

A.G. PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY

INTERIM CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS
30 JUNE, 2007

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**TRANSLATION FROM THE RESPECTIVE ON
ISSUED IN GREEK LANGUAGE**

REPORT OF INTERIM FINANCIAL INFORMATION

**TO THE SHAREHOLDERS OF
A.G. PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY**

We have reviewed the accompanying individual and consolidated balance sheet of **A.G. PETZETAKIS S.A. HELLENIC PLASTICS AND RUBBER INDUSTRY** as at 30 June, 2007, and the related statements of income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (set out on pages 11 to 40). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards which have been adopted by the European Union and are applied in the interim financial information (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” which is similar to the Greek Auditing Standards. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information do not present fairly in all material respects the financial position of the entity and of the Group as at 30 June, 2007 and their financial performance and their cash flows for the six month period then ended in accordance with IAS 34.

Emphasis of matter

Without qualifying our report we draw attention on the following:

- a. Given the overdue liabilities, the company has signed with investment funds a Memorandum of Understanding for refinancing. In case of not being able to serve the consent of all interested banks (at the day of issue of the financial statements two banks with 14% participation in the total overdue debt have not yet given their consent), the MOU provides for the restructuring of the finance of the company under the provisions of article 44 of law 1892/90 which, among others, provides ratification by the court of the necessary relevant agreement with the creditors. The main requirement for this contingency has been secured under the terms of the MOU.
- b. The company's tax liability is not finalised since 2003 and it is possible additional income tax and penalties may be assessed in case of such examination. The contingent financial impact cannot be estimated.

Piraeus, 30 August, 2007

THE CERTIFIED PUBLIC ACCOUNTANT

DIAMANTIS DIAMANTARAS

A.M. SOEL 15811

A.G. PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY

BALANCE SHEET

Amounts expressed in thousands of euros

	Notes	GROUP		COMPANY	
		30.06.2007	31.12.2006	30.06.2007	31.12.2006
NON CURRENT ASSETS					
Intangible assets	15A	491	487		
Tangible assets	15A	104,916	106,355	59,994	59,920
Other assets		1,231	1,696	42,265	49,369
Goodwill	6	9,883	13,965		
TOTAL NON CURRENT ASSETS		116,521	122,503	102,259	109,289
CURRENT ASSETS					
Inventories	7	24,457	25,236	5,811	7,295
Trade and other receivables	8	53,592	65,016	20,933	30,841
Deferred taxation	13B		3,160	5,789	3,160
Investments held for trading (securities)		29	29		
Cash and cash equivalents	9	6,656	4,722	4,084	2,601
TOTAL CURRENT ASSETS		84,734	98,163	36,617	43,897
TOTAL ASSETS		201,255	220,666	138,876	153,186
EQUITY AND LIABILITIES					
Share capital	10	24,957	24,069	24,957	24,069
Share premium		81,765	81,765	81,765	81,765
Capital reserves	11A	9,993	11,674	9,228	9,228
Revaluation reserves	11B	24,434	24,742	20,891	20,199
Stock option plan reserve	11D	220		220	
Translation difference		2,110	3,282		
Accumulated deficit	11C	(143,593)	(129,084)	(147,500)	(130,035)
Deposits and appropriations for capital increase	19		513		513
Minority interest		999	778		
TOTAL EQUITY		885	17,739	(10,440)	5,739
NON CURRENT LIABILITIES					
Bank loans and overdrafts due after one year	13A	3,243	2,741		564
Retirement benefit obligation		2,514	2,574	1,287	1,276
Deferred taxation	13B	5,792	10,593	5,553	4,258
Obligations under finance leases due after one year	16	944	3,490		61
Other non current liabilities		5	195	5	46
TOTAL NON CURRENT LIABILITIES		12,498	19,593	6,845	6,205
CURRENT LIABILITIES					
Trade and other payables	14A-C	66,835	57,721	39,980	37,979
Obligations under finance leases due within one year	16	599	1,863	331	395
Bank loans and overdrafts due within one year	14B	119,322	123,023	101,972	102,446
Tax liabilities	12	1,116	727	189	422
TOTAL CURRENT LIABILITIES		187,872	183,334	142,471	141,242
TOTAL EQUITY AND LIABILITIES		201,255	220,666	138,876	153,186

Notes forming an integral part of the interim financial statements on pages 11-40.

A.G. PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY

INCOME STATEMENT

Amounts expressed in thousands of euros

	Notes	COMPANY			
		1.1.2007 – 30.6.2007	1.4.2007 – 30.6.2007	1.1.2006 – 30.6.2006	1.4.2006 – 30.6.2006
Revenue	4	14,608	6,021	25,386	13,592
Cost of sales	5A	13,812	5,409	20,403	10,743
Gross profit		796	612	4,983	2,849
Other operating income		4	(82)	325	169
Total gross profit		800	530	5,308	3,018
Administrative expenses	5B	1,809	939	1,784	1,058
Research and development expenses	5C	64	32	73	34
Distribution cost	5D	2,559	1,210	2,964	1,519
Operating (loss)/profit		(3,632)	(1,651)	487	407
Non operating income					
Finance income (credit interest)		51	51		
Other income		250	176	343	231
		301	227	343	231
Non operating expenses					
Finance cost	5E	4,464	2,187	4,315	2,415
Other expenses		336	102	389	215
		4,799	2,288	4,704	2,630
Loss for the period before taxes		(8,130)	(3,712)	(3,874)	(1,992)
Taxation	13B	1,566	560	995	520
Loss for the period after taxes		(6,564)	(3,152)	(2,879)	(1,472)
Loss per share		(0.26)	(0.13)	(0.12)	(0.06)

Notes forming an integral part of the interim financial statements on pages 11-40.

A.G. PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY

CONSOLIDATED INCOME STATEMENT

Amounts expressed in thousands of euros

	Notes	GROUP			
		1.1.2007 – 30.6.2007	1.4.2007 – 30.6.2007	1.1.2006 – 30.6.2006	1.4.2006 – 30.6.2006
Revenue	4	84,929	43,766	102,949	53,021
Cost of sales	5A	65,106	32,970	78,190	40,509
Gross profit		19,823	10,796	24,759	12,512
Other operating income		253	(49)	450	183
Total gross profit		20,076	10,747	25,209	12,695
Administrative expenses	5B	4,576	(1,222)	5,199	2,672
Research and development expenses	5C	430	289	796	609
Distribution cost	5D	13,555	10,426	16,130	7,826
Operating profit		1,515	1,254	3,084	1,588
Non operating income					
Income from investments				307	307
Finance income (credit interest)		664	664	0	(11)
Other income		279	(192)	392	239
		943	472	699	535
Non operating expenses					
Finance cost	5E	5,872	2,673	5,592	3,032
Other expenses		784	784	448	253
		6,656	3,457	6,040	3,285
Loss for the period before taxes		(4,198)	(1,731)	(2,257)	(1,162)
Taxation	13B	438	36	(604)	(280)
Loss for the period after taxes		(3,760)	(1,695)	(1,653)	(882)
Minority interest		(218)	(108)	(185)	(58)
Loss for the period after taxes		(3,978)	(1,803)	(1,838)	(940)
Loss per share		(0.16)	(0.07)	(0.08)	(0.04)

Notes forming an integral part of the interim financial statements on pages 11-40.

A.G. PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

30.06.2006

(amounts expressed in thousands of euros)

	Share Capital €	Share Premium €	Capital Reserves €	Revaluation Reserves €	Accumulated Deficit €	Other Reserves €	Stock option plan reserve €	Total €
COMPANY								
Shareholders equity 01.01.2006	24,069	81,765	9,425	17,346	(106,683)			25,922
Correction of prior year's errors				(325)				(325)
Restated shareholders' equity 01.01.06	24,069	81,765	9,425	17,021	(106,683)			25,597
Rearrangement of equity items			(197)	343	(146)			0
Reevaluation of machinery under finance lease					(508)			(508)
Change of taxation percentage					(48)			(48)
Profit/(loss) for the period 01.01.2006 – 30.06.2006					(2,879)			(2,879)
Shareholders' equity 30.06.2006	24,069	81,765	9,228	17,364	(110,264)			22,162

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

30.06.2007

(amounts expressed in thousands of euros)

	Share Capital €	Share Premium €	Capital Reserves €	Revaluation Reserves €	Accumulated Deficit €	Other Reserves €	Stock option plan reserve €	Total €
Shareholders' equity 01.01.2007	24,069	81,765	9,228	20,199	(130,035)	513		5,739
Correction of prior year's errors (IAS 8)					(10,899)		220	(10,679)
Reevaluation of land				922				922
Deferred taxation				(230)	(3)			(233)
Restated shareholders' equity 01.01.07	24,069	81,765	9,228	20,891	(140,937)	513	220	(4,251)
Increase in share capital	888					(513)		375
Loss for the period 01.01.2007 – 30.06.2007					(6,564)			(6,564)
Shareholders' equity 30.06.2007	24,957	81,765	9,228	20,891	(147,501)	0	220	(10,440)

Notes forming an integral part of the interim financial statements on pages 11-40.

A.G. PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

30.06.2006

(amounts expressed in thousands of euros)

	Share Capital €	Share Premium €	Capital Reserves €	Revaluation Reserves €	Accumulated Deficit €	Translation differences €	Minority Interest €	Stock option plan reserve €	Other Reserves €	Total €
GROUP										
Shareholders' equity 01.01.2006	24,957	84,711	9,256	25,207	(93,861)	6,967	1,552			58,789
Correction of prior year's errors				(325)						(325)
Restated shareholders' equity 01.01.06	24,957	84,711	9,256	24,882	(93,861)	6,967	1,552			58,464
Rearrangement of equity items		(2,946)	2,619	1,501	(1,283)		109			0
Revaluation of tangible assets				(392)						(392)
Other reserves			(96)							(96)
Translation differences €/ZAR & €/RON				(226)	(5,809)	(4,181)				(10,216)
Machinery under finance lease					(508)					(508)
Change of taxation percentage					(48)					(48)
Loss for the period 01.01.2006 – 30.06.2006					(1,838)		185			(1,653)
Shareholders' equity 30.06.2006	24,957	81,765	11,779	25,765	(103,347)	2,786	1,846			45,551

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

30.06.2007

(amounts expressed in thousands of euros)

	Share Capital €	Share Premium €	Capital Reserves €	Revaluation Reserves €	Accumulated Deficit €	Translation differences €	Minority Interest €	Stock option plan reserve €	Other Reserves €	Total €
Shareholders' equity 01.01.2007	24,069	81,765	11,674	24,742	(129,084)	3,282	778		513	17,739
Reevaluation of land				(78)						(78)
Deferred taxation				(230)	(3)					(233)
Correction of prior year's errors (IAS 8)			(1,681)		(10,528)			220		(11,989)
Restated shareholders' equity 01.01.07	24,069	81,765	9,993	24,434	(139,615)	3,282	778	220	513	5,439
Increase in share capital	888								(513)	375
Translation differences €/ZAR & €/RON						(1,172)	3			(1,169)
Profit/(loss) for the period 01.01.2007 – 30.06.2007					(3,978)		218			(3,760)
Shareholders' equity 30.6.2007	24,957	81,765	9,993	24,434	(143,593)	2,110	999	220	0	885

Notes forming an integral part of the interim financial statements on pages 11-40.

A.G. PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY

CASH FLOW STATEMENT

Amounts expressed in thousands of euros

	GROUP		COMPANY	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
<u>Cash flow from operating activities</u>				
Loss for the period	(3,978)	(2,257)	(6,564)	(3,874)
Adjustments for items not involving the movement of cash :				
Depreciation	3,063	3,667	963	1,026
Provisions	(9,133)	2,119	(4,321)	141
Finance cost	6,656	4,787	4,799	4,196
Investment activity result	--	(6,455)	--	59
Adjustments for changes in working capital:				
(Increase)/decrease in inventories	779	2,512	884	95
(Increase)/decrease in debtors	14,584	(2,379)	5,879	(544)
(Increase)/Decrease in payables (except bank obligations)	4,572	6,787	1,726	3,432
Less:				
Interest paid	(5,677)	(4,787)	(979)	(4,196)
Net cash generated by operating activities (a)	<u>10,866</u>	<u>3,994</u>	<u>2,387</u>	<u>335</u>
<u>Cash flow from investing activities</u>				
Purchase of tangible and intangible assets	(2,298)	(1,967)	(116)	(321)
Interest received	--	307	--	--
Income on disposal of tangible and intangible assets	--	229	--	47
Net cash (used in) investing activities (b)	<u>(2,298)</u>	<u>(1,431)</u>	<u>(116)</u>	<u>(274)</u>
<u>Cash flow from financing activities</u>				
Decrease/(Increase) in bank loans and overdrafts	502	(4,002)	--	612
Bank loans and overdrafts paid	(3,701)	--	(1,038)	--
Finance lease obligations paid	(3,810)	1,410	(125)	(690)
Increase in share capital	375	--	375	--
Net cash (used in) financing activities (c)	<u>(6,634)</u>	<u>(2,592)</u>	<u>(788)</u>	<u>(78)</u>
Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)	<u>1,934</u>	<u>(29)</u>	<u>1,483</u>	<u>(17)</u>
Cash and cash equivalents at beginning of the period	<u>4,722</u>	<u>1,040</u>	<u>2,601</u>	<u>377</u>
Cash and cash equivalents at end of the period	<u>6,656</u>	<u>1,011</u>	<u>4,084</u>	<u>360</u>

Notes forming an integral part of the interim financial statements on pages 11-40.

A.G.PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY
Notes to the financial statements
30th June, 2007
(Expressed in 000's Euro)

1. General Information

The parent company was incorporated in Athens in 1960 in accordance with Law 2190/1920 and with a duration of 50 years, which ends in 2010. The Shareholders' General Meeting of 28th July, 2006 decided that the company's duration will be extended for another 50 years. The company is listed on the Athens Stock Exchange.

On 2 August, 2006 the Board of Directors of the Athens Stock Exchange decided to transfer the company's shares to the under supervision category on 3 August, 2006 according to article 212 of the regulation of Athens Stock Exchange because of the existence of substantive debts over due. According with the decision number 14005 of 2 April, 2007 the Board of Directors of Athens Stock Exchange decided the suspension of market share dealing of the ordinary shares of the company.

The company's main objectives are the construction, the development and trading of items made from plastic or metal and generally any trading, industrial and economic interaction as well as the incorporation or participation in other companies in Greece or abroad with similar activity.

a. Basis of preparation of the financial statements.

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as they have been adopted from the European Union and in particular with accordance with IAS 34 "Interim Financial Statements".

b. Approval of Financial Statements

The interim financial statements have been approved by the company's Board of Directors at 29 August, 2007. The composition of the Board of Directors is as follows:

- | | | | |
|----|------------------------|---|---|
| 1. | Georgios A. Petzetakis | - | Chairman, executive member |
| 2. | Ioannis Spanoudakis | - | Vice President & Chief Executive Officer – executive member |
| 3. | Evangelos Papazoglou | - | Executive Member |
| 4. | Petros Tzanetakos | - | Non executive member |
| 5. | Dionysios Gaggas | - | Non executive member |

c. Use of estimations

The presentation of the financial statements in accordance with IFRS, requires that the management makes estimations and assumptions which effect the balance sheet statement and the Income Statement. It is also required the disclosure of contingent debts and liabilities at the balance sheet date as well as the amounts of income and expenses during the period. The actual results may be different from these estimates.

A.G.PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY
Notes to the financial statements
30th June, 2007
(Expressed in 000's Euro)

1. **General Information**

d. **IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amount of equity was restated in 1 January, 2007 (accumulated deficit and reserves), so these amounts are less than those of 31 December, 2006 by € 12.330 thousands for the Group and € 9.990 thousands for the company.

The restatement refers to recalculation of financial figures of prior years (note 11).

2. **Adoption of new and revised International Financial Reporting Standards**

The group adopted, in the current year, the new and revised International Financial Reporting Standards (IFRS) and the corresponding amendments that have been published from the International Accounting Standards Board (IASB) and from the International Financial Reporting Interpretation Committee (IFRIC) respectively, in respect that these are related with the group's activity and are effective with the accounting periods beginning on 1st of January 2006.

a. **New and revised standards and interpretations effective from the 1st of January 2007**

The compliance with the new and revised standards and interpretations which are effective from the 1st of January 2007 either do not relate with the activities of the group or do not impose changes on the accounting policies which will cause material effect on the reported financial data for the current year and for the previous year.

b. **New and revised standards not yet in effect**

It is estimated that the new and revised standards and interpretations that are not yet in effect either do not relate with the activities of the group or will not have material effect in the financial data.

3. **Summary of the significant accounting policies**

(a) **Accounting basis**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their respective interpretations as they have been issued by IASB and IFRIC respectively and they have been adopted by European Union.

(b) **Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for land, buildings and machinery, which were revaluated by independent market valuers. Presentation currency is euro and all amounts are round off to the nearest thousand.

A.G.PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY
Notes to the financial statements
30th June, 2007
(Expressed in 000's Euro)

3. Summary of the significant accounting policies (cont'd)

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiaries at 30 June, 2007. The financial statements of the subsidiaries have the same reporting date with this of the parent company and they have been prepared in accordance with the accounting principles that they have been adopted by the parent company. All the intercompany transactions and intercompany balances have been eliminated on consolidation.

Control is achieved when the parent company has the power to govern the financial and operating policy of the entity and ends with the loss of control.

Minority interest represents the rights of outside parties which do not form part of the Group.

(d) Subsidiaries and affiliated companies

Participations in subsidiaries and affiliated companies are stated at fair values plus any direct expense of acquisition. Fair value is considered to be the fair price of the acquisition based on an arms length transaction. The post valuation of participations in subsidiaries and affiliated companies is stated at acquisition cost of the participation or at the nominal value of shares in case of incorporation.

A.G.PETZETAKIS S.A.
HELLENIC PLASTICS AND RUBBER INDUSTRY
Notes to the financial statements
30th June, 2007
(Expressed in 000's Euro)

CONSOLIDATED COMPANIES ACCORDING WITH THE COMPLETE CONSOLIDATION METHOD

Subsidiaries	Headquarters	Vote Rights	Direct participation	Indirect Participation	Total	COMPANY	
						ACQUISITION COST 30.06.2007	ACQUISITION COST 31.12.2006
A.G. PETZETAKIS S.A.	Greece				Parent		
PETZETAKIS NORTH GREECE S.A.	Greece	94.18%	94.18%		94.18%	10,159	10,159
PETZETAKIS AFRICA PTY	S. Africa	100.00%		100.00%	100.00%		
SEKUNJALO PIPING - SYSTEMS (PTY) LTD	S. Africa	86.00%		86.00%	86.00%		
CITY PLASTICS INDUSTRIAL PIPING (PTY) LTD [1]	S. Africa	49.00%		49.00%	49.00%		
MABONA INDUSTRIES (PTY) LTD	S. Africa	100.00%		100.00%			
PETZETAKIS AFRICA (NAMIBIA) (PTY) LTD	S. Africa	100.00%		100.00%			
INDUPLAS SPA	Italy	100.00%	100.00%		100.00%	24	624
HELIFLEX PETZETAKIS TUBOS S.A.[1]	Portugal	100.00%	51.00%	49.00%	100.00%		
FLEXIPLAS S.A.	Spain	100.00%	100.00%		100.00%	5,388	5,388
BEHKA – PLAST GMBH	Germany	100.00%		100.00%	100.00%		
A. PETZETAKIS GMBH	Germany	100.00%	100.00%		100.00%	2,184	2,184
EUROHOSE LTD	United Kingdom	100.00%	100.00%		100.00%	2	2
A.G. PETZETAKIS ROMANIA SRL	Romania	100.00%	100.00%		100.00%	1,328	1,328
A.G. PETZETAKIS INTERNATIONAL HOLDINGS LTD	Cyprus	100.00%	100.00%		100.00%	22,698	28,998
PETZETAKIS PLASTIKA MAKEDONIAS LTD	Fyrom	94.18%		94.18%	94.18%		
					TOTAL A	41,783	48,683

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COMPANIES EXCLUDED FROM CONSOLIDATION

Other companies	Headquarters	Vote rights	Direct Participation	Indirect Participation	Total	COMPANY	
						ACQUISITION COST 30.6.2007	ACQUISITION COST 31.12.2006
A.G. PETZETAKIS ROMANIA LTD[1]	Cyprus	66.70%	66.70%		66.70%		
OLTCHIM PETZETAKIS[2]	Romania	2.00%	2.00%		2.00%		
HELIFLEX IRAN[2]	Teheran	25.00%	25.00%		25.00%	34	34
AVID IRAN[2]	Teheran	25.00%	25.00%		25.00%	34	34
INTEAL ENTROPIA[3]	Greece	9.00%	9.00%		9.00%	11	211
PLASTIKA KAVALAS [1]	Greece	100.00%		100.00%	100.00%		
MILLENNIUM HOLDINGS LTD[1]	Niue Island		100.00%		100.00%		
					TOTAL B	79	279
	Long term bills receivables					137	142
	Discount on bills receivables						
	Guarantees given					266	265
					TOTAL (A) + (B)	42,265	49,369

[1] The participation cost of the above companies was written off due to impairment in previous financial years. The companies excluded from consolidation of 30.6.2007 as their figures are not considered material.

[2] Not significant influence according to IAS 28.

[3] The participation percentage is less than 20%, not significant influence and control.

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3. **Summary of the significant accounting policies (cont'd)**

(e) **Foreign currency transactions**

i. **Transactions in foreign currencies and their presentations**

The company's parent and consolidated financial statements are presented in the country's currency which is the functional currency of the company. The consolidated financial statements are presented in euro.

ii. **Transactions and financial figures**

Transactions in foreign currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at each balance sheet date.

Exchange differences are recognised in income statement. Non monetary assets and liabilities denominated in foreign currencies, are translated at the rates prevailing at acquisition date.

(f) **Fixed assets**

Equipment and vehicles are presented at cost less accumulated depreciation and impairment.

Property (land and buildings) and machinery are presented at current values less depreciation.

Depreciation rates remain constant throughout the useful life of the assets.

<u>Asset</u>	<u>Useful life</u>
Buildings	20-50
Plant and machinery	5-30
Office equipment	3 - 8
Transportation means	3 - 9

The current values of plant and machinery is examined for possible impairment in case of events indicating such impairment. When such indications appear and the current value is estimated to be lower than recoverable cost, this value is revised. In addition to the original accounting presentation of cost, land and buildings are presented at revised values which are the current values at valuation date, less depreciation of buildings and possible impairment.

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3. Summary of the significant accounting policies (cont'd)

(f) Fixed assets (cont'd)

Current value is determined by established valuers, with reference to the market conditions and it is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction at the valuation date.

The excess amount of revaluation is transferred to the account "Revaluation Reserve" and is presented at the Balance Sheet as part of equity. Probable deficit from revaluation is transferred to Income Statement after setting off previous excess revaluation of the asset. The accumulated depreciation at valuation date, is set-off with the original cost of the asset and the net book value is revalued at carrying amount. After the sale of an asset the respective revaluation reserve is transferred to undistributed profit.

Assets are written off when they are sold or when there is an indication that no future benefit will arise from using them.

Gain or loss that arises by a written off asset (difference between carrying amount and net sale proceeds) are transferred to Income Statement of the respective financial year.

(g) Intangible assets

The research and development cost is accounted as expense of the period it is realised.

An internally generated intangible asset is recognised only when all the following assumptions are satisfied:

- the generated asset can be identified
- it is probable that future economic benefits will flow to the company
- the cost of the asset can be measured reliably

The internally generated intangible assets are amortised by the straight line method at the duration of their useful lives. When self-produced asset can not be specifically identified, the cost of development is written off in the year incurred.

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3. Summary of the significant accounting policies (cont'd)

(h) Impairment of tangible and intangible assets

At the balance sheet date the management examines the carrying amount of tangible and intangible assets for possible impairment. In case of indication of impairment an evaluation of the assets has to be done as to be determined the loss.

Recoverable amount of an asset is the greater between fair value less the selling expenses and the value in use. The value in use is calculated by determining the present value, of the expected future cash flows, using a tax pre discount rate that reflects current market assessments of the time value of money and the risks specific to the asset and should not reflect risks for which future cash flow estimates have already been adjusted.

If the recoverable amount of an asset or a cash generating unit is considered to be less than its carrying amount, this carrying amount is decreased to its recoverable amount. The loss from the impairment is recognised directly as an expense in the Income Statement.

If the impairment loss reverse, the net book value of the asset is increased up to its revised recoverable value, so that this increased accounting balance does not exceed the accounting balance that would have been determined in case that impairment loss had not been recognised in previous years. The reversal of the impairment loss is recognised directly as income at the Income Statement.

(i) Grants

Grants are recognised at current value when there is a sufficient certainty that the grant is receivable and all the relative assumptions will be fulfilled. When a grant relates to an expense it is recognised as income during the period required matching the necessary expense.

When a grant relates to an asset, the value is considered as deferred income and is transferred to Income Statement according to the duration of the expensed usage expiration of the asset.

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3. Summary of the significant accounting policies (cont'd)

(j) Goodwill

Goodwill is initially defined as the extra amount that was paid for the acquisition of a subsidiary, over the fair value of the net asset acquired. Goodwill is not amortised.

After the initial definition goodwill is presented at cost less the possible impairment.

Goodwill is reviewed for possible impairment and in case of events indicating such impairment, goodwill is revaluated.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in the bank and at hand as well as short term highly liquid investments.

(l) Trade receivables

Customers accounts are stated at their fair values. Losses due to provisions for bad debts are made when amounts are significant.

The amount of provision for possible losses is transferred to Income Statement.

(m) Provisions

Provisions are recognised when:

- There are present obligations (legal or constructive) as a result of past events.
- Their settlement through an outflow at resources is probable.
- The exact amount of the obligation can be reliably estimated.

Provisions are reviewed at each balance sheet date and can be recalculated as to represent the current value of the liability. If the time value of money is substantial, provisions are calculated by anticipating the expected future cash flows using a factor before taxes that reflects current market assessments of the time value of money and the risks specific to the liability.

The contingent liabilities are not recognised in financial statements but they are disclosed in the financial statements, unless the event is considered remote. The contingent assets are not recognised in financial statements but they are disclosed when an inflow is possible.

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3. **Summary of the significant accounting policies (cont'd)**

(n) **Revenue recognition**

Revenues from sales are presented net of V.A.T. and they are recognised when the ownership of the merchandises is transferred to the customer.

Revenues from interest are recognised at chronological basis with reference to the invested capital and the relative interest rate.

Revenues from participations (dividends) are recognised when the shareholders' right for payment is realised.

(o) **Retirement benefits**

In accordance with the Greek labour legislation the company has to provide to all its employees on retirement a specific defined financial amount. This financial amount which is payable on the retirement day is equivalent to 40% of the remuneration based on certain factors listed below:

- b. years of service in the company
- c. monthly salary at the retirement day
- d. other factors in accordance with the existing legislation

This liability is specified as the Present Value of the particular benefit quantifying actuarial parameters that exist at the balance sheet date.

The company has assigned the above calculation to professional actuaries and the estimated liability at 30 June, 2007 has been classified and is included in the financial statements.

The previous years' liability has been identified and recorded directly into equity and the corresponding liability referring to the period had an impact on the income statement of the previous period.

(p) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated as follows:

- Raw materials by using the first in – first out method
- Product and work in progress direct cost of raw materials and labour and percentage of production expenses based on the normal level of operation excluding the financing cost.

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3. **Summary of the significant accounting policies (cont'd)**

(q) **Taxation (Current and Deferred Taxation)**

Income tax is calculated on taxable profits and according to the rate which is in force for each company.

Taxable profit of the parent company differs from the net profit of the companies as reported in the financial statements of each company because it excludes items of income or expenses that are not taxable or deductible in other financial years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax payable or receivable due to timing difference in income taxation or in expense recognition for taxation purposes and is accounted to the extent that it will be arise in the future.

Deferred tax liability is recognised mainly for all timing taxation differences and deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available and tax asset will be utilised against the resulting tax liability.

The carrying amount of deferred taxes (assets and liabilities) are reviewed at each balance sheet date and are revised if it is necessary considering facts and circumstances that effect to availability of future taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or assets realised.

This tax is charged or credited to profit or loss, except when it relates to items that are transferred directly to equity in which case the deferred tax is also accounted for against equity.

(r) **Leases**

Assets under lease agreements are stated at the lower of fair value at acquisition date and the present value referring to lease payments.

The respective liability is presented at Balance Sheet as "Obligations under finance leases".

Lease payments are separated between finance charges and payments of instalment for the settlement of liability as to reflect a constant periodic rate of return on the outstanding net liability in the finance lease.

Finance charges are recognised in Income Statement, except when they are related with acquisition of assets and they therefore can be capitalised according to the general policy that has been adopted for the finance cost.

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3. **Summary of the significant accounting policies (cont'd)**

(s) **Financial Instruments**

Financial receivables and liabilities at Balance Sheet include cash and cash equivalents, receivables, participations in affiliated companies, current and non current liabilities. Financial instruments are presented as receivables, liabilities or figures of equity, according with the subject of the relevant agreements. Interest, dividends, gain or losses that arise from financial instruments (receivables or liabilities) are classified as expenses or income respectively.

Business Risk Management

Company's operations are subject to several business risks such as :

- foreign exchange risk
- business risk
- credit risk
- liquidity risk
- cash flow risk and fair value risk

- **Foreign exchange risk**

The company is subject to foreign exchange risks, because of its international activity. The management of the company attends to the market risk and takes action when it considers there is such a need.

- **Business Risk**

The company is dependend on the procurement of raw materials and specially of the oil derivatives, so there is a continuous risk arising from the changes in international market. When needed the management applies early and preventive measures in order to restrain the effect of the price changes.

- **Credit Risk**

The credit risk is related to the credit profile of the clients. The management makes special credit control and reviews the clients as to reduce the credit risk.

- **Liquidity risk**

The problems in liquidity and the effects on company's liabilities forced the company to renegotiate its refinancing and revision of the credit policy, to oblivate such a phenomena.

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3. **Summary of the significant accounting policies (cont'd)**

(s) **Financial Instruments (cont'd)**

- **Cash flow risk and change in fair value risk**

Interest risk is mainly related to long term borrowing. When needed, the management applies a preventive policy to cover the exposure to changes in interest rates.

(t) **Earnings per share**

Earnings per share are calculated by denominating the Net profit after tax of the period with the weighted average number of ordinary shares that have been issued up to the period.

4. **Revenue**

An analysis of the company's revenue is as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.07</u>	<u>30.06.06</u>	<u>30.06.07</u>	<u>30.06.06</u>
Sales of goods	9.707	26.677	2.428	3.089
Finished and semi-finished products	<u>75.222</u>	<u>76.272</u>	<u>12.180</u>	<u>22.297</u>
	<u>84.929</u>	<u>102.949</u>	<u>14.608</u>	<u>25.386</u>

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4A. SALES BY GEOGRAPHICAL AREA

The following table provides an analysis of the sales by geographical area:

	<u>GROUP</u> <u>30.06.2007</u>				Total	<u>COMPANY</u> <u>30.06.2007</u>				
	Greece	Rest of Europe	Africa	Other Countries		Greece	Rest of Europe	Africa	Other Countries	Total
Intergroup sales	--	--	--	--	--	1,636	1,183	0	0	2,819
Out of Group sales	22,288	17,365	45,027	249	84,929	9,527	1,363	650	249	11,789
Total sales	22,288	17,365	45,027	249	84,929	11,163	2,546	650	249	14,608

	<u>GROUP</u> <u>30.06.2006</u>				Total	<u>COMPANY</u> <u>30.06.2006</u>				
	Greece	Rest of Europe	Africa	Other Countries		Greece	Rest of Europe	Africa	Other countries	Total
Intergroup sales	4,278	2,713	--	--	6,991	1,875	1,505	--	--	3,380
Out of group sales	22,088	23,501	44,206	6,163	95,958	17,685	2,365	988	968	22,006
Total sales	26,366	26,214	44,206	6,163	102,949	19,560	3,870	988	968	25,386

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4B. SALES BY BUSINESS SECTOR

The following table provides an analysis of the sales by business sector:

	<u>GROUP</u> <u>30.06.2007</u>					<u>COMPANY</u> <u>30.06.2007</u>						
	Infrastructure Works	Retail/ Wholesale	Agriculture	Industry	Other	Total	Infrastructure Works	Retail/ wholesale	Agriculture	Industry	Other	Total
Intergroup sales	--	--	--	--	--	--	278	106	2,250	40	75	2,749
Out of Group sales	37,350	16,100	11,042	17,947	2,490	84,929	5,483	3,638	1,774	905	59	11,859
Total sales	37,350	16,100	11,042	17,947	2,490	84,929	5,761	3,744	4,024	945	134	14,608
	<u>GROUP</u> <u>30.06.2006</u>					<u>COMPANY</u> <u>30.06.2006</u>						
	Infrastructure Works	Retail/ wholesale	Agriculture	Industry	Other	Total	Infrastructure Works	Retail/ wholesale	Agriculture	Industry	Other	Total
Intergroup sales	938	2,115	2,817	921	200	6,991	671	94	2,263	246	106	3,380
Out of Group sales	34,923	12,107	11,792	25,130	12,006	95,958	10,470	5,471	4,758	1,218	89	22,006
Total sales	35,861	14,222	14,609	26,051	12,206	102,949	11,141	5,565	7,021	1,464	195	25,386

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5. Number of employees in each country of business activity

	<u>30.06.2007</u>	<u>30.06.2006</u>
Greece	426	475
S. Africa	665	721
Portugal		92
Italy	65	62
Germany	56	53
Spain	49	49
Romania	15	15
United Kingdom	2	2
	<u>1,278</u>	<u>1,469</u>

5A. Cost of sales

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>30.06.2006</u>	<u>30.06.2007</u>	<u>30.06.2006</u>
Cost of sales is analysed as follows:				
Wages	8,057	9,556	2,955	3,109
Third party remunerations	1,077	2,713	34	906
Depreciation	2,503	3,008	740	719
Sundry expenses	2,430	2,911	624	43
Cost of merchandise	2,617	48,420	1,986	4,044
Material costs	48,422	11,582	7,473	11,582
	<u>65,106</u>	<u>78,190</u>	<u>13,812</u>	<u>20,403</u>

5B. Administration expenses

Administration expenses are analysed as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>30.06.2006</u>	<u>30.06.2007</u>	<u>30.06.2006</u>
Wages	2,673	2,470	879	889
Third party remunerations	580	858	432	632
Depreciation	189	375	113	213
Sundry expenses	1,134	1,496	385	50
	<u>4,576</u>	<u>5,199</u>	<u>1,809</u>	<u>1,784</u>

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5C. Research and development expenses

Research & development expenses are analysed as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>30.06.2006</u>	<u>30.06.2007</u>	<u>30.06.2006</u>
Wages	151	253	51	59
Third party remunerations	142	34	0	4
Depreciation	11	38	7	8
Sundry expenses	268	471	6	2
	<u>430</u>	<u>796</u>	<u>64</u>	<u>73</u>

5D. Distribution cost

Distribution expenses are analysed as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>30.06.2006</u>	<u>30.06.2007</u>	<u>30.06.2006</u>
Wages	4,451	6,031	1,365	1,418
Third party remunerations	142	932	120	423
Depreciation	360	256	102	86
Sundry expenses	8,602	8,835	972	1,037
	<u>13,555</u>	<u>16,054</u>	<u>2,559</u>	<u>2,964</u>

5E. Finance cost

Finance cost is analysed as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>30.06.2006</u>	<u>30.06.2007</u>	<u>30.06.2006</u>
Short term loans interest	5,792	4,787	4,384	4,196
Other financial expenses	80	805	80	119
	<u>5,872</u>	<u>5,592</u>	<u>4,464</u>	<u>4,315</u>

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6. Goodwill

The amount of Euro 9.883 thousands represents goodwill arising the acquisition of subsidiaries and is analysed as follows:

	GROUP	
	<u>30.06.2007</u>	<u>31.12.2006</u>
PETZETAKIS N. GREECE S.A.	107	107
AG PETZETAKIS INTERNATIONAL HOLDINGS		3,590
A.PETZETAKIS GMBH	804	804
BEHKA-PLAST GMBH	2,148	2,148
FLEXIPLAS SA	2,798	2,798
PETZETAKIS AFRICA (PTY) LTD	3,933	3,933
PETZETAKIS ROMANIA SRL	258	499
EUROHOSE LTD	2	2
MILLENNIUM HOLDINGS LTD		251
INDUPLAS SPA	(167)	(167)
	<u>9,883</u>	<u>13,965</u>

7. Inventories

Inventories are analysed as follows:

	GROUP		COMPANY	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
Merchandises	2,995	4,049	1,420	1,634
Finished goods – semi finished products- by products	15,349	14,823	1,685	3,338
Work in progress	202	88		
Raw and auxiliary materials spare parts and consumables	5,267	5,909	2,062	1,956
Payments in advance for purchase inventories	644	367	645	367
	<u>24,457</u>	<u>25,236</u>	<u>5,811</u>	<u>7,295</u>

8. Trade and other receivables

	GROUP		COMPANY	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
Trade receivables	34,579	35,412	10,843	16,459
Postdated cheques	14,220	21,293	5,197	11,788
Other receivables	4,793	8,311	4,893	2,594
	<u>53,592</u>	<u>65,016</u>	<u>20,933</u>	<u>30,841</u>

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9. Cash and cash equivalents

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
Cash in hand	350	336	48	26
Cash at banks	6,306	4,386	4,036	2,575
	<u>6,656</u>	<u>4,722</u>	<u>4,084</u>	<u>2,601</u>

10. Share capital

	<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>
Authorised issued and fully paid: 24.956.646 ordinary shares of 1,00 € each	24,957	24,069
	<u>24,957</u>	<u>24,069</u>

11A. Capital reserves

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
Statutory reserve	1,003	1,003	941	941
Special reserves	357	357	311	311
Other reserves	8,633	10,314	7,976	7,976
	<u>9,993</u>	<u>11,674</u>	<u>9,228</u>	<u>9,228</u>

11B. Revaluation reserves

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
Revaluation of investments	3,477	3,477	3,478	3,477
Revaluation of other fixed assets	20,957	21,265	17,413	16,722
	<u>24,434</u>	<u>24,742</u>	<u>20,891</u>	<u>20,199</u>

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11C. Accumulated deficit

	<u>GROUP</u> <u>30.06.2007</u>	<u>COMPANY</u> <u>30.06.2007</u>
Accumulated loss up to 1.1.2007	129,084	130,035
Prior year's adjustments (IAS 8)		
Impairment of investments	200	7,100
Impairment of goodwill	3,590	
Doubtful debts	6,400	1,400
Slow moving inventories	600	600
Prior year's expenses	1,199	1,581
Provision of stock option plan	220	220
Transfer to other reserves account	(1,678)	
	<u>139,615</u>	<u>140,936</u>
Deficit for the period 1.1.2007 - 30.6.2007	<u>3,978</u>	<u>6,564</u>
	<u>143,593</u>	<u>147,500</u>

11D. Stock option plan

According to General Meeting decision of the parent company a Stock option plan was created with the following characteristics:

Number of shares/Options 2,406,914
 Holders: Members of the Board of Directors and employees of the parent company and of the subsidiaries.
 Exercise right price: € 1
 Exercise right period: 2006 - 2009
 Up to 30.6.2007 887,500 rights have been exercised.
 The company has made a provision for the exercisable rights of € 220.000.

12. Tax liabilities

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
Income tax – V.A.T.	162	83	59	
Tax from staff wages	150	446	117	318
Prior years' taxes		58	0	
Other taxes	804	140	13	104
	<u>1,116</u>	<u>727</u>	<u>189</u>	<u>422</u>

13. Non current liabilities**13A. Bank loans and overdrafts – due after one year**

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
GENIKI BANK		564		564
BILBAO – VIZCAYA SPAIN	1,276	1,415		
UNICREDIT BANCA ITALIA	782	762		
OTHER BANKS	1,185			
	<u>3,243</u>	<u>2,741</u>	<u>0</u>	<u>564</u>

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13B. Deferred taxation

COMPANY

	<u>Balance sheet</u>		<u>Income Statement</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>30.06.2006</u>
Deferred taxation on revalued depreciation	(1,465)	(1,252)	214	
Provision for retirement benefit	307	497	190	13
Capitalised expenses		354	354	64
Revaluation of fixed assets	(4,088)	(3,857)		
Current income taxation	5,482	3,160	(2,324)	393
	<u>236</u>	<u>(1,098)</u>	<u>(1,566)</u>	<u>470</u>

GROUP

	<u>Balance sheet</u>		<u>Income Statement</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>30.06.2006</u>
Deferred taxation on revalued depreciation	(1,975)	(1,187)	290	(125)
Provision for retirement benefit	312	519	184	17
Capitalised expenses	16	372	356	70
Revaluation of fixed assets	(9,634)	(9,812)		(126)
Deferred taxation on depreciation difference		(477)		393
Current tax income	5,474	3,160	(1,268)	0
Others	15	(8)		(129)
	<u>(5,792)</u>	<u>(7,433)</u>	<u>(438)</u>	<u>100</u>

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14. Current liabilities

14A. Trade and other payables

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
Payables trade – cheques payable	47,137	42,519	24,562	22,878
Social security funds	933	619	863	484
Advances from customers	591	929	429	716
Other creditors and other non current liabilities	9,222	5,082	7,353	7,250
	<u>57,883</u>	<u>49,149</u>	<u>33,207</u>	<u>31,328</u>

14B. Bank loans and overdrafts due within one year

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
Syndicated loan (August 2001)[1]	31,356	31,359	31,356	31,359
Syndicated loan (March 1999)[2]	29,128	26,847	29,128	26,847
Other loans	58,838	64,817	41,488	44,240
	<u>119,322</u>	<u>123,023</u>	<u>101,972</u>	<u>102,446</u>

- 1) It refers to the syndicated loan balance which was received in 2001 with 5 years duration and administrator the Alpha Bank. The interest is defined as equal to EURIBOR plus a margin.
- 2) It refers to syndicated loan which was received at 1999 with 5 years duration and administrator the CITIBANK INT'L – LONDON. The repayment is pending.

All the short term loans bear floating interest rate. Almost all the bank loan liabilities of the company were overdue at 30 June, 2007. A Memorandum of Understanding was signed with four investment funds at 28 June, 2007 (note 19) which provides the framework for restructuring the company's liabilities as well as providing new funds for working capital to support its cash liquidity.

14C. Deferred income – Accrued expenses

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2007</u>	<u>31.12.2006</u>	<u>30.06.2007</u>	<u>31.12.2006</u>
Deferred income	50	790		777
Accrued expenses (interest provision)	5,632	5,766	5,632	5,766
Accrued expenses (provision of other expenses)	3,270	2,016	1,141	108
	<u>8,952</u>	<u>8,572</u>	<u>6,773</u>	<u>6,651</u>

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15A. Fixed assets – Tangible and intangible assets

	COMPANY							
	Land	Buildings & installations	Plant and Machinery	Transportation Means	Furniture, fittings and equipment	Assets under construction	Intangible assets	Total
Cost								
01.01.2006	13,159	26,605	73,551	1,041	4,090	181	15	118,642
Revaluation increase/(decrease)	13	(15,366)	(29,147)	187	(216)			(44,529)
Purchases	--	8	287	2	97		32	426
Sales/Disposals	(3,370)	(1,980)	(5)	(68)	(101)			(5,524)
31.12.2006	9,802	9,267	44,686	1,162	3,870	181	47	69,015
Depreciation								
01.01.2006	--	13,411	36,301	425	2,430			52,567
Revaluation/increase/(decrease)	--	(13,411)	(32,404)	(425)	827			(45,413)
Charge for the period	--	215	1,489	39	261		47	2,051
Disposals	--	(30)			(80)			(110)
31.12.2006	--	185	5,386	39	3,438	0	47	9,095
Net book value 31.12.2006	9,802	9,082	39,300	1,123	432	181	0	59,920
	Land	Buildings & installations	Plant and Machinery	Transportation Means	Furniture, fittings and equipment	Assets under construction	Intangible assets	Total
Cost								
01.01.2007	9,802	9,267	44,686	1,162	3,870	181	47	69,015
Revaluation increase	922							922
Purchases		73	37		6			116
Sales/Disposals			(5)	(4)	(3)			(12)
30.06.2007	10,724	9,340	44,718	1,158	3,873	181	47	70,041
Depreciation								
01.01.2007	0	185	5,386	39	3,438	0	47	9,095
Revaluation/increase/(decrease)								0
Charge for the period		93	745	19	106			963
Disposals			(3)	(4)	(4)			(11)
30.06.2007	0	278	6,128	54	3,540	0	47	10,047
Net book value at 30.06.2007	10,724	9,062	38,590	1,104	333	181	0	59,994

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15A. Fixed assets – Tangible and intangible assets (cont'd)

	GROUP							Total
	Land	Buildings & installations	Plant and Machinery	Transportation Means	Furniture, fittings and equipment	Assets under construction	Intangible assets	
Cost								
01.01.2006	16,469	38,826	122,548	1,729	5,378	338	1,533	186,821
Revaluation increase/(decrease)	13	(15,366)	(29,148)	187	(216)			(44,530)
Purchases		8	1,729	21	126	4	287	2,175
Sales/Disposals	(3,370)	(1,980)	(1,928)	(190)	(106)	(115)		(7,689)
31.12.2006	13,112	21,488	93,201	1,747	5,182	227	1,820	136,777
Depreciation								
01.01.2006	119	14,476	49,864	960	3,386		895	69,700
Revaluation increase/(decrease)		(13,411)	(32,404)	(425)	827			(44,513)
Charge for the period		491	5,087	92	372		438	6,480
Disposals		(30)	(606)	(116)	(80)			(832)
31.12.2006	119	1,526	21,941	511	4,505	0	1,333	29,935
Net book value 31.12.2006	12,993	19,962	71,260	1,236	677	227	487	106,842
Cost								
01.01.2007	13,112	21,488	93,201	1,747	5,182	227	1,820	136,777
Revaluation increase/(decrease)	922							922
Purchases	694	73	1,319	1	126		85	2,298
Sales/Disposals		(696)	1,920	(25)	84	(39)	(177)	1,067
Translation differences	(36)	(103)	(937)	(3)	(13)	(2)	(24)	(1,118)
30.06.2007	14,692	20,762	95,503	1,720	5,379	186	1,704	139,946
Depreciation								
01.01.2007	119	1,526	21,941	511	4,505	0	1,333	29,935
Revaluation increase/(decrease)								
Charge for the period	--	240	2,538	36	167	--	82	3,063
Disposals	--	--	2,191	(49)	(73)	--	(181)	1,888
Translation differences	--	(8)	(381)	1	59	--	(18)	(347)
30.06.2007	119	1,758	26,289	499	4,658	0	1,216	34,539
Net book value 30.06.2007	14,573	19,004	69,214	1,221	721	186	488	105,407

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17. Contingent liabilities

- a) Additional income tax may be assessed by the tax authorities in the case of a tax audit for the unaudited tax years 2003 to 2007.
- b) Various legal claims have been filed against the company amounting to Euro 2,1 million approximately.
- c) The company's land and buildings are secured with a prenotation of Euro 132 million for total coverage of bank loans, which was granted on 4 November, 2002 after consultation and approval with all interested parties for granting the total loans of the company.
- d) Various letters of guarantee issued by banks in the ordinary course of business amounting to Euro 0,6 million approximately.
- e) Merchandises amounted approx. € 10 mil. have been secured.
- f) Various income agreements amounted to € 1mil. approx. have been secured.

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18. TRANSACTIONS WITH RELATED PARTIES

A) INTERCOMPANY TRANSACTIONS											
TRADE ACCOUNTS RECEIVABLES/PAYABLES 30.06.2007											
Receivables Payables	A.G. PETZETAKIS	INDUPLAS	FLEXIPLAS	EUROHOSE	AGP GMBH	BEHKA PLAST	PNG	PETZET. AFRICA	PETZET. ROMANIA	AGPI	TOTAL
A.G.PETZETAKIS		232	0	14	822	605	4,403	0	448	0	6,524
INDUPLAS	315		65	1,516	521	36	0	0	0	0	2,453
FLEXIPLAS	1,417	259		0	0	0	0	0	0	209	1,885
EUROHOSE	0	0	0		0	0	0	0	0	0	0
AGP GMBH	0	0	0	1		951	0	0	0	0	952
BEHKA PLAST	4	2	0	0	47		0	0	18	0	71
PNG	0	0	0	0	0	0		0	0	0	0
PETZETAKIS AFRICA	0	0	0	0	0	0	0		0	0	0
PETZETAKIS ROMANIA	149	0	0	0	0	0	0	0		0	149
AGPI	1,589	0	0	0	0	0	0	3,297	0		4,886
TOTAL	3,474	493	65	1,531	1,390	1,592	4,403	3,297	466	209	16,920

B.) INTERCOMPANY SALES AND PURCHASES 30.06.2007											
Sales Purchases	A.G. PETZETAKIS	INDUPLAS	FLEXIPLAS	EUROHOSE	AGP GMBH	BEHKA PLAST	PNG	PETZET. AFRICA	PETZET. ROMANIA	AGPI	TOTAL
A.G.PETZETAKIS		69	0	26	528	82	1663	0	455	0	2,823
INDUPLAS	38		117	90	633	6	0	0	4	0	888
FLEXIPLAS	28	25		0	0	0	0	0	0	5	58
EUROHOSE	0	0	0		0	0	0	0	0	0	0
AGP GMBH	30	0	0	12		139	0	0	0	0	181
BEHKA PLAST	4	2	0	0	314		0	0	36	0	356
PNG	2073	0	0	0	0	0		0	0	0	2,073
PETZETAKIS AFRICA	0	0	0	0	0	0	0		0	0	0
PETZETAKIS ROMANIA	149	0	0	0	0	0	0	0		0	149
AGPI	0	0	0	0	0	0	0	199	0		199
TOTAL	2,322	96	117	128	1,475	227	1,663	199	495	5	6,727

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18. TRANSACTIONS WITH RELATED PARTIES

a) Intercompany transactions

Trade accounts receivables/payables 30.6.06

Receivables Payables	A.G. Petzetakis	Induplas SPA	Flexiplas SA	Heliflex Tubos LDA	Eurohose Ltd	AG Petzetakis GMBH	Behka- Plast GMBH	Petzetakis N. Greece	Petzetakis Africa PTY	Petzetakis Romania SRL	Plastika Makedonias	Millennium Holdings Ltd	AGPI Holdings Ltd	TOTAL
A.G. Petzetakis		426	45		34	1,410	603	5,268		64				7,850
Induplas SPA	541		31		1,370	532	31							2,505
Flexiplas SA	1,341	270										40	160	1,811
Heliflex Tubos LDA														0
Eurohose Ltd														0
AG Petzetakis GMBH	300				2		919							1,221
Behka-Plast GMBH	1					29								30
PNG											504			504
Petzetakis Africa PTY	89												143	232
AG Petzetakis Romania SRL														0
Plastika Makedonias														0
Millennium Holdings Ltd	61													61
AGPI Holdings Ltd	1,045								3,158					4,203
TOTAL	3,378	696	76	0	1,406	1,971	1,553	5,268	3,158	64	504	40	303	18,417

Intercompany sales and purchases 30.06.2006

Sales Purchases	A.G. Petzetakis	Induplas SPA	Flexiplas SA	Heliflex Tubos LDA	Eurohose Ltd	AG Petzetakis GMBH	Behka- Plast GMBH	Petzetakis N. Greece	Petzetakis Africa PTY	Petzetakis Romania SRL	Plastika Makedonias	Millennium Holdings Ltd	AGPI Holdings Ltd	TOTAL
A.G. Petzetakis		486			127	1,759	385	4,231		687				7,675
Induplas SPA	151		180		346	930	12							1,619
Flexiplas SA	54	60												114
Heliflex Tubos LDA														0
Eurohose Ltd						4								4
AG Petzetakis GMBH					6		270							276
Behka-Plast GMBH	1	1				545				15				562
PNG	4,009									56	165			4,230
Petzetakis Africa PTY														0
AG Petzetakis Romania SRL						4								4
Plastika Makedonias								50						50
Millennium Holdings Ltd														0
AGPI Holdings Ltd									363					363
TOTAL	4,215	547	180	0	479	3,242	667	4,281	363	758	165	0	0	14,897

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18. Transactions with related parties

b) **Intercompany transactions of Petzetakis Africa (PTY) Ltd**

		<u>Intercomany transactions</u>		
		<u>Sales</u>	<u>Receivales</u>	<u>Payables</u>
Sekunjalo Piping Systems (Proprietary) Ltd	2007	13,771	4,379	--
Petzetakis Afrika (Namimbia) (Proprietary) Ltd	2007	737	--	666
Mabona Industries (Proprietary) Ltd	2007	--	--	7

c) **Board of Directors fees and remuneration fees**

GROUP
2007

1.148

COMPANY
2007

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19. EVENTS AFTER THE BALANCE SHEET DATE

19.a. The third repetitive General Meeting of the Shareholders of 23 July, 2007 decided a capital decrease of € 17.496.652,20 by decreasing the nominal value of the company's share from € 1 to € 0,30 to set off the accumulated deficit.

19.b. At 28 June, 2007 a Memorandum of Understanding was signed between the company and four foreign investing funds for the refinancing of the company's loan liabilities. The Memorandum provide that the refinancing will take effect with the concurrence of all the lending banks or in the absence of the former via a financial restructuring under the clauses of article 44 of the Law 1892/1990.

The company's intention to secure the consent of all the lending banks.

The company has ensured the concurrence of the majority shareholders and the 60% of the creditors.

Up to the preparation date of the financial statements the consent of two banks which represent the 14% of the total bank debt had yet to be received.

The Memorandum provides for:

1.a. The issuance of a bond € 7 mil. of 4 month duration as interim financing with collateral the subsidiary's shares of Petzetakis North Greece (it was issued at 2.8.2007).

1.b. The issuance of a convertible bond € 17,5 mil. of 3 years duration (it will represent the 35% of the company's shares).

2. The refinancing of the company's loan liabilities with:

a. The issuance of a zero-rate convertible bond € 22,9 mil of 5 years duration, and

b. The issuance of common bonds € 76,4 mil. of 8 years duration with the participation of the lending banks and investing funds.

The special General Meeting of Shareholders of 10 August, 2007 certified the Memorandum of Understanding of 28 June, 2007.

PEANIA, 28 August, 2007

THE CHAIRMAN
OF BOARD OF DIRECTORS

THE VICE PRESIDENT
& CHIEF EXECUTIVE OFFICER

THE FINANCIAL
MANAGER

THE CHIEF
ACCOUNTANT

GEORGIOS PETZETAKIS
I.D. AE 526892

IOANNIS SPANOUDAKIS
I.D. AB 64967m 2

MELINA PANAGOOU
I.D. M 175693

ADAMANTIA-ALIKI
KEFALONITOU
I.D. T 002464
LISENCE NUMBER
20920