

**KAPPA SECURITIES S.A.**

**Companies Reg. No. 24829/06/B/91/50**

**FINANCIAL STATEMENTS**

**AT 31 DECEMBER 2008**

**In accordance with International Financial Reporting  
Standards (IFRS)**

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

---

<b>CONTENTS</b>	<b>Page</b>
Report on the Financial Statements .....	4
Report on Other Legal and Regulatory Requirements .....	5
Income Statement .....	6
Balance Sheet .....	7
Statements of Changes in Equity .....	8
Cash Flow Statement .....	9
Notes to the Financial Statements.....	10
1. General information about the Company.....	10
I. Main investment services.....	10
II. Ancillary investment services.....	10
2. Summary of significant accounting policies .....	11
2.1 Basis of preparation .....	11
2.2 New accounting standards, interpretations and amendments to existing standards.....	11
2.3 Segment reporting .....	15
2.4 Foreign currency translation.....	15
2.5 Property, plant and equipment.....	15
2.6 Intangible assets .....	15
2.7 Impairment of non-financial assets.....	15
2.8 Financial instruments .....	16
2.9 Sale and repurchase agreements.....	17
2.10 Amounts due from customers and stock exchange.....	17
2.11 Cash and cash equivalents.....	17
2.12 Share capital.....	18
2.13 Borrowings.....	18
2.14 Current and deferred income tax .....	18
2.15 Provisions.....	18
2.16 Leases.....	18
2.17 Employee Defined Benefit Obligations.....	19
2.18 Recognition of income and expenses .....	19
2.19 Earnings per share .....	19
2.20 Dividend distribution .....	19
2.21 Comparatives.....	19
3. Critical accounting estimates and assumptions in applying accounting policies.....	19
4. Financial risk management .....	20
4.1 Credit risk.....	20
4.2 Market price risk .....	20
4.3 Currency risk.....	21
4.4 Interest rate risk.....	21
4.5 Liquidity risk.....	21
4.6 Operational risk.....	23
4.7 Capital adequacy .....	23
5. Analysis of Accounts .....	24
5.1 Property, plant and equipment.....	24
5.2 Intangible assets .....	25
5.3 Deferred income tax assets.....	25
5.4 Other long-term receivables .....	26
5.5 Trade receivables – Due from customers & stock exchange.....	26

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

---

5.6 Financial assets at fair value through profit or loss .....	26
5.7 Other receivables.....	27
5.8 Cash and cash equivalents.....	27
5.9 Share capital.....	27
5.10 Other reserves .....	27
5.11 Employee Defined Benefit Obligations.....	28
5.12 Bank borrowings.....	28
5.13 Trade payables due to customers and stock exchange.....	29
5.14 Income tax liabilities.....	29
5.15 Other liabilities.....	29
5.16 Revenue.....	29
5.17 Analysis of expenses pare nature.....	30
5.18 Other income – expenses (net).....	30
5.19 Finance income/costs (net).....	31
5.20 Income tax expense.....	31
5.21 Earnings per share.....	31
5.22 Depreciation of property, plant and equipment and intangible assets .....	32
5.23 Employee benefit expense.....	32
5.24 Operating lease commitments .....	32
5.25 Related-party transactions.....	32
5.26 Contingencies and Commitments.....	33
6. Summary of significant differences between Greek Accounting Standards (Greek GAAP) and International Financial Reporting Standards (I.F.R.S.).....	34
7. Events after the balance sheet date .....	37

## **INDEPENDENT AUDITOR’S REPORT**

---

*To the Shareholders of KAPPA SECURITIES S.A.*

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

We have audited the accompanying financial statements of KAPPA SECURITIES S.A. (the “Company”), which comprise the balance sheet as at 31 December 2008, 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 the Company as of 31 December 2008, 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). Without qualifying our opinion, we draw attention to the fact that the tax returns of the company for the years 2006 to 2008, have not been examined by the tax authorities as yet and, as a consequence, the possibility exists of additional taxes and penalties being assessed at the time when the returns will be examined and will be accepted as final. The outcome of these tax inspections cannot be predicted at present and, therefore, no provision has been made in these financial statements in this respect.

### **Report on Other Legal and Regulatory Requirements**

The Report of the Board of Directors includes the information that is provided by the article 43a paragraph 3 of c.L. 2190/20 and its content is consistent with the accompanying financial statements.

Athens, 16 February 2009



STYLIANOS M. XENAKIS  
Certified Public Accountant Auditor  
Institute of CPA (SOEL) Reg. No. 11541  
SOL S.A. - Certified Public Accountants Auditors  
3, Fok. Negri Street - Athens, Greece  
Institute of CPA (SOEL) Reg. No. 125

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

---

**Income Statement**

		<u>01/01- 31/12/2008</u>	<u>01/01- 31/12/2007</u>
<b>Continuing Operations</b>	<b>Notes</b>		
Revenue	<b>5.16</b>	9.071.987	15.730.053
Cost of sales	<b>5.17</b>	<u>(5.968.408)</u>	<u>(6.582.032)</u>
<b>Gross profit</b>		<b>3.103.579</b>	<b>9.148.020</b>
Selling costs	<b>5.17</b>	(199.313)	(216.438)
Administrative expenses	<b>5.17</b>	(1.602.679)	(1.553.781)
Other income/expense (net)	<b>5.18</b>	<u>4.709</u>	<u>555</u>
<b>Operating profit/(loss)</b>		<b>1.306.296</b>	<b>7.378.356</b>
Finance income/(costs) - net	<b>5.19</b>	<u>616.763</u>	<u>676.225</u>
<b>Profit before income tax</b>		<b>1.923.059</b>	<b>8.054.581</b>
Income tax expense	<b>5.20</b>	<u>(475.926)</u>	<u>(2.020.834)</u>
<b>Profit after income tax</b>		<b><u>1.447.133</u></b>	<b><u>6.033.747</u></b>
<b>Earnings per share for profit attributable to the equity holders of the company during the year (expressed in € per share)</b>			
<b>Basic and diluted</b>	<b>5.21</b>	<b><u>3,6178</u></b>	<b><u>15,0844</u></b>
<b>Proposed dividend per share</b>		<b><u>0,00</u></b>	<b><u>11,00</u></b>

The notes on pages 9 to 37 are an integral part of these financial statements.

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
 (Amounts in Euro)

**Balance Sheet**

		<u>31/12/2008</u>	<u>31/12/2007</u>
<b>ASSETS</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	5.1	148.999	160.162
Intangible assets	5.2	9.013	4.808
Deferred income tax assets	5.3	73.276	63.883
Other long-term receivables	5.4	8.209.353	12.780.450
		<u>8.440.640</u>	<u>13.009.303</u>
<b>Current assets</b>			
Trade receivables due from customers & stock exchange	5.5	1.255.581	15.212.335
Financial assets at fair value through profit or loss	5.6	49.665	80.288
Other receivables	5.7	1.017.998	1.528.630
Cash and cash equivalents	5.8	10.986.868	11.239.839
		<u>13.310.112</u>	<u>28.061.093</u>
<b>Total Assets</b>		<u>21.750.753</u>	<u>41.070.396</u>
<b>LIABILITIES</b>			
<b>Equity</b>			
Share capital	5.9	11.740.000	11.740.000
Other reserves	5.10	2.335.537	1.809.088
Retained earnings		2.778.446	6.257.762
<b>Total equity</b>		<u>16.853.982</u>	<u>19.806.850</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	5.11	293.105	255.530
		<u>293.105</u>	<u>255.530</u>
<b>Current liabilities</b>			
Bank loans	5.12	3.000.000	3.000.000
Trade payables due to customers & stock exchange	5.13	1.284.946	15.252.360
Current income tax liabilities	5.14	-	1.978.152
Other liabilities	5.15	318.719	777.504
		<u>4.603.665</u>	<u>21.008.016</u>
<b>Total liabilities</b>		<u>4.896.770</u>	<u>21.263.546</u>
<b>Total Equity and Liabilities</b>		<u>21.750.753</u>	<u>41.070.396</u>

The notes on pages 9 to 37 are an integral part of these financial statements.

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

---

**Statements of Changes in Equity**

	<b>Share Capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total Equity</b>
<b>Balance at 1 January 2007, under I.F.R.S.</b>	<b>11.740.000</b>	<b>1.809.088</b>	<b>1.424.015</b>	<b>14.973.103</b>
Approval of dividends relating to 2006	0	0	(1.200.000)	<b>(1.200.000)</b>
Profit for the year 2007	<b>0</b>	<b>0</b>	<b>6.033.747</b>	<b>6.033.747</b>
<b>Balance at 31 December 2007</b>	<b>11.740.000</b>	<b>1.809.088</b>	<b>6.257.762</b>	<b>19.806.850</b>
<b>Balance at 1 January 2008</b>	<b>11.740.000</b>	<b>1.809.088</b>	<b>6.257.762</b>	<b>19.806.850</b>
Set-up reserves	0	526.449	(526.449)	<b>0</b>
Approval of dividends relating to 2007	0	0	(4.400.000)	<b>(4.400.000)</b>
Profit for the year 2008	<b>0</b>	<b>0</b>	<b>1.447.133</b>	<b>1.447.133</b>
<b>Balance at 31 December 2008</b>	<b>11.740.000</b>	<b>2.335.537</b>	<b>2.778.446</b>	<b>16.853.982</b>

The notes on pages 9 to 37 are an integral part of these financial statements.

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

**Cash Flow Statement**

	Note	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2007</u>
<b>Cash Flows from Operating Activities</b>			
Profit before taxes		1.923.059	8.054.581
<b>Plus/Less adjustments for:</b>			
Depreciation and amortisation	5.22	30.243	49.303
Provisions for employee retirement benefits	5.23	37.575	48.939
Interest income		(465.055)	(373.919)
Measurement of portfolio		58.096	22.546
Dividends		(457.281)	(320.141)
Gains/losses from sale of securities		(115.063)	(290.339)
Interest expense and similar charges		299.361	267.568
<b>Plus/Less adjustments of working capital to net cash or related to operating activities:</b>			
Decrease/(increase) of Receivables		19.038.484	(8.310.690)
(Decrease)/increase of current liabilities (except Banks)		(14.426.199)	5.555.167
<b>Less:</b>			
Interest expense and similar charges paid		(299.361)	(267.568)
Income tax paid		(2.463.472)	(1.170.261)
<b>Net cash generated from Operating Activities (a)</b>		<u><b>3.160.387</b></u>	<u><b>3.265.186</b></u>
 <b>Cash Flows from Investing Activities</b>			
Proceeds from sale of subsidiaries, associates, joint-ventures and other investments		87.590	406.124
Purchases of property, plant and equipment (PPE) and intangible assets		(23.284)	(166.687)
Interest received		465.055	373.919
Dividends received		457.281	320.141
<b>Net cash used in Investing Activities (b)</b>		<u><b>986.642</b></u>	<u><b>933.497</b></u>
 <b>Cash Flows from Financing Activities</b>			
Repayment of loans		-	(1.000.000)
Dividends paid		(4.400.000)	(1.200.000)
<b>Net cash used in Financing Activities (c)</b>		<u><b>(4.400.000)</b></u>	<u><b>(2.200.000)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents for the period (a) + (b) + (c)</b>		<b>(252.971)</b>	<b>1.998.683</b>
<b>Cash and cash equivalents at beginning of the year</b>		<u><b>11.239.839</b></u>	<u><b>9.241.156</b></u>
<b>Cash and cash equivalents at end of the year</b>		<u><u><b>10.986.868</b></u></u>	<u><u><b>11.239.839</b></u></u>

The notes on pages 9 to 37 are an integral part of these financial statements.

## **Notes to the Financial Statements**

### **1. General information about the Company**

Kappa Securities S.A. (“the Company”) α Société Anonyme providing Investment Services under the distinctive name “KAPPA SECURITIES S.A.” was founded in 1991, has its registered office in Athens at No. 15, Valaoritou Street, is registered with the Companies (S.A.) Register with No. 24829/06/B/91/50 and its duration is fifty (50) years (2041).

The Company aims upon permission of the Capital Market Commission to provide professionally main and ancillary investment services and to carry out investment activities in the sense of the Law 3606/2007 and in particular:

#### **I. Main investment services**

a) Reception and transmission of orders, which consists in reception and transmission of orders on behalf of customers, in connection to transactions in financial instruments under the article 5 cases a, b, c and d of Law 3606/2007.

b) Execution of orders on behalf of customers, which consists in carrying out purchase or sale agreements of one or more financial instruments of article 5 cases a, b, c and d of Law 3606/2007 on behalf of customers.

c) Dealing on own account in the sense of the article 4 para 1 case c of Law 3606/2007, which consists in dealing on own account with its own capital in one or more financial instruments in connection to transactions on these.

d) Investors portfolio management in the sense of the article 4 para 1 case d of Law 3606/2007, consisting in management, at the Company’s discretion, of customers investment portfolios, within the limit of their order that may include one or more financial instruments.

e) Provision of investment advice, consisting in either personal advice to customer, upon his request or at the initiative of the Company, in relation to one or more transactions regarding financial instruments.

f) Underwriting or placement of financial instruments with withdrawal hold.

g) Placement of financial instruments without withdrawal hold.

#### **II. Ancillary investment services**

a) Custody and administrative management of financial instruments for account of customers, including provision of custodianship and similar services, such as the management of cash or provided securities.

b) Provision of advice to enterprises relevant to their capital structure, strategy of the sector and related matters as well as advice and services relating to merger and acquisitions.

c) Research in the sector of investments and financial analysis or other forms of general recommendations relating to transactions in financial instruments.

d) Provision of services relating to underwriting.

The website address of the company is [www.kappasec.gr](http://www.kappasec.gr)

These financial statements have been approved for issue by the Board of Directors on 30 January 2009.

In the above website of the Company shall be posted also the disclosures provided by the number 9/459/27.12.2007 decision of the Board of Directors of the Capital Market Commission.

## **2. Summary of significant accounting policies**

### **2.1 Basis of preparation**

The financial statements of “**KAPPA Securities S.A.**” at 31 December 2008 (date of transition 1 January 2007) covering the period from 1 January to 31 December 2008 have been prepared under:

- The historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss (Trade portfolio securities).
- The going concern basis
- The accruals basis principle
- The Uniform presentation
- The significance of the records, and

are in accordance with International Financial Reporting Standards (IFRS), that are published by the International Accounting Standards Board (I.A.S.B.), as well as their interpretations, as published by the International Financial Reporting Interpretations Committee (I.F.R.I.C.) of the IASB and which have been adopted by the European Union and are applicable until 31 December 2008.

These financial statements are prepared under IFRS 1 “First-time Adoption of I.F.R.S.” since these are the first financial statements prepared and published on this basis. Date of transition to the new standards according to IFRS 1 is the 1 January 2007.

The accounting policies stated below have been consistently applied to all the periods presented.

The last published financial statements of the Company, which are for the year 2007, had been prepared according to the accounting policies of the c.L. 2190/1920 as in effect then (Greek Accounting Standards) that differ -in some areas- to the I.F.R.S. Management modified some of the valuation and presentation methods used under the Greek Accounting Standards for purposes of compliance with the I.F.R.S. The comparative figures of 2007 are presented restated based on these modifications. Reconciliation and restatement of the effect -due to transition from Greek Accounting Standards to I.F.R.S.- on equity and income statement is set out below in note 6.

The amounts included in the financial statements are expressed in Euro, unless otherwise stated.

### **2.2 New accounting standards, interpretations and amendments to existing standards**

New accounting standards, interpretations and amendments to existing standards have been published which are mandatory for the accounting periods beginning on or after 1 January 2008 or later periods. The Company’s assessment of the impact of these new standards and interpretations is set out below.

#### **Standards mandatory for the year 2008**

#### **IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement” and IFRS 7 (Amendment) “Financial Instruments - Disclosures” – Reclassification of Financial Assets (applicable on or after 1 July 2008)**

The amendment permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the “fair value through profit or loss” category in particular circumstances. The amendment also permits an entity to transfer from the “available-for-sale” category to the “Loans and Receivables” category a financial asset that would have met the definition of “Loans and Receivables” (if the financial asset had not been designated as “available-for-sale”), if the entity has the intention and ability to hold that financial asset for the foreseeable future. This amendment will have no impact on the financial statements of the Company.

**Interpretations mandatory for the year 2008**

**IFRIC 11, IFRS 2 “Group and Treasury Share Transactions” Effective for accounting periods beginning on or after 1 March 2007**

Interpretation 11 establishes that equity-settled share-based payment transactions in which equity instruments are granted to employees, are accounted for remuneration that is determined by the fair value of the equity-settled share-based payment, even in the case where an entity elects or has an obligation to acquire equity instruments from counterparties or where the equity holders of the entity grant the instruments granted. This interpretation establishes also the accounting for subsidiaries when they grant to employee equity instruments of the parent company.

This interpretation did not have any impact on the financial statements of the Company.

**IFRIC 12 “Service Concession Arrangements” Effective for accounting periods beginning on or after 1 January 2008**

Interpretation 12 gives guidance on how entities participating in service concession arrangements should apply the existing IFRS in order to recognise their contractual obligations and the rights conveyed to them under the relevant concession arrangements. Infrastructure within the scope of this interpretation shall not be recognised as property, plant and equipment but shall be recognised any financial assets and/or any intangible assets. This interpretation is not relevant for the Company’s operations.

**IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” Effective for accounting periods beginning on or after 1 January 2008**

Interpretation 14 applies to all post-employment defined benefits and other long-term employee defined benefits. The interpretation clarifies when economic benefits in the form of refunds from the plan or reductions in future contributions to the plan should be regarded as available, how a minimum funding requirement might affect the economic benefit available in the form of reduction in future contributions and when a minimum funding requirement might give rise to a liability.

The Company does not have such employee benefit plans, and therefore this interpretation is not relevant for the Company’s operations.

**Standards mandatory after 31 December 2008**

**Amendment to International Accounting Standard (IAS) 1 “Presentation of Financial Statements” Effective for accounting periods beginning on or after 1 January 2009**

On 6 September 2007, the International Accounting Standards Board (IASB) issued the revised standard IAS 1, the main changes of which are summarized below:

- i) It is introduced the meaning of comprehensive income, which should be presented as a separate statement and aggregate the items recognised in the income statement for the period and those recognised directly in equity. Entities may present a separate income statement for the period but in this case, the results recognised directly in equity shall be presented in a second statement.
- ii) The statement of changes in equity shall present only the items arising from transactions with owners of the parent.
- iii) When an entity applies an accounting policy retrospectively or makes restatement of items the comparative information shall include statements of financial position as at the end and the beginning of the immediate preceding reporting period.

The adoption of this amendment by the European Union and its application by the Company is expected to entail changes in presentation of financial statements.

**Amendment to International Accounting Standard (IAS) 23 (Amendment) "Borrowing Costs" Effective for accounting periods beginning on or after 1 January 2009**

This Standard supersedes the previous version of IAS 23 issued by the IASB on 29 March 2007. The substantial difference with respect to the previous standard relates to removing the option of immediately expensing the borrowing costs directly attributable to the acquisition of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale. Such borrowing costs shall now be capitalized as part of the cost of that asset.

The application of this amendment is not expected to have significant impact on the financial statements of the Company.

**Amendment to International Accounting Standard (IAS) 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements" Effective for accounting periods beginning on or after 1 January 2009**

The application of this amendment, which was published on 14 February 2008 requires some financial instruments that meet the definition of a financial liability but at the same time give the holder the right to put the instrument back to the issuer for its redemption, under certain conditions, are classified in the equity of the issuer and require additional disclosures in the financial statements.

The Company deems that this amendment will have no impact on its financial statements.

**IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" – Hedged items qualifying for hedge accounting (Applicable to annual accounting periods beginning on or after 1 July 2009)**

This amendment clarifies the way by which should be applied, in specific circumstances, the policies that determine as to whether a hedged risk or part of cash flows qualifies for hedge accounting. This amendment is not applied by the company since it does not follow hedge accounting under the IAS 39.

**IFRS 1 (Amendment) "First-time Adoption of I.F.R.S" and IAS 27 (Amendment) Consolidated and Separate Financial Statements" (Applicable for annual accounting periods beginning on or after 1 January 2009)**

The amendment to IFRS 1 permits entities when adopting IFRSs for the first time to use as deemed cost either the fair value or the carrying amounts reported under previous GAAP for the measurement of the initial cost of an investment in a subsidiary, jointly controlled entity and associate. Also, the amendment abolishes the cost method defined by IAS 27 and replaces it by requiring dividends to be presented as income in the investor's separate financial statements. This amendment will have no impact on the financial statements of the Company.

**Amendment to International Financial Reporting Standard IFRS 2 "Share-based Payment" Effective for accounting periods beginning on or after 1 January 2009**

By this amendment, published on 17 January 2008 it is clarified that the vesting conditions of a share-based payment transaction are:

i. Conditions determining whether the entity receives the services rendered to the entity (service conditions) and which are further distinguished in:

- Vesting conditions relating solely on the length of the expected vesting period, and
- conditions that at the same time require the achievement of a performance condition.

ii. Conditions not relating to receipt of services by the entity.

Moreover, for each of the above categories, the amendment clarifies the specific terms and conditions for the measurement of the fair value of the equity instruments at grant date and it provides guidance on the accounting treatment of all non-vesting conditions.

The company does not expect that this amendment will have an impact on its financial statements.

**Amendment to International Accounting Standard (IAS) 27 “Consolidated and Separate Financial Statements” and International Financial Reporting Standard (IFRS) 3 “Business Combinations” Effective for business combinations whose acquisition dates occur within accounting periods beginning on or after 1 July 2009**

The most significant changes that entail the amended standards, which were published on 10 January 2008, are summarized as follows:

- i. In circumstances where changes the share of the ownership interest by which control is obtained or lost, the value of the investment that existed prior to the change of share or of that which probably remained respectively, shall be measured to fair value but now it shall be recognised in the income statement.
  - ii. It is given the possibility to measure third-party rights, at initial recognition, to their fair value. Likewise, the third-party rights will now absorb the total of the loss to their share.
  - iii. Contingent consideration for an entity’s acquisition is recognised as liability and measured at fair value.
  - iv. Acquisition-related costs no longer constitute an element of total acquisition consideration but shall be recognised in the income statement for the year.
- Likewise, it is now expressly determined that any difference arising at a change of share in a subsidiary in which control still exists, between consideration and equity that corresponds to the percentage of the change is recognised directly in equity.

This amendment is not relevant for the Company’s operations.

**International Financial Reporting Standard (I.F.R.S.) 8 “Operating Segments” Effective for accounting periods beginning on or after 1 January 2009**

IFRS 8 replaces IAS 14 and provides the disclosure of specific descriptive and financial information as reference to operating segments and increases the requirements in the already existing disclosures. The Company deems that this standard will not entail changes in its financial statements.

**Interpretations applicable after the year ended 31 December 2008**

**IFRIC 13 “Customer Loyalty Programmes” Effective for accounting periods beginning on or after 1 July 2008**

Interpretation 13 clarifies the accounting for companies granting some kind of customer loyalty incentive such as “loyalty award credits” to customers buying goods or services. This interpretation is not relevant for the Company’s operations.

**IFRIC 15 “Agreements for the Construction of Real Estate” Effective for accounting periods beginning on or after 1 January 2009**

Interpretation 15 refers to existing different accounting treatments with regards to sales of real estate (IAS 18 and IAS 11). The interpretation clarifies which standard should be applied in each circumstance.

This interpretation is not relevant for the Company’s operations.

**IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” Effective for accounting periods beginning on or after 1 October 2008**

Interpretation 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. Guidance is provided for the way by which an entity should determine the amounts to be reclassified from equity to profit or loss so for the hedging instrument as also for the hedged asset.

This interpretation is not relevant for the Company’s operations.

### **2.3 Segment reporting**

The Company is active in one business segment engaged in providing investment services mainly for carrying out stock exchange transactions. These investment services, is the only activity of the Company and the total of these services is provided within the country (Greece). Therefore no further segment analysis is required.

### **2.4 Foreign currency translation**

Items included in the Company’s financial statements are measured and presented in Euro which is the currency of the country in which it operates (“the functional currency”). Foreign currency transactions are translated into the functional currency (Euro) using the exchange rates prevailing at the dates of the transactions.

When preparing the financial statements, the monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the date of that balance sheet. Foreign exchange gains and losses are recognised in the income statement.

### **2.5 Property, plant and equipment**

All property, plant and equipment, is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Significant subsequent additions and improvements are capitalised to the cost of the associated asset only when they increase the useful life and or the productive capacity of the asset or decrease the cost of its use. Depreciation on buildings and equipment is calculated using the straight-line method over their estimated useful lives, as follows:

Installations on third-party buildings	Based on years of lease
Vehicles	7-10 years
Furniture, fittings and equipment	4-7 years

The assets’ residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. Impairment loss is recognised as an expense in the income statement when the asset’s carrying amount exceeds its recoverable amount. At an asset’s retirement or sale the asset’s cost and accumulated depreciation is written down from the respective accounts when the retirement or sale incur and any gain or loss is recognised in the income statement.

### **2.6 Intangible assets**

#### Computer software

Computer software programmes concern the cost incurred to acquire the software, materials, services as well as all development costs incurred to bring to use the specific software. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications, is recognised as capital improvement added to the original cost of the software. Computer software acquisition and development costs recognised as assets are amortised using the straight-line method over their estimated useful lives (3-5 years).

### **2.7 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell 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, less the incremental costs directly attributable to the disposal of the asset, while value in use is the present value of estimated future cash flows expected to flow from the continuing use of an asset and from its disposal at the end of its useful life. If it is not possible to estimate the recoverable amount of an individual asset, for which there is an indication that may be impaired, then an enterprise determines the recoverable amount of the cash-generating unit to which the asset belongs. Reversal of an impairment loss recognised for an asset in prior years, if, and only if, there is an indication that this impairment may no longer exist or may have decreased. In such cases the above reversal is recognised as income. Management deems that there is no matter of impairment of the company's durable equipment and therefore has not carried out estimations of the recoverable amount of its assets.

## **2.8 Financial instruments**

Financial instrument is any contract that generates a financial asset to an entity and a financial liability or an equity instrument to another entity.

The company classifies its financial instruments in the following categories, based on the substance of the contract and the purpose for which the instruments were acquired.

### **2.8.1. Financial assets and liabilities at fair value through profit or loss**

This category has two sub-categories, financial assets and liabilities held for trading, and those designated by management at fair value through profit or loss at inception. Financial assets or liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term. Derivatives are also categorised as held for trading, unless they are designated as hedges in a hedging relationship.

### **2.8.2. Investments Available-for-sale**

Available-for-sale investments are the investments acquired for indefinite time period, which may be sold, due to need of liquidity or changes in interest rate, in exchange rates or in the price of shares.

#### **Accounting treatment**

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.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of the investments classified as available-for-sale are recognised directly in equity, until the financial asset is derecognised or impaired, when the accumulated gain or the loss recognised previously in equity, is transferred to the income statement. Dividends from investments are recognised in the income statement when the right to receive dividend is approved by the shareholders.

The fair value of investments traded in active markets is based on quoted market prices (current bid prices). The fair value of unlisted securities in cases where the market is not active an entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, carried on clear trade base, reference to current price of comparable traded assets, discounted cash flow analysis, option pricing models, and other valuation techniques frequently used in the market.

### **2.8.3. Held-to-maturity investments**

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

Held to maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from measurement are recognised in the income statement in the period in which they arise. The Company does not hold and are not included in its financial statements, financial instruments of this category.

### **2.8.4. Derivative financial instruments**

Derivatives are financial instruments whose notional amount at the inception of the contract is small or of zero value, which subsequently changes proportionally to the changes in the fair value of the asset they are related to.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivatives are used either for hedge accounting purposes or for trading purposes.

All derivative irrespective of the purpose they are used for, are measured at their fair value. Realised and unrealised gains and losses are recognised in trading income.

## **2.9 Sale and repurchase agreements**

### **(a) Sale and repurchase agreements**

Securities sold subject to repurchase agreements (“repos”) are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral. The counterparty liability is disclosed separately under “amounts due to other banks, or to customers”, as deemed more appropriate. Securities purchased under agreements to resell (“reverse repos”) are recognised as loans and receivables to other banks or customers respectively. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

### **(b) Borrowing of securities**

Securities lent to counterparties are retained in the financial statements. Borrowed securities are not recognised in the financial statements unless they are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

## **2.10 Amounts due from customers and stock exchange**

Amounts due from customers are recognised initially at their fair value which coincides with the nominal value. Impairment losses (losses from doubtful debts) are recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the contractual terms.

The amount of the impairment loss is the difference between the asset’s carrying amount and the present value of estimated future cash flows.

The amount of the impairment loss is recognised in the income statement.

## **2.11 Cash and cash equivalents**

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

## **2.12 Share capital**

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

## **2.13 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. 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.

Loans are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## **2.14 Current and deferred income tax**

The taxes charged to the period consist of current and deferred taxes, i.e. taxes (or tax relieves) related to the financial benefits incurring within the period but have been charged or are going to be charged from the tax authorities to different periods. The income tax is recognised in the income statement of the period, except when the tax concerns transactions directly classified in equity, in which case it is directly charged in equity.

Current income taxes are the payable taxes on the period's taxable income using effective tax rates and laws that have been enacted by the balance sheet date.

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. The main temporary differences arise from pensions and other employee retirement benefits and from the revaluation of certain financial assets and liabilities. 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. The amount of deferred income tax assets is reviewed at each balance sheet date and decreased to the extent that it is not expected that future taxable profit will be available, to cover the deferred tax asset.

## **2.15 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are reviewed at each balance sheet date and adjusted in order to reflect the best current estimates. Contingent obligations for which it is not likely that an outflow or resources will be required are disclosed unless not significant.

Contingent assets are not recognised in the financial statements but disclosed as long as an inflow of economic benefits is likely.

## **2.16 Leases**

In the Company there are no property, plant and equipment acquired under a finance lease.

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 lease's inception at the lower of the fair value of the leased property and 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 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 have a constant rate on the finance balance at each balance sheet date.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

### **2.17 Employee Defined Benefit Obligations**

#### *(a) Short-term benefits*

Short-term benefits to employees in money or in kind are recognised as an expense when they are accrued.

#### *(b) Benefits on retirement*

The liabilities resulting from defined benefit pension plans are determined at the discounted value of future benefits accrued at the balance sheet date. The commitment of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The net cost of the benefit expense is charged to the income statement and consists of the present value of the benefits accrued over the period, the discounted estimated future cash outflows, the past-service vesting cost and the actuarial gains and losses.

### **2.18 Recognition of income and expenses**

**Income** is recognised as follows:

#### (a) Sales of services:

Income from sales of services is recognised in the accounting period in which the services are rendered.

#### (b) Interest income:

Interest income is recognised in the income statement on an accruals basis for all debt instruments using the effective interest method.

#### (c) Dividend income:

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

**Expenses** are recognised in the income statement on an accruals basis. Payments incurred for operating leases are charged to the income statement over the period of the lease.

### **2.19 Earnings per share**

Basic and diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the year excluding any ordinary shares purchased by the Company (treasury shares).

### **2.20 Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the General Meeting of Shareholders.

### **2.21 Comparatives**

Where deemed necessary comparative figures of the previous period are adjusted so as to cover changes in the presentation of the current period. Any differences between the amounts in the financial statements and the corresponding amounts in the notes are due to rounding to the nearest thousand.

## **3. Critical accounting estimates and assumptions in applying accounting policies**

In the process of applying the company's accounting policies Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and assumptions 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.

### **3.1 Provisions for doubtful receivables**

Methodology and assumptions used for the calculation of the amount and the timing of future cash flows are reviewed periodically, so as to decrease whatever differences between the estimates for losses and the actual experience of losses. The Company reviews continually the debit balances of customers in order to test whether these have suffered any impairment. In determining whether an impairment loss should be recognised in the income statement, the Company using its judgment evaluates whether there is evidence indicating that there is a determinable decrease in expected cash flows from a customer's portfolio before the decrease can be associated to a specific customer balance of the portfolio. Such evidence may include data that was monitored and indicates that there was a negative diversification of repayment by a group of critees or in national or local economic conditions relating to default of liabilities against a group of assets. Management uses estimates based on historical experience of losses from asses with similar characteristics of credit risk and similar objective evidence of impairment with that of the portfolio when determines future cash flows.

### **3.2 Income tax**

Management makes estimates for the determination of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## **4. Financial risk management**

The Company's activities expose it to a variety of financial risks: credit risk, market price risk, currency risk, fair value interest rate risk and liquidity 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, financial position and cash flows.

### **4.1 Credit risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. Consequently, Management manages carefully its exposure to credit risk within the frame of the regulatory requirements of the supervisory authority (Capital Market Commission).

#### **(a) Credit risk for T + 4**

According to the L. 2843/2000 and delegated decisions no. 2/363/30.11.2005 and 8/370/26.1.2006 of the Capital Market Commission, as in effect, the customer by the end of T + 3, should have paid in full the premium of the purchase. Otherwise the member of the ATHEX in order to minimise the risk on day T + 4 proceeds in compulsory disposals whereas is not exposed to significant credit risk.

#### **(b) Deposits with financial institutions of mature credit balances**

The Capital market Commission in order to safeguard the free cash and deposits of customers has imposed to the members of the ATHEX, according to decision no. 2/306/22.06.2004 as in effect, to keep the money of their customers in separate bank accounts with well known financial institutions.

The company in order to calculate the capital asset of credit risk, uses the standard method under the no. 3/459/27.12.07 Decision of the Capital Market Commission.

### **4.2 Market price risk**

The Company is exposed to market price risk. Market price risk arises from openings in equity products which are exposed to general and special fluctuations in the market. The Company uses the standard method of general and special risk as it is described in no. 4/459/27.12.07 Decision of the Capital Market Commission in order to calculate the market price risk of market positions held and the probable financial loss based on presumptions for various changes in market conditions.

#### 4.3 Currency risk

The total of the Company’s trade transactions is denominated in Euro, while the company does not hold investments abroad. Therefore the currency risk is not significant.

It is noted that the company at 31/12/2008 and at 31/12/2007 did not have assets or liabilities denominated in foreign currency.

#### 4.4 Interest rate risk

The company’s borrowings are issued at floating interest rates which depending on market conditions can either remain floating or be changed in fixed interest rates.

##### Sensitivity analysis of interest rate risk

At 31/12/2008 the company is exposed to changes in market interest rates mainly as regards to its borrowings, which is subject to variable interest rate. As also in the previous year the other financial assets and liabilities are not affected by floating interest rates.

The table below presents the sensitivity of the results for the year as well as of the equity at a reasonable change of interest, of about +1% or -1%.

Changes in interest are deemed that range on a logic basis in relation to recent market conditions.

	<u>31/12/2008</u>		<u>31/12/2007</u>	
	1%	-1%	1%	-1%
<b>Quantity effect</b>				
Results for the year	(33.700)	33.700	(29.553)	29.553
Total equity	(25.275)	25.275	(22.149)	22.149
<b>Percentage effect</b>				
Results for the year	-2,33%	2,33%	-0,37%	0,37%
Net equity	-0,15%	0,15%	-0,11%	0,11%

#### 4.5 Liquidity risk

Liquidity risk relates to the company’s ability to accomplish its financial liabilities when these are claimable. The monitoring of the liquidity risk is focused on the management of the cash flows rolling period and the availability of sufficient cash and cash equivalents for covering the current transactions. In addition to own cash and cash equivalents the Company has the ability to borrow under favourable credit lines from financial institutions in Greece, which with it has concluded contracts for the credit of a drawings account. The table below analyses the maturity of the financial assets.

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

	<b>31/12/2008</b>					<b>Total</b>
	<b>Within 1 month</b>	<b>Between 1 and 3 months</b>	<b>Between 3 and 12 months</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment				148.999		148.999
Intangible assets				9.013		9.013
Deferred income tax assets				73.276		73.276
Other long-term receivables				8.209.353		8.209.353
	<b>0</b>	<b>0</b>	<b>0</b>	<b>8.440.640</b>	<b>0</b>	<b>8.440.640</b>
<b>Current assets</b>						
Trade receivables due from customers and stock exchange	1.255.581					1.255.581
Financial assets at fair value through profit or loss	49.665					49.665
Other receivables	1.017.998					1.017.998
Cash and cash equivalents	10.986.868					10.986.868
	<b>13.310.112</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13.310.112</b>
<b>Total assets</b>	<b>13.310.112</b>	<b>0</b>	<b>0</b>	<b>8.440.640</b>	<b>0</b>	<b>21.750.753</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Retirement benefit obligations					293.105	293.105
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>293.105</b>	<b>293.105</b>
<b>Current liabilities</b>						
Borrowings		3.000.000				3.000.000
Trade payables due to customers and stock exchange	1.284.946					1.284.946
Other liabilities	318.719					318.719
	<b>1.603.665</b>	<b>3.000.000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4.603.665</b>
<b>Total liabilities</b>	<b>1.603.665</b>	<b>3.000.000</b>	<b>0</b>	<b>0</b>	<b>293.105</b>	<b>4.896.770</b>
<b>Total liquidity opening</b>	<b>11.706.447</b>	<b>-3.000.000</b>	<b>0</b>	<b>8.440.640</b>	<b>-293.105</b>	<b>16.853.982</b>

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

	<b>31/12/2007</b>					<b>Total</b>
	<b>Within 1 month</b>	<b>Between 1 and 3 months</b>	<b>Between 3 and 12 months</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment				160.162		160.162
Intangible assets				4.808		4.808
Deferred income tax assets				63.883		63.883
Other long-term receivables				12.780.450		12.780.450
	<b>0</b>	<b>0</b>	<b>0</b>	<b>13.009.303</b>	<b>0</b>	<b>13.009.303</b>
<b>Current assets</b>						
Trade receivables due from customers and stock exchange	15.212.335					15.212.335
Financial assets at fair value through profit or loss	80.289					80.289
Other receivables	1.528.630					1.528.630
Cash and cash equivalents	11.239.839					11.239.839
	<b>28.061.093</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28.061.093</b>
<b>Total assets</b>	<b>28.061.093</b>	<b>0</b>	<b>0</b>	<b>13.009.303</b>	<b>0</b>	<b>41.070.396</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Retirement benefit obligations					255.530	255.530
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>255.530</b>	<b>255.530</b>
<b>Current liabilities</b>						
Borrowings		3.000.000				3.000.000
Trade payables due to customers and stock exchange	15.252.360					15.252.360
Income tax liabilities			1.978.152			1.978.152
Other liabilities	777.504					777.504
	<b>16.029.864</b>	<b>3.000.000</b>	<b>1.978.152</b>	<b>0</b>	<b>0</b>	<b>21.008.016</b>
<b>Total liabilities</b>	<b>16.029.864</b>	<b>3.000.000</b>	<b>1.978.152</b>	<b>0</b>	<b>255.530</b>	<b>21.263.546</b>
<b>Total liquidity opening</b>	<b>12.031.229</b>	<b>-3.000.000</b>	<b>-1.978.152</b>	<b>13.009.303</b>	<b>-255.530</b>	<b>19.806.850</b>

#### 4.6 Operational risk

Operational risk relates to the loss that the company may suffer from wrong procedures, information technology systems or human treatments. The capital assets for the operational risk of the company are calculated according to the method described in article 4 of the no. 1/459/27.12.2007 Decision of the Capital Market Commission.

#### 4.7 Capital adequacy

The company's capital adequacy is monitored at regular intervals by the company's competent officers and reported on a monthly basis to the supervisory authority, the Capital Market Commission.

The Capital Market Commission requires every Investment services/Securities Company to dispose of a minimum amount of Equity in relation always to the total of the undertaken risks.

The ratio is calculated as equity divided by the balance sheet assets and the off-balance sheet assets weighted as to their respective risk. Its minimum price was set to 8% by the decision 6b/104/8.4.1997 of the Capital Market Commission.

In order to calculate the supervisory capital, equity is subjected to supervisory adjustments such as deduction of intangible assets and goodwill, deduction of profits from adjustment at fair value of investments in property and deduction of participation in the Joint-Guarantee Fund.

The capital adequacy ratio of the Company at 31/12/2008 is shown in the table below:

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

	<u>Amounts in</u> <u>€ thousands</u> <u>31/12/2008</u>
<b>Basic equity</b>	
Paid up share capital	11.740,00
Reserves	2.335,54
Retained (profit) earnings	1.331,31
Earnings (profit) for the year 2008	<u>1.447,13</u>
<b>Total basic equity</b>	<b>16.853,98</b>
<b>Less: Intangible assets</b>	(9,01)
<b>Less: Participation in the Joint-Guarantee Fund</b>	
Investment services assignments	(2.947,84)
<b>Total equity</b>	<b><u>13.897,13</u></b>
Weighted assets from credit risk	7.964,61
Weighted assets from market risk	74,50
Weighted assets from operating risk	<u>1.935,33</u>
<b>Total weighted assets</b>	<b><u>9.974,44</u></b>
<b>Capital adequacy ratio</b>	<b><u>139,33%</u></b>

## 5. Analysis of Accounts

### 5.1 Property, plant and equipment

Movement in the property, plant and equipment over the period is as follows:

	Land and buildings	Vehicles	Furniture, fitings and equipment	Total
<b>Cost</b>				
Balance at 1 January 2007	48.705	164.961	841.807	<b>1.055.473</b>
Additions	-	148.013	13.605	<b>161.618</b>
<b>Balance at 31 December 2007</b>	<b><u>48.705</u></b>	<b><u>312.974</u></b>	<b><u>855.412</u></b>	<b><u>1.217.091</u></b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2007	(45.641)	(142.535)	(820.553)	<b>(1.008.729)</b>
Depreciation charge	(3.064)	(20.723)	(24.414)	<b>(48.200)</b>
<b>Balance at 31 December 2007</b>	<b><u>(48.705)</u></b>	<b><u>(163.257)</u></b>	<b><u>(844.967)</u></b>	<b><u>(1.056.929)</u></b>
<b>Net book amount at 31 December 2007</b>	<b><u>0</u></b>	<b><u>149.716</u></b>	<b><u>10.446</u></b>	<b><u>160.162</u></b>
<b>Cost</b>				
Balance at 1 January 2008	48.705	312.974	855.412	<b>1.217.091</b>
Additions	-	-	16.750	<b>16.750</b>
Disposals/Write-offs/transfer	-	-	(62.457)	<b>(62.457)</b>
<b>Balance at 31 December 2008</b>	<b><u>48.705</u></b>	<b><u>312.974</u></b>	<b><u>809.705</u></b>	<b><u>1.171.384</u></b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2008	(48.705)	(163.257)	(844.967)	<b>(1.056.929)</b>
Depreciation charge	-	(20.514)	(7.399)	<b>(27.913)</b>
Disposals/Write-offs/transfer	-	-	62.456	<b>62.456</b>
<b>Balance at 31 December 2008</b>	<b><u>(48.705)</u></b>	<b><u>(183.771)</u></b>	<b><u>(789.909)</u></b>	<b><u>(1.022.385)</u></b>
<b>Net book amount at 31 December 2008</b>	<b><u>0</u></b>	<b><u>129.203</u></b>	<b><u>19.796</u></b>	<b><u>148.999</u></b>

On the property assets of the company there are no real liens.

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

**5.2 Intangible assets**

	<u>Software programmes</u>
<b>Cost</b>	
<b>Carrying value at 1 January 2007</b>	<b>344.839</b>
Additions	5.069
<b>Carrying value at 31 December 2007</b>	<u><b>349.908</b></u>
<b>Accumulated amortisation and impairment</b>	
<b>Carrying value at 1 January 2007</b>	<b>(343.998)</b>
Amortisation charge	(1.103)
<b>Carrying value 31 December 2007</b>	<u><b>(345.100)</b></u>
<b>Net book value at 31 December 2007</b>	<u><b>4.808</b></u>
<b>Cost</b>	
<b>Carrying value at 1 January 2008</b>	<b>349.908</b>
Additions	6.535
<b>Carrying value at 31 December 2008</b>	<u><b>356.443</b></u>
<b>Accumulated amortisation</b>	
<b>Carrying value at 1 January 2008</b>	<b>(345.100)</b>
Amortisation charge	(2.330)
<b>Carrying value at 31 December 2008</b>	<u><b>(347.430)</b></u>
<b>Net book value at 31 December 2008</b>	<u><b>9.013</b></u>

**5.3 Deferred income tax assets**

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.

The offset amounts are as follows:

**Deferred tax assets**

	<u>31/12/2008</u>	<u>31/12/2007</u>
Beginning of year	63.883	51.648
Income statement charged/credited	9.394	12.235
<b>End of year</b>	<u><b>73.276</b></u>	<u><b>63.883</b></u>

**Deferred tax assets:**

	<u>Provision for retirement benefit obligations</u>
<b>At 1 January 2007</b>	<u>51.648</u>
Income statement (charged)/credited	12.235
<b>At 31 December 2007</b>	<u>63.883</u>
Income statement (charged)/credited	9.394
<b>At 31 December 2008</b>	<u><b>73.276</b></u>

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

**5.4 Other long-term receivables**

The long-term receivables have as follows:

	<u><b>31/12/2008</b></u>	<u><b>31/12/2007</b></u>
Given Guarantees	42.993	42.993
Auxiliary ATHEX Liquidation Fund	5.218.520	9.789.617
Participation in the Joint-Guarantee Fund	2.947.840	2.947.840
<b>Total</b>	<u><b>8.209.353</b></u>	<u><b>12.780.450</b></u>

Participations include: a) amount € 5.218.519,87 concerning down payment as guarantee for contributions to the Auxiliary ATHEX Liquidation Fund according to the provisions of L. 2471/1997 and L. 3371/2005 and delegated decisions of the Capital Market Commission. Manager and Custodian of the Auxiliary Fund is the Athens Exchange S.A., b) amount € 2.947.840,10 concerning down payment as guarantee for contributions to the Joint-Guarantee Fund for Insured Investment Services according to the provisions of L. 2533/1997. In addition for the same purpose a letter of guarantee has been issued for amount € 2.947.840,11, which is disclosed in memo.accounts. The participation in the Joint-Guarantee Fund is stated at cost.

In particular for the Auxiliary Fund we note the following:

The limit of transactions and the Auxiliary Fund were enacted in late 1996 beginning of 1997 in order to face the problems arising at the liquidation of transactions. The L. 3371/2005 amended and enforced the role and operation of the Auxiliary Fund. The Group EXAE in collaboration with the Joint-Guarantee Fund and the approval of the Capital Market Commission after going into study of the risk cover methods that are applied in European markets concluded with realization and implementation of a modern model of risk management and cover for a counterparty in the Greek Capital Market, by changing the method for calculation of the daily transactions limit carried out by the ATHEX members.

**5.5 Trade receivables – Due from customers & stock exchange**

Receivables due from customers are recognised initially at fair value, which coincides with the nominal value.

An impairment loss (loss from uncollectible receivables) is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The amount of the loss is recognised in the income statement.

	<u><b>31/12/2008</b></u>	<u><b>31/12/2007</b></u>
Trade receivables (domestic customers)	848.623	1.422.584
Trade receivables (abroad)	406.958	13.789.752
<b>Total</b>	<u><b>1.255.581</b></u>	<u><b>15.212.335</b></u>

The fair values of receivables coincide with the carrying amounts.

**5.6 Financial assets at fair value through profit or loss**

Regarding the balance of the amount at 31/12/2008 amounting € 49.665,49 we note that:

The Company holds equity securities listed on the Athens Stock Exchange, classified in the category: financial assets held for trading, e.g. trade portfolio of total acquisition cost € 107.761,44 that at 31/12/2008 were measured at fair value € 49.665,49. The market value of the equity securities was calculated based on the last fixing rate of the stock exchange at 31/12/2008. The difference of acquisition cost and current value of the above equity securities was recognised in the income statement for the year.

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

**5.7 Other receivables**

The other receivables are as follows:

	<u>31/12/2008</u>	<u>31/12/2007</u>
Greek State prepaid & withheld taxes	116.407	1.333.269
Income tax for refund	823.546	0
Other receivables from Greek State	0	86.184
Other receivables	21.719	56.294
Prepaid expenses	56.326	52.883
<b>Total other receivables</b>	<b><u>1.017.998</u></b>	<b><u>1.528.630</u></b>

The fair values of receivables coincide with the carrying amounts.

**5.8 Cash and cash equivalents**

The cash and cash equivalents are analysed as follows:

	<u>31/12/2008</u>	<u>31/12/2007</u>
Cash in hand	1.462	2.112
Sight deposits	150.489	129.353
Time deposits	10.800.000	10.931.000
<b>Cash and cash equivalents of the Company</b>	<b><u>10.951.951</u></b>	<b><u>11.062.465</u></b>
<b>Cash and deposits of Customers (Customers sight Accounts)</b>	<u>34.917</u>	<u>177.374</u>
<b>Total</b>	<b><u>10.986.868</u></b>	<b><u>11.239.839</u></b>

**5.9 Share capital**

The Share Capital of the Company (31.12.2008 and 31.12.2007) amounts to Euro 11.740.000,00 (Eleven million seven hundred and forty thousand) registered shares of par value Euro 29,35 (twenty nine and thirty five cents) each share, fully paid-up.

**5.10 Other reserves**

	<u>Statutory Reserve</u>	<u>Reserves from tax exempted income</u>	<u>Reserves taxed at special provisions</u>	<u>Tax-free reserves under special law provisions</u>	<u>Total</u>
<b>1 January 2007</b>	<u>827.550</u>	<u>2.692</u>	<u>776.044</u>	<u>93.108</u>	<u>1.699.395</u>
Set up reserves from year 2006 profits	99.336	10.357	-	-	109.693
<b>31 December 2007</b>	<b><u>926.886</u></b>	<b><u>13.050</u></b>	<b><u>776.044</u></b>	<b><u>93.108</u></b>	<b><u>1.809.088</u></b>
<b>1 January 2008</b>	<b>926.886</b>	<b>13.050</b>	<b>776.044</b>	<b>93.108</b>	<b>1.809.088</b>
Set up reserves from year 2007 profits	301.926	-	224.523	-	526.449
<b>31 December 2008</b>	<b><u>1.228.811</u></b>	<b><u>13.050</u></b>	<b><u>1.000.567</u></b>	<b><u>93.108</u></b>	<b><u>2.335.537</u></b>

According to Greek company law the Company has an obligation to withhold from its net (after taxes) profits minimum percentage 5% annually as statutory reserve. The withholding ceases to be mandatory when the total of the Statutory Reserve exceeds the one third (1/3) of the paid-up share capital. This reserve which is taxed cannot be used throughout the Company's life and is intended for covering probable debit balance of the profit and loss account.

The tax-free reserves were set up based on various law provisions. According to the Greek tax law these reserves are exempted from income tax as long as they are not distributed to the equity holders whereas if disposed or capitalized will be taxed at the tax rate in effect when occurred. The company has no intention to distribute these reserves and thus it has not caused deferred tax liability which would be applicable whether a relative intention for distribution of these reserves occurred.

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

**5.11 Employee Defined Benefit Obligations**

According to the Greek labour law, employees are entitled to termination benefits when employment is terminated, the value of which depends on their annual compensation, years of service in the Company and reason for the employment termination (dismissal or retirement). In case of resignation or justified dismissal this right does not apply. The payable amount at retirement is equal to 40% of the amount that is paid in case of unjustified dismissal. The provision for employee retirement benefits obligation is disclosed in the accompanying financial statements according to IAS 19 (Projected unit credit method) and is based on independent actuarial calculations.

	<u><b>31/12/2008</b></u>	<u><b>31/12/2007</b></u>
Balance sheet obligations for:		
Pension benefits	293.105	255.530
Total	<u>293.105</u>	<u>255.530</u>

Income statement charge for:		
Pension benefits	37.575	48.939
Total	<u>37.575</u>	<u>48.939</u>

The amounts recognised in the balance sheet are determined as follows:

	<u><b>31/12/2008</b></u>	<u><b>31/12/2007</b></u>
Present value of funded obligations	293.105	247.821
Unrecognised actuarial gains/(losses)	-	7.710
	<u>293.105</u>	<u>255.530</u>
Liability in the balance sheet	<u>293.105</u>	<u>255.530</u>

The amounts recognised in the income statement are as follows:

	<u><b>31/12/2008</b></u>	<u><b>31/12/2007</b></u>
Current service cost	25.184	41.416
Finance cost	12.391	9.065
Effect of curtailments/settlements/termination benefits	-	(1.542)
Total, included in staff costs	<u>37.575</u>	<u>48.939</u>

Change of liability in the balance sheet

	<u><b>31/12/2008</b></u>	<u><b>31/12/2007</b></u>
Beginning of year	255.530	206.591
Total income statement charge	37.575	48.939
End of year	<u>293.105</u>	<u>255.530</u>

The principal actuarial assumptions used were as follows:

Discount rate	5,00%	5,00%
Future salary increases	6,00%	6,00%

**5.12 Bank borrowings**

	<u><b>31/12/2008</b></u>	<u><b>31/12/2007</b></u>
Emporiki Bank	<u>3.000.000</u>	<u>3.000.000</u>

The approved borrowing rates of the company including the letters of guarantee per Bank are as follows:

- Emporiki Bank	Euro	3.300.000,00
- National Bank	”	6.000.000,00
- ALPHA BANK	”	3.000.000,00
- Piraeus Bank	”	<u>6.000.000,00</u>
Total	Euro	<u>18.300.000,00</u>

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

**5.13 Trade payables due to customers and stock exchange**

The above payables are analysed as follows:

	<u>31/12/2008</u>	<u>31/12/2007</u>
Amounts due to customers	1.014.584	3.564.163
Amounts due to Stock Exchange (Settlements)	235.445	11.510.822
	<b>1.250.030</b>	<b>15.074.986</b>
Amounts due to customers from mature credit balances	34.917	177.374
<b>Total</b>	<b><u>1.284.946</u></b>	<b><u>15.252.360</u></b>

The above mature credit balances are deposited in customer's sight accounts.

The fair values of payables coincide with the carrying amounts.

**5.14 Income tax liabilities**

Management makes estimates for the determination of provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. At a future tax audit the tax authorities may not accept certain expenses as deductible for tax purposes for these years and consequently assess additional income taxes.

The tax authorities have not audited yet the books and records of the Company for the years 2006 to 2008.

**5.15 Other liabilities**

The other liabilities are analysed as follows:

	<u>31/12/2008</u>	<u>31/12/2007</u>
Suppliers	19.452	38.880
Beneficiaries of fees	4.120	5.840
Sundry creditors	5.560	14.887
Amounts due to Greek State for advance payment of income tax	-	409.376
Payroll taxes	156.162	146.797
Other liabilities	6.406	26.868
Contributions due to Social Security (IKA)	85.806	78.062
Accrued expenses payable	41.212	56.793
<b>Total</b>	<b><u>318.719</u></b>	<b><u>777.504</u></b>

The fair values of liabilities coincide with the carrying amounts.

**5.16 Revenue**

The revenue of the Company derives from trading securities activity and is analysed as follows:

	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2007</u>
Commissions from transmission	4.930.686	9.947.767
Income from transmission	4.137.760	5.760.576
Commissions from derivatives	3.541	21.653
<b>Total revenue</b>	<b><u>9.071.987</u></b>	<b><u>15.730.053</u></b>

**“KAPPA SECURITIES S.A.”**  
**Financial Statements at 31 December 2008**  
*(Amounts in Euro)*

**5.17 Analysis of expenses per nature**

		<b>1/1-31/12/2008</b>			
		<b>Cost of Sales</b>	<b>Selling costs</b>	<b>Administrative expenses</b>	<b>Total</b>
<i>Amounts in Euro</i>	<b>Note</b>				
Wages and salaries to employees	5.23	2.296.964	90.189	881.445	3.268.598
Third party fees & expenses		-	-	272.450	272.450
Third party utilities		475.095	40.029	292.079	807.202
Taxes - duties		12.237	1.020	9.149	22.406
Sundry expenses		3.178.434	67.602	123.464	3.369.500
Depreciation	5.22	5.678	473	24.092	30.243
<b>Total</b>		<b>5.968.408</b>	<b>199.313</b>	<b>1.602.679</b>	<b>7.770.400</b>

		<b>1/1/2007-31/12/2007</b>			
		<b>Cost of Sales</b>	<b>Selling costs</b>	<b>Administrative expenses</b>	<b>Total</b>
<i>Amounts in Euro</i>	<b>Note</b>				
Wages and salaries to employees	5.23	1.919.024	79.597	945.586	2.944.207
Third party fees & expenses		2.798	420	223.105	226.323
Third party utilities		411.522	42.572	275.917	730.011
Taxes - duties		11.777	1.024	9.743	22.544
Sundry expenses		4.220.898	91.433	67.533	4.379.865
Depreciation	5.22	16.014	1.393	31.897	49.303
<b>Total</b>		<b>6.582.032</b>	<b>216.438</b>	<b>1.553.781</b>	<b>8.352.252</b>

**5.18 Other income – expenses (net)**

<b><u>Other income</u></b>	<b>1/1-31/12/2008</b>	<b>1/1-31/12/2007</b>
Exchange differences	5.403	1.333
Other income	66	67
<b>Total</b>	<b>5.470</b>	<b>1.400</b>
<b><u>Other expenses</u></b>	<b>1/1-31/12/2008</b>	<b>1/1-31/12/2007</b>
Tax fines and surcharges	300	10
Other fines	40	-
Exchange differences	208	410
Other expenses	213	426
<b>Total</b>	<b>761</b>	<b>845</b>
<b>Other income - expenses (net)</b>	<b>4.709</b>	<b>555</b>

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

**5.19 Finance income/costs (net)**

The total finance income/costs is analysed as follows:

	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2007</u>
Participations & securities income	457.281	320.141
Other credit interest	465.055	373.919
Gain/(losses) on sale of participations & securities	115.063	290.339
Expenses on participations & securities	(63.179)	(18.059)
interest and expenses of other short-term financing	(233.202)	(198.656)
Commission for L/G	(58.232)	(58.891)
Other bank charges	(7.927)	(10.021)
Provision for value decline of securities	(58.096)	(22.546)
	<u><b>616.763</b></u>	<u><b>676.225</b></u>

**5.20 Income tax expense**

The taxes accounted for in the income statement for the year are analysed as follows:

	<u>31/12/2008</u>	<u>1/1-31/12/2007</u>
Current tax	485.320	1.978.152
Prior year's tax audit differences	0	54.916
Deferred tax (income)/expense	(9.394)	(12.235)
	<u><b>475.926</b></u>	<u><b>2.020.834</b></u>

Income tax calculated at 25% on the taxable profit for the year.

The tax expense is calculated as follows:

	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2007</u>
Profit before tax	1.923.059	8.054.581
Tax rate	25%	25%
Income tax	<u><b>480.765</b></u>	<u><b>2.013.645</b></u>
<b>Increase/(decrease) deriving from:</b>		
Income not subject to tax	(14.221)	(56.978)
Expenses not deductible	9.382	9.250
Prior years' tax audit differences	0	54.916
	<u><b>475.926</b></u>	<u><b>2.020.834</b></u>

**5.21 Earnings per share**

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

	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2007</u>
Profit attributable to equity holders of the company	<u>1.447.133</u>	<u>6.033.747</u>
Weighted average number of ordinary shares in issue	<u>400.000</u>	<u>400.000</u>
Basic earnings per share (Euro/per share)	<u><b>3.6178</b></u>	<u><b>15.0844</b></u>

**5.22 Depreciation of property, plant and equipment and amortisation of intangible assets**

Depreciation-amortisation charged to the income statement for the year is analysed as follows:

	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2007</u>
Depreciation of buildings - building installations	-	3.064
Depreciation of vehicles	20.514	20.723
Depreciation of furniture & fittings	7.399	23.045
Amortisation of capitalized expenses	2.330	2.471
	<u><b>30.243</b></u>	<u><b>49.303</b></u>

**5.23 Employee benefit expense**

The benefits to the Company's personnel are analysed as follows:

	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2007</u>
Salaries, wages and allowances	2.855.942	2.554.968
Social security	369.379	336.736
Other benefits and personnel costs	5.702	3.563
Employee defined benefit obligation	37.575	48.939
	<u><b>3.268.598</b></u>	<u><b>2.944.207</b></u>

The number of employed personnel of the Company at 31/12/2008 and 31/12/2007 was 40 persons.

**5.24 Operating lease commitments**

**Company is the lessee.**

The Company leases buildings under operating lease agreements. The leases have various terms, adjustment clauses and renewals. The company is required to give early notice for the termination of the agreements at each by law determine for trade leases date, as in effect. The operating lease payments charged to the income statement over the year amount to € 433.115,05.

The future minimum lease payments payable under non-cancellable operating lease agreements are as follows:

	<u>31/12/2008</u>
	<u><b>Buildings</b></u>
<b>No later than 1 year</b>	<b>435.407</b>
Later than 1 year and no later than 5 years	<b>0</b>
Later than 5 years	<b>0</b>
<b>31 December 2008</b>	<u><b>435.407</b></u>
	<u><b>31/12/2007</b></u>
	<u><b>Buildings</b></u>
<b>No later than 1 year</b>	<b>433.586</b>
Later than 1 year and no later than 5 years	<b>0</b>
Later than 5 years	<b>0</b>
<b>31 December 2007</b>	<u><b>433.586</b></u>

**5.25 Related-party transactions**

**i) Key management compensation**

	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2007</u>
Fixed directors' fees	465.892	428.821
Total	<u><b>465.892</b></u>	<u><b>428.821</b></u>

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

---

**ii) Other transactions with directors and key management**

	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2007</u>
Transactions with directors and key management	0	0
Receivables from directors and key management	0	0
Payables to directors and key management	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

**5.26 Contingencies and Commitments**

**• Letters of Guarantee:**

The Company has contingent liabilities in respect of Banks, other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Company has given guarantees in the ordinary course of business amounting to € 2.954.634,84 (mainly cover for exceeding the limit of S.E. transactions).

**• Disputed cases:**

There are no disputed or under arbitration cases as well as no decisions of national or arbitral courts that may have a material effect on the financial position or operation of the company.

**• Tax matters:**

The Company has undergone a tax audit up to the year 2005.

Provided that the tax audit may not accept as deductible certain expenditure it is probable additional taxes to be assessed and imposed by the tax authorities for the years not audited yet by the tax authorities.

## 6. Summary of significant differences between Greek Accounting Standards (Greek GAAP) and International Financial Reporting Standards (I.F.R.S.)

The tables below present in summary the effect of the adjustments to Equity and Income Statement at 1.1.2007 and 31.12.2007, which were made on the financial statements of the Company, in order these to be adjusted to the I.F.R.S.

### a) Balance Sheet transition to IFRS at 1.1.2007

	<b>Balance Sheet Greek GAAP</b>	<b>Effect of transition to IFRS</b>	<b>Balance Sheet I.F.R.S.</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	46.744	-	46.744
Intangible assets	842	-	842
Deferred income tax assets	-	51.648	51.648
Other long-term receivables	10.870.844	-	10.870.844
	<b>10.918.430</b>	<b>51.648</b>	<b>10.970.077</b>
<b>Current assets</b>			
Trade receivables due from customers and stock exchange	9.391.267	-	9.391.267
Financial assets at fair value through profit or loss	216.730	1.891	218.621
Other receivables	948.615	-	948.615
Cash and cash equivalents	9.241.156	-	9.241.156
	<b>19.797.768</b>	<b>1.891</b>	<b>19.799.659</b>
<b>Total assets</b>	<b>30.716.198</b>	<b>53.538</b>	<b>30.769.736</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11.740.000	-	11.740.000
Reserves	1.810.054	(966)	1.809.088
Retained earnings	373.152	1.050.862	1.424.015
<b>Total equity</b>	<b>13.923.206</b>	<b>1.049.897</b>	<b>14.973.103</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	2.950	203.642	206.591
	<b>2.950</b>	<b>203.642</b>	<b>206.591</b>
<b>Current liabilities</b>			
Bank borrowings	4.000.000	-	4.000.000
Trade payables due to customers and stock exchange	9.291.466	-	9.291.466
Current income tax liabilities	1.115.345	-	1.115.345
Other liabilities	2.383.232	(1.200.000)	1.183.232
	<b>16.790.042</b>	<b>(1.200.000)</b>	<b>15.590.042</b>
<b>Total liabilities</b>	<b>16.792.992</b>	<b>(996.358)</b>	<b>15.796.633</b>
<b>Total Equity and Liabilities</b>	<b>30.716.198</b>	<b>53.538</b>	<b>30.769.736</b>

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

**b) Balance Sheet at 31.12.2007**

	<b>Balance Sheet Greek GAAP</b>	<b>Change in Accounting Policies</b>	<b>Balance Sheet I.F.R.S.</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	160.162	-	160.162
Intangible assets	4.808	(0)	4.808
Deferred income tax assets	-	63.883	63.883
Other long-term receivables	12.780.450	-	12.780.450
	<u><b>12.945.421</b></u>	<u><b>63.882</b></u>	<u><b>13.009.303</b></u>
<b>Current assets</b>			
Trade receivables due from customers and stock exchange	15.212.335	-	15.212.335
Financial assets at fair value through profit or loss	81.151	(862)	80.289
Other receivables	1.528.630	-	1.528.630
Cash and cash equivalents	11.239.839	-	11.239.839
	<u><b>28.061.955</b></u>	<u><b>(862)</b></u>	<u><b>28.061.093</b></u>
<b>Total assets</b>	<u><b>41.007.376</b></u>	<u><b>63.020</b></u>	<u><b>41.070.396</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11.740.000	-	11.740.000
Reserves	2.336.502	(527.414)	1.809.088
Retained earnings	1.519.908	4.737.854	6.257.762
<b>Total equity</b>	<u><b>15.596.410</b></u>	<u><b>4.210.439</b></u>	<u><b>19.806.850</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	2.950	252.581	255.530
	<u><b>2.950</b></u>	<u><b>252.581</b></u>	<u><b>255.530</b></u>
<b>Current liabilities</b>			
Bank borrowings	3.000.000	-	3.000.000
Trade payables due to customers and stock exchange	15.252.360	-	15.252.360
Current income tax liabilities	1.978.152	-	1.978.152
Other liabilities	5.177.504	(4.400.000)	777.504
	<u><b>25.408.016</b></u>	<u><b>(4.400.000)</b></u>	<u><b>21.008.016</b></u>
<b>Total liabilities</b>	<u><b>25.410.966</b></u>	<u><b>(4.147.419)</b></u>	<u><b>21.263.546</b></u>
<b>Total Equity and Liabilities</b>	<u><b>41.007.376</b></u>	<u><b>63.020</b></u>	<u><b>41.070.396</b></u>

**“KAPPA SECURITIES S.A.”**  
*Financial Statements at 31 December 2008*  
*(Amounts in Euro)*

**TABLE OF ADJUSTMENTS OF EQUITY AT 1.1.2007 AND 31.12.2007 BETWEEN GREEK ACCOUNTING STANDARDS (GREEK GAAP) AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (I.F.R.S.)**

<b>Reconciliation of equity</b>	<b><u>1.1.2007</u></b>	<b><u>31.12.2007</u></b>
<b>Total equity under Greek GAAP</b>	<b>13.923.206</b>	<b>15.596.410</b>
<b>Transition adjustments due to adoption of IFRS</b>		
Measurement of financial assets to fair value	1.891	(862)
Recognition of deferred tax impact	51.648	63.883
Recognition of provision for retirement benefit obligations under the actuarial calculations	(203.642)	(252.581)
Postpone recognition of dividends to the time of their approval	<u>1.200.000</u>	<u>4.400.000</u>
<b>Total adjustments under IFRS</b>	<b><u>1.049.897</u></b>	<b><u>4.210.440</u></b>
<b>Total Equity reported under IFRS</b>	<b><u>14.973.103</u></b>	<b><u>19.806.850</u></b>

The adjustments deemed necessary concern:

- (a) The accounting recognition of the provision for retirement benefit obligation in accordance with the relevant actuarial calculations.
- (b) The accounting recognition of the deferred income tax impact.
- (c) The proposed dividends that until their approval by the Shareholders of the Company were disclosed as liability were reclassified in equity.
- (d) The measurement of the financial assets to fair value.

**c) Income statement for the year 2007**

	<b>Results under Greek GAAP</b>	<b>Effect of transition to IFRS</b>	<b>Results under IFRS</b>
Sales	15.730.053	-	15.730.053
Cost of sales	<u>(6.557.563)</u>	<u>(24.470)</u>	<u>(6.582.032)</u>
<b>Gross profit</b>	<b>9.172.490</b>	<b>(24.470)</b>	<b>9.148.020</b>
Selling and marketing costs	(216.438)	-	(216.438)
Administrative expenses	(1.529.311)	(24.470)	(1.553.781)
Other operation expenses (net)	<u>555</u>	<u>-</u>	<u>555</u>
<b>Operating profit/(loss)</b>	<b>7.427.295</b>	<b>(48.939)</b>	<b>7.378.356</b>
Finance costs - net	<u>678.978</u>	<u>(2.753)</u>	<u>676.225</u>
<b>Profit before tax</b>	<b>8.106.273</b>	<b>-51.692</b>	<b>8.054.581</b>
Income tax expense	<u>(2.033.068)</u>	<u>12.235</u>	<u>(2.020.834)</u>
<b>Profit for the year</b>	<b><u>6.073.204</u></b>	<b><u>(39.457)</u></b>	<b><u>6.033.747</u></b>

**TABLE OF ADJUSTMENTS OF INCOME STATEMENT AT 31.12.2007 (1.1.2007-31.12.2007)**  
**BETWEEN GREEK ACCOUNTING STANDARDS (GREEK GAAP)**  
**AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (I.F.R.S.)**

<b>Reconciliation of net income</b>	<b><u>31.12.2007</u></b>
<b>Net income under Greek GAAP</b>	<b>6.073.204</b>
<b>Transition adjustments due to adoption of IFRS</b>	
Measurement of financial assets to fair value	(2.753)
Set up provision for retirement benefit obligations	(48.939)
Recognition of deferred tax assets - liabilities	12.235
<b>Total adjustments under IFRS</b>	<b><u>(39.457)</u></b>
<b>Profit for the year reported under IFRS</b>	<b><u><u>6.033.747</u></u></b>

The adjustments deemed necessary concern:

- (a) The accounting settlement of the provision for retirement benefit obligation in accordance with the relevant actuarial calculations.
- (b) The accounting settlement of the deferred income tax impact.
- (c) The measurement of financial assets to fair value.

## **7. Events after the balance sheet date**

There are no events subsequent to the financial statements date, which concern the Company that need to be referred to, according to the International Financial Reporting Standards (I.F.R.S.).

Athens, 30 January 2009

THE CHAIRMAN OF THE  
BOARD OF DIRECTORS  
AND MANAGING DIRECTOR

THE MEMBER OF THE BOARD  
OF DIRECTORS

THE HEAD OF  
THE ACCOUNTS DEPT.

SPYRIDON BELLOS  
ID. No. X 085311

KONSTANTINOS GEORGOPOULOS  
ID. No. Σ 138150

GEORGIOS FRAGOULOPOULOS  
ID. No. AA 050116  
E.C.G. Licence No. 13612/A' Class