas Aeoliki Kozani I Ltd	98,00	98,00	18	18
Rokas Aeoliki Kozani II Ltd	98,00	98,00	18	18
Rokas Aeoliki Macedonia I Ltd	98,00	98,00	18	18
Rokas Aeoliki Macedonia II Ltd	98,00	98,00	18	18
Rokas Aeoliki Macedonia III Ltd	98,00	98,00	18	18
Rokas Aeoliki Macedonia IV Ltd	98,00	98,00	18	18
Rokas Aeoliki Peloponnisos I Ltd	98,00	98,00	18	18
Rokas Aeoliki Peloponnisos II Ltd	98,00	98,00	18	18
Rokas Iliaki I Ltd	99,95	98,00	738	18
Rokas Iliaki II Ltd	99,99	98,00	2.838	18
Rokas Aeoliki Sterea Ellas I Ltd	98,00	98,00	18	18
Rokas Aeoliki Sterea Ellas II Ltd	98,00	98,00	18	18
Rokas Aeoliki Cyprus Ltd	75,00	75,00	-	-
Hellenic Fish SA	-	90,39	-	-
Rokas Logistics SA	98,00	98,00	294	294
Rokas Hydroelectric I Ltd	98,00	98,00	18	18
Rokas Hydroelectric II Ltd	98,00	98,00	18	18
			<b>69.065</b>	<b>65.237</b>

All of the above companies incorporated in Greece except from Rokas Aeoliki Cyprus Ltd which incorporated in Cyprus.

During 2007 the Company participated with €3.828 in share capital increases of subsidiaries.

During July 2007 the Company sold its subsidiary company Hellenic Fish SA to a not related party, and from this sale a gain of €36 arose for the Company, which is included in the line item of the Income Statement “Other operating income / (expenses) – net”.



(All amounts in € thousands except for amounts per share)

## 23. Related party transactions

### *(a) Main shareholder*

The main shareholder of the Company is IBERDROLA RENEWABLES SA (subsidiary of the Spanish Group IBERDROLA SA), which, as at 31 December 2007, held 52,7% of the common share capital of the Company. The rest of the shares are widely held by individual investors.

### *(b) Transactions and balances with related parties and key management*

	<b>Year ended</b> <b>31 December 2007</b>	<b>Year ended</b> <b>31 December 2006</b>
Sales of goods and services	12.351	6.812
Purchases of goods and services	-	-
Receivables	7.711	3.708
Liabilities	-	-
Salaries and benefits of the key management *	2.513	1.359
Receivables from key management	-	-
Liabilities to key management	-	-

\* This includes an amount of € 1.275, which concerns compensations paid during 2007 to key management due to their departure. The rest concerns mainly salaries and bonuses.

## 24. Post balance sheet events

There are no post balance sheet events which could have material adverse effects on the financial position of the Company.

## **Board of Directors Report on the Annual Financial Statements of the Company**

Dear Shareholders,

Analysing the financial information of the Financial Statements of 2007, according to IFRS, we mention the following:

### **Results of 2007**

The Company's turnover amounted €18.0 mil., over €16.2 mil. in 2006, showing an increase of 12%.

In 2007 the Company showed losses before interest, tax, depreciation and amortisation (EBITDA) of €0.4mil, while in 2006 the losses before interest, tax, depreciation and amortisation (EBITDA) of the Company amounted €0.6mil.

Despite the above, the earnings after tax (EAT) of the Company marked an increase of 48% and amounted €9.6 mil. on 2007 over €6.7 mil. in the respective period of 2006.

The earnings per share (EPS) attributable to the shareholders of the Company came to €0.40 in 2007, as compared to €0.28 in the respective period of 2006.

### **Equity as at 31/12/2007**

Total Company Equity as at the end of 2007 amounted to €102.1 mil., while at the end of 2006 amounted €96.7 mil.

### **Cash Flows for 2007**

The total net cash inflows for the Company for the year 2007 amounted €1.8 mil, while for the year 2006 the Company showed total net cash outflows amounting €4.6 mil.

### **Proposed Dividend for 2007**

The proposed dividend for the year ended 2007 is €0.19 per share, while the proposed dividend for the year ended 2006 was €0.18 per share.

### **Approval of 2007 Financial Statements**

Ending this report, we ask the General Assembly to approve the Annual Financial Statements for the year ended 31 December 2007, and to dismiss the Board of Directors and the Certified Auditor Accountant of any responsibility relating to the administration of the year ended 31 December 2007.

**Halandri, 11 March 2008**

**THE CHAIRMAN OF THE BOD &  
CHIEF EXECUTIVE OFFICER**

**VASSILIKI CHRISTODOULOPOULOU**

## **EXPLANATORY REPORT TO THE ORDINARY GENERAL SHAREHOLDER MEETING OF “C. ROKAS S.A.” PURSUANT TO ARTICLE 11A OF LAW 3371/2005**

The present explanatory report of the Board of Directors to the Ordinary General Shareholder Meeting contains analytical information regarding the issues of paragraph 1, article 11a, of Law 3371/2005.

### **I. Structure of the Company's Share Capital**

The Company's share capital amounts to eleven million, eight hundred eighty seven thousand one hundred and sixty two euro (EUR 11,887,162), divided into twenty three million seven hundred seventy four thousand three hundred and twenty four (23,774,324) registered shares with a nominal value of fifty cents (EUR 0.50) each, of which 20,544,452 are ordinary registered shares and the remaining 3,229,872 are preferred shares without voting rights. The Company's shares are listed in the Athens Stock Exchange (Large Cap Classification).

(A) Each ordinary share provides all the rights stipulated by law and the Company's Articles of Association. In particular:

- the right to receive dividend from the Company's annual profits or liquidation proceeds. A percentage equal to 6% of the paid capital is distributed from each financial year's profit to the shareholders as interim dividend, whereas the payment of an additional dividend is decided by the General Meeting. Every shareholder listed in the Company's shareholder register is entitled to receive dividends at the date of determination of dividend beneficiaries. For the financial year ended on 31 December 2007, according to the announced Financial Calendar 2008 of the Company, the dividend will be paid within seven (7) working days from the dividend cut-off date, which has been set for 09 June 2008. The process and place of payment will be announced through the Press. The right to dividends is written-off and the respective amount is paid to the State, after the lapse of 5 years from the end of the year, during which the General Meeting approved the distribution of dividends.
- the right to recover the contribution during liquidation, or, similarly, the right to amortisation of the capital corresponding to the share, provided the General Meeting has decided so.
- the pre-emptive right in every Company share capital increase exercised in cash and the acquisition of new shares,
- the right to receive a copy of the financial statements and reports by the chartered accountants/auditors and the Company's Board of Directors,
- the right to participate in the General Meeting, which is analysed in the following individual rights:  
Attendance in person or through a representative, participation in discussions, submission of proposals on agenda issues, recording of opinions in the minutes of the meeting and voting. Every ordinary share gives the right to one vote.
- The General Meeting of Company shareholders reserves all rights during liquidation (according to article 34 of its Articles of Association). The liability of Company shareholders is limited to the nominal value of the shares they own.

(B) Preferred shares provide the following rights:

- preferred shares are first, compared to ordinary shares, to receive the first dividend of each financial year, which is equal to 6% of the share's nominal value;
- they are equally entitled, as ordinary shares, to receive additional dividends distributed in any form;
- they are entitled to accumulated dividend. Namely, if during one or several financial years the company does not pay dividend or pays a dividend less than expected (6%), the preferred shares will receive the accumulated dividend of these financial years from the profits of the subsequent financial years.

- during company dissolution or liquidation the preferred shareholders shall be paid preferentially the share capital they have paid into the company and at the same time, they equally participate, along with the owners of ordinary shares, in the liquidation proceeds for the amount exceeding the company's capital.

## **II. Limitations in Transferring Company Shares**

Transfer of Company shares is carried out according to the provisions of Law, with no limitations stipulated by the Articles of Association, considering that these are intangible shares listed on the Athens Stock Exchange.

## **III. Significant Direct or Indirect Participations Pursuant to L.3556/2007**

Shareholders (physical or legal entities) directly or indirectly owning, as of 31 December 2006, a percentage higher than 5% of the total company shares with voting rights, are listed in the table below.

<u>FULL NAME</u>	<u>SHARES</u>	<u>PERCENTAGE</u>
IBERDROLA RENEWABLES SA	10,826,927	52.70 %

## **IV. Shares Granting Special Control Rights**

There are no Company shares granting their owners special control rights.

## **V. Voting Right Limitations**

The Company's Articles of Association do not stipulate limitations pertaining to voting rights during General Meetings.

## **VI. Agreements between Company Shareholders**

The Company is not aware of any agreement whatsoever between its shareholders, which establishes limitations to the transfer of Company shares or the exercise of voting rights.

## **VII. Regulations on Appointing and Replacing BoD Members and Amending the Articles of Association**

The regulations provided by the Company's Articles of Association regarding the appointment and replacement of members of the Board of Directors and the amendment of provisions of its Articles of Association are no different than those stipulated in Codified Law 2190/1920.

## **VIII. Duties of the BoD Regarding the Issuance of New or the Purchase of Own Shares**

A) According to the provisions of article 13, par. 1, sections (b) and (c) of Codified Law 2190/1920, in combination with article 6 of its Articles of Association and upon relevant decision by the General Meeting, being subjected to the publication provisions of article 7b of Codified Law 2190/1920 and being taken in extraordinary quorum and with a majority vote of two thirds (2/3), the Company's Board of Directors has the right to increase the Company's share capital by issuing new shares, by a decision taken by a majority vote of at least eight ninths (8/9). In this case, the share capital can be increased by an amount equal to the capital already paid up on the date the General Meeting granted the said power to the Board of Directors. The General Meeting can renew the above power of the Board of Directors for a term not exceeding five years.

B) During the Financial Year ended on 31 December 2007, the General Meeting of the Company's Shareholders did not take any decision regarding the enactment of a plan, by which the Company will purchase its own shares, pursuant to the provisions of article 16 of Codified Law 2190/1920.

**IX. Significant Agreements that Come Into Force, are Amended or Terminated in the Event of Change of Control, Following a Takeover Bid.**

There are no agreements, which come into force, are amended or terminated in the event of change of Company control, following a takeover bid.

**X. Agreements with Members of the Board of Directors or Company Personnel**

There are no agreements between the Company and members of the Board of Directors or its personnel, which provide for the payment of compensation, especially in the event of resignation or termination of employment without reasonable grounds or termination of term or employment due to a takeover bid.

**Halandri, 11 March 2008**

**THE CHAIRMAN OF THE BOD &  
CHIEF EXECUTIVE OFFICER**

**VASSILIKI CHRISTODOULOPOULOU**