# NIREUS CHIOS AQUACULTURE AE

**Annual Financial Statements**

**For the year 2005**

**from 1 January to 31 December 2005**

**in accordance with the**

**International Financial Reporting Standards (IFRS)**

This is to certify that the attached Annual Financial Statements are those which have been approved by the Board of Directors of NIREUS CHIOS AQUACULTURE AE on 24 February 2006 and have been published by filing them with the Public Companies (S.A.) Register and by posting them on the company's web site, at the address, www.nireus.gr. It is noted that, the published in the press summary financial information aim to provide to any reader certain elements of financial information but they do not present a comprehensive view of the financial position and the results of the operations of the Company and the Group, in accordance with International Financial Reporting Standards. Attention is also drawn to the fact that, for simplification purposes, certain financial information published in the press may have been reclassified or amalgamated.

Aristides Belles

Chairman of the Board of Directors

NIREUS Chios Aquaculture AE

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# AUDITORS' REPORT

## To the Shareholders of NIREUS CHIOS AQUACULTURE AE

We have audited the accompanying financial statements as well as the consolidated financial statements of NIREUS CHIOS AQUACULTURE AE, as of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' Report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company and that of the Group (of which this Company is the holding company), as of 31 December 2005, and of the results of its operations and those of the Group and their cash flows and changes in shareholders' equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Without qualifying our opinion, we draw attention to the following matters: (1) The tax returns of the parent company for the years 2001 to 2004 and those of its subsidiaries for years one to five, 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. (2) Because, for four consolidated by full consolidation subsidiaries of total percentage (prior to intercompany write-offs) 6,75% of consolidated total assets, the total value of the Equity is negative (for the three) or less than one half (1/2) of the paid up Share Capital, concur the conditions for the application of the provisions of articles 47 and 48 of c.L. 2190/1920 and it is necessary for these companies to take the appropriate reconstruction measures in order to be removed the concurring application of these articles. (3) In the debit balance of the account "Investments in Subsidiaries" is not included the liability for participation in the company "SEAFARM IONIAN AE" of Euro 5.000.000 (percentage 15,48%) because this is subject to receiving an equal Bank Loan, according to decision No. 4970/16.6.2005 of the Court of Appeals of Athens. This loan till 31.12.2005 had not been issued.

Athens, 27 February 2006

SOL s.a.
CERTIFIED PUBLIC ACCOUNTANTS - AUDITORS
**SOEL Reg. Number 125**

STYLIANOS M. XENAKIS

Certified Public Accountant Auditor

SOEL Reg. No. 11541

SOL S.A. – Certified Public Accountants Auditors

# *Income Statement*

| | Note | GROUP 1/1-31/12/2005 | GROUP 1/1-31/12/2004 | COMPANY 1/1-31/12/2005 | COMPANY 1/1-31/12/2004 |
|---|---|---|---|---|---|
| **Fair value Biological assets at 01/01** | | **(98.221.241)** | **(65.580.597)** | **(87.365.929)** | **(54.942.772)** |
| Opening inventories at acquisition of subsidiary with biological assets | | (2.605.567) | - | - | - |
| Purchases in the year | | (13.832.619) | (14.697.841) | (12.781.915) | (13.778.310) |
| Sales in the year | | 75.114.878 | 42.512.286 | 75.954.575 | 43.469.604 |
| **Fair value biological assets at 31 December 2005** | | **114.600.471** | **98.221.241** | **100.369.326** | **87.365.929** |
| **Gain or Loss due to changes in fair value of biological assets at 31 December 2005** | | **75.055.921** | **60.455.089** | **76.176.057** | **62.114.451** |
| Sales | **6.23** | 63.002.018 | 72.585.417 | 56.089.620 | 30.547.243 |
| Disposals | | (71.591.261) | (68.253.903) | (70.500.838) | (50.805.082) |
| Personnel fees & expenses | | (21.949.888) | (17.846.940) | (18.100.861) | (10.415.115) |
| Third parties fees | **6.24** | (13.670.991) | (9.571.721) | (14.274.585) | (6.732.293) |
| Other expenses | **6.26** | (12.517.612) | (11.572.131) | (11.082.224) | (6.803.501) |
| Finance (costs)/Income | **6.25** | (3.325.173) | (662.017) | (2.724.169) | 1.068.162 |
| Depreciation | | (5.157.292) | (4.753.789) | (4.298.671) | (1.897.514) |
| Other income/(expenses) | **6.27** | 1.322.231 | 2.668.581 | 1.645.338 | 1.203.516 |
| **Results for the year before taxes** | | **11.167.952** | **23.048.587** | **12.929.666** | **18.279.867** |
| Income tax | **6.28** | (3.346.129) | (4.011.511) | (2.984.774) | (1.430.535) |
| Deferred income tax | **6.28** | 108.304 | (2.957.256) | (3.128) | (2.923.077) |
| Prior years' tax audit differences | **6.28** | (196.830) | - | (89.771) | - |
| Other not charged to the operating cost taxes | **6.28** | (887) | - | - | - |
| **Profit for the year** | | **7.732.411** | **16.079.819** | **9.851.993** | **13.926.255** |
| **Attributable to:** | | | | | |
| **Equity holders of the company** | | **7.461.220** | **14.375.923** | **9.851.993** | **13.926.255** |
| **Minority interest** | | **271.190** | **1.703.896** | **-** | **-** |
| **Total** | | **7.732.411** | **16.079.819** | **9.851.993** | **13.926.255** |
| **Net Earnings per share – basic in €** | **6.29** | **0,193** | **0,496** | **0,255** | **0,480** |
| Proposed dividend per share (in €) | | - | - | 0,075 | 0,064 |

# Balance Sheet

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **31/12/05** | **31/12/04** | **31/12/05** | **31/12/04** |
| ***ASSETS*** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | **6.1** | 49.991.367 | 46.829.664 | 37.304.506 | 24.705.770 |
| Investment property | **6.2** | 2.458.630 | 3.638.630 | 2.138.330 | 3.538.330 |
| Goodwill | **6.3** | 6.882.944 | 2.541.116 | 5.718.910 | 2.009.935 |
| Intangible assets | **6.3** | 645.337 | 977.298 | 511.475 | 749.153 |
| Investments in subsidiaries | **6.4** | 39.414 | - | 11.091.627 | 17.031.749 |
| Investments in associates | **6.5** | 852.084 | 151.770 | 518.959 | 483.554 |
| Available-for-sale financial assets | **6.7** | 2.384.016 | 2.378.016 | 2.384.016 | 2.378.016 |
| Other long-term receivables | **6.8** | 178.226 | 131.885 | 123.491 | 68.497 |
| Biological assets | **6.9** | 47.342.576 | 54.582.673 | 40.877.803 | 48.184.818 |
| | | **110.774.594** | **111.231.052** | **100.669.116** | **99.149.821** |
| **Current assets** | | | | | |
| Inventories | **6.10** | 12.585.913 | 14.579.425 | 7.118.793 | 2.223.724 |
| Biological assets | **6.9** | 67.257.895 | 43.638.568 | 59.491.523 | 39.181.111 |
| Trade and other receivables | **6.11** | 52.657.176 | 45.931.289 | 56.723.250 | 25.407.713 |
| Other receivables | **6.12** | 13.845.082 | 13.400.685 | 20.388.432 | 15.383.033 |
| Other current assets | **6.13** | 1.543.114 | 854.795 | 1.312.246 | 583.397 |
| Financial assets at fair value through profit or loss | **6.14** | 595 | 329 | 595 | 329 |
| Cash and cash equivalents | **6.15** | 2.589.807 | 1.040.184 | 1.938.495 | 227.878 |
| | | **150.479.582** | **119.445.275** | **146.973.333** | **83.007.185** |
| **Total assets** | | **261.254.176** | **230.676.327** | **247.642.449** | **182.157.006** |
| ***EQUITY & LIABILITIES*** | | | | | |
| **Equity** | | | | | |
| Share capital | **6.16** | 50.460.643 | 47.723.123 | 50.460.643 | 46.989.187 |
| Less: Treasury shares | **6.16** | - | (479.554) | - | (479.554) |
| Share premium account | **6.16** | 37.152.013 | 36.223.490 | 37.152.013 | 36.223.490 |
| Fair value reserves | **6.16** | 11.424.075 | 10.937.319 | 8.691.297 | 7.667.186 |
| Other reserves | **6.16** | 11.391.293 | 5.581.164 | 8.069.038 | 2.630.089 |
| Retained earnings | | (2.088.957) | (4.980.877) | 10.337.463 | 3.657.425 |
| **Capital and reserves attributable to Equity holders of the Company** | | **108.339.066** | **95.004.665** | **114.710.453** | **96.687.824** |
| **Minority interest** | | **1.895.374** | **7.789.153** | **0** | **0** |
| **Total equity** | | **110.234.440** | **102.793.818** | **114.710.453** | **96.687.824** |
| **Non-current liabilities** | | | | | |
| Borrowings | **6.17** | 61.071.987 | 16.176.941 | 55.411.896 | 14.203.099 |
| Deferred income tax liabilities | **6.6** | 3.601.570 | 5.046.747 | 4.516.611 | 4.975.810 |
| Retirement benefit obligations | **6.18** | 1.538.117 | 1.418.783 | 1.318.626 | 903.513 |
| Government grants | **6.19** | 5.806.629 | 6.926.759 | 4.654.290 | 3.186.915 |
| Other non-current liabilities | **6.20** | 460.721 | 695.478 | - | - |
| **Total non-current liabilities** | | **72.479.024** | **30.264.707** | **65.901.422** | **23.269.337** |
| **Current liabilities** | | | | | |
| Trade & other payables | **6.21** | 45.409.458 | 41.573.590 | 43.589.359 | 38.764.495 |
| Borrowings | **6.17** | 19.037.394 | 42.960.144 | 15.888.935 | 12.012.342 |
| Deferred payables | **6.17** | 499.410 | 6.138.051 | 38.576 | 5.902.551 |
| Other current liabilities | **6.22** | 13.594.450 | 6.946.016 | 7.513.704 | 5.520.458 |
| **Total current liabilities** | | **78.540.712** | **97.617.802** | **67.030.574** | **62.199.845** |
| **Total Liabilities** | | **151.019.736** | **127.882.509** | **132.931.996** | **85.469.182** |
| **Total Equity and Liabilities** | | **261.254.176** | **230.676.327** | **247.642.449** | **182.157.006** |

# *Statement of Changes in Equity*

## *GROUP*

| ***Amounts reported in Euro*** | **Share Capital** | **Treasury Shares** | **Shared Premium Account** | **Fair Value Reserves** | **Other Reserves** | **Retained Earnings** | **Consolidation Differences** | **Minority Interest** | **Total Equity** |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2004 (previous GAAP)** | 46.989.187 | | 50.170.664 | | -4.628.870 | 3.968.078 | -19.645.303 | 8.260.186 | ***85.113.942*** |
| *Adjustments of transition to IFRS* | | -479.554 | | 6.916.668 | 7.677.975 | -31.957.940 | 19.645.303 | -1.203.630 | ***598.822*** |
| **Balance at 1 January 2004 (IFRS)** | **46.989.187** | **-479.554** | **50.170.664** | **6.916.668** | **3.049.105** | **-27.989.861** | | **7.056.556** | ***85.712.764*** |
| *Changes in equity for the year 01/01-31/12/2004* | | | | | | | | | |
| Increase/decrease in Share Capital and reserves of subsidiaries | | | | 635.610 | 853.189 | -1.333.649 | | -518.261 | -363.113 |
| Minority interest transfer to retained earnings due to negative equity | | | | | | -16.061 | | 16.061 | |
| Approved dividends and Directors' fees | | | | | | -1.363.752 | | -469.098 | -1.832.850 |
| Other changes | 733.936 | | -13.947.174 | 3.385.041 | 201.638 | 12.823.755 | | | 3.197.197 |
| Profit for the year 01/01-31/12/2004 | | | | | 1.477.232 | 12.898.691 | | 1.703.896 | 16.079.819 |
| **Total recognised Income/Loss for the year** | 733.936 | | -13.947.174 | 4.020.651 | 2.532.059 | 23.008.984 | | 732.597 | *17.081.053* |
| **Balance at 31 December 2004** | **47.723.123** | **-479.554** | **36.223.490** | **10.937.319** | **5.581.164** | **-4.980.877** | | **7.789.153** | ***102.793.818*** |
| *Changes in equity for the year 01/01-31/12/2005* | | | | | | | | | |
| Increase/decrease in Share Capital and reserves of subsidiaries | 3.471.455 | | 928.522 | 486.756 | 3.871.628 | 1.275.877 | | -6.045.082 | *3.989.156* |
| Minority interest transfer to retained earnings due to negative equity | | | | | | -21.319 | | 21.319 | |
| Approved dividends and Directors' fees | | | | | | -4.642.671 | | -141.207 | *-4.783.876* |
| Other changes | -733.936 | 479.554 | | | -479.554 | 1.236.869 | | | *502.933* |
| Profit for the year 01/01-31/12/2005 | | | | | 2.418.055 | 5.043.165 | | 271.190 | *7.732.411* |
| **Total recognised Income/Loss for the year** | 2.737.520 | 479.554 | 928.522 | 486.756 | 5.810.129 | 2.891.921 | | -5.893.779 | *7.440.622* |
| **Balance at 31 December 2005** | **50.460.643** | | **37.152.013** | **11.424.075** | **11.391.293** | **-2.088.957** | | **1.895.374** | **110.234.440** |

## *COMPANY*

| *Amounts reported in Euro* | **Share Capital** | **Treasury Shares** | **Shared Premium Account** | **Fair Value Reserves** | **Other Reserves** | **Retained Earnings** | **Total Equity** |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2004 (previous GAAP)** | 46.989.187 | | 50.170.664 | | -5.870.429 | 4.928.199 | ***96.217.621*** |
| **Adjustments of transition to IFRS** | | -479.554 | | 4.282.145 | 7.430.959 | -28.792.717 | ***-17.559.167*** |
| **Balance at 1 January 2004 (IFRS)** | **46.989.187** | **-479.554** | **50.170.664** | **4.282.145** | **1.560.530** | **-23.864.518** | ***78.658.454*** |
| *Changes in equity for the year 01/01-31/12/2004* | | | | | | | |
| Increase/decrease in Share Capital and reserves of subsidiaries | | | | | | | |
| Minority interest transfer to retained earnings due to negative equity | | | | | | | |
| Approved dividends and Directors' fees | | | | | | | |
| Other changes | | | -13.947.174 | 3.385.041 | 201.638 | 14.463.609 | *4.103.115* |
| Profit for the year 01/01-31/12/2004 | | | | | 867.921 | 13.058.334 | *13.926.255* |
| **Total recognised Income/Loss for the year** | | | -13.947.174 | 3.385.041 | 1.069.559 | 27.521.943 | *18.029.370* |
| **Balance at 31 December 2004** | **46.989.187** | **-479.554** | **36.223.490** | **7.667.186** | **2.630.089** | **3.657.425** | ***96.687.824*** |
| *Changes in equity for the year 01/01-31/12/2005* | | | | | | | |
| Increase/decrease in Share Capital and reserves of subsidiaries | 3.471.455 | | 928.522 | 1.024.111 | 3.508.566 | 2.193.616 | *11.126.271* |
| Minority interest transfer to retained earnings due to negative equity | | | | | | | |
| Approved dividends and Directors' fees | | | | | | -4.134.189 | *-4.134.189* |
| Other changes | | 479.554 | | | -479.554 | 1.178.556 | *1.178.556* |
| Profit for the year 01/01-31/12/2005 | | | | | 2.409.938 | 7.442.055 | *9.851.993* |
| **Total recognised Income/Loss for the year** | 3.471.455 | 479.554 | 928.522 | 1.024.111 | 5.438.949 | 6.680.038 | *18.022.630* |
| **Balance at 31 December 2005** | **50.460.643** | | **37.152.013** | **8.691.297** | **8.069.038** | **10.337.463** | **114.710.453** |

# Cash Flow Statement

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| **Cash flows from operating activities** | | | | |
| Profit before taxes | 11.167.952 | 23.048.587 | 12.929.666 | 18.279.867 |
| Plus/less adjustments for: | | | | |
| Depreciation | 5.157.292 | 4.753.789 | 4.298.671 | 1.897.514 |
| Provisions | 158.196 | (2.168) | - | 141.857 |
| Government Grants | (1.780.591) | (1.485.323) | (976.476) | (696.668) |
| Retirement benefit obligations | 109.334 | 299.011 | 201.253 | 177.859 |
| Dividends | - | (2.031.170) | (533.839) | (2.022.280) |
| Interest income | (69.204) | (65.664) | (67.380) | (50.638) |
| Other non-cash items | (165.477) | (942.462) | (117.254) | (938.631) |
| Proceeds from sale of property, plant and equipment | 64.942 | (103.254) | 181.834 | (11.609) |
| | **14.642.446** | **23.471.344** | **15.916.475** | **16.777.272** |
| Debit interest and similar expenses | 4.778.091 | 3.650.996 | 3.325.388 | 1.893.467 |
| Plus/less adjustments of working capital to net cash or related to operating activities: | | | | |
| Decrease/(increase) in inventories | (12.749.563) | (25.676.308) | (14.654.747) | (26.184.955) |
| Decrease/(increase) in receivables | (6.168.055) | (10.772.699) | 2.619.251 | (6.981.394) |
| (Decrease)/increase in payable accounts (except Banks) | 3.431.779 | 9.306.850 | (8.769.231) | 9.479.912 |
| Less: | | | | |
| Interest paid and similar expenses | (4.778.091) | (3.650.996) | (3.325.388) | (1.893.467) |
| Taxes paid | (4.169.906) | (1.698.493) | (3.348.701) | (402.239) |
| **Net cash generated from operating activities (a)** | **(5.013.297)** | **(5.369.306)** | **(8.236.953)** | **(7.311.403)** |
| **Cash flows from investing activities** | | | | |
| Acquisition of subsidiaries, associates, joint-ventures and other investments | (2.108.242) | (688.364) | (2.126.275) | (698.352) |
| Proceeds on disposal of subsidiaries, associates, joint-ventures and other investments | 225 | 10.181.614 | 225 | 9.392.448 |
| Purchase of property, plant and equipment (PPE) and of intangible assets | (7.156.923) | (6.702.042) | (6.920.425) | (4.977.819) |
| Proceeds on disposal of PPE and intangible assets | 2.021.144 | 547.568 | 1.482.133 | 16.989 |
| Grants received | 660.460 | 361.266 | 552.468 | 546.148 |
| Interest received | 69.204 | 65.664 | 67.380 | 50.638 |
| Dividends received | - | 2.031.170 | 533.839 | 2.022.280 |
| **Net cash generated from investing activities (b)** | **(6.514.130)** | **5.796.877** | **(6.410.654)** | **6.352.333** |
| **Cash flows from financing activities** | | | | |
| Cash received from issue of share capital | - | 471.937 | - | - |
| Proceeds on issued/raised bank loans | 15.326.627 | (500.822) | 18.247.089 | 413.812 |
| Sale of treasury shares | 292.000 | - | 292.000 | - |
| Dividends paid | (2.631.949) | (2.027.866) | (2.532.899) | (2.112) |
| **Net cash (generated) from financing activities (c)** | **12.986.679** | **(2.056.751)** | **16.006.190** | **411.699** |
| **Net increase/(decrease) in cash and cash equivalents for period (a) + (b) + (c)** | **1.459.251** | **(1.629.180)** | **1.358.583** | **(547.371)** |
| **Cash and cash equivalents at beginning of the period** | **1.130.556** | **2.669.364** | **579.911** | **775.248** |
| **Cash and cash equivalents at end of the period** | **2.589.807** | **1.040.184** | **1.938.494** | **227.878** |

# 1. Information on the Company

## 1.1 General Information

The company was established in 1988 in Chios with its object being the creation of production units – culture of fish, process of products, preparation of fishmeal and the trading of the products.
In 1995 the company was listed on the Athens Stock Exchange and since then began its spectacular development in the sector of aquaculture having as a result, today, to be in the Main Market of the ATHEX and having the highest position in the sector.
The main activities of the Group is the production of spawn, production of fish as well as the distribution and trading of various products in domestic and international markets, the production of equipment such as nets, cages etc. for fish farming units, the production and trade in fruit preserves, related sweets and confectionary, the production and trade of fish feed and animal food, the production and trade of processed fish as well as standardized delicacies for catering purposes and the industrial production of dairy products and the processing, production and trade of related food stuffs.
The group operates in Greece and the Company's shares are traded on the Athens Stock Exchange.
The company has its registered office in Greece in the Municipality of Kardamila – Chios and has offices and production facilities in Koropi – Attica, Dimokritou Street, Portsi.

The company's web site is www.nireus.gr.

These Annual Financial Statements have been approved for issue by the company's Board of Directors on 24.2.2006.
In the current year 2005 occurred the merger by acquisition according to the provisions of L. 2166/1993 of the listed on the ATHEX subsidiary "FEEDUS AE" by the Parent company "NIREUS CHIOS AQUACULTURE AE", which was approved by the Number K2-13094/11.11.2005 decision of the Ministry of Development.
Moreover, at the of 29.12.2005 Board Meeting of the company was resolved the merger by acquisition of the subsidiaries "FOKIDA FISH FARMING AE" and "MYLOKOPI FISH FARMING AE" at Transformation Balance Sheet as of 31.12.2005, both of which have aquaculture as their main activity.
The annual financial statements include the company's annual financial statements in accordance with the IFRS for the year ended on 31 December 2005, of "NIREUS CHIOS AQUACULTURE AE" (the Company) and the annual consolidated financial statements of the Company according to the IFRS for the year ended 31 December 2005 (the Group). The Group's structure and the subsidiaries are presented in Note 6.4 of the financial statements.

## 1.2 Nature of Activities

"NIREUS CHIOS AQUACULTURE AE" (the Company) and the Group is involved in a range of activities in the aquaculture sector. More specifically:

- Production of spawn
- Production of fish
- Production of fish feed
- Processing/Manufacturing of fished fish
- Processing/Manufacturing of pre-cooked meals
- Distribution and Trading of various products both in domestic and international markets

The company produces spawn, produced from the hatching of eggs obtained from spawn – generating adult fish. The Company itself to supply its fish production – fattening units, uses most of this spawn.

Then the fish production is distributed in the domestic and international markets.

Finally, the company is also involved, as previously mentioned, in the production of fish feed as well as in the trade and distribution of products of subsidiaries and associated companies of the group or third parties through the distribution network.

Therefore, the company is to a significant degree well established and the object of its activities is of a wide range.

The production of various kinds of fish was, and remains the Company's most primary activity. The fattening process requires the most time, from the minute spawn is produced, until the product reaches the market.

Processing is one of the most important areas of development for the Company. This sector mostly involves the processing of fresh, frozen, smoked fish and oiled fish.

The company has been awarded for its export activities.

## 1.3 The Company's position in the sector of Aquaculture

The company holds the leading position in the sector of Aquaculture:

* Largest producer of sea bass and sea bream in the world
* Pioneer in the development of new kinds of fish (tuna, lingua, brills)
* Pioneer in research (food, spawn, fish equipment)
* Scattered production units for dissemination of risk
* Worldwide distribution network

NIREUS AE and the other companies contribute to the up till now development of the group. The new conditions requisition the re-planning of the group, in order to strengthen the clarity of its object and it's further rationalization. Subsidiary companies have already been merged with NIREUS AE, other mergers will be made within the year 2005, while companies and units will be removed from the group that do not have a connection to aquaculture and fish. Leading part of the re-planning was the merger of "FEEDUS AE" with NIREUS AE. After the re-planning there will be a small number of companies, the size of NIREUS AE will be significantly increased, the cost will further be rationalised and significant synergies will arise, strengthening the efficiency and value of the group.

Finally, the activities and products of the group will be the aquaculture, the fish products and the fish feed, with emphasis on well establishment of production and achievement of added value.

### 1.4 "NIREUS AE" Group

The activities of the companies of the **NIREUS AE GROUP** are as follows:

- The company **"THETIS AE"** (UNDER LIQUIDATION since 1/7/2005) was involved in the preparation, processing and trade of fresh and frozen products.
- The company **"PROTEUS CONSTRUCTION AE"** is involved in the production of equipment such as nets, cages etc. for fish farming units.
- The company **"NIREUS FISHERIES & AQUACULTURE CONSULTANTS AE"** (UNDER LIQUIDATION) was involved in the implementation of research projects financed by the European Union and the sale of know-how to NIREUS AE.
- The company **"FOKIDA FISH FARMING AE"** is involved in the production and trade of fish and mainly sea bream and sea bass.
- The company **"EUROCATERERS AE"** is involved in the trade of processed fish products and other delicacies.
- The company **"ALPINO AE"** is involved in the industrial production of dairy products and the processing, production and trade of foodstuffs.
- The company **"AQUACOM LTD"** is involved in general trade and holdings.
- The company **"FISH OF AFRICA LTD"** is principally involved in the provision of sea-food raw materials.
- The foreign company **"ILKNAK"**, which was acquired in 2005, is involved in the aquaculture sector.
- The company **"MYLOKOPI FISH FARMING AE"**, which was acquired in 2005, is involved in the aquaculture sector.
- The company **"SOS AEGEAN"** is a non-profit civil partnership whose objective is to contribute to the cultural and socio-economic development of Chios Island and the Northern Aegean area in general.
- The company **"INTERPESCA AE"** is active in the trade, import, export, representation and storage of fresh and frozen fish and other foodstuffs as well as their distribution.

- The company **"BLUEFIN TUNA AE"**, which was established in June 2003, has as its main activity the production, process and trade of tuna.
- The company **"A-SEA AE"** has as main object the exploitation of sea-food restaurant chains through franchising.
- The company **"QUALITY HELLENIC FISHING"** is a quality management and certification company. As such this non-profit civil partnership has an advisory role in the fish-farming sector.
- The company **"INTERNATIONAL FISH FARMING COMPANY"** operates in a wide range of fish farming related activities.
- The company **"PER MARE RESEARCH AE"** (UNDER LIQUIDATION) was involved in research and development of technologies that relate to cultivation of aquatic organisms, with a view to industrial exploitation of its research.
- The company **"HELLENIC AGRICULTURAL EXPORTS AE"** (UNDER LIQUIDATION) is involved in the advertising and promotion of Greek agricultural products, fish farming products, foodstuffs and drinks.

## 1.5 Group structure "NIREUS AE"

The company has the following participations, table set out below:

| COMPANY | PARTICIPATION PERCENTAGE |
|---|---|
| THETIS AE (Under Liquidation) | 100,00% |
| AQUACOM LTD | 100,00% |
| FISH OF AFRICA LTD | 100,00% |
| MYLOKOPI FISH FARMING AE | 100,00% |
| ALPINO AE | 98,77% |
| FOKIDA FISH FARMING AE | 98,53% |
| INTERPESCA AE | 96,64% |
| EUROCATERERS AE | 95,13% |
| A-SEA AE | 61,22% |
| SOS AEGEAN | 59,35% |
| NIREUS CONSULTANTS AE (Under Liquidation) | 55,00% |
| PROTEUS CONSTRUCTION AE | 50,00% |
| PER MARE RESEARCH AE (Under Liquidation) | 39,00% |
| ILKNAK | 34,36% |
| BLUFIN TUNA AE | 25,00% |
| INTERNATIONAL FISH FARMING COMPANY (IFFC) | 5,05% |
| QUALITY HELLENIC FISHING | 2,63% |
| HELLENIC AGRICULTURAL EXPORTS AE | 5,71% |

### 1.6 Operations and main activities

The Group is active in the development and production of fish biological assets, which then sells to various customers. At 31/12/2005 the Fair value of Spawn amounted to € 17.708.000,00 the fish to € 96.892.471,00.

## 2. Basis of preparation of the financial statements

The consolidated financial statements of "NIREUS CHIOS AQUACULTURE" AE at 31 December 2005 (date of transition is 1 January 2004) covering the period from 1 January to 31 December 2005, have been prepared under the historical cost convention as amended with the adjustment of certain assets and liabilities items at current value, the going concern basis and are in accordance with the International Financial Reporting Standards (IFRS) as these have been published by the International Accounting Standards Board (IASB), 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.

The International Accounting Standards Board (IASB) has issued a series of standards that are referred to as "IFRS Stable Platform 2005". The Group adopts the IFRS Stable Platform 2005 from 1 January 2005, which includes the following standards:

| | |
|---|---|
| IAS 1 | Presentation of Financial Statements |
| IAS 2 | Inventories |
| IAS 7 | Cash Flow Statements |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors |
| IAS 10 | Events After the Balance Sheet Date |
| IAS 11 | Construction Contracts |
| IAS 12 | Income Taxes |
| IAS 14 | Segment Reporting |
| IAS 16 | Property, Plant and Equipment |
| IAS 17 | Leases |
| IAS 18 | Revenue |
| IAS 19 | Employee Benefits |
| IAS 20 | Accounting for Government Grants and Disclosure of Government Assistance |
| IAS 21 | The Effects of Changes in Foreign Exchange Rates |
| IAS 23 | Borrowing Costs |
| IAS 24 | Related Party Disclosures |
| IAS 26 | Accounting and Reporting by Retirement Benefit Plans |
| IAS 27 | Consolidated and Separate Financial Statements |

| | |
|---|---|
| IAS 28 | Investments in Associates |
| IAS 29 | Financial Reporting in Hyper-inflationary Economies |
| IAS 30 | Disclosures in the Financial Statements of Banks and Similar Financial Institutions |
| IAS 31 | Interests in Joint Ventures |
| IAS 32 | Financial instruments: Disclosure and Presentation |
| IAS 33 | Earnings per Share |
| IAS 34 | Interim Financial Reporting |
| IAS 36 | Impairment of Assets |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets |
| IAS 38 | Intangible Assets |
| IAS 39 | Financial Instruments: Recognition and Measurement |
| IAS 40 | Investment Property |
| IAS 41 | Agriculture |
| IFRS 1 | First-time Adoption of International Financial Reporting Standards |
| IFRS 2 | Share-based Payment |
| IFRS 3 | Business Combinations |
| IFRS 4 | Insurance Contracts |
| IFRS 5 | Non-current Assets Held for Sale and Discontinued Operations |

The financial statements are prepared under IFRS 1 "First-time Adoption of International Financial Reporting Standards", because they are the first financial statements prepared and published on that basis.

The accounting policies mentioned below have been implemented with consistency for all the periods presented. The last published financial statements of the Group had been prepared according to the accounting principles of the Uniform Greek General Chart of Accounts (GGCA). The principles of the GGCA differ in some areas from IFRS. In preparing the consolidated financial statements of the Group, Management has amended certain accounting, valuation and consolidation methods applied according to the principles of the GGCA, to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments. Reconciliation and descriptions of the effect of the transition from GGCA to IFRS on the Group's equity, results and cash flows are provided in **7.2**.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions in the process of applying the Company's policies. Significant management assumptions in the process of applying the company's accounting policies are mentioned where necessary.

## 3. Basic Accounting Policies

The accounting policies based on which are prepared the accompanying financial statements and which the Group systematically applies are the following:

### 3.1 New accounting standards and IFRIC interpretations

The International Accounting Standards Board (IASB) as well as the International Financial Reporting Interpretations Committee (IFRIC) has already published a series of new accounting standards and interpretations, which are not included in the "IFRS Stable Platform 2005". The IFRS and the IFRIC are mandatory for accounting periods beginning on 1 January 2006. The Group's assessment of the impact of these new standards and interpretations is set out below:

***- IFRS 6, Exploration for and Evaluation of Mineral Resources***

The Group does not have any exploration and evaluation assets. This standard will not affect the Group's financial statements.

***- IFRIC 3, Emission Rights***

Not applicable to the Group and will not affect the Group's financial statements.

***- IFRIC 4, Determining whether an Asset contains a Lease/IFRS for Oil and Gas Emission rights***

Not applicable to the Group and will not affect the Groups' financial statements.

***- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.***

Not applicable to the Group and will not affect the Group's financial statements.

### 3.2 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical sector is defined as a geographical area providing products and services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The primary activity segments of the Group are aquaculture, the production and sale of fish meal, the production of foodstuffs & confectionery products as well as their resale and other related services. As for the geographical area, the Group is active in the Greek Territory, the Euro zone and in Other countries.

## 3.3 Consolidation

**Subsidiaries:** are all entities that are managed or controlled, directly or indirectly, by another entity (parent company), either through the holding of the majority of the shares of the investee company or through its dependence on the know-how provided by the group. That is to say that subsidiaries are entities on which the parent company exercises control. Nireus AE gains and exercises control through voting rights. The existence of potential voting rights that are exercisable during the preparation of the financial statements is considered in order to assess whether the parent company controls the subsidiaries. The subsidiaries are fully consolidated (full consolidation) with the acquisition method from the date on which control is transferred to the group and are de-consolidated from the date on which control ceases.

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

Especially for the business combinations that took place before the date of transition of the Group to the IFRS (1$^{st}$ January 2004) was used the exemption of IFRS 1 and was not retrospectively applied the purchase method. Within the framework of the above exemption, the Company did not recalculate the cost of subsidiaries acquired before the date of transition to the IFRS, or the fair value of the assets and liabilities acquired on the date of the acquisition. Therefore, the goodwill recognised on the transition date was based on the exemption of the IFRS 1 and was calculated according to the previous accounting policies and was presented in the same way that it was presented in the last published financial statements of the group, before the transition to the IFRS.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Associates:** are entities over which the Group has significant influence but do not meet the conditions to be considered either as subsidiaries or participation in a joint-venture. The assumptions used by the group have a shareholding of between 20% and 50% of the voting rights of a company states a significant influence on this company. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. At the end of each year, the cost is increased with the percentage of the investing company of the changes in equity of the invested company and is decreased with the received dividends from the associate.

As regards to the surplus acquisition, this reduces the value of the participation with charge of the income statement, when its value is reduced. The Group by applying the IFRS 3 does not perform depreciation and the goodwill will be presented in the net book value that has been formed until 31/12/2003, less any impairments of its value.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in associates. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The companies participating in the consolidated financial statements are set out in the following table:

| COMPANY | COUNTRY OF INCORPORATION | PARTICIPATION PERCENTAGE | CONSOLIDATION METHOD |
|---|---|---|---|
| AQUACOM LTD | BRITISH VIRGIN ISLANDS | 100,00% | Full Consolidation |
| MYLOKOPI FISH FARMING AE | GREECE | 100,00 % | Full Consolidation |
| ALPINO AE | GREECE | 98,77% | Full Consolidation |
| FOKIDA FISH FARMING AE | GREECE | 98,53% | Full Consolidation |
| INTERPESCA AE | GREECE | 96,64% | Full Consolidation |
| EUROCATERERS AE | GREECE | 95,13% | Full Consolidation |
| A-SEA AE | GREECE | 61,22% | Full Consolidation |
| PROTEUS CONSTRUCTION AE | GREECE | 50,00% | Full Consolidation |
| ILKNAK | TURKEY | 34,36% | Full Consolidation |
| BLUEFIN TUNA AE | GREECE | 25,00% | Equity Method |

### 3.4 Biological Assets and Agricultural Activity

Agricultural activity is the management by an enterprise of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets. A biological asset is a living animal or plant under management by an enterprise, while agricultural produce is the harvested product of the enterprise's biological assets, which are intended for sale, process or consumption. The right of management of biological assets can arise from ownership or from another type of legal action.

With the definition **"Agricultural Activity"** we describe a diverse range of activities, which have certain common features such as:

- ✓ Capability of change, for example, living animals and plants, which are capable of biological transformation.
- ✓ Management of change, creating, reinforcement or at least stabilising conditions necessary in order for the living organism to develop.
- ✓ Measurement of change, that is the difference brought about by biological transformation so much in quality (ripeness, fat cover) as also in quantity (weight, progeny) of the enterprise's biological assets.

An enterprise should recognise a biological asset or agricultural produce when, and only when:

1) The enterprise controls the asset as a result of past events.
2) It is probable that future economic benefits associated with the asset will flow to the enterprise.
3) The cost of the asset can be measured reliably.

A biological asset should be measured upon initial recognition and at each balance sheet date at its fair value less estimated point-of-sale costs, except for the case where the fair value cannot be measured reliably.

If an active market exists for a biological asset or agricultural produce, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an enterprise has access to different active markets, the enterprise uses the most relevant one.

If an enterprise has access to two active markets, it would use the price existing in the market expected to be used.

There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which market-determined prices or value are not available and for which alternative estimates of fair value are determined to be clearly unreliable. In such a case, that biological asset should be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an enterprise should measure it at fair value less estimated point-of-sale costs.

The company after the initial recognition of the biological assets measures them at each subsequent balance sheet date at fair value less the estimated until disposal cost.

A gain or loss that may arise on initial recognition of a biological asset and its subsequent measurement (less the estimated point-of-sale costs in both circumstances), are recognised in the results for the year in which it arises. Gain may arise also on initial recognition of biological assets, as for example, the birth of a living organism.

Biological assets are divided into subcategories depending on the stage of ripeness so that the reader of the financial statements is informed for the timing of future cash flows, which the enterprise expects to have from the exploitation of the biological assets.

### 3.5 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Euros, which is the Company's and all of its subsidiaries functional and presentation currency.

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 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 items measured at fair value through profit or loss, are reported as part of their fair value gain or loss.

The Group's operations abroad in foreign currency (which comprise an inseparable part of the parent's operations), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, while the assets and liabilities of the operations abroad, including goodwill and the adjustments of the fair value, resulting from the consolidation are translated into Euro with the exchange rates prevailing at the balance sheet date.

The individual financial statements of the companies participating in the consolidation, and which are initially presented in a different currency from that of the presentation currency of the Group are translated into Euro. The assets and liabilities have been translated into Euro at the exchange rate prevailing at the closing date of the balance sheet. The income and expenses have been translated into the Group's presentation currency at the average exchange rates of the referred period. Any exchange differences arising from that procedure have been debited/(credited) to the reserve for translation of subsidiaries balance sheets in foreign currency of the equity.

### 3.6 Property, plant and equipment

All property, plant and equipment are presented in the financial statements at cost or at values of cost incurred as defined according to the fair values at the date of transition, less the accumulated depreciation and impairments of assets. Cost includes all directly attributable expenditure for the acquisition of the items.

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 the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets (except land which is not depreciated) is calculated using the straight-line method over its estimated useful lives, as follows:

| | |
|---|---|
| Buildings | 40 years |
| Plant and machinery | 7 – 8 years |
| Vehicles | 5 – 7 years |
| Furniture & other equipment | 3 – 5 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. All repairs and maintenance are charged to the income statement during the financial period in which they incurred.

Company-developed property, plant and equipment are added to the cost of the assets, which include the direct payroll cost of the staff that participates in the development (respective employer contributions), the cost of consumables and other general costs.

### 3.7 Investment Property

Investment property are investments that concern all property (in which are included land, buildings or part thereof) that is held by the owner (or by the lessee under a finance lease), or for the purpose of earning rentals from their leasing either for the increase of their value (strengthening of capital) or for both.

Investment property is initially recognised at cost, which is surcharged with all expenses related to the transaction for their acquisition (e.g. notary fees, broker's fees, transfer taxes).

After the initial recognition the investment property is measured at fair value, that is, at the cost at which the property can be exchanged between informed and willing parties in a usual trade transaction. A professional qualified valuer determines the fair value of the investment property annually.

Any change at fair value of investment property is presented in the income statement in the financial period in which it arises.

At 31/12/2005, the Group has classified in investment property, land and buildings amount totalling € 2.458.630.

### 3.8 Intangible assets

Intangible assets include goodwill, concessions and industrial property rights such as exploitation in fish farming, as well as the computer software.

**Goodwill:** Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. The company at the date of acquisition recognizes goodwill arising from the acquisition, as an asset item, and disclosed it at cost. This cost is equal to the amount by which the consolidation cost exceeds the enterprises share assets, liabilities and in the contingent liabilities of the acquired company.

After the initial recognition goodwill is measured at cost less accumulated losses owing to decrease of its value. Goodwill is not depreciated, but is tested annually for impairment of its value, if there are events that provide evidence for loss under IAS 36.

In the circumstance where the cost of acquisition is less than the company's share in equity of the acquired enterprise, then the first calculates once again the cost of the acquisition, measures the asset items, the liabilities and contingent liabilities of the acquired enterprise and is directly recognised in the income statement as profit (any difference remains after the recalculation).

**Concessions and industrial property rights:** The concessions and the industrial property rights concern the licences for aquacultures and are measured at fair value according to the appraisal of qualified appraisers, less amortisation. Amortisation is calculated using the straight-line method over the useful life of these assets, which has duration of the duration of the exploitation licence of the ocean. The measurement appraisal is found in progress and will be stated in the financial statements when completed by applying standard 38 in connection with standard 20. This standard in paragraph 33 states, "in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. This may occur when a government transfers or allocates to an enterprise intangible assets such as airport landing rights, licences to operate radio or television stations, import licences or quotas or rights to access other restricted resources". Under IAS 20, Accounting for Government Grants and Disclosure of government Assistance, an enterprise may choose to recognise both the intangible asset and the grant at fair value initially.

**Computer software:** Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives 1 to 3 years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

### 3.9 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The loss due to decrease of the assets value is recognised by the enterprise, when the carrying amount of these assets (or cash-generating units) is higher to their recoverable amount.

The net costs to sell are considered the amount from the disposal of an asset within the frame of a reciprocal transaction, in which the parties have full knowledge and enter willingly, after the deduction of any additional direct disposal costs of the asset, while the value in use is the present value of the estimated future cash flows, expected to flow to the enterprise from the use of an asset and from its distribution at the end of its estimated useful life.

### 3.10 Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.
The financial instruments of the Group are classified in the following categories based on the essence of the contract and the purpose for which they were acquired.

**i) Financial assets at fair value through profit or loss**

They refer to financial assets that satisfy any of the following presumptions:

- ✓ Financial assets held for trade purposes (including derivatives, except those that are defined and effectively hedged, those acquired or created for the purpose of disposal or reacquisition and those that comprise part of the portfolio from recognised financial instruments).
- ✓ During the initial recognition is defined by the enterprise as an item that is measured at fair value, with recognition of changes in the income statement.

**ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In this category (Loans and receivables) are not included:

- ✓ receivables from advances for purchase of goods or services,
- ✓ receivables that have to do with tax transactions, that have been imposed legislatively by the State,
- ✓ whatever is not covered by a contract so that it gives the right to the enterprise for receiving cash or other financial assets.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. The latter are included in the non-current assets.

**iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group did not hold any investment in this category during the year.

**iv) 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.

Then, the available-for-sale financial assets are measured at fair value and gains or losses are recognised in a reserve under equity until the assets are sold or characterized as impaired.

On sale or when characterized as impaired, gins or losses are transferred to the income statement. Impairment losses that have been recognised in the income statement are not reversed through the income statement.

Purchases and sales of investments are recognised on trade-date the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest rate method.

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.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group 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, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or 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 in determining whether the securities are impaired. If such evidence exists, 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.

## 3.11 Inventories

At the balance sheet date, inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost of inventories does not include finance expenses.

The cost of inventories includes all costs of purchase, conversion and other costs realised in order for the inventories to reach their present state and position.

The cost of purchase of inventories comprises the purchase price, import duties and other taxes (other than those subsequently recoverable by the enterprise from the tax authorities), and transport, handling and other costs directly attributable. Trade discounts, debates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings and equipment, and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity.
Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition. For example, it may be appropriate to include non-production overheads or the costs of designing products for specific customers in the cost of inventories.

### 3.12 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. In case the amortised value or cost of a financial asset exceeds the current value, then this asset is valued at its recoverable amount, e.g. at the current value of its future cash flows, which is calculated based on the real initial interest rate. The loss is directly transferred to the income statement. The amount of the impairment loss, e.g. when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables, is recognised in the income statement.

### 3.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months, such as products of the financial market and the bank deposits as well as the overdraft bank accounts. The products of the financial market are financial assets measured at fair value through the income statement.

### 3.14 Non-current assets classified as held-for sale

The assets held for sale comprise the other assets (including goodwill) and the property, plant and equipment that the Group intends to sell within the year starting from the date on which they were classified as "held for sale".

The assets, which are classified as «held for sale», are valued at the lowest price between their carrying amounts right before their classification as held for sale and their fair value less the cost of sale. The assets classified as "held for sale" are not subject to depreciation. The gains or losses occurring from the sale and revaluation of the "held for sale" assets is included in the "Other income" and "Other expenses" items respectively, in the income statement.

The Group has not classified non-current assets as held for sale.

### 3.15 Share capital

Expenses realised for the issue of shares are shown in equity as a deduction, net of tax, from the proceeds. Expenses related to the issue of shares for acquisition of enterprises are included in cost of the enterprise that is acquired. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Every gain or loss from sale of treasury shares net from direct for the transaction of other expenses & taxes is shown as a reserve in equity.

### 3.16 Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### 3.17 Income tax & deferred tax

The taxes charged to the period consist of current and deferred taxes, i.e. taxes and 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 include short-term liabilities or receivables attributable to the tax authorities related to payable taxes on the period's taxable income and any additional prior period's taxes.

Current taxes are calculated according to effective tax rates and tax laws prevailing in the relevant periods, based on taxable profits for the year. All changes in short-term tax assets or liabilities are recognised as tax expenses in the income statement.

Deferred taxes are calculated with the liability method in all temporary tax differences as of preparation date of the balance sheet occurring between the tax base and the book value of the assets and liabilities. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than business combination, that at the same time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities are determined using tax rates that (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. In case it is not possible to determine the time of reversal of the temporary tax differences, the tax rate used is that of the fiscal year following that of the balance sheet.

Deferred tax assets are recognised only to the extent that is likely that taxable profit will be generated in the future, which will generate the deferred tax asset.

The deferred income tax is recognised for the temporary tax differences arising from investments in subsidiaries and related parties, except where the Group controls the timing of reversal of the temporary tax differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Most of the changes in the deferred assets or liabilities are recognised as part of the tax expenses in the period's income statement. Only these changes in the assets or liabilities affecting temporary tax differences are directly recorded in equity, such as the revaluation of the value of property, and cause the slight change in the deferred tax receivables or liabilities to be debited against the equity account.

## 3.18 Employee benefits

**Short-term benefits:** Short-term benefits to employees (except for indemnities for termination or retirement) in money or in kind are recognised as an expense when they are accrued. Any outstanding amounts are classified as a liability, while in case the amount already paid exceeds the amount of the benefits, the company recognises the excessive amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future or in return payments.

**Benefits on retirement:** The benefits on retirement include a lump sum pension indemnity or other benefits (social security or medical coverage) paid to employees upon retirement in exchange for their service. Therefore, they include both defined contribution plans and defined benefit plans. The accrued cost of the defined contribution plans is recorded as an expense in the period to which it refers.

- ✓ **Defined contribution plan**

According to the defined contribution plan, the company's obligation (legal or inferred) is limited to the amount agreed to be contributed to the entity (e.g. social security entity), which manages the contributions and grants the benefits. Therefore, the amount of benefits received by the employee is defined by the amount contributed by the company (or the employee as well) and the paid investments of these contributions.

The contribution paid by the company in a defined contribution plan is recognized either as a liability after deducting the contribution paid or as an expense.

- ✓ **Defined benefit plan**

The liability recorded in the balance sheet for the defined benefit plan is the current value of the liability for the defined benefit less the fair value of the assets of the plan (if any) and the changes occurring from any other actuarial profit or loss and the cost of work experience. The commitment of the defined benefit is calculated on a yearly basis from an independent actuary with 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 undertaking and the cost that will be recognized in the Income Statement. Those arising from adjustments based on historical data that are higher or lower than the 10% margin of the accumulated obligation 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.

**Employee termination benefits:** The benefits due to termination of the employment relationship are paid when employees leave before their normal retirement date. The Group records such benefits when it is committed, either when it actually terminates the employment of current employees based upon a detailed formal plan without possibility of withdrawal, or when it provides the said benefits as an incentive for voluntary redundancy. When these benefits are due for payment in a period, which exceeds twelve months from the balance sheet date, they must be prepaid according to the returns of high quality company bonds or government bonds.
In case of an offer made to encourage voluntary redundancy, the valuation of employment termination benefits should be based on the number of employees expected to accept the offer.
In case of an employment termination where the number of employees that will be using those benefits cannot be determined, they are not recorded but presented as contingent liability.

## 3.19 Government grants

The Group recognizes the government grants, which satisfy the following criteria: **a)** There is reasonable assurance that the enterprise will comply with all attached conditions and **b)** the grants will be received. Grants are recognised at fair value and recognised on a systematic basis in income, based on the correlation principle of the grants with the respective cost, which will be granted.

Government grants related to assets are included in the long-term liabilities as deferred income and are recognised on a systematic basis and correctly in income over the useful lives of the asset.

### 3.20 Provisions

Provisions are recognised when the Group 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 re-examined on the date of preparation of each balance sheet and are adjusted so as to disclose the present value of the expense expected to be required to settle the obligation. Contingent liabilities are not recognised in the financial statements, but are disclosed, unless the possibility of outflow of resources incorporating financial benefits is low. Contingencies are not recognised in the financial statements but disclosed as long as the inflow of economic benefits is probable.

### 3.21 Revenue and Expense Recognition

**Revenue:** Revenue comprises the fair value of the produced Fish and Other Biological assets, sale of goods and services net of value added tax, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

- **Fair value of produced Fish:** It is recognised at sale (of the fish) after their gathering. Products are delivered to the customer; the customer has accepted the products and collectibility of the related receivables is reasonably assured.
- **Sales of goods:** Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the receivables is reasonably assured.
- **Gain/Loss due to changes in Fair Value of Biological Assets:** A gain or loss is recognised during the year/period and arise from changes so much as in price as also in the quantity of the Biological assets.
- **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 basis of the actual service provided as a proportion of the total services to be provided.
- **Royalty income:** The fair value of the rendered rights is recognised as deferred income and is depreciated in the income statement depending on the time of execution of the agreements for which have been pledged as an exchange.
- **Interest income:** Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group 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.

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

**Expenses:** Expenses are recognised in the income statement on an accrual basis. Payments realised for operating leases are transferred in the income statement as expenses, during the time of use of the leased element. The expenses from interest are recognised on an accrued basis.

### 3.22 Leases

**The Group is the lessee:** Leases of property, plant and equipment where the Group 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. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.
Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**The Group is the lessor:** When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

### 3.23 Dividend distribution

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

### 3.24 Discontinued Operations

A discounted operation is a component of an entity that either has been disposed of, or that is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The Group discloses according to the IFRS 5 "Non-current assets held for Sale and Discontinued Operations" all the necessary information defined by the standard.

### 3.25 Related-party transactions

The transactions and inter-company balances between the related parties and Group are disclosed according to IAS 24 "Related Party Disclosures". These transactions concern the transactions between the management, the principal shareholders and the subsidiaries of a group with the parent company and other subsidiaries that comprise the Group.

## 4. Financial risk management

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.
The finance department in cooperation with the other directly involved departments of the Group carries out the risk management.

### 4.2 Market risk

*Foreign exchange risk*

The Group operates internationally. The exposure to foreign exchange risk is zero because the transactions over a percentage of 90% are realised in Euro.
To manage their foreign exchange risk, the finance department makes respective provisions wherever deemed necessary.

*Price risk*

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The values of these assets are not considerable so that any large changes to create risks for the Company. There is no

significant risk from changes in issue prices of the biological assets, which have a fixed and anticipated within the year small variation. The Group estimates the price risk changes of the biological assets regularly and examines the need to take actions to face the financial risk.
The department of financial analysis of the sector operates as to this purpose, which collects information for the offer of the product from the domestic and international production, as well, the changes in demand from the existing Traditional International market and the New markets opening in Eastern Europe and America. This information is assessed and are defined the parameters of the size of the inventories of the product and the expected prices for the following two (2) years.

### 4.3 Credit risk

The Group has no significant concentrations of credit risk. The wholesale of fresh fish are made to customers with an appropriate credit history. Moreover, the sale of spawn is realised in total with the term of retention of ownership of the product up until its payment. Therefore, because the time needed up until the cycle of production of fresh fish is completed is greater than the credit time of sale, the receivable is fully secured.

### 4.4 Liquidity risk

The liquidity risk is maintained at low levels. The Company has planned investments in fixed equipment (property), which do not offer to the production operation of the enterprise and operate as placement of low yield. Moreover, it has placed as an object the liquidation of its portfolio from participations, which did not return any yield.

### 4.5 Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group does not have assets with interest. Group policy, estimating the present economic junctures and in general the fluctuation of the interest rates of the Euro, is to maintain its total borrowings at products with floating interest rates EURIBOR and SPREAD.
At the end of the accounting period, the total borrowings were loans with floating interest rates.
The risk of change of the interest rates mainly arises from the long-term borrowings, which have duration until the year 2007. The Company's estimation is that there can be no problem from fluctuation of interest rates for this period and therefore has not proceeded in production agreements to be secured from this risk.

## 5. Segment information

### Primary reporting format - Business segments

The Group is active in five business sectors:

Aquaculture, fish meal, foodstuffs & Confectioneries, Pet and Services - Other.

| ***31 DECEMBER 2005*** | ***SEGMENT ACTIVITY*** | | | | |
|---|---|---|---|---|---|
| | ***AQUACULTURE - FISH MEAL*** | ***FOODSTUFFS & CONFECTIONARIES*** | ***OTHER*** | ***PET*** | ***TOTAL*** |
| Total gross segment sales | *130.698.996* | 13.003.443 | 5.544.923 | 262.097 | 149.509.460 |
| Inter-segment sales | *9.919.908* | 833.244 | 637.576 | 1.837 | 11.392.564 |
| **Sales** | ***120.779.088*** | **12.170.199** | **4.907.347** | **260.261** | **138.116.896** |
| Operating profit | 16.357.659 | (2.824.352) | 1.094.027 | (134.209) | 14.493.125 |
| Finance costs/income | (2.555.048) | (739.054) | (24.445) | (6.626) | (3.325.173) |
| **Profit before income tax** | ***13.802.611*** | **(3.563.406)** | **1.069.582** | **(140.835)** | **11.167.952** |
| Income tax expense | | | | | (3.346.129) |
| Deferred tax | | | | | 108.304 |
| Prior years' tax audit differences | | | | | (196.830) |
| Other not charged to the operating cost charges | | | | | (887) |
| **Profit for the year** | | | | | **7.732.411** |

| ***31 DECEMBER 2005*** | ***SEGMENT ACTIVITY*** | | | | | |
|---|---|---|---|---|---|---|
| | ***AQUACULTURE*** | ***FISH MEAL*** | ***FOODSTUFFS & CONFECTIONARIES*** | ***OTHER*** | ***PET*** | ***TOTAL*** |
| Total gross segment sales | 75.223.429 | 39.418.793 | 25.969.706 | 2.852.475 | - | 143.464.403 |
| Inter-segment sales | 13.766.360 | 10.646.023 | 3.174.234 | 780.084 | - | 28.366.700 |
| **Sales** | **61.457.069** | **28.772.770** | **22.795.472** | **2.072.391** | **-** | **115.097.703** |
| Operating profit | 18.309.022 | 6.675.704 | (2.023.250) | 749.127 | - | 23.710.604 |
| Finance costs/income | 819.091 | (710.970) | (764.143) | (5.994) | - | (662.017) |
| **Profit before income tax** | **19.128.113** | **5.964.733** | **(2.787.393)** | **743.133** | **-** | **23.048.587** |
| Income tax expense | | | | | | (4.011.511) |
| Deferred tax | | | | | | (2.957.256) |
| Prior years' tax audit difference | | | | | | |
| **Profit for the year** | | | | | | **16.079.819** |

## Secondary reporting format - Geographical segments

The registered office of the Group is in Greece and its main activity is developed in countries within the euro zone.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| Greece | 58.593.541 | 53.641.485 | 52.990.179 | 21.353.391 |
| Euro zone | 71.359.330 | 57.502.302 | 71.125.528 | 49.482.235 |
| Other countries | 8.164.024 | 3.953.916 | 7.928.448 | 3.181.222 |
| | **138.116.896** | **115.097.703** | **132.044.155** | **74.016.847** |

# 6. Notes to the Interim Financial Statements

## 6.1 Property, plant and equipment

The land and buildings were measured at the date of transition to the IFRS (01/01/2004) at deemed cost, according to the provisions of the IFRS 1. As deemed cost, is considered the fair value of the fixed equipment at the date of the transition to the IFRS, which was determined after appraisal by independent qualified valuers. The company will re-estimate at regular time periods its above category of property, plant and equipment. In concern of the other property, plant and equipment the measurement at the date of transition was made at cost less the accumulated depreciation. A determination of their useful lives and their residual values was made and according to this will be performed depreciation.
The property, plant and equipment is analysed as follows:

## GROUP

| | Land | Buildings | Machinery & Equipment | Vehicles | Furniture and other equipment | Work in progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **Balance at 1 January 2004** | **6.778.676** | **20.702.073** | **18.913.713** | **1.626.900** | **1.361.968** | **1.558.542** | **50.941.872** |
| Additions | 295.660 | 916.168 | 4.929.569 | 981.435 | 898.107 | 1.487.402 | **10.595.759** |
| Disposals/write-offs/transfers | -179.651 | -318.710 | -534.094 | -468.679 | -32.974 | -940.353 | **-2.474.460** |
| Re-estimation | 543.692 | -475.210 | 0 | 0 | 0 | 0 | **68.481** |
| **Balance at 31 December 2004** | **7.438.378** | **20.824.321** | **23.309.188** | **2.139.656** | **2.227.101** | **2.105.591** | **59.131.652** |
| **Accumulated depreciation** | | | | | | | |
| **Balance at 1 January 2004** | 0 | -272.653 | -3.622.926 | -500.381 | -512.847 | 0 | **-4.908.807** |
| Depreciation charge | 0 | -1.371.576 | -4.271.180 | -885.058 | -476.680 | 0 | **-7.142.594** |
| Disposals/write-offs/transfers | 0 | 839 | 427.456 | 429.585 | 29.739 | -448.319 | **439.301** |
| Re-estimation | 0 | 397.529 | 0 | 0 | 0 | 0 | **397.529** |
| **Balance at 31 December 2004** | 0 | -1.245.860 | -7.604.751 | -955.854 | -959.787 | -448.319 | **-11.214.570** |
| **Net book amount at 31 December 2004** | **7.438.378** | **19.578.461** | **15.704.437** | **1.183.802** | **1.267.314** | **1.657.272** | **46.829.664** |
| **Cost** | | | | | | | |
| **Balance at 1 January 2005** | **6.672.867** | **17.525.263** | **17.037.157** | **2.032.121** | **1.887.739** | **1.335.708** | **46.490.855** |
| Additions | 380.085 | 691.487 | 3.453.355 | 606.888 | 353.834 | 4.933.838 | 10.419.487 |
| Disposals/write-offs | 0 | 34.117 | -904.591 | -414.376 | -694.714 | -2.849.887 | -4.829.452 |
| Transfers | 765.511 | 4.150.738 | 7.510.653 | 236.050 | 529.788 | 776.095 | 13.968.835 |
| **Balance at 31 December 2005** | **7.818.463** | **22.401.604** | **27.096.574** | **2.460.683** | **2.076.647** | **4.195.754** | **66.049.725** |
| **Accumulated depreciation** | | | | | | | |
| **Balance at 1 January 2005** | **0** | **-1.638.749** | **-4.604.011** | **-891.942** | **-601.924** | **-448.319** | **-8.184.945** |
| Depreciation charge | 0 | -1.151.077 | -3.332.511 | -348.475 | -438.853 | 0 | -5.270.917 |
| Disposals/write-offs | 0 | 437.115 | 530.395 | 284.179 | 549.807 | 0 | 1.801.496 |
| Transfers | 0 | 0 | -3.650.601 | -172.397 | -422.797 | 0 | -4.245.796 |
| Impairments | 0 | 0 | -136.408 | -13.062 | -8.726 | 0 | -158.196 |
| **Balance at 31 December 2005** | **0** | **-2.352.711** | **-11.193.137** | **-1.141.698** | **-922.494** | **-448.319** | **-16.058.358** |
| **Net book amount at 31 December 2005** | **7.818.463** | **20.048.894** | **15.903.437** | **1.318.985** | **1.154.153** | **3.747.435** | **49.991.367** |

## COMPANY

| | Land | Buildings | Machinery & Equipment | Vehicles | Furniture and other equipment | Work in progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **Balance at 1 January 2004** | **4.737.950** | **9.272.700** | **4.944.946** | **558.351** | **443.777** | **957.211** | **20.914.935** |
| Additions | 563.395 | 1.149.922 | 4.329.959 | 905.216 | 855.761 | 294.681 | **8.098.935** |
| Disposals/write-offs/transfers | | 0 | -155.177 | -81.371 | -2.722 | -658.167 | **-897.436** |
| Re-estimation | 563.834 | 218.357 | | | | | **782.191** |
| **Balance at 31 December 2004** | **5.865.179** | **10.640.980** | **9.119.728** | **1.382.196** | **1.296.817** | **593.725** | **28.898.624** |
| **Accumulated depreciation** | | | | | | | |
| **Balance at 1 January 2004** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Depreciation charge | | -1.045.806 | -2.437.713 | -713.143 | -345.581 | | **-4.542.242** |
| Disposals/write-offs/transfers | | | 151.064 | 81.371 | 1.454 | -250.609 | **-16.720** |
| Re-estimation | | 366.108 | | | | | **366.108** |
| **Balance at 31 December 2004** | **0** | **-679.698** | **-2.286.648** | **-631.772** | **-344.127** | **-250.609** | **-4.192.854** |
| **Net book amount at 31 December 2004** | **5.865.179** | **9.961.282** | **6.833.080** | **750.424** | **952.690** | **343.115** | **24.705.770** |
| **Cost** | | | | | | | |
| **Balance at 1 January 2005** | **5.865.179** | **10.640.980** | **9.119.728** | **1.382.196** | **1.296.817** | **593.725** | **28.898.624** |
| Additions | 380.085 | 671.710 | 3.154.563 | 512.912 | 329.942 | 4.669.196 | **9.718.407** |
| Disposals/write-offs | 0 | 34.117 | -226.477 | -161.732 | -444.592 | -2.838.048 | **-3.636.732** |
| Transfers | **765.511** | **4.150.738** | **7.510.653** | **236.050** | **529.788** | **776.095** | **13.968.835** |
| **Balance at 31 December 2005** | **7.010.775** | **15.497.544** | **19.558.467** | **1.969.426** | **1.711.954** | **3.200.967** | **48.949.134** |
| **Accumulated depreciation** | | | | | | | |
| **Balance at 1 January 2005** | **0** | **-679.698** | **-2.286.648** | **-631.772** | **-344.127** | **-250.609** | **-4.192.854** |
| Depreciation charge | 0 | -993.926 | -2.624.203 | -309.826 | -387.871 | 0 | **-4.315.827** |
| Disposals/write-offs | 0 | 437.115 | 217.520 | 111.042 | 344.172 | 0 | **1.109.849** |
| Transfers | **0** | **0** | **-3.650.601** | **-172.397** | **-422.797** | **0** | **-4.245.796** |
| **Balance at 31 December 2005** | **0** | **-1.236.509** | **-8.343.933** | **-1.002.953** | **-810.624** | **-250.609** | **-11.644.628** |
| **Net book amount at 31 December 2005** | **7.010.775** | **14.261.035** | **11.214.535** | **966.473** | **901.331** | **2.950.358** | **37.304.506** |

On the non-current assets of the parent company "NIREUS AE" have been registered real mortgages for an amount of € 15.000.00,00 for securing a debenture loan in favour of Eurobank the outstanding balance of which at 31 December 2005 amounted to € 50.000.000,00 and a pre-notice of real mortgage of € 1.220.000,00 for securing a long-term loan by the National Bank of Greece, the outstanding balance of which at 31 December 2005 amounted to 1.020.000,00. On PPE of a consolidated subsidiary unlisted on the ATHEX has been registered a pre-notice of real mortgage of € 4.225.000,00 for securing a debenture loan in favour of ALPHA Bank, the outstanding balance of which at 31 December 2005 amounted to € 4.225.000,00.

## 6.2 Investment property

The land and buildings that concern investments under IAS 40 were measured at the date of transition to the IFRS (01/01/2004) at deemed cost, according to the provisions of the IFRS 1. As deemed cost, is considered the fair value of the fixed equipment at the date of transition to the IFRS, which was determined after an appraisal by independent qualified valuers. The company at regular time periods will re-estimate its above category of property, plant and equipment.

The investment property is analysed as follows:

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | **Land** | **Buildings** | **Total** | **Land** | **Buildings** | **Total** |
| Net carrying value (written-down) | 816.169 | 409.652 | 1.225.821 | 813.088 | 397.352 | 1.210.440 |
| Revaluation | 2.179.061 | (135.052) | 2.044.009 | 2.162.512 | (135.052) | 2.027.460 |
| **Carrying Value at 1 January 2004** | **2.995.230** | **274.600** | **3.269.830** | **2.975.600** | **262.300** | **3.237.900** |
| Gross Carrying Value | 2.995.230 | 274.600 | 3.269.830 | 2.975.600 | 262.300 | 3.237.900 |
| Additions | 281.775 | (12.300) | 281.775 | 203.375 | - | 203.375 |
| Revaluation | 100.325 | (1.000) | 99.325 | 98.055 | (1.000) | 97.055 |
| **Carrying Value at 31 December 2004** | **3.377.330** | **261.300** | **3.638.630** | **3.277.030** | **261.300** | **3.538.330** |
| Gross Carrying Value | 3.437.330 | 421.300 | 3.858.630 | 3.277.030 | 261.300 | 3.538.330 |
| Revaluation | (1.150.000) | (250.000) | (1.400.000) | (1.150.000) | (250.000) | (1.400.000) |
| **Carrying Value at 31 December 2005** | **2.287.330** | **171.300** | **2.458.630** | **2.127.030** | **11.300** | **2.138.330** |

## 6.3 Goodwill & Intangible assets

Goodwill and Intangible assets are analysed as follows:

| | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|
| | **Software** | **Goodwill** | **Rights** | **Total** | **Software** | **Goodwill** | **Rights** | **Total** |
| **Carrying Value at 1 January 2004** | **528.310** | **629.869** | **-** | **1.059.491** | **483.500** | **-** | **-** | **483.500** |
| Additions | 647.000 | 1.911.247 | - | 2.656.935 | 433.075 | 2.009.935 | | 2.443.010 |
| Disposals-Impairments | - | - | - | - | - | - | | - |
| Amortisation | (198.012) | - | - | (198.012) | (167.422) | - | | (167.422) |
| Transfers | - | - | - | - | - | - | | - |
| Net Exchange Differences | - | - | - | - | - | - | | - |
| **Carrying value at 31 December 2004** | **977.298** | **2.541.116** | **-** | **3.518.414** | **749.153** | **2.009.935** | **-** | **2.759.088** |
| Additions from acquisition of subsidiary companies | - | 3.708.975 | - | 3.708.975 | - | 3.708.975 | | 3.708.975 |
| Additions | 3.827 | 632.852 | - | 636.680 | - | - | | - |
| Disposals-Impairments | (124.599) | - | - | (124.599) | (69.774) | - | | (69.774) |
| Amortisation | (211.189) | - | - | (211.189) | (211.189) | - | | (211.189) |
| Transfers | - | - | - | - | 43.284 | - | | 43.284 |
| Net Exchange Differences | - | - | - | - | - | - | | - |
| **Carrying value at 31 December 2005** | **645.338** | **6.882.944** | **-** | **7.528.281** | **511.475** | **5.718.910** | **-** | **6.230.385** |

The Group's and the Company's Goodwill has arisen as follows:

| | | |
|---|---|---|
| a) From acquisition in the year 2004 of subsidiary "OINOUSSES FISH FARMING AE" | € | 2.009.935 |
| b) From acquisition in the year 2005 of subsidiary company "FEEDUS AE" | € | 3.708.975 |
| | € | 5.718.910 |
| c) From acquisition in prior years of a subsidiary company of the consolidated company "FOKIDA FISH FARMING AE" | € | 531.181 |
| d) From consolidation of the acquired in the year 2005 foreign company "ILKNAK SU URUNLERI SAV VE TIC A.S." | € | 413.987 |
| e) From consolidation of the acquired in the year 2005 company "MYLOKOPI FISH FARMING AE" | € | 218.866 |
| | € | 6.882.944 |

## 6.4 Investments in subsidiaries

In the individual financial statements, the investments in subsidiary companies have been measured at impaired acquisition cost.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| **Beginning of the year** | - | - | 17.031.749 | 17.651.305 |
| Additions/Impairments due to acquisitions | 39.414 | - | (5.940.122) | (623.491) |
| Additions due to increase of capital | - | - | - | 3.935 |
| Less: Impairments | - | - | - | - |
| Total | 39.414 | - | 11.091.627 | 17.031.749 |

The amount of € 39.414 that is disclosed in the consolidated financial statements at 31/12/2005 concerns the impaired cost of subsidiary company "THETIS AE", which was not consolidated in the current year 2005, to the contrary of the preceding year 2004, since it was put under liquidation from 1/7/2005.

We deem expedient to state that:

**(a)** In the fourth quarter of 2005 the parent company acquired a majority block of the subsidiary companies "INTERPESCA AE" and "A-SEA AE" as a result of which at 31.12.2005 to be consolidated by the full consolidation method, while in the previous years until also 30.9.2005 periods, they were consolidated by the net equity method. Moreover, in the aforesaid quarter was acquired a participation in the unlisted on the stock exchange foreign company "ILKNAK SU URUNLERI SAN Ve TIC A.S.", which is consolidated for the first time by the full consolidation method. We note here that in the consolidated Income Statement year 2005, are included the corresponding items of the following direct and indirect participations in companies that were acquired in the year 2005 from their acquisition date or acquirement of the majority block until 31.12.2005 a) of "INTERPESCA AE" from 1.12.-31.12.2005 b) of "A-SEA AE" from 1.12.-31.12.2005 and c) of "ILKNAK SU URUNLERI SAN Ve TIC A.S." from 1.11.-31.12.2005. **(b)** In the consolidation of the current year 2005 is not included the company "FEEDUS AE", which was included in the consolidation of the previous year 2004, because it was absorbed in the current year 2005 by the parent company. **(c)** In the above account "Company" is not included participation of € 5.000.000,00 (percentage 15,48%) in the increase of the Share Capital of the company "SEAFARM IONIAN AE" because till 31/12/2005 had not been received the equal in amount Bank loan by which, according to decision Number 4970/16.6.2005 of the Court of Appeals of Athens should be covered this participation.

The participation percentage of the company in investments, which are unlisted on the ATHEX, have as follows:

| Company | Cost | Impairment | Balance Sheet Value | Country of Incorporation | Participation percentage |
|---|---|---|---|---|---|
| THETIS AE (Under Liquidation) | 1.690.060 | (1.650.646) | 39.414 | GREECE | 100,00% |
| PROTEUS EQUIPMENT AE | 29.347 | - | 29.347 | GREECE | 50,00% |
| EUROCATERERS AE | 2.587.707 | (405.478) | 2.182.229 | GREECE | 95,13% |
| FOKIDA FISH FARMING AE | 7.420.151 | (3.193.151) | 4.227.000 | GREECE | 98,53% |
| ALPINO AE | 17.307.472 | (15.548.567) | 1.758.905 | GREECE | 98,77% |
| MYLOKOPI FISH FARMING AE | 625.000 | - | 625.000 | GREECE | 100,00% |
| AQUACOM LTD | 1.141.394 | - | 1.141.394 | VIRGIN ISLANDS | 100,00% |
| INTERPESCA | 1.245.434 | (395.384) | 850.050 | GREECE | 96,64% |
| A-SEA | 575.445 | (337.159) | 238.287 | GREECE | 61,22% |
| | **32.622.010** | **(21.530.384)** | **11.091.626** | | |

## 6.5 Investments in associates

In the financial statements of the Company the investments in associates have been valued at impaired cost.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| **Beginning of the year** | 151.770 | 250.000 | 483.554 | 483.554 |
| Additions due to Equity increase | 1.206.000 | - | 256.000 | - |
| Additions/impairments due to percentage change | | | (220.595) | |
| Impairment/Recoverable | (505.686) | (98.230) | - | - |
| Total | 852.084 | 151.770 | 518.959 | 483.554 |

The amount of € 500.314 that is disclosed in Impairment/Recoverable of the Group at 31/12/2005 concerns by € 487.354,95 the profit for the year 2005 that arose from consolidation by the net equity method of the company BLUEFIN TUNA AE and by € 12.959,04 the impaired cost of the associate company PER MARE RESEARCH AE (which according to resolution of the General Meeting of Shareholders was put under liquidation).

The company's interest in its associates, all of which are unlisted on the ATHEX, is as follows:

| Name | Cost | Impairment | Net book amount | Country of Incorporation | % Participation percentage |
|---|---|---|---|---|---|
| PER MARE RESEARCH AE | 22.891 | (9.932) | 12.959 | GREECE | 39% |
| BLUEFIN TUNA AE | 56.000 | - | 56.000 | GREECE | 25% |
| ILKNAK SU URUNLERI SAN VE TIC A.S. | 450.000 | - | 450.000 | TURKEY | 3,1% |
| | 528.891 | (9.932) | 518.959 | | |

## 6.6 Deferred income tax

Deferred income tax assets and liabilities as arise from relative temporary tax differences, are as follows:

| | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|
| | 31/12/2005 | | 31/12/2004 | | 31/12/2005 | | 31/12/2004 | |
| | TAX ASSETS | TAX LIABILITIES | TAX ASSETS | TAX LIABILITIES | TAX ASSETS | TAX LIABILITIES | TAX ASSETS | TAX LIABILITIES |
| ***Non-current Assets*** | | | | | | | | |
| Intangible assets | 522.361 | 389.242 | 515.891 | 30.986 | 224.552 | 389.242 | - | 30.986 |
| Property, Plant & Equipment | 306.724 | 298.278 | 428.706 | 204.346 | 32.497 | 109.725 | 82.931 | - |
| Other long-term receivables | - | 49.570 | 109.020 | - | - | 49.570 | 109.020 | - |
| ***Current Assets*** | | | | | | | | |
| Inventories | 164.200 | 6.997.420 | - | 7.644.416 | 24.545 | 6.409.866 | - | 7.347.049 |
| Receivables | 2.485.456 | - | 2.656.727 | - | 1.477.555 | - | 1.533.296 | - |
| ***Non-current liabilities*** | | | | | | | | |
| Retirement benefit obligations | 316.577 | - | 370.268 | - | 269.400 | - | 245.769 | - |
| Other non-current liabilities | - | 77.402 | - | 34.851 | - | 77.402 | - | 34.851 |
| Provisions | - | 4.833 | - | 292 | - | 4.833 | - | 292 |
| ***Current liabilities*** | | | | | | | | |
| Other current liabilities | - | - | - | 1.618.321 | - | - | - | - |
| Adjustment of tax rate 35% to 32% | 558.741 | 138.884 | 495.989 | 90.135 | 530.369 | 34.890 | 466.353 | - |
| | **4.354.060** | **7.955.629** | **4.576.600** | **9.623.347** | **2.558.918** | **7.075.529** | **2.437.368** | **7.413.178** |
| | | **3.601.570** | | **5.046.747** | | **4.516.611** | | **4.975.810** |

The income tax rate applicable to the Group for year 2005 is equal to 32%.

The offsetting of deferred income tax assets and liabilities occurs when there is, from the company side, legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

## 6.7 Available-for-sale financial assets

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| **Beginning of the year** | **2.378.016** | **10.519.653** | **2.378.016** | **10.519.653** |
| Additions | 6.000 | 19.337 | 6.000 | 19.337 |
| Disposals/Write offs | - | (6.959.435) | - | (6.959.435) |
| Impairment | - | (1.201.539) | - | (1.201.539) |
| **Total** | **2.384.016** | **2.378.016** | **2.384.016** | **2.378.016** |

## 6.8 Other non-current liabilities

The Group's and the company's other non-current liabilities concern given guarantees.

## 6.9 Biological assets

The biological assets of the Group were measured at their fair value, according to IAS 41. The fair value was determined based on market prices at the Balance Sheet date.

Biological assets are the reserves of spawn-generating adult fish, fish and spawn at that time and are measured at fair value (i.e. selling price) based on IAS 41. This method has as a consequence in periods with intensive harvesting the significant growth of reserves and gains that arise from the difference between cost of produce and measurement at selling prices.

The period 1/7-30/9/2004 is characterized by a large increase in reserve due to acquisition of units of the enterprise "Hellenic Fish Faring A.E.".

Fair value reconciliation of biological assets is presented is the following table:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| **Balance of biological assets at 1 January 2005** | **98.221.241** | **65.580.597** | **87.365.929** | **54.942.772** |
| **Opening inventories at date of acquisition of subsidiary with biological assets** | **2.605.567** | **-** | **-** | **-** |
| Increases due to purchases | 13.832.619 | 14.697.841 | 12.781.915 | 13.778.310 |
| Gain/Loss arising from changes in fair value attributable to price or quantity changes of biological assets | 75.055.921 | 60.455.089 | 76.176.057 | 62.114.451 |
| Decreases due to sales | -75.114.878 | -42.512.286 | -75.954.575 | -43.469.604 |
| **Balance of biological assets at 31 December 2005** | **114.600.471** | **98.221.241** | **100.369.326** | **87.365.929** |
| | | | | |
| **ANALYSIS OF BIOLOGICAL ASSETS IN BALANCE SHEET** | | | | |
| **A) Biological assets below 200gr (Assets – Non-current assets)** | 47.342.576 | 54.582.673 | 40.877.803 | 48.184.818 |
| **B) Biological assets above 200gr (Inventories – Current assets)** | 67.257.895 | 43.638.568 | 59.491.523 | 39.181.111 |
| **TOTAL BIOLOGICAL ASSETS** | **114.600.471** | **98.221.241** | **100.369.326** | **87.365.929** |

## 6.10 Inventories

The inventories of the Group and the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| Merchandise | 955.533 | 494.008 | 374.030 | 66.246 |
| Finished and semi-finished goods | 4.623.638 | 5.361.365 | 3.690.573 | 58.326 |
| Sub-products and scrap | 309 | - | 309 | - |
| Work in progress | 3.378.347 | 3.466.335 | 171.658 | - |
| Raw and auxiliary materials-Package materials | 3.953.755 | 5.088.014 | 2.758.741 | 2.054.572 |
| Consumables | 103.967 | 104.646 | 78.818 | 42.771 |
| Spare parts | 6.108 | - | 6.108 | - |
| Packing items | 45.826 | 65.057 | 38.555 | 1.810 |
| Less: Impairment | (481.570) | - | - | - |
| **Total** | **12.585.913** | **14.579.425** | **7.118.793** | **2.223.724** |

## 6.11 Trade and other receivables

The trade and other receivables of the Group and the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| Trade receivables | 29.642.328 | 25.655.426 | 32.368.735 | 16.520.306 |
| Notes receivable | 1.277.259 | 879.715 | 649.975 | 303.914 |
| Cheques receivable | 29.628.544 | 24.167.082 | 28.574.010 | 11.383.373 |
| Prepayments | 159.447 | 1.916.378 | 1.122 | 1.597.082 |
| Less: Provision for impairment of receivables | (8.050.401) | (6.687.312) | (4.870.593) | (4.396.962) |
| **Total** | **52.657.176** | **45.931.289** | **56.723.250** | **25.407.713** |

All the receivables are current and there is no need for discount at the balance sheet date. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

## 6.12 Other receivables

The other receivables of the Group and the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| Sundry debtors | 5.365.015 | 7.060.882 | 12.947.906 | 11.843.781 |
| Claims from Greek State | 8.265.832 | 6.058.818 | 7.266.703 | 3.437.831 |
| Other receivables | 92.250 | 212.293 | 81.521 | 35.027 |
| Disputed debtors | 37.017 | - | 30.000 | - |
| Less: Provisions for impairment of receivables | - | 1.994 | - | - |
| Cash accommodation to personnel | 21.069 | - | 21.069 | - |
| Prepayments to personnel | 63.900 | 66.698 | 41.234 | 66.394 |
| **Total** | **13.845.082** | **13.400.685** | **20.388.432** | **15.383.033** |

## 6.13 Other current assets

The other current assets of the Group and the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| Deferred expenses | 488.028 | 478.382 | 434.164 | 373.687 |
| Accrued income-period | 927.572 | 311.972 | 750.567 | 171.240 |
| Purchases under delivery | 120.552 | 45.988 | 120.552 | 38.469 |
| Discounts & Rebates on year purchases under settlement | 640 | - | 640 | - |
| Other prepayments and accrued income | 6.323 | 18.453 | 6.323 | - |
| **Total** | **1.543.114** | **854.795** | **1.312.246** | **583.397** |

## 6.14 Financial assets at fair value through profit or loss

Concerns placements of high liquidity in shares with short-term investment horizon. The financial assets at fair value through profit or loss of the Group and the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| **Securities** | 329 | 329 | 329 | 329 |
| Additions/purchases | 595 | - | 595 | - |
| Disposals/Sales | (329) | - | (329) | - |
| **Total** | 595 | 329 | 595 | 329 |

## 6.15 Cash and cash equivalents

The cash and cash equivalents of the Group and the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| Cash in hand | 106.013 | 100.398 | 19.998 | 24.539 |
| Sight bank deposits | 2.483.793 | 889.786 | 1.918.497 | 153.338 |
| Time bank deposits | - | 50.000 | - | 50.000 |
| **Total** | **2.589.807** | **1.040.184** | **1.938.495** | **227.878** |

The cash and cash equivalents represent cash and bank deposits available at first call.

## 6.16 Equity

### i) Share capital

The share of NIREUS AE is freely traded in the Athens Stock Exchange.

**GROUP**

| | Number of Shares | Share Capital (ordinary shares) | Treasury Shares | Share premium | Total |
|---|---|---|---|---|---|
| **At 1 January 2004** | **29.005.671** | **46.989.187** | **(479.554)** | **50.170.664** | **96.680.297** |
| Decrease of share capital | - | (14.463.609) | - | - | **(14.463.609)** |
| Increase of share capital | - | 14.463.609 | - | (14.463.609) | - |
| Change due to absorption of subsidiary | - | | - | 516.435 | **516.435** |
| Share capital from horizontal merger | - | 733.936 | - | - | **733.936** |
| **Balance at 31 December 2004** | **29.005.671** | **47.723.123** | **(479.554)** | **36.223.490** | **83.467.059** |
| Increase of share capital | 11.362.843 | 3.471.455 | | (62.602) | 3.408.853 |
| Sale of treasury shares | - | - | **479.554** | - | **479.554** |
| Change due to absorption of subsidiary | | | | 991.125 | **991.125** |
| Share capital from horizontal merger | | (733.936) | | | **(733.936)** |
| **Balance at 31 December 2005** | **40.368.514** | **50.460.643** | **(0)** | **37.152.013** | **87.612.656** |

**COMPANY**

| | Number of Shares | Share Capital (ordinary shares) | Treasury Shares | Share premium | Total |
|---|---|---|---|---|---|
| **At 1 January 2004** | **29.005.671** | **46.989.187** | **(479.554)** | **50.170.664** | **96.680.297** |
| Decrease of share capital | - | (14.463.609) | - | - | **(14.463.609)** |
| Increase of share capital | - | 14.463.609 | - | (14.463.609) | - |
| Change due to absorption of subsidiary | | | | - | - |
| Share capital from horizontal merger | - | - | - | 516.435 | **516.435** |
| **Balance at 31 December 2004** | **29.005.671** | **46.989.187** | **(479.554)** | **36.223.490** | **82.733.123** |
| Increase of share capital | 11.362.843 | 3.471.455 | - | (62.602) | 3.408.853 |
| Sale of treasury shares | - | - | 479.554 | - | 479.554 |
| Change due to absorption of subsidiary | - | - | - | - | - |
| Share capital from horizontal merger | | | | 991.125 | 991.125 |
| **Balance at 31 December 2005** | **40.368.514** | **50.460.643** | **(0)** | **37.152.013** | **87.612.656** |

The Group's share premium capital from the issue of shares for cash at a value which exceeds their nominal value.

In the year 2004, upon resolution of the Extraordinary General Meeting of Shareholders, held on 14/12/2004, the share capital of the company was decreased by Euro 14.463.608,68 for the offset of equal losses that arose from value measurement of securities with decrease of the par value of the share by Euro 0,498647615 and at the same time its equal increase by Euro 14.463.608,68 through capitalization of an equal amount, of the "Share premium" account with a respective equal in amount increase of the par value of the share by Euro 0,498647615 (Ministry of Development, Approval No. K2-15353/17-12-2004).

The company realising the of 28/6/2002 resolution of the Annual General Meeting of its shareholders, acquired 200.000 of treasury shares through purchases on the Stock Exchange. The total amount paid to acquire the shares was Euro 479.554,20. These shares were sold in the current year against total consideration of Euro 292.000,00 and the loss that arose was recorded in the account "Retained earnings".

In the present year 2005 according to the dated 30 July 2005 decision of the Extraordinary General Meeting of shareholders of the parent company, was increased the Share Capital as follows: (a) By € 3.408.852,90 owing to absorption of the subsidiary company "FEEDUS AE" and (b) By € 62.602,58 by capitalization of part of the "Share premium" for reasons of rounding out, with simultaneous decrease of the par value of the share from € 1,62 to € 1,25.

## ii) Fair Value Reserves

The analysis of reserves at fair value is as follows:

| | GROUP | COMPANY |
|---|---|---|
| **Balance at 1 January 2004** | **6.916.668** | **4.282.145** |
| Revaluation 2004 | 4.020.651 | 3.385.041 |
| **Balance at 31/12/2004** | **10.937.319** | **7.667.186** |
| Transfers | 486.756 | 1.024.111 |
| Revaluation 2005 | - | |
| Deferred tax correction | - | - |
| **Balance at 31 December 2005** | **11.424.075** | **8.691.297** |

### iii) Other reserves

The other reserves of the Company are as follows:

| | COMPANY | | | | |
|---|---|---|---|---|---|
| | LEGAL RESERVE | IMPAIRMENT LOSS OF PARTICIPATIONS | TAX-FREE RESERVES UNDER SPECIAL LAW PROVISIONS | OTHER RESERVES | TOTAL |
| **Balance at 1 January 2004** | **1.283.110** | **-14.166.874** | **3.350.807** | **3.662.527** | **-5.870.429** |
| Adjustments to IFRS | - | 10.568.246 | - | -3.137.286 | 7.430.959 |
| **Balance at 1 January 2004** | **1.283.110** | **-3.598.628** | **3.350.807** | **525.241** | **1.560.530** |
| Changes throughout the year | 248.802 | - | 820.757 | - | 1.069.559 |
| **Balance at 31 December 2004** | **1.531.912** | **-3.598.628** | **4.171.564** | **525.241** | **2.630.089** |
| Transfers | 0 | 0 | 0 | 3.508.567 | 3.508.567 |
| Changes throughout the year | 434.963 | - | 1.974.974 | (479.554) | 1.930.383 |
| **Balance at 31 December 2005** | **1.966.875** | **-3.598.628** | **6.146.538** | **3.554.254** | **8.069.038** |

In the above financial statements of the company the impairment loss of participations of Euro 3.598.628, that concerns two subsidiaries, remained in the account "Other reserves" and was not recognised, according to IFRS 1 "First - time adoption of IFRS", in the account "Retained earnings" because the company's management trusts that in the near future these subsidiaries will turn to a significant profit and this loss will be recoverable.

## 6.17 Borrowings

The non-current and current borrowings are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| **Non-current borrowings** | | | | |
| Bank borrowings | 61.571.397 | 22.314.992 | 55.450.472 | 20.105.650 |
| Less: Borrowings with maturity between 1 and 2 years (payable in 2006) | (499.410) | (6.138.051) | (38.576) | (5.902.551) |
| **Total non-current borrowings** | **61.071.987** | **16.176.941** | **55.411.896** | **14.203.099** |
| **Current borrowings** | | | | |
| Bank borrowings | 19.037.394 | 42.960.144 | 15.888.935 | 12.012.342 |
| **Total current borrowings** | **19.037.394** | **42.960.144** | **15.888.935** | **12.012.342** |
| **Total borrowings** | **80.608.791** | **65.275.136** | **71.339.407** | **32.117.992** |

The maturity of non-current borrowings is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| Between 1 and 2 years | 11.144.173 | 6.710.843 | 9.973.142 | 6.038.576 |
| Between 2 and 5 years | 27.149.633 | 9.466.098 | 22.660.572 | 8.164.523 |
| Over 5 years | 22.778.181 | - | 22.778.182 | - |
| | **61.071.987** | **16.176.941** | **55.411.896** | **14.203.099** |

## 6.18 Retirement benefit obligations

The Group and the company recognises as retirement benefit obligation the present value of the legal commitment that has assumed for the payment of lump sum compensation to retired personnel. The relative obligation was determined based on actuarial calculations.

The respective obligation of the Group and the Company is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| **Balance liability at beginning of the year** | 1.109.129 | 1.110.929 | 903.513 | 716.811 |
| Current service cost | 117.743 | 121.908 | 93.660 | 76.059 |
| Interest cost | 49.550 | 51.298 | 40.658 | 43.607 |
| Compensation paid | (163.315) | (161.180) | (66.627) | (9.642) |
| Net actuarial (profit)/losses recognised in the income statement | 425.010 | 295.828 | 347.422 | 76.678 |
| **Total liability at end of the year** | **1.538.117** | **1.418.783** | **1.318.626** | **903.513** |

The principal actuarial assumptions used were as follows:

| | 31/12/2005 | 31/12/2004 |
|---|---|---|
| Discount rate | 4,5% | 4,5% |
| Future salary increases | 3,5% | 3,5% |
| Inflation | 2,5% | 2,5% |
| Percentage of retirements | 0,5% | 0,5% |

## 6.19 Government Grants

The analysis of Grants of the Group and the Company, is as follows:

| | GROUP | COMPANY |
|---|---|---|
| **Balance at 1 January 2004** | **7.933.575** | **3.137.286** |
| Adjustments to IFRS | - | - |
| **Balance at 1 January 2004** | **7.933.575** | **3.137.286** |
| Receipts | 928.599 | 746.296 |
| Refunds | (553.837) | - |
| Transfer to the income statement | (1.381.577) | (696.668) |
| **Balance at 31 December 2004** | **6.926.759** | **3.186.915** |
| Transfers | - | 1.891.382 |
| Receipts | 52.982 | 16.241 |
| Changes within the year | (1.173.112) | (440.248) |
| **Balance at 31 December** | **5.806.629** | **4.654.290** |

## 6.20 Other non-current liabilities

The analysis of other non-current liabilities, of the Group and the Company, is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| Greek State (Taxes due) | 5.514 | - | | |
| Liability for purchase of PPE assets | 455.206 | 695.478 | - | - |
| **Total** | **460.721** | **695.478** | **-** | **-** |

## 6.21 Trade and other payables

The analysis of the balances of trade and other payables of the Group and the Company, is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| Trade payables | 12.173.959 | 20.802.787 | 13.743.909 | 22.318.436 |
| Prepayments due to trade receivables | - | 2.903.978 | - | 434.940 |
| Cheques payable | 32.173.604 | 17.866.825 | 29.405.289 | 16.011.119 |
| Promissory notes | 440.161 | | 440.161 | |
| Notes payable | 621.735 | | - | |
| Total | **45.409.458** | **41.573.590** | **43.589.359** | **38.764.495** |

## 6.22 Other current payables

Follows analysis of other current payables:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| Wages and salaries payable | 1.066.144 | 831.901 | 896.608 | 590.406 |
| Dividends | 510.608 | 182.016 | 132.351 | 124.353 |
| Social security | 1.518.995 | 791.324 | 943.786 | 464.374 |
| Taxes – duties | 4.289.501 | 3.693.490 | 3.555.442 | 2.478.865 |
| Accrued expenses | 1.061.807 | 691.276 | 956.818 | 632.041 |
| Sundry creditors | 5.147.395 | 756.008 | 1.028.698 | 1.230.418 |
| **Total** | **13.594.450** | **6.946.016** | **7.513.704** | **5.520.458** |

## 6.23 Sales of merchandise and other inventories

Follows analysis of sales of merchandise and other inventories:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| Merchandise & goods | 54.030.945 | 64.105.511 | 47.822.081 | 23.476.326 |
| Sales of other inventories and junk | 8.920.363 | 7.646.099 | 8.247.465 | 7.060.076 |
| Sales of services | 50.711 | 833.807 | 20.073 | 10.841 |
| **Total sales of merchandise and other inventories** | **63.002.018** | **72.585.417** | **56.089.620** | **30.547.243** |

## 6.24 Third party fees and benefits

Follows analysis of third party fees and benefits:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| Third party fees and expenses | 7.866.213 | 4.734.236 | 9.251.188 | 3.670.802 |
| Third party benefits | 5.804.778 | 4.837.484 | 5.023.397 | 3.061.490 |
| **Total third party fees and benefits** | **13.670.991** | **9.571.721** | **14.274.585** | **6.732.293** |

## 6.25 Finance results

Follows analysis of finance income and expenses:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| Investment income | 686.897 | 2.031.170 | 533.839 | 2.022.280 |
| Income on available-for-sale securities | 36.916 | 7.678 | 35.106 | 33.622 |
| Accrued interest on notes receivable | - | 26.430 | - | 26.430 |
| Other interest expenses | 32.278 | (114.699) | 32.274 | (117.460) |
| Gains on sale of participations and securities | - | 865.637 | - | 861.805 |
| Other equity income | - | - | - | - |
| Interest and similar expenses | (4.081.263) | (3.478.233) | (3.325.388) | (1.758.515) |
| **Finance cost** | **(3.325.173)** | **(662.017)** | **(2.724.169)** | **1.068.162** |

## 6.26 Other operating expenses

Follows analysis of other operating expenses:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| Taxes-duties (other than the non-incorporated in the operating cost taxes) | 481.351 | 280.596 | 418.660 | 111.791 |
| Transportation expenses | 7.117.622 | 5.142.961 | 6.940.791 | 4.246.384 |
| Travelling expenses | 576.891 | 450.693 | 493.147 | 266.979 |
| Sales promotion and advertising expenses | 1.608.098 | 1.906.327 | 1.070.065 | 95.677 |
| Exhibition and demonstration expenses | 224.154 | 142.923 | 161.418 | 102.117 |
| Special export expenses | 97.300 | 111.402 | 80.906 | 88.258 |
| Subscriptions – Memberships | 138.481 | 72.496 | 129.333 | 44.073 |
| Donations and subsidies | 68.747 | 46.007 | 67.747 | 41.977 |
| Printed matter and stationery | 121.625 | 113.580 | 106.385 | 68.703 |
| Consumable materials | 1.056.596 | 640.431 | 962.932 | 369.874 |
| Publication expenses | 102.442 | 115.195 | 78.542 | 66.256 |
| Expenses for participating interests and securities | 1.223 | 48.149 | 1.223 | 46.065 |
| Valuation differences of participating interests and securities | 104 | - | 104 | |
| Losses from sale of participating interests and securities | - | 720.301 | - | 720.301 |
| Sundry expenses | 444.796 | 1.358.437 | 337.298 | 196.116 |
| Estimated – prepaid sundry expenses (Acc. 58.64) | 0 | (8.932) | - | - |
| Operating provisions | 478.184 | 431.566 | 233.675 | 338.930 |
| **Total other operating expenses** | **12.517.612** | **11.572.131** | **11.082.224** | **6.803.501** |

## 6.27 Other income/(expenses)

Follows analysis of other income and expenses:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| Grants and other sales revenue | 138.692 | 193.044 | 82.686 | 55.308 |
| Income from side business | 419.872 | 1.566.161 | 653.879 | 1.122.320 |
| Other income | 3.080.704 | 2.846.779 | 1.914.363 | 872.301 |
| Losses from destruction of unfit inventories | 409.309 | - | 228.091 | - |
| Exchange differences | (27.465) | (7.717) | (37.768) | (340,90) |
| Other expenses | 1.935.194 | 1.945.119 | 815.268 | 846.754,42 |
| **Total Other Income/(Expenses)** | **1.322.231** | **2.668.581** | **1.645.338** | **1.203.516** |

The income from side business concerns, mainly, income from rendering of services to third parties as well as to income from rentals.

In other income is included mainly income from exchange differences, grants in proportion to the year as well as gain from disposal of assets.

## 6.28 Income tax expense

The income tax expense of the Group and the Company, is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| Current tax | (3.346.129) | (4.011.511) | (2.984.774) | (1.430.535) |
| Prior years' tax audit differences | (196.830) | - | (89.771) | |
| Other non-incorporated in the operating cost taxes | (887) | - | - | |
| Deferred tax | 108.304 | (2.957.256) | (3.128) | (2.923.077) |
| **Total** | **(3.435.541)** | **(6.968.768)** | **(3.077.673)** | **(4.353.612)** |
| | | | | |
| **Profit before tax** | **11.167.952** | **23.048.587** | **12.929.666** | **18.279.867** |
| Tax rate | 32% | 35% | 32% | 35% |
| **Estimated tax charge** | **(3.573.745)** | **(8.067.005)** | **(4.137.493)** | **(6.397.953)** |
| | | | | |
| Deferred income tax asset | 108.304 | (2.957.256) | (3.128) | (2.923.077) |
| Other adjustments (tax-free reserves, other tax relieves, expenses that are not deductible) | 227.616 | 4.055.494 | 1.152.719 | 4.967.418 |
| Tax audit differences | (196.830) | - | (89.771) | |
| Other non-incorporated in the operating cost taxes | (887) | | | |
| **Actual Tax Charge** | **(3.435.541)** | **(6.968.768)** | **(3.077.673)** | **(4.353.612)** |

For the year 2005 the tax charge has been calculated at tax rate 32% on taxable profit.

## 6.29 Earnings per share

Analysis of earnings per share of the Group and the Company as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2005** | **31/12/2004** | **31/12/2005** | **31/12/2004** |
| Profit attributable to equity holders of the Company | 7.461.220 | 14.375.923 | 9.851.993 | 13.926.255 |
| Weighted average number of ordinary shares | 38.643.579 | 29.005.671 | 38.643.579 | 29.005.671 |
| Basic earnings per share (€ per share) | **0,193** | **0,496** | **0,255** | **0,480** |

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent 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.
Dividend proposed per share for the year 2005 of the parent company amounts to € 0,75 per share.

## 6.30 Critical accounting estimates and judgements

The preparation of the financial statements under IFRS necessitates the use of certain critical accounting estimates and the management to exercise its judgement in selecting appropriate assumptions concerning matters, which may cause a material effect on the reported carrying amounts of assets and liabilities, the required disclosures for contingent receivables and payables as of the date the financial statements are prepared as well as the reported amounts of revenue and expenses that were recognised during the accounting period. The use of available information and the application of judgement by management constitute integral part of making estimates. Actual results may differ from the above estimates, while the variances may have a material effect on the financial statements. 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.

# 7. Transition to IFRS

## 7.1. Basis of transition to IFRS

### 7.1.1 Application of IFRS 1

The Group's financial statements are the first annual financial statements that comply with IFRS. These interim financial statements have been prepared as described in Note 2. The transition date is 1 January 2004. The Company prepared its opening IFRS balance sheet at that date.
In preparing these financial statements in accordance with IFRS 1, the company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.
All accounting policies required by IFRS were applied for the preparation of the financial statements and the preparation of the balance sheet at 1 January 2004 transition date. In preparing the Financial Statements in accordance with IFRS were restated certain amounts that had been published in financial statements which had been prepared according to previous Accounting Standards (L. 2190/1920). Explanation of the effect on the financial statements had been prepared based on previous Accounting Standards from the application of IFRS is set out here-below in tables. In preparing these financial statements, the entity has applied the mandatory exceptions and certain of the optional exemptions from retrospective application.

### 7.1.2 Exemptions from full retrospective application elected by the Group

The Group has elected to apply the following optional exemptions from full retrospective application:

**a) Business combination exemption**
The Group has applied the business combination exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 January 2004 transition date.

**b) Employee benefits exemption**
The Group has elected to recognise all cumulative actuarial gains and losses as at 1 January 2004.

**c) Cumulative translation differences exemption**
The Group has elected to set the previously cumulative transition to zero at 1 January 2004. This exemption has been applied to all subsidiaries in accordance with IFRS 1.

**d) Designation of financial assets and financial liabilities exemption**

The Group reclassified various securities as available-for-sale investments and as financial assets at impaired cost through profit and loss at the opening balance sheet date of 1 January 2004 and the income statement for the year 2004.

**e) Fair value as deemed cost exemption**

The company has elected to measure items of property, plant and equipment at fair value as at 1 January 2004.

### 7.1.3 Exceptions from full retrospective application followed by the Group

The Group has applied the following mandatory exceptions from retrospective application:

**a) Derecognition of financial assets and liabilities exception**

Financial assets and liabilities derecognised before 1 January 2004 are not re-recognised under IFRS.

**b) Estimates exception**

Estimates under IFRS at 1 January 2004 should be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

### 7.1.4 Reconciliations between IFRS and Greek GAAP

The principal adjustments that were deemed necessary mainly concern:

- the revaluation of the company's land and buildings at their fair value at date of transition to IFRS 1.1.2004.
- the adjustment of the property, plant and equipment depreciation rates to reflect their useful life.
- the direct amortisation of various expenses that had been capitalized in prior years and are amortised partially,
- the recognition of the Company's obligations to the employees, in respect of payment of post-employment benefits depending on the time of service of each one based on the projected unit credit method and recognition of actuarial gains and losses,
- the transfer of "un-accrued" government grants from equity to liabilities and their restatement as deferred income,
- the recognition of provision for impairment of receivables,
- the recognition in the income statement of the deferred taxation effect,
- the measurement of biological assets at their fair value,
- the impairment of the cost of acquisition of subsidiaries and associates.

## 7.2 First-time Adoption of the International Financial Reporting Standards analysis

The Adjustments in Equity of the Group and the Company are analysed as follows:

| | GROUP | |
|---|---|---|
| | **1/1/2004** | **31/12/2004** |
| **Total Equity as previously disclosed under Greek GAAP** | **85.113.942** | **100.548.798** |
| ***Adjustments of the transition to IFRS*** | | |
| Restatement of investments to fair value | 9.924.813 | (3.487.479) |
| Provisions for impairment of trade receivables | (7.545.138) | (7.682.056) |
| Present value of receivables from trade and other receivables | (54.728) | (53.364) |
| Postpone of recognition of payable dividends & Directors' fees to the time of their approval of the General Assembly | 2.877.296 | 4.794.933 |
| Recognition of financial income from loans | 294.790 | 160.314 |
| Write-off tax payable | - | - |
| Adjustments of deferred income tax | (2.098.380) | (552.808) |
| Write-off of intangible assets that do not meet the IFRS definition of an asset | (2.441.482) | (2.266.118) |
| Reversal L. 2065 revaluation of PPE-Land | - | (681.613) |
| Restatement of accumulated depreciation to reflect PPE's useful lives rather than their tax lives | - | 269.153 |
| Restatement of accumulated amortisation to reflect intangible assets' useful lives rather than their tax lives | (1.233) | 759.164 |
| Reclassification of total grants from Equity to deferred income | (7.958.300) | (6.973.174) |
| Restatement of grants based on PPE useful life | 24.730 | 46.795 |
| Restatement of the provision for post-employment benefits on a projected unit credit method basis and recognition of actuarial gains and losses | (181.421) | (246.250) |
| Recognition of credit exchange differences from measurement of receivables and liabilities | 6.319 | 9.489 |
| Recognition of current income tax expense for temporary periods | - | (36.789) |
| Settlement of treasury shares | (479.554) | (479.554) |
| Restatement from measurement of biological assets to fair value | 12.330.354 | 22.275.198 |
| Impairment of interests in subsidiaries-2003 | (3.865.689) | (2.420.956) |
| Measurement of financial assets at fair value | (233.554) | 233.554 |
| Recognition in income statement of income from dividends for subsidiary that were transferred to Equity | - | (956.312) |
| Recognition of share increase | - | - |
| **Total transition adjustments** | **598.822** | **2.245.020** |
| **Total equity under IFRS** | **85.712.764** | **102.793.818** |

## COMPANY

| | 1/1/2004 | 31/12/2004 |
|---|---|---|
| **Total Equity as previously disclosed under Greek GAAP** | **96.217.621** | **88.372.213** |
| ***Adjustments of the transition to IFRS*** | | |
| Restatement of investments to fair value | 8.615.376 | (603.055) |
| Provisions for impairment of trade receivables | (4.566.590) | (4.708.447) |
| Present value of receivables from trade and other receivables | (51.562) | (34.929) |
| Postpone of recognition of payable dividends & Directors' fees to the time of their approval of the General Assembly | - | 2.207.363 |
| Recognition of financial income from loans | 294.790 | 160.314 |
| Write-off tax payable | - | - |
| Adjustments of deferred income tax | (4.655.584) | (4.975.810) |
| Write-off of intangible assets that do not meet the IFRS definition of an asset | (1.050.378) | (708.205) |
| Reversal L. 2065 revaluation of PPE-Land | - | - |
| Restatement of accumulated depreciation to reflect PPE's useful lives rather than their tax lives | - | 366.108 |
| Restatement of accumulated amortisation to reflect intangible assets' useful lives rather than their tax lives | - | 796.737 |
| Reclassification of total grants from Equity to deferred income | (3.137.286) | (3.186.915) |
| Restatement of grants based on PPE useful life | - | - |
| Restatement of the provision for post-employment benefits on a projected unit credit method basis and recognition of actuarial gains and losses | (17.021) | (2.407) |
| Recognition of credit exchange differences from measurement of receivables and liabilities | 493 | 834 |
| Recognition of current income tax expense for temporary periods | - | - |
| Settlement of treasury shares | (479.554) | (479.554) |
| Restatement from measurement of biological assets to fair value | 10.725.303 | 20.991.568 |
| Impairment of interests in subsidiaries-2003 | (22.831.019) | (149.546) |
| Measurement of financial assets at fair value | (406.135) | (406.135) |
| Recognition in income statement of income from dividends for subsidiary that were transferred to Equity | - | (956.311,62) |
| Recognition of share increase | - | 4.000 |
| **Total transition adjustments** | **(17.559.167)** | **8.315.611** |
| **Total equity under IFRS** | **78.658.454** | **96.687.824** |

The Adjustments in income Statement of the Group and the Company are analysed as follows:

| **GROUP (Amounts in Euro)** | ***31.12.2004*** |
|---|---|
| **Total Results under Greek GAAP** | **9.371.894** |
| **Restatement of results due to consolidation of subsidiary "FEEDUS AE"** | |
| **and for period 1/1-31/3/2004, and "MYLOKOPI FISH FARMING AE"** | |
| **Plus:** Eliminations | 1.133.878 |
| **Less:** Income taxes | (2.378.516) |
| **Plus:** Results 1 Quarter "FEEDUS AE" | 158.018 |
| **Less:** Results "MYLOKOPI FISH FARMING AE" | (163.009) |
| **Total Results under Greek GAAP** | **8.122.265** |
| | |
| Impact of derecognition of formation expenses as intangible assets | (393.294) |
| Reversal of formation expenses impairment that had been capitalised in previous years | 541.170 |
| Measurement of financial assets at fair value through profit or loss | - |
| Recognition of accrued employee retirement benefits | (93.530) |
| Calculation of syndicated loans interests according to internal yield rate | (134.476) |
| Effect from consolidation of associates by the Equity method | - |
| Reversal of goodwill impairment | 797.861 |
| Reversal of subsidiary devaluation provisions | 273.484 |
| Provisions for doubtful receivables | (120.566) |
| Restatement of accumulated depreciation to reflect PPE's useful lives rather than their tax lives | 443.294 |
| Recognition of deferred tax | (2.957.632) |
| Recognition of income tax expense for temporary periods | (1.430.535) |
| Recognition of credit exchange differences from measurement in income statement | (2.485) |
| Restatement from measurement of biological assets to fair value | 10.700.275 |
| Recognition of financial assets income due to disposal | 18.101 |
| Measurement of long-term receivables at fair value | 16.633 |
| Reversal of grants for fixed investments | (754.784) |
| Revaluation surplus or PPE impairment loss | 97.725 |
| Recognition of income from dividends of subsidiary that were transferred to Equity | 956.312 |
| **Total Transition adjustments** | **7.957.554** |
| | |
| **Total net income under IFRS** | **16.079.819** |

**COMPANY (Amounts in Euro)**

| | ***31.12.2004*** |
|---|---|
| **Total Results under Greek GAAP** | **5.487.216,92** |
| ***Adjustment of IFRS*** | |
| Impact of derecognition of formation expenses as intangible assets | 342.173,13 |
| Reversal of formation expenses impairment that had been capitalised in previous years | - |
| Measurement of financial assets at fair value through profit or loss | - |
| Recognition of accrued employee retirement benefits | 14.614,34 |
| Calculation of syndicated loans interests according to internal yield rate | (134.475,60) |
| Effect from consolidation of associates by the Equity method | - |
| Reversal of goodwill impairment | 796.737,24 |
| Reversal of subsidiary devaluation provisions | 273.484,23 |
| Provisions for doubtful receivables | (141.857) |
| Restatement of accumulated depreciation to reflect PPE's useful lives of rather than their tax lives | 366.107,98 |
| Recognition of deferred tax | (2.923.076,65) |
| Recognition of income tax expense for temporary periods | (1.430.535,25) |
| Recognition of credit exchange differences from measurement in income statement | 340,90 |
| Restatement from measurement of biological assets to fair value | 10.266.264,50 |
| Recognition of financial assets income due to disposal | - |
| Measurement of long-term receivables at fair value | 16.633,14 |
| Reversal of grants for fixed investments | (60.739,83) |
| Revaluation surplus or PPE impairment loss | 97.055,09 |
| Recognition of income from dividends of subsidiary that were transferred to Equity | 956.311,62 |
| **Total Transition adjustments** | **8.439.038,05** |
| **Total net income under IFRS** | **13.926.254,97** |

## 7.3 Summary of differences between IFRS and GREEK GAAP

Reconciliation of Equity and Net Income between Greek Accounting Standards (GAAP) and international Reporting Standards (IFRS).

The Financial statements of NIREUS AE, which are prepared in accordance with International Financial Reporting Standards (IFRS), differ significantly in certain areas from the financial statements, which were prepared in accordance with the Greek General Chart of Accounts.

The following table shows restatements of Equity for the years ended on 31 December 2004, 2003 (individual and consolidated financial statements), which were applied to the Greek Financial Statements, which had been prepared with the Geek General Chart of Accounts in order to be adjusted to the IFRS.

***7.3.1 Restatement of investments to fair value:*** According to the Greek tax law entities should revalue land and buildings for tax purposes based on specific rates. Any adjustment directly affects Equity. Under IAS 16 *"Property, plant and equipment"*, the revaluation of investments at first adoption of accounting policy of cost to determine the value of buildings and land, as also for subsequent period revaluation is made based on professional qualified valuers, surplus arising is credited to revaluation. Surplus reserve, while impairment of value under IAS 36 "Impairment of Assets" is charged to the income statement. Any estimation at the date of transition, which has been made based on the tax legislation in force (e.g. L. 2065) is reversed.

***7.3.2 Provisions for impairment of trade receivables:*** Based on the Greek General Chart of Accounts, the provisions for general risks can be recognised in accounting books. These provisions should be recognised when a financial outflow is probable, which is related to events existing at balance sheet date. Under IAS 37 *"Provisions, contingent liabilities and Contingent Assets"*, provisions should be recognised only for present liabilities arising as a result of a past event and which require a financial outflow in order to be settled and a reliable estimate can be made of the amount of the obligation.

***7.3.3 Present value of receivables from trade and other receivables:*** Based on the Greek General Chart of Accounts, the trade receivables are recognised as a receivable and are discounted on a cash basis. Under IAS 32 *"Financial Instruments: Disclosure and Presentation"*, is determined the net present value of the long-tem receivables and the finance cost is charged to the income statement.

***7.3.4 Dividends proposed:*** Based on the Greek General Chart of Accounts, the dividend proposed by the Board of Directors should be included in the company's liabilities. Under IAS 10 *"Contingencies and Events occurring after the Balance Sheet Date"*, this amount must be included under Equity until approved by the annual meeting of shareholders.

***7.3.5 Tax received:*** Based on the Greek General Chart of Accounts, certain data is directly stated under Equity for tax purposes. Based on the IFRS, this data must be charged to the income statement when incurred.

***7.3.6 Deferred income tax:*** Based on the Greek General Chart of Accounts differences are not determined for deferred taxes. Under IAS 12 *"Income Taxes"* deferred tax assets and tax liabilities should be recorded for the effect of all temporary tax differences between tax and the books basis of the tax assets and tax liabilities.

***7.3.7 Write-off of intangible assets:*** In the Greek General Chart of Accounts there are certain categories of expenses (e.g. expenses for listing on the ATHEX) that can be capitalised in the balance sheet and depreciated within a five-year period. According to IAS 38 *"Intangible Assets"* these categories of expenses must be charged to the results for the year in which they incurred. Therefore, these expenses restated the results of the financial years in which they are referred to.

***7.3.8 Restatements of depreciation of non-current assets:*** Based on the Greek General Chart of Accounts, depreciation is determined based on depreciation rates set out by the Ministry of Finance and Economy, which can differ from the useful life of the assets, based on which depreciation is determined according to IAS 16 *"Property, plant and equipment"*. It is noted that according to the transitional provisions of IFRS 3 (revised 2004) on the 1st of January 2005 ceased the determination of depreciation of surplus. The accumulated depreciation at 31/12/2004 fell under the initial surplus amount and the remaining amount is periodically tested for impairment.

***7.3.9 Amortisation of intangible assets:*** Based on the Greek General Chart of Accounts, their amortisation is determined based on a specific rate 20% (or five-year useful life). Based on the IFRS, amortisation is determined according to the useful life, IAS 38 *"Intangible Assets"*.

***7.3.10 Reclassification of total government grants:*** Based on the Greek General Chart of Accounts, grants for fixed equipment are classified in reserves under Equity. Under IAS 20 *"Accounting for government grants and disclosure of Government Assistance"* the grants must be reclassified as long-term deferred income and benefit the results and equity proportionately, with the depreciation of the financed assets.

***7.3.11 Cost of benefits to employees:*** According to the Greek General Chart of Accounts, the employee retirement benefits have been determined based on the provisions of the Greek Commercial Law and the labour contract between the Company and the employees, while the retirement benefits under IAS 19 *"Retirement benefit costs"* have been determined by actuarial advice. In order for the financial statements prepared according to the Greek General Chart of Accounts to be in conformity with the IFRS the income statements of the respective periods have been charged with the arisen differences.

***7.3.12 Credit exchange differences from measurement of receivables & liabilities:*** Based on Greek General Chart of Accounts, the credit exchange differences from measurement that arises from the translation of foreign currency into EURO, they are presented as a provision and are settled on aquittance of the receivables or liabilities. Under IAS 21 *"The Effects of Changes in Foreign Exchange Rates"* the credit exchange differences from measurement directly benefit the results and net equity.

***7.3.13 Income tax:*** Based on the Greek General Chart of Accounts no income tax expense is determined for temporary periods. Under IAS 12 *"Income taxes"*, income tax expense is also determined for temporary periods.

***7.3.14 Treasury shares:*** Based on the Greek General Chart of Accounts, the acquisition of treasury shares is presented as securities in the Assets and is set up an equal in amount reserve in Equity. Under IAS 32 *"Financial Instruments: Disclosure and Presentation"*, treasury shares do not comprise an element of Assets but contrary are deducted from Equity.

***7.3.15 Measurement of Biological Assets to fair value:*** Based on the Greek General Chart of Accounts, inventories are measured at the lowest cost between market and average cost. Under IAS 41 *"Agriculture"*, the products from aquaculture comprise biological assets and must be measured at fair value at the time of harvesting less the estimated up until sale, cost. In this circumstance, the value should be cost according to the requirements of the IAS 2 *"Inventories".*

***7.3.16 Impairment of interests in subsidiaries:*** Based on the Commercial Law 2190/20, the interests in subsidiaries are measured at the lowest between current carrying amount and cost. Under the IFRS 1 *"First-time Adoption of International Financial Reporting Standards",* the interests can be measured for the first time at the opening deemed cost, which is the impaired cost of the interests at the date of transition, according to the previous accounting policies.

***7.3.17 Measurement of financial assets at fair value:*** Based on the Commercial Law 2190/20, the financial assets are measured at the lowest between current carrying amount and cost. Under IAS 32 *"Financial Instruments: Disclosure and Presentation"*, the financial assets can be measured at fair value or under IAS 36 *"Impairment of Assets"*, at their impairment value.

## (i) – Impact from measurement of Property

Land and buildings were valued at the date of transition to IFRS (1/1/2004) as deemed cost, according to the IFRS definition.

1. As "deemed cost" is considered the fair value of property at the date of transition to IFRS, which is assessed by independent qualified valuers.

The other PPE (mainly machinery, transportation equipment, furniture, other fixtures and computers) were measured at initial cost decrease by accumulated depreciation. The depreciation of these assets was restated based on the PPE's actual useful lives.

The changes that appear in the year 2004 are due to:

- ✓ The adjustments made by the Group to previous accounting policies based on the provisions of L. 2065 and the fair value based on appraisals of independent qualified valuers.
- ✓ The recalculation of the depreciation charge for the year 2004, but also the interim period up to 31 December 2004, based on the new acquisition costs but also the expected useful lives of the PPE.

## (ii) – Impact from measurement of biological assets to fair value

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| **Value of Biological Assets under Greek GAAP** | **92.792.868** | **75.946.043** | **80.437.880** | **66.374.361** |
| Restatement to fair value of spawn | 8.528.542 | 12.248.342 | 8.428.542 | 12.248.342 |
| Restatement to fair value of fish | 13.279.061 | 10.026.856 | 11.502.904 | 8.743.226 |
| **Value of Biological assets under IFRS** | **114.600.471** | **98.221.241** | **100.369.326** | **87.365.929** |

## (iii) – Measurement of Financial assets

The Group adopted the option provided for by IFRS 1 to classify the financial assets of its portfolio as "Available-for-sale financial assets" and "Financial assets at fair value through profit or loss" at the date of transition ot IFRS (1/1/2004).

The Financial assets, whose fair value can be reliably measured, were re-measured at the date of transition to IFRS to their fair value (i.e. for the listed securities the closing price at balance sheet date). the difference amount € 223.714 that arose between the value measurement under IFRS and the value measurement based on previous accounting policies (measurement at the lower of cost and market, that is the average closing price of the last month of the period) was charged to Equity.

Whichever positive or negative difference arises from the re-measurement of the "Available-for-sale financial assets" subsequent the date of transition to IFRS is transferred to a special reserve, while respective re-measurement gains or losses of "Financial assets at fair value through profit or loss" are recognised in the income statement for the period.

It is noted that the Company followed similar policy and under previous accounting policies and transferred the result from the measurement of these assets directly against Equity.

## (iv) – Recognition of accrued retirement employee benefits

Group recognizes as liability the present value of its legal obligation that it has assumed for the payment of lump sum compensation to retired employees. Based on the previous accounting policies, the retirement benefit expense was recognised according to effective tax law provisions. The relative obligation at the date of transition amounted to € 1.150.084 (and € 969.045 the parent), which was determined by actuarial calculations.

In particular, the respective actuarial study concerned detection and calculation of actuarial sizes that are required by the definitions set out in the International Accounting Standards (IAS 19) and, mandatorily, should be recognised in the balance sheet and the income statement of each enterprise. The basic date that was used as date of the actuarial calculations of various sizes is 31/12/2004 (or equally the 01/01/2005). For the calculation of the respective obligation at 01/01/2004, were used the respective key assumptions.

### (v) – Derecognition of consolidation differences as Goodwill

The Group has elected to benefit from the business combination exemption, according to IFRS 1, that is, no retrospective application fo IFRS 3 "Business combinations" nor restatement of the goodwill that arose from acquisition of subsidiaries that took place before the date of transition to new accounting standards.
Moreover examining the relation cost/benefit from the analytical implementation of the IFRS 3 definitions for the recognition of the net carrying goodwill amount € 19.645.303 that was calculated according to the previous accounting policies, was decided to derecognise the above amount of goodwill. Therefore, while it is deemed that the mentioned economic benefits from investments in subsidiary enterprises exceed the cost of the investment, the Group wrote off the amount of goodwill under previous accounting policies decreasing equally the results carried forward.

### (vi) – Impact from consolidation of associates by the Equity method

The company consolidates by the Equity method of accounting the associates company "BLUEFIN TUNA AE" with participation percentage 25%.

## 8. Commitments and Contingencies

The Company and the Group has contingent liabilities in respect of Bank, other guarantees and other matters arising in the ordinary course of business, as follows:

**Information in respect of contingent liabilities**

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

| | **31/12/2005** | **31/12/2004** |
|---|---|---|
| **Liabilities** | | |
| Letters of guarantee for securing good performance of suppliers contracts | 288.628 | 13.588 |
| Letters of guarantee for securing liabilities | 284.111 | 273.275 |
| Other collaterals for securing liabilities | 448.808 | 479.390 |
| Ceded real mortgages & pre-notices on land and buildings | 3.156.904 | 0 |
| **Total** | **4.178.450** | **766.253** |

**Information in respect of contingent receivables**

| | 31/12/2005 | 31/12/2004 |
|---|---|---|
| **Receivables** | | |
| Notes receivable for securing execution of contract terms | 171.093 | 171.093 |
| Letters of guarantee for securing receivables | 308.069 | 176.596 |
| Cheques receivable for securing execution of contract terms | 350.000 | 600.000 |
| Other collaterals for securing receivables | 8.800 | 8.800 |
| Bills of exchange from trade debtors for guarantee | 29.347 | 29.347 |
| **Total** | **867.310** | **985.836** |

## 9. Real liens

On PPE of the parent "NIREUS AE" have been registered real mortgages of Euro 15.000.000,00 for securing debenture loan in favour of EUROBANK the outstanding balance of which at 31 December 2005 amounted to Euro 50.000.000,00 and pre-notice of mortgage of Euro 1.220.000,00 for securing long-term loan made by N.B.G. the outstanding balance of which at 31 December 2005 amounted to Euro 1.020.000,00. Moreover, on PPE of a consolidating subsidiary unlisted on the ATHEX has been granted real mortgage of Euro 4.225.000,00 for securing debenture loan in favour of ALPHA BANK the outstanding balance of which at 31 December 2005 amounted to Euro 4.225.000,00.

## 10. Related – party transactions

The amounts of the purchases and the sales of the company to and from related parties as these are defined by IAS 24, cumulatively from the beginning of the current year 2005 as well as the balance of receivables and payables of associates, are as follows:

### a) Purchases of goods and services

| | GROUP | COMPANY |
|---|---|---|
| Purchases of goods & merchandise | 10.101.645 | 6.334.528 |
| Purchases of other services | 1.861.628 | 1.575.083 |
| Total | **11.963.273** | **7.909.611** |

The above transactions were made on the basis of market terms

**b) Sales of goods and services**

| | GROUP | COMPANY |
|---|---|---|
| Sales of goods & merchandise | 10.101.645 | 3.582.617 |
| Sales of other services | 1.861.628 | 261.299 |
| Total | **11.963.273** | **3.843.916** |

The above transactions were made on the basis of the market terms.

**c) Receivables from related parties**

| | GROUP | COMPANY |
|---|---|---|
| Subsidiaries of NIREUS Group | 18.328.240 | 16.944.409 |
| | **18.328.240** | **16.944.409** |

**d) Payables to related parties**

| | GROUP | COMPANY |
|---|---|---|
| Subsidiaries of NIREUS Group | 18.328.240 | 1.069.015 |
| | **18.328.240** | **1.069.015** |

**e) Loans to Directors**

| | GROUP | COMPANY |
|---|---|---|
| Compensation and other short-term labour allowances | 451.973 | 451.973 |
| Attendance expenses | 72.572 | 72.572 |
| Directors' fees from 2004 profits | 858.500 | 688.500 |
| **Total** | **1.383.045** | **1.213.045** |

The above transactions and the balances have been written off from the consolidated financial data of the Group.

## 11. Un-audited by tax authorities financial years

The un-audited by the tax authorities financial years for the companies forming part of the Group are as follows:

| NAME OF COMPANY | UN-AUDITED YEARS |
|---|---|
| NIREUS CHIOS AQUACULTURE AE | 2001-2005 |
| AQUACOM LTD | |
| ALPINO AE | 2001-2005 |
| EUROCATERERS AE | 2002-2005 |
| FOKIDA FISH FARMING AE | 2001-2005 |
| PROTEUS CONSTRUCTION AE | 2005 |
| MYLOKOPI FISH FARMING AE | 2003-2005 |
| INTERPESCA AE | 2003-2005 |
| A-SEA AE | 2003-2005 |
| BLUEFIN TUNA AE | 2004-2005 |

The tax authorities have audited the acquired company «OINOUSSES», up to the year 2002 and the acquired in the year 2005 company "FEEDUS AE", up to the year 2003, inclusive.

## 12. Number of employed personnel

The number of employed personnel of the Company amounted at 31 December 2005 to 719 and of the Group to 908 persons and at 31 December 2004 to 523 and 827 persons, respectively.

## 13. Events after the Balance Sheet date

At the of 29/12/2005 Board Meeting of the company was decided the merger by acquisition of the subsidiary companies "FOKIDAS FISH FARMING AE" and "MYLOKOPI FISH FARMING AE" with Transformation Balance Sheet at 31/12/2005, which both have aquaculture as their main activity.

**Chios, 24 February 2006**

| THE PRESIDENT AND MANAGING DIRECTOR | THE VICE-PRESIDENT OF THE B. OF D. | THE GENERAL FINANCE DIRECTOR OF THE GROUP | THE DIRECTOR OF FINANCIAL SERVICES | THE ACCOUNTS DEPT. MANAGER |
|---|---|---|---|---|
| ARISTIDES ST. BELLES<br>ID. No. Λ 771851 | NIKOLAOS EMM. CHAVIARAS<br>ID. No. AA 499020 | DIMITRIOS I. PAPANICOLAOU<br>ID. No. Σ 260153 | MICHAEL ANT. GINIS<br>ID. No. T 267637 | SOULATANA GIOKA-BAZIA<br>ID. No. AA 083798 |