



**ARISTOVOULOS G. PETZETAKIS S.A.
HELLENIC INDUSTRY OF PLASTICS AND RUBBER**

**CONSOLIDATED AND UNCONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER, 2007**

TRANSLATION FROM THE RESPECTIVE ANNUAL REPORT ISSUED IN THE
GREEK LANGUAGE

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Management Report by the Board of Directors of the company
«Aristovoulos G. Petzetakis S.A.»
on the Annual Financial Statements of the Group and the Parent Company
for the financial year 1.1.2007 – 31.12.2007

Dear Shareholders:

The Board of Directors (“BD”) of the company “Aristovoulos G. Petzetakis S.A.” is pleased to submit for your approval the audited Financial Statements of the Group and the Parent Company for the 47th year of account, namely from January 1st, 2007 until December 31, 2007, as provided by the International Financial Reporting Standards as well as by the Auditor’s Report.

Balance Sheet (at Group consolidated level)

Total Group current assets at the end of 2007 amounted to €66,375 thousand from €98,163 thousand in 2006 of which 38.7% relates to inventories and 58.4% to trade and other receivables. Total Group Equity fell to a deficit of €5,333 thousand from (positive) €17,739 thousand in 2006.

Total current liabilities were at €164,692 thousand, of which 28.21% relates to trade and other payables and 71.2% to bank loans due within one year.

Capex in 2007 was at €3.410 million from €2.175 million in 2006.

Operating Results (at Group consolidated level)

- a) Total Group revenues for 2007 fell 7.85% to €167,893 thousand from €182,193 in 2006.
- b) Total gross profits fell 21.09% to €33,353 thousand from €42,269 thousand in 2006. This is largely attributed to the fall in sales volume as well as to the increase in sales cost, mainly reflecting an increase in raw material costs.
- c) Total operating profit (before depreciation, interest, tax and non-operating income and expense) fell 26.89% to €8,592 thousand against €11,752 thousand in 2006.
- d) The loss for the period before taxes fell to €10,020 thousand against losses amounting to €31,643 in 2006. This is attributed to the fact that, unlike 2006, 2007 was not burdened by provisions for impairments in affiliated companies or by bad debt writeoffs at the parent company and its African subsidiary.
- e) The losses for the period after taxes and minority interest in 2007 and 2006 were at €7,381 thousand and €28,774 thousand respectively.

Balance Sheet (unconsolidated parent company level)

Total company current assets in 2007 fell to €23,604 thousand from €43,897 thousand in 2006 of which 30.82% relates to inventories and 58.87% to trade and other receivables. Equity fell to a deficit of €12,823 thousand from (positive) €5,739 thousand in 2006.

Total current liabilities were at €128,406 thousand of which 20.2% relates to trade and other payables and 79.57% to bank loan due within one year.

Capex in 2007 was at €403 thousand from €429 thousand in 2006.

Operating Results (at unconsolidated parent company level)

- a) Total revenue in 2007 fell 31.43% to €34,679 thousand fromf €50,578 thousand in 2006.
- b) Total gross profit fell 66.57% to €3,126 thousand from €9,350 thousand in 2006 primarily due to a fall in sales volume and an increase in sales cost mainly reflecting an increase in raw material costs.
- c) Total operating profit (before depreciation, interest, tax and non-operating income and expenses) fell to a loss of €617 thousand against a profit of €2,586 thousand in 2006.
- d) The loss for the period before taxes fell to €11,740 thousand against a loss of €23,767 thousand in 2006.
- e) The loss for the period after taxes and minorities fell to €8,947 thousand against a loss of €21,249 thousand in 2006.

Financial Position

The financial ratios reflecting the financial position of the company have shown the following trend:

Financial Ratios (at Group consolidated level)

	31.12.2007	31.12.2006
Liquidity: Current assets/ short-term liabilities	0.40	0.54
Leverage:		
• Total liabilities /Equity	-34.79	10.34
• Total liabilities/Earnings before interest, depreciation and taxes	-18.35	15.78
• Earnings before interest, depreciation and taxes/Interest Expense	-0.72	1.05
• Productivity: Net Profit after taxes/Equity	-1.38	-1.63

Financial Ratios (unconsolidated parent company)

	31.12.2007	31.12.2006
Liquidity: Current assets/ short-term liabilities	0.18	0.31
Leverage:		
• Total liabilities /Equity	-10.82	25.69
• Total liabilities/Earnings before interest, depreciation and taxes	-819.92	12.02
• Earnings before interest, depreciation and taxes/Interest Expense	-0.02	1.30
Productivity: Net Profit after taxes/Equity	-0.70	-3.71

Business prospects for the year 2008

The completion in 02/08 of the debt restructuring and refinancing agreement is a milestone achievement for the parent company and provides a platform for its future growth. Management is confident that the negative trends can be reversed and forecasts a return to profitability at the parent company within a short-term. At the consolidated group level, it anticipates improvement in the financial results with a respective positive impact on the financial ratios.

Explanatory Report

a. Structure of share capital

The share capital of the parent company amounts to €7,486,993.00 divided into 24,956,646 common registered shares of nominal value €0.30 each. The shares are listed on the Athens Stock Exchange. The holder of each share shall have the rights provided under the Regulatory Law 2190/1920. In summary:

- Dividend rights provided under article 3 of the Obligatory Law 148/1967 (GGI No. A' 173/1967) as proposed at times by the B.D. and decided upon by the General Assembly ("GA") provided that net profit is distributed and, following such distribution, is deducted from legal reserves according to Regulatory Law 2190/1920, as applicable from time to time. The dividend is payable within 2 months from the date of the G.A. decision.
- Right of contribution refund in the event of parent company liquidation.
- Right of pre-emption to the share capital increase.
- Right to participate in the General Assembly subject to observance of the relevant processes.

b. Restrictions in parent company share transfer.

Share transfer is free according to the process provided for by the relevant legislation, provided that there are no such restrictions in the company's Memorandum of Association.

c. Significant participations, either direct or indirect in the sense of the provisions of the P.D. 51/1992

According to the shareholder list dated 31.12.2007, the major shareholders, possessing share percentage over 5%, were Mr. Georgios Petzetakis, son of Aristovoulos and the foreign credit institution "CLARIDEN LEU A.G."

d. Shareholders providing special audit powers.

According to article 10 of the parent company's Memorandum of Association and on the condition they are holders of at least one (1) share each, the companies "«Credit Renaissance Partners, L.L.C.»", «Credit Suisse International», «P. Schoenfeld Asset Management, LLC» and «P. Schoenfeld Asset Management International, LLC» are entitled, upon joint written declaration to the parent company three (3) full days prior to the General Assembly thereof for the election of the Members of the Board of Directors, to jointly appoint, every two such companies, one (1) Member of the Board of Directors at their absolute choice, according to article 18, para. 3 of the Regulatory Law 2190/1920.

e. Restrictions in voting right.

In compliance with article 11 of the parent company's Memorandum of Association, the Board of Directors thereof is in quorum and the session considered valid when half of the B.D. members plus one are present or represented provided that this includes one Director of those appointed as advisor, according to article 10 of the parent company's Memorandum of Association, provided that the companies «Credit Renaissance Partners, L.L.C.», «Credit Suisse International» «P. Schoenfeld Asset Management, LLC» and «P. Schoenfeld Asset Management International, LLC» have appointed members to the parent company's Board of Directors, specifically towards making any decision (including the decision of presenting the relevant issue before the General Assembly as well as the decision of assigning any authority for such issues to a member of the Board of Directors or third party, according to article 14 of this document) in relation to:

- (a) Mergers, disposals and acquisitions.
- (b) Consortium agreements or participation therein.
- (c) Change of company type; change of company object; or change of business activities.
- (d) Financing of the parent company through debt or equity capital, in any form and manner (including but not limited to any type of bond loan).
- (e) Acquisition and disposal of fixed assets the value of which is over two (2) million Euros.
- (f) Acquisition and disposal of entire companies or branches.
- (g) Amendment to the contracts or change to wages of the parent company management.
- (h) Dividend distribution other than the minimum required by the law, wherever applicable.
- (i) Supply, from the parent company, of any tangible or private security, in any type, and conclusion of any agreement of similar security (including but not limited to the trust transfer of lien and the trust assignment of accounts receivable).
- (j) conclusion of any contracts with affiliated companies, excluding contracts with affiliated companies concluded within the current operating limits of the parent company.

f. Agreements amongst shareholders which entail restrictions in the transfer of shares and in the exercise of voting rights.

Except for those referred to herein above under (d) and (e), the parent company is not aware of any such agreements.

g. Rules pertaining to the appointment and replacement of the Board of Directors as well as to the amendment of Memorandum of Association, other than those provided by the Regulatory Law 2190/1920.

Except for those referred to herein above under (d) and (e), there are no such rules differentiated from the provisions of Regulatory Law 2190/1920.

h. Powers of the Board of Directors to issue shares or purchase own shares according to article 16 of Regulatory Law 2190/1920.

There are no such powers differentiated from the provisions of Regulatory Law 2190/1920.

i. Significant agreements of the parent company, which are applicable, amended or expire in the event of change in control of the parent company, following a public offer.

There are no such agreements.

j. Agreements for compensation to the members of the Board of Directors or to the personnel in case of resignation/ termination without justified reason, termination of service or employment by reason of public offer.

There are no such agreements.

For the proceedings of the financial year January 1st, 2007 to December 31st, 2007

1. During the meeting of Athens Stock Exchange's Board on 2.8.2006, a decision was made to transfer the trading of shares in the parent company to the Under Supervision category of the Athens Stock Exchange based on article 212 of the Athens Stock Exchange Regulations, namely because of the existence of substantial overdue debts.
2. Following the conclusion on 22.2.2008 of the parent company's €121.91 million debt refinancing and restructuring agreement, the overdue debts have ceased to exist.
3. The economic benefits of the above refinancing and restructuring agreement have not been included in the Financial Statements for the year 2007 and have not therefore positively impacted the 2007 financial results. They will instead benefit the future financial statements, and hence allow the company to request the exit of its shares from the Under Supervision category of the the Athens Stock Exchange.

Peania, March 27, 2007

The Board of Directors

The President of the B.D.

Georgios Ar. Petzetakis

MOORE STEPHENS

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AUDIT REPORT BY CERTIFIED PUBLIC ACCOUNTANT

To:
The Shareholders of
A.G. PETZETAKIS S.A.
HELLENIC INDUSTRY OF PLASTICS AND RUBBER

Report on the Financial Statements

We have audited the accompanying unconsolidated parent Company and consolidated Group Financial Statements of A.G. PETZETAKIS S.A., HELLENIC INDUSTRY OF PLASTICS AND RUBBER, comprised of the unconsolidated parent Company and consolidated Group Balance Sheets dated December 31st, 2007; the Income Statements, changes in Equity and Cashflows for the financial year ended on that date; and the summary of significant accounting policies and other explanatory notes (set out on pages 6 to 60).

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these annual Financial Statements in accordance with the International Financial Reporting Standards, as these have been adopted by the European Union. Such responsibility includes planning, implementation and maintenance of an internal auditing system relating to the preparation and the fair presentation of Financial Statements, free of material inaccuracies due to fraud or error. This responsibility also extends to the adoption and implementation of appropriate accounting policies as well as to the undertaking of accounting assessments, which are reasonable under the circumstances.

Auditor's Responsibility

Our responsibility is to express our opinion on the Financial Statements, based on our audit. Our audit was conducted in accordance with the Greek Auditing Standards, which are harmonized with the International Auditing Standards. These Standards require our compliance with the ethical rules as well as the planning and conduct of our audit such as to reasonably ensure that the Financial Statements are free of material inaccuracies.

The audit includes establishing processes for the collection of audit evidence relating to the amounts and information included in the Financial Statements. These processes are selected at the auditor's discretion and include assessment of the risk for material inaccuracy in the Financial Statements due to fraud or error. In order to assess such risk, the auditor takes into account the internal auditing system in relation to the preparation and fair presentation of the Financial Statements in order to plan auditing processes under the particular circumstances and not for the expression of opinion on the effectiveness of the company's internal auditing system. The audit also includes evaluation of the applicability of the accounting policies implemented, the reasonableness of the assessments made by management as well as the evaluation of the overall Financial Statement presentation.

We believe that the audit evidence we have collected is adequate and appropriate to base our opinion upon.

Opinion

In our opinion, the attached unconsolidated parent Company and consolidated Group Financial Statements reasonably present, from all material aspects, the economic position of the Company and the Group on December 31st, 2007, the financial performance as well as the cash flows thereof for the year ended on that date, according to the International Financial Reporting Standards, as these have been adopted by the European Union.

Emphasis of Matter

Without qualifying our report, we would draw your attention to the following:

- a. The financial restructuring of the company has been established through a contract signed on 22.2.2008. The latter provides, among others, for the automatic partial conversion of €5.8 million of a convertible bond loan into equity within one year of issue (note 21).
- b. The accounting years from 2003 onwards have not been inspected by tax authorities and this could possibly lead to additional taxes and surcharges at the time of inspection once they have been finalised. The outcome of such inspection cannot be predicted at this stage and consequently no provisions have been made to the Financial Statements in relation to this issue (note 12a).

Report on other legal and regulatory issues

The report made by the Board of Directors includes information required under articles 43a and 107 of the Regulatory Law 2190/1920 as well as by article 11a of L. 3371/2005 and the content thereof is consistent with the attached Financial Statements.

Athens, March 28, 2008

DIAMANTIS DIAMANTARAS
CERTIFIED PUBLIC ACCOUNTANT
R.A.A.A. NO. 15811
MOORE STEPHENS
CERTIFIED ACCOUNTANTS S.A.



A.G. PETZETAKIS S.A. BALANCE SHEET
DATED 31ST OF DECEMBER 2007
amounts expressed in thousand Euros

	NOTE:	GROUP		COMPANY	
		31.12.2007	31.12.2006	31.12.2007	31.12.2006
NON CURRENT ASSETS					
Intangible assets	15A	664	487		
Tangible assets	15A	102,492	106,355	59,327	59,920
Other assets		775	1,696	42,933	49,369
Goodwill	6	9,884	13,965		
TOTAL NON CURRENT ASSETS		113,815	122,503	102,260	109,289
CURRENT ASSETS					
Inventories	7	25,666	25,236	7,274	7,295
Trade & other receivables	8	38,793	65,045	13,895	30,841
Deferred taxation	13B		3,160	1,463	3,160
Cash & cash equivalents	9	1,916	4,722	973	2,601
TOTAL CURRENT ASSETS		66,375	98,163	23,604	43,897
TOTAL ASSETS		180,190	220,666	125,864	153,186
EQUITY & LIABILITIES					
Share capital	10	7,487	24,069	7,487	24,069
Share premium		81,765	81,765	81,765	81,765
Capital reserves	11A	9,882	11,674	9,228	9,228
Revaluation reserves	11B	24,434	24,742	20,891	20,199
Stock option plan reserves		220		220	
Translation difference		673	3,282		
Accumulated Deficit	11C	(130,839)	(129,084)	(132,414)	(130,035)
Deposits & appropriations for capital increase			513		513
Minority interests		1,045	778		
TOTAL EQUITY		(5,333)	17,739	(12,823)	5,739
NON CURRENT LIABILITIES					
Bank loans & overdrafts due after one year	13A	4,953	2,741		564
Retirement benefit obligation		2,474	2,574	1,200	1,276
Deferred taxation	13B	3,465	10,593	0	4,258
Obligations under finance leases due after one year	16	858	3,490		61
Other non current liabilities		9,081	195	9,081	46
TOTAL NON CURRENT LIABILITIES		20,831	19,593	10,281	6,205
CURRENT LIABILITIES					
Trade & other payables	14A-C	46,467	57,721	25,949	37,979
Obligations under finance leases due within one year	16	296	1,863	94	395
Bank loans & overdrafts due within one year	14B	117,349	123,023	102,177	102,446
Tax liabilities	12	580	727	186	422
TOTAL CURRENT LIABILITIES		164,692	183,334	128,406	141,242
TOTAL EQUITY & LIABILITIES		180,190	220,666	125,864	153,186

The notes on pages 6- 60 are an integral part of the annual Financial Statements.

INCOME STATEMENT
FOR THE YEAR ENDING ON DECEMBER 31ST, 2007
(amounts expressed in thousand Euros)

	NOTE:	GROUP		COMPANY	
		1.1.2007 – 31.12.2007	1.1.2006 – 31.12.2006	1.1.2007 – 31.12.2007	1.1.2006 – 31.12.2006
Revenue	4	167,893	182,193	34,679	50,578
Cost of sales	5 ^A	134,340	139,924	31,552	41,228
Gross profit		33,553	42,269	3,126	9,350
Other operating income		1,754	996	2,496	792
Total gross profit		35,308	43,265	5,623	10,142
Administration expenses	5B	10,447	15,736	3,201	3,559
Research – development expenses	5C	722	449	132	135
Distribution expenses	5D	21,712	21,807	4,825	5,913
Operating (loss)/profits		2,427	5,273	(2,535)	535
Non operating income					
Income from participations			175		175
Finance income (credit interest)		1,196	753	55	101
Other income		1,904	6,201	1,903	6,091
		3,100	7,129	1,958	6,367
Non Operating Expenses					
Finance Cost	5E	13,963	12,303	9,991	9,450
Loss due to participation impairment provision		178	17,623		14,050
Other expenses		1,405	14,119	1,171	7,169
		15,546	44,045	11,162	30,669
Loss for the period before taxes (continuing activities)		(10,020)	(31,643)	(11,740)	(23,767)
Taxation	13B	2,893	2,168	2,793	2,518
Loss for the period after taxes (continuing activities)		(7,127)	(29,475)	(8,947)	(21,249)
Minority interest		254	(701)		
Loss for the period after taxes & minorities (continuing activities)		(7,381)	(28,774)	(8,947)	(21,249)
Discontinued operations					
Loss from discontinued operations			(126)	0	(51)
Loss for the period		(7,381)	(28,900)	(8,947)	(21,300)
(Losses) per share (in Euro)		(0.30)	(1.20)	(0.36)	(0.88)

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

31.12.2006

(amounts expressed in thousand Euros)

<u>COMPANY</u>	Share Capital €	Share Premium €	Capital Reserve €	Revaluation Reserve €	Accumul ated Deficit €	Other Reserves €	Stock Option Reserve €	Total €
Shareholder equity 01.01.2006	24,069	81,765	9,425	17,346	(106,683)			25,922
Correction of prior year errors				(325)				(325)
Readjusted Shareholder equity 01.01.06	24,069	81,765	9,425	17,021	(106,683)			25,597
Rearrangement of equity items			(197)	343	(146)			0
Effect of release from building lease contract				2,835	(2,896)			(61)
Amounts intended for share capital increase						513		513
Offset of stock depreciation difference					682			682
Effect of extension in leases on mechanical equipment					308			308
Profits/ (losses) for the period 01.01.2006 – 31.12.2006					(21,300)			(21,300)
Shareholders equity 31.12.2006	24,069	81,765	9,228	20,199	(130,035)	513	0	5,739

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

31.12.2007

(amounts expressed in thousand Euros)

	Share Capital €	Share Premium €	Capital Reserve €	Revaluation Reserve €	Accumul ated Deficit €	Other Reserves €	Stock Option Reserve €	Total €
Shareholders equity 01.01.2007	24,069	81,765	9,228	20,199	(130,035)	513		5,739
Correction of prior year errors					(10,899)		220	(10,679)
Reevaluation of land				922				922
Deferred taxation				(230)	(3)			(233)
Readjusted Shareholder equity 01.01.07	24,069	81,765	9,228	20,891	(140,937)	513	220	(4,251)
Share capital increase	888					(513)		375
Share capital reduction	(17,470)				17,470			0
Profit/(losses) for the period 01.01.2007 – 31.12.2007					(8,947)			(8,947)
Shareholders equity 31.12.2007	7,487	81,765	9,228	20,891	(132,414)	0	220	(12,823)

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY, 31.12.2006
(amounts expressed in thousand Euros)

<u>GROUP</u>	Share Capital €	Share Premium €	Capital Reserve €	Revaluation Reserves €	Accumulated Deficit €	Translation difference €	Minority Interest €	Stock Option Reserve €	Other Reserves €	Total €
Shareholder Equity 01.01.2006	24,069	84,711	9,256	25,207	(93,861)	6,967	1,552			57,901
Correction of prior year errors				(325)						(325)
Readjusted Shareholder Equity 01.01.06 t	24,069	84,711	9,256	24,882	(93,861)	6,967	1,552			57,576
Rearrangement of equity items		(2,946)	4,386	383	(1,823)					0
Amounts intended for share capital increase									513	513
Offset of stock depreciation difference					682					682
Effect of extension in mechanical equipment leases					308					308
€/ZAR & €/RON exchange rate difference				(273)	(3,800)	(3,685)	(73)			(7,831)
Effects of non-consolidation of a subsidiary company			(1,968)	(3,085)	1,206					(3,847)
Effect of release from building lease contract				2,835	(2,896)					(61)
Profit/(losses), period 01.01.06 – 31.112.07					(28,900)		(701)			(29,601)
Shareholder Equity 31.12.2006	24,069	81,765	11,674	24,742	(129,084)	3,282	778		513	17,739

STATEMENT ON CHANGES IN SHAREHOLDER EQUITY, 31.12.2007
(amounts expressed in thousand Euros)

	Share Capital €	Share Premium €	Capital Reserve €	Revaluation Reserve €	Accumulated Deficit €	Translation Difference €	Minority Interest €	Stock Option Reserve €	Other Reserves €	Total €
Shareholder 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 errors			(1,681)		(10,528)			220		(11,989)
Readjusted Shareholder Equity 01.01.07 t	24,069	81,765	9,993	24,434	(139,615)	3,282	778	220	513	5,439
Share capital increase	888								(513)	375
Share capital reduction	(17,470)				17,470					0
€/ZAR & €/RON exchange rate difference			(111)		(1,313)	(2,609)	13			(4,020)
Profits/ (losses) for the period 01.01.2007 – 31.12.2007					(7,381)		254			(7,127)
	7,487	81,765	9,882	24,434	(130,839)	673	1,045	220	0	(5,333)

The notes on pages 6 -60 are an integral part of the annual Financial Statements.

CASHFLOW STATEMENT (Indirect Method)
DATED 31ST OF DECEMBER 2007
(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	<u>31.12.2007</u>	<u>31.12.2006</u>	<u>31.12.2007</u>	<u>31.12.2006</u>
<u>Cashflow from operating activities</u>				
Loss for the period	(10,020)	(31,769)	(11,740)	(23,818)
Adjustments for items not involving the movement of cash :				
Depreciation	6,165	6,479	1,918	2,051
Provisions		676		(951)
Finance cost	13,963	12,303	9,991	9,450
Result of investment activity		24,014		19,399
Adjustments for changes in working capital:				
(Increase)/decrease in inventories	(1,030)	7,894	(579)	2,239
(Increase)/decrease in debtors	20,341	11,672	16,572	5,913
(Increase)/decrease in payables (except bank obligations)	(21,164)	(1,924)	(16,329)	4,305
Less:				
Interest paid	(2,838)	(12,303)	(246)	(9,450)
Tax payments	(595)			
Net cash generated by operating activities (a)	<u>4,823</u>	<u>17,042</u>	<u>(413)</u>	<u>9,138</u>
<u>Cashflow from investment activities</u>				
Purchase of tangible & intangible assets	(3,410)	(801)	(403)	(426)
Interest received				
Other assets	3,068	823	8	350
Net cash (used in) investing activities (b)	<u>(342)</u>	<u>22</u>	<u>(395)</u>	<u>(76)</u>
<u>Cashflow from financing activities</u>				
Decrease/(Increase) in bank loans and overdrafts	9,212		7,000	
Bank loans and overdrafts paid	(12,674)	(6,607)	(7,833)	(551)
Finance lease obligations paid				
	(4,199)	(6,775)	(362)	(6,288)
Share capital increase	375		375	
Net cash (used in) financing activities (c)	<u>(7,286)</u>	<u>(13,382)</u>	<u>(820)</u>	<u>(6,839)</u>
Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)	<u>(2,806)</u>	<u>3,682</u>	<u>(1,628)</u>	<u>2,223</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>1,916</u>	<u>4,722</u>	<u>973</u>	<u>2,600</u>

The notes on pages 6-60 are an integral part of the annual Financial Statements.



NOTES ON THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The parent company of the Group was established in Athens in 1960 in accordance with the Law 2190/1920 and with an initial duration of 50 years, which ends in 2010. The latter was extended for another 50 years (to 2060) by resolution of the General Assembly of Shareholders, held on July 28th, 2006. The company shares are listed on the Athens Stock Exchange.

On 02.08.2006, The Athens Stock Exchange Board of Directors decided to transfer trading in the company shares to the "Under Supervision" category as of August 3rd, 2006, based on article 212 of the Athens Stock Exchange Regulations, namely due to the existence of substantial overdue debts.

By the resolution No. 14005 dated 2.4.2007, the Athens Stock Exchange Board of Directors decided the suspension of market share dealing in the common shares of the company. By a subsequent resolution (No. 17775/2-10-2007) the Athens Stock Exchange Board of Directors decided to lift the suspension of market share dealing in the common shares of the company and allow for such trading in the "Under Supervision" category of the Athens Stock Exchange.

The major activity of the Group is the manufacturing, treatment and trading of all products of elastic material, rubber or metal as well as all relevant products and, in general, any relevant commercial, industrial and economic association or venture as well as the establishment of or participation in, either in Greece or abroad, commercial or industrial companies of whatever form, aiming at those or similar purposes.

(a) Declaration of Conformity: The attached annual Financial Statements of the parent Company and the Group have been prepared according to the International Financial Reporting Standards (IFRS), as these have been adopted by the European Union.

(b) Approval of Financial Statements: The Board of Directors of the company titled "Aristovoulos G. Petzetakis S.A." has approved the annual Financial Statements of the parent company and the consolidated group.

1. Georgios Arist. Petzetakis	President of the B.o.D.	Executive Member
2. Ioannis Spanoudakis	Vice President of BoD & CEO	Executive Member
3. Evangelos Papazoglou	Member	Executive Member
4. Petros Tzanetakis	Member	Non-executive Member
5. Dionissios Gaggas	Member	Non-executive Member
6. Yannis Protopapadakis	Member	Non-executive Member
7. Constantinos Apostolides	Member	Non-executive Member

(c) Use of estimations: The presentation of the financial statements in accordance with IFRS, requires that management makes estimations and assumptions which effect the balance sheet statement and the Income Statement. Its also requires 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.

(d) IFRS 8 – Correction of Prior Year Accounting Errors: The amount of equity was restated on 1.1.2007 (accumulated deficit and reserves), which resulted in a reduction in equity of €12,330 thousand for the Group and €9,990 thousand for the Company compared to 31/12/2006 respectively. The restatement refers to recalculation of financial figures of prior years (note 11).

2. ADOPTION OF NEW & REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERPRETATIONS

During this financial year, the Group adopted the new and revised International Financial Reporting Standards (I.F.R.S) along with the corresponding interpretations as these have been issued by the International Financial Reporting Standards Board (IFRSB) and the International Financial Reporting Interpretations Committee (I.F.R.I.C) respectively and to the extent such standards relate to group activities and are applicable to the accounting periods commencing January 1st, 2007.

a. New and revised standards and interpretations effective as of January 1st, 2007

During the current year, the group adopted I.F.R.S.7 – Financial instruments: notifications applicable to the periods commencing January 1st, 2007 or thereafter; and subsequent amendments to the IFRS 1 – Presentation of Financial Statements.

The effect of adopting the I.F.R.S.7 and the amendments to IFRS 1 resulted in the broadening of notifications provided under the Financial Statements as regards the Group's financial instruments and capital management.

Four interpretations have been provided by the International Financial Reporting Interpretations Committee (I.F.R.I.C) and are applicable to the current period. These are:

- IFRIC 7: Implementation of restatement approach based on IFRS 29 – Presentation of financial data in over-inflationary economies.
- IFRIC 8: implementation scope of IFRS 2,
- IFRIC 9: Assessments on consolidated derivatives,
- IFRIC 10: Interim Financial Information

The adoption of said interpretations has not resulted in changes to the company's accounting principles.

b. New and revised standards not yet applicable

Up to the date of financial statement approval, the following standards and interpretations have been issued but are not applicable, as yet:

- IAS 1: (Revised) Presentation of Financial Statements (applicable as of January 1st, 2009)
- IAS 23: (Revised) Loan costs (applicable as of January 1st, 2009)
- IFRS 8: Sectors of business activity (applicable as of January 1st, 2009).
- IFRIC 11/IFRS 2: Transactions involving Equity Instruments of the same company or of companies of the same Group (applicable to annual periods commencing on March 1st, 2007 and thereafter).
- IFRIC 12: Assignment of rights for public service provisions (applicable as of January 1st, 2008)
- IFRIC 13: Customer confidence programs (applicable as of July 1st, 2008); and
- IFRIC 14/IAS 19: The limit of defined benefit welfare fund assets; their minimum financial requirements and their relevant impact (applicable as of January 1st, 2008).

Group Management estimates that the adoption of the above Standards and Interpretations in future years would not have a substantial impact on the Group's Financial Statements.



3. SUMMARY OF MAJOR ACCOUNTING PRINCIPLES

(a) Accounting basis

The attached Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their respective interpretations as these have been issued by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) respectively, and adopted by the European Union.

(b) Historic cost convention

The Financial Statements are prepared according to the historic cost convention, except for land, buildings and machinery, which were revalued by independent market valuers.

(c) Basis of consolidation

The consolidated Financial Statements include the Financial Statements of the parent company and its subsidiaries as at 31/12/2007. The Financial Statements of the subsidiaries have the same reporting date as the parent company and they have been prepared in accordance with the accounting principles that have been adopted by the parent company.

All inter-company balances and transactions, including non-realized profits from inter-company transactions, are deducted. Any losses materialized are also removed except for cases where the respective cost could not be recovered.

The subsidiary companies are consolidated from the date the Group assumes "control" thereof and such consolidation ceases from the day such control is lost. When a subsidiary company is no longer controlled, the consolidated Financial Statements include the results that correspond to the part of the year during which control was maintained.

Minority rights represent rights which do not belong to the Group.

(d) Subsidiary and Affiliated companies

Participations in subsidiaries and affiliated companies are stated at fair values (or, in the event of the establishment of a new subsidiary, at its nominal share value), increased by any direct acquisition expenses. Fair value is considered to be the fair price of the acquisition based on an arms length transaction. The subsequent assessment of participations in subsidiaries and affiliated companies is done on the basis of the acquisition cost of such participations or, in case of new establishment, on the basis of its nominal share value.



COMPANIES CONSOLIDATED BY FULL CONSOLIDATION METHOD

Subsidiary companies	Seat	Voting rights	Direct participation	Indirect participation	Total	COMPANY	
						ACQUISITION VALUE	ACQUISITION VALUE
						31.12.2007	31.12.2006
A.G. PETZETAKIS S.A.	Greece				Parent		
PETZETAKIS NORTHERN GREECE S.A.	Greece	94,18%	94,18%		94,18%	10.159	10.159
PETZETAKIS AFRICA PTY	South Africa	100,00%		100,00%	100,0%		
SEKUNJALO PIPING - SYSTEMS (PTY) LTD	South Africa	86,00%		86,00%	86,00%		
MABONA INDUSTRIES (PTY) LTD	South Africa	100,00%		100,00%			
PETZETAKIS AFRICA (NAMIBIA) (PTY) LTD	South Africa	100,00%		100,00%			
INDUPLAS SPA	Italy	100,00%	100,00%		100,0%	24	624
FLEXIPLAS S.A.	Spain	100,00%	100,00%		100,0%	5.388	5.388
BEHKA – PLAST GMBH	Germany	100,00%		100,00%	100,0%		
A. PETZETAKIS GMBH	Germany	100,00%	100,00%		100,0%	2.184	2.184
EUROHOSE LTD	United Kingdom	100,00%	100,00%		100,0%	2	2
A.G. PETZETAKIS ROMANIA SRL	Romania	100,00%	100,00%		100,0%	1.328	1.328
A.G. PETZETAKIS INTERNATIONAL HOLDINGS LTD	Cyprus	100,00%	100,00%		100,0%	22.698	28.998
PETZETAKIS PLASTIKA SKOPJE LTD	Fyrom	94,18%		94,18%	94,18%		
					TOTAL A	41.783	48.683



Other companies	COMPANIES EXCLUDED FROM CONSOLIDATION					ACQUISITION VALUE 31.12.2007	ACQUISITION VALUE 31.12.2006
	Seat	Voting rights	Direct participation	Indirect participation	Total		
CITY PLASTICS INDUSTRIAL PIPING (PTY) LTD [1]	South Africa	49,00%		49,00%	49,00%		
HELIFLEX PETZETAKIS TUBOS S.A.[1]	Portugal	100,00%	51,00%	49,00%	100,00%		
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)	Tehran	25,00%	25,00%		25,00%	34	34
AVID IRAN(2)	Tehran	25,00%	25,00%		25,00%	34	34
IDEAL ENTROPIA S.A. (3)	Greece	9,00%	9,00%		9,00%	11	211
PLASTIKA KAVALAS AVEE (4)	Greece	97,54%	57,74%	39,8%	97,54%	672	
MILLENNIUM HOLDINGS LTD[1]	Niue Island		100,00%		100,00%		
					TOTAL B	751	279
	Long-term receivable bills					133	141
	Non accrued interest of bills receivable						
	securities given					266	266
					GRAND TOTALS	42.933	49.369

[1] The Group has proceeded with depreciation provision during previous financial years

[2] It has no significant impact according to IFRS 28 provisions

[3] Participation percentage <20%. No significant impact and material control exercised in the participation cost of the above companies.

[4] It was not consolidated on 31.12.2007 as the figures are deemed as immaterial. It is dormant since 1991.

TOTAL ASSETS	<u>3.800</u>
NET POSITION	(24)
TOTAL PAYABLES	<u>3.824</u>
TOTAL LIABILITIES	<u>3.800</u>
REVENUE	--

*Within the financial year, an increase in the share capital of the company "PLASTIKA KAVALAS AVEE" was effected by capitalization of liabilities thereof to the company "A.G. PETZETAKIS S.A.", the result of which is the direct participation of the parent company by 57.74%, whereas the participation of 'Petzetakis, Northern Greece" was reduced from 100% to 39.8%. In 2008 (3/3/2008) the parent company acquired from the company "Petzetakis,, Northern Greece" the total participation amount it possessed (Note: 21).



(e) Foreign currency transactions

a. Transactions in foreign currency and their presentation

The Financial Statements of the parent and the subsidiary companies are presented in the currency of the country in which the relevant company operates. The consolidated Group Financial Statements appear in Euros, which is the parent company's functional currency.

b. 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 transaction date.

Monetary assets and liabilities denominated in foreign currency are recorded at the rates of exchange rate prevailing at each Balance Sheet date.

Non-monetary economic figures assessed at fair value and expressed in foreign currency are converted at the exchange rate prevailing at the fair value calculation date. The non-monetary economic figures measured at the historic cost in foreign currency are converted at the prevailing exchange rate on the acquisition date.

Exchange differences are recognized in the Income Statement except for:

- Difference in exchange rates pertaining to assets under construction for use in future production, which are included in production cost; and
- Differences in exchange rates associated with amounts receivable / payable for activities abroad, the proceeds / payments of which are not programmed nor are likely to be considered part of the investment activities abroad.

These differences in exchange rates are recognized as part of the translation differences reserve and transferred to the Income Statement in the financial year in which the respective investment is sold.

For the purpose of presenting the consolidated Financial Statements, the assets and liabilities pertaining to activities abroad are converted into the operating currency of the parent company using the exchange rate prevailing on the Balance Sheet date. Income and expenses are converted at the mean exchange rate for the period. The resulting differences in exchange rate are recognized in Equity as translation differences reserves. Such differences in exchange rate are recognized in the Income Statement of the financial year in which the activity is sold.

(f) Fixed Assets

Equipment and vehicles are presented at cost, less accumulated depreciation and impairment. Property (land and buildings) and machinery are presented at their current values less depreciation. The current values have been determined by independent valuers (Eurobank Properties) during the first adoption of the International Financial Reporting Standards. A new valuation for the company and the Group shall be conducted by independent valuers in the financial year 2008. Depreciation is calculated at fixed rates throughout the useful life of fixed assets, as follows:

Asset category	Useful life
Buildings	20-50
Plant & Machinery	5-30
Office equipment	3-8
Transportation means	3-9

(f) Fixed Assets (cont.)

Current value is determined by independent established valuers with reference to the market conditions and it is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction at the valuation date. The surplus from revaluation is transferred to the "Revaluation Reserve" and appears in the Balance Sheet as part of Equity. Any deficit from revaluation, after setting-off of any respective preceding surplus on the same asset, is transferred to the Income Statement. In addition, the accumulated depreciation at the valuation date is set-off against the original asset cost and the net book value is revalued at the carrying amount. After the sale of an asset, the respective revaluation reserve is transferred to undistributed profit. Fixed Assets are written off upon sale or when there is an indication that no future benefit will arise from their use.

Gain or loss resulting from fixed assets write offs (calculated as the difference between the carrying amount and the net sale proceeds) is transferred to the Income Statement of the financial year in which the write off has been effected.

(g) Intangible Assets

The research and development cost is accounted for as an expense of the period in which 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 over the duration of their useful lives. When a self-produced asset cannot be specifically identified, the cost of development is written off in the year it is incurred.

(h) Impairment of tangible and intangible assets

At the Balance sheet date, management examines the carrying amount of tangible and intangible assets for possible impairment. In case of indication of impairment an evaluation of the assets is undertaken to determine the loss. On 31.12.2007 there was no such indication.

The recoverable amount of an asset is the greater of its fair value (less disposal expenses) and its 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 for.

(h) Tangible and Intangible Asset Depreciation (cont.)

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 is reversed, 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 recognized at the current value when it is certain that such grant shall be received and all relevant conditions complied with. When a grant relates to an expense it is recognized as income during the relevant period required so that the corresponding expenditure may be set-off.

When a grant relates to a fixed asset, then the value is considered as deferred income and transferred to the Income Statement and is apportioned according to the anticipated period of asset use.

(i) Goodwill

Goodwill is initially defined as the additional price payable for an acquisition over the fair value of the net assets acquired. Goodwill is not amortized.

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 revalued.

(j) Cash and Cash Equivalents

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

(k) Trade receivables

Customer accounts are listed at their fair values. Losses due to provisions for bad debts are made when amounts are deemed significant. The amount of provision for possible losses is transferred to the Income Statement.

(l) Provisions

Provisions are recognised when:

- There are present obligations (legal or constructive) as a result of past events.
- Their settlement through an outflow of 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 but are disclosed in the Financial Statements, unless the event is considered remote. Contingent assets are not recognised in the Financial Statements but they are disclosed when an inflow is possible.

(m) 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 on a 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.

(n) Retirement Obligations

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

- years of service in the company
- monthly salary at the retirement date; and
- other factors in accordance with the existing legislation as amended from time to time.

This obligation is defined as the present value of the particular benefit quantifying the actuarial parameters existing on the Balance Sheet date.

The company has assigned this calculation to professional actuaries and the estimated liability on 31.12.2007 has been classified and is included in the Financial Statements. The previous year's liability has been identified and recorded directly into equity and the liability for the year ended 31.12.07 has been included in the Income statement for this period.

Such liability is determined on the Balance Sheet date under the "Project Unit Credit Method". According to this method, liabilities corresponding to employment service rendered on the Balance Sheet date are dealt with separately from those corresponding to future service.

The most significant assumptions utilized are:

<u>Estimation Date</u>	<u>Discount rate</u>	<u>Increase of GNP</u>	<u>Inflation</u>
31.12.2007	4,80%	3%	2%
31.12.2006	4,45%	3%	2%

(n) Inventories

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

- Raw materials based on the “first in-first-out” method.
- Product and work in progress Direct cost of raw materials and labor and percentage of production expenses based on the normal level of operation, excluding financing costs.

(o) Taxation (Current and Deferred)

Income tax is calculated on taxable profits according to the rate in force for each company in the country of company operation. The taxable profits of the parent company are different from the net profits 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 differences in income taxation or in expense recognition for taxation purposes and is accounted for to the extent that it will arise in the future.

A deferred tax liability is recognized mainly for all timing taxation differences and a deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available and the 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 necessary considering facts and circumstances that affect the 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 realized.

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

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



(q) Fields of activity

A field of business activity, is the total of assets and operations occupied in the production and rendering of services subject to business risks and returns on investment options which are different from those of other business activity fields.

A geographic field of business activities is a particular geographic environment, which renders services and products subject to business risks and relevant returns on investment options which are different from those of other business environments.

(r) Financial instruments

The financial instruments are sorted out in the following four categories:

- Financial assets at fair value thereof, through the Income Statement
- Investments held until maturity thereof
- Financial assets available for sale
- Loans and receivable amounts

Financial assets at fair value thereof, through the Income Statement

The company does not possess such assets

Investments held until maturity thereof

The company does not possess such investments

Financial assets available for sale

Investments in shares listed in the Athens Stock Exchange are assessed at fair value. Profits or losses resulting from changes in fair value are recognized in Equity as "Revaluation reserves" with the exception of losses due to depreciation which is recognized in the Income Statement. In case of the sale of an investment, the revaluation reserve that has been recognized in preceding years and included in Equity shall be transferred to the income statement of the year during which the sale was effected.

Dividends of saleable financial assets are recognized in the Income Statement when the payment right is established.

Loans and receivable amounts

Commercial receivables, loans and other amounts receivable according to a defined payment schedule, which are not listed in organized markets are classified as loans and amounts receivable. They are assessed at the anticipated receivable value and since they involve short-term receivables, the resulting interest based on true rates is considered insignificant.



Financial asset impairment

The financial assets are assessed during the preparation of the financial statements to determine impairment requirements. Such impairment is effected when objective evidence is found as a result of facts occurred following the initial recognition, which have negatively affected the anticipated cash flows.

The receivables resulting from the company trading are reviewed for possible impairment on the basis of the total amount. Objective evidence for such impairment might be the payment history of the amounts due or of any repeated infringement of credit period or of other unknown factors, such as political stability, financial circumstances, etc.

Apart from the foregoing, the company may proceed with partial review of receivables and adopt a impairment forecast policy in the event of sufficient objective evidence of bad debts. Such forecasts shall burden the Income Statement of the year during which this need is confirmed.

Financial liabilities and equity instruments issued by the Group

Equity instruments

An equity instrument is any contract evidencing rights on the remaining balance, following the deduction of obligations from the assets of a company. Equity instruments that have been issued by a company, are recognized in the amounts receivable, less the issuance costs.

Financial Liabilities

The financial liabilities are classified as “financial liabilities at the fair value thereof through the Income Statement” or as “Other financial liabilities”.

Financial liabilities at the fair value thereof through the Income Statement.

The company does not possess such financial liabilities

Other financial liabilities

The other financial liabilities, including loans, are recognized at the fair value thereof, less the direct transaction cost.

The other financial liabilities (“loans”) are then recognized at the true debt value, discounted on the date of preparation of the financial statement at their current value based on the true interest rate, should such rate be substantially different from the lending rate.

Due to their short-term character, the other financial liabilities, when discounted, are not substantially different from the initially determined liability.

(k) Profits per share

The profits per share are calculated by dividing the net profits of the specific period, after taxes, by the mean weighted number of shares that have been issued during each financial period.



4. REVENUE

(amounts expressed in thousand Euros)

Revenue is analyzed as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Sales of goods	25.514	34.512	4.906	6.283
Sales of ready and unfinished products	142.379	147.219	29.773	44.295
Other sales		462		
	<u>167.893</u>	<u>182.193</u>	<u>34.679</u>	<u>50.578</u>

4A. ACTIVITIES PER GEOGRAPHIC SECTOR

(amounts expressed in thousand Euros)

The revenue is distributed per geographic sector, as follows:

	GROUP				COMPANY					
		31.12.2007				31.12.2007				
	Greece	Remain ing Europe	Africa	Other count ries	Total	Greece	Remain ing Europe	Africa	Other count ries	Total
Sales to customers locally	39.247				39.247	25.629				25.629
Sales to customers abroad		37.153	90.659	834	128.64 6		5.379	3.067	604	9.050
Total sales	39.247	37.153	90.659	834	167.89 3	25.629	5.379	3.067	604	34.679

	GROUP				COMPANY					
		31.12.2006				31.12.2006				
	Greece	Remain ing Europe	Africa	Other count ries	Total	Greece	Remain ing Europe	Africa	Other count ries	Total
Sales to customers locally	49.361				49.361	38.065				38.065
Sales to customers abroad		42.171	86.341	4.320	132.83 2		7.903	2.681	1.929	12.513
Total sales	49.361	42.171	86.341	4.320	182.19 3	38.065	7.903	2.681	1.929	50.578



4B. ACTIVITIES PER BUSINESS SECTOR

(amounts expressed in thousand Euros)

The revenue is distributed per business sector, as follows:

	<u>GROUP</u>													
	31.12.2007					Elimination of Inter-company Transactons during consolidation		31.12.2006					Elimination of Inter-company Transactons during consolidation	
	PVC	PE	Hoses/SPVC	Others	Subtotal		Grand total	PVC	PE	Hoses/SPVC	Others	Subtotal		Grand total
Revenue	69.801	48.591	39.593	24.602	182.587	14.694	167.893	82.938	47.739	40.376	24.492	195.544	13.351	182.193
Operating profits	2.489	1.094	354	-1.509	2.427	0	2.427	2.938	1.894	1.317	-876	5.273	0	5.273
Net year results before taxes	-1.793	-3.234	-2.634	-2.360	-10.020	0	-10.020	-10.247	-6.550	-7.643	-7.203	-31.643	0	-31.643
Net year results after taxes	-1.127	-2.068	-1.874	-2.058	-7.127	0	-7.127	-10.370	-5.622	-6.559	-6.924	-29.475	0	-29.475
Depreciation	2.492	1.686	1.163	823	6.164	0	6.164	2.695	1.709	1.290	785	6.479	0	6.479
TOTAL ASSETS	91.861	78.392	59.993	40.622	270.869	90.679	180.190	110.769	65.690	63.488	46.887	286.834	66.168	220.666
TOTAL EQUITY & LIABILITIES	91.861	78.393	59.994	40.622	270.869	90.679	180.190	110.769	65.690	63.488	46.887	286.834	66.168	220.666
	<u>COMPANY</u>													
	31.12.2007					31.12.2006								
	PVC	PE	Hoses/SPVC	Others	Total	PVC	PE	Hoses/SPVC	Others	Total				
Revenue	9.380	12.359	9.484	3.454	34.679	18.430	12.836	14.566	4.744	50.578				
Operating profits	-686	-904	-693	-253	-2.535	195	136	154	50	535				
Net year results before taxes	-3176	-4184	-3211	-1169	-11.740	-8661	-6032	-6845	-2229	-23.767				
Net year results after taxes	-2420	-3189	-2447	-891	-8.947	-7762	-5406	-6134	-1998	-21.300				
Depreciation	519	684	525	191	1.918	747	521	591	192	2.051				
TOTAL ASSETS	34046	44858	34422	12537	125.864	55821	38879	44118	14369	153.186				
TOTAL EQUITY & LIABILITIES	34046	44858	34422	12537	125.864	55821	38879	44118	14369	153.186				

5. NUMBER OF EMPLOYEES PER COUNTRY OF ACTIVITY

	31.12.2007	31.12.2006
Greece	412	440
South Africa	721	622
Italy	62	64
Germany	53	58
Spain	49	49
Romania	15	15
United Kingdom	2	2
	<u>1.314</u>	<u>1.250</u>

5A. COST OF SALES

(amounts expressed in thousand Euros)

The cost of sales is distributed as follows:

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
personnel wages	15.995	15.106	5.781	5.966
fees to third parties	1.819	3.868	88	1.390
Depreciation	5.126	5.093	1.479	1.508
Third party allowances & other expenses	9.617	4.923	1.567	1.257
Cost of goods	10.029	13.080	3.933	5.152
Raw Materials	91.754	97.854	18.704	25.955
	<u>134.340</u>	<u>139.924</u>	<u>31.552</u>	<u>41.228</u>

5B. ADMINISTRATION EXPENSES

(amounts expressed in thousand Euros)

The administration expenses are distributed as follows:

	GROUP		COMPAN Y	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Personnel wages	5.787	5.062	1.971	1.781
fees to third parties	365		365	
Depreciation	561	1.272	232	502
Third party allowances & other expenses	3.734	9.402	633	1.276
	<u>10.447</u>	<u>15.736</u>	<u>3.201</u>	<u>3.559</u>

* The Group administrative expenses for the year have been adversely impacted by extraordinary non-repeatable expenses of approximately €1.3 million relating to a) approx. €700 thousand to Petzetakis Africa towards settlement of indemnity to the company Cycad following judicial decision; and b) approx. €548 thousand to Petzetakis Africa for loan write off provision.

5C. RESEARCH AND DEVELOPMENT EXPENSES

(amounts expressed in thousand Euros)

The research-development expenses are distributed as follows:

	GROUP		COMPAN Y	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
personnel wages	389	297	105	105
Depreciation	44	15	15	8
Third party allowances & other expenses	289	137	12	22
	<u>722</u>	<u>449</u>	<u>132</u>	<u>135</u>

5D. DISTRIBUTION EXPENSES

(amounts expressed in thousand Euros)

The distribution expenses are distributed as follows:

	GROUP		COMPAN Y	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
personnel wages	8.347	6.673	2.516	2.704
fees to third parties	8.750		208	
Depreciation	434	100	192	33
Third party allowances & other expenses	4.181	15.034	1.909	3.176
	<u>21.712</u>	<u>21.807</u>	<u>4.825</u>	<u>5.913</u>

5E. NET FINANCIAL RESULTS

(amounts expressed in thousand
Euros)

The financial results are distributed as follows:

	GROUP		COMPAN Y	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Short-term loan interest	13.723	11.928	9.826	9.132
Other financial expenses	240	375	165	318
	<u>13.963</u>	<u>12.303</u>	<u>9.991</u>	<u>9.450</u>

6. EQUITY GOODWILL

This item includes the Goodwill resulting from the acquisition of the following subsidiaries:

	GROUP	
	31.12.2007	31.12.2006
PETZETAKIS NORTHERN GREECE S.A.	107	107
AG PETZETAKIS INTERNATIONAL HOLDINGS	0	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	259	499
EUROHOSE LTD	2	2
MILLENNIUM HOLDINGS LTD	--	251
INDUPLAS SPA	(167)	(167)
	<u>9.884</u>	<u>13.965</u>

7. INVENTORIES

(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Inventory analysis is as follows:				
Goods	3.839	4.049	1.736	1.634
Ready – unfinished products – subproducts & tailings	16.147	16.082	3.848	3.938
Production in progress	29	88		
Raw Materials, Consumables	6.283	5.909	2.482	1.956
Advances for stock purchase	598	367	0	367
	<u>26.896</u>	<u>26.495</u>	<u>8.065</u>	<u>7.895</u>
Less: Provisions	(1.230)	(1.259)	(791)	(600)
	<u>25.666</u>	<u>25.236</u>	<u>7.274</u>	<u>7.295</u>



8. CUSTOMERS – OTHER RECEIVABLES

(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Customer receivables *	29.884	40.301	12.464	17.859
Postdated cheques	8.096	21.293	810	11.788
Other receivables	9.848	8.340	1.620	2.594
	47.829	69.934	14.895	32.241
Less: Bad Debt Provisions	(9.036)	(4.889)	(1000)	(1400)
	38.793	65.045	13.895	30.841

* Group receivables include a claim of approx. €3 million due by a non-consolidated subsidiary, which is dormant. Group Management, based on an expressed interest for the purchase of this subsidiary, estimates that the subsidiary's current value covers said claim; therefore the Group has not proceeded with depreciation thereof (note. 21).



9. CASH AND CASH EQUIVALENTS

(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Cash	106	336	35	26
Sight deposits and time deposits	1.810	4.386	937	2.575
	<u>1.916</u>	<u>4.722</u>	<u>973</u>	<u>2.601</u>

10. SHARE CAPITAL

(amounts expressed in thousand Euros)

	COMPANY	
	31.12.2007	31.12.2006
Paid-up share capital 24,956,646.		
Nominal share value: €0.30 each	7.487	24.069
	<u>7.487</u>	<u>24.069</u>

During the financial year, the share capital increased by €888 thousand due to the exercise of an equal number of company stock option rights. By a later decision of the General Assembly on 23.07.2007, the company share capital was reduced by €17,450 thousand with an equivalent reduction in losses and a reduction in the nominal share value from €1.00 to €0.30.



10. SHARE CAPITAL (cont.)

Issued shares

	COMPANY	
	2007	2006
Number of shares 1.1.2007 / 1.1.2006	24.069	24.069
Issuance of new shares by exercising stock option rights.		
Percentage for the period	888 * 11/12	-
Reduction of share capital with reduction of nominal share value from €1.00 to €0.30 sett off against losses of €17,496,652.20	-	-
Weighted mean of outstanding shares	24.883	24.069

Losses per share

The losses per share have been calculated by dividing the year losses by the weighted mean number of common outstanding shares during the financial period.

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Losses	-7.381	-28.900	-8.947	-21.300
Common share weighted mean number	24.883	24.069	24.883	24.069
Losses per share in €	-0,30	-1,20	-0,36	-0,88



11A. CAPITAL RESERVE

(amounts expressed in thousand Euros)

	ΟΜΙΛΟΣ		ΕΤΑΙΡΕΙΑ	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Statutory reserve	1.003	1.003	941	941
Extraordinary reserves	358	357	311	311
Other reserves	8.521	10.314	7.976	7.976
	<u>9.882</u>	<u>11.674</u>	<u>9.228</u>	<u>9.228</u>

11B. REVALUATION RESERVE

(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Differences due to equity & security value readjustment	3.478	3.477	3.478	3.477
Differences due to other asset value readjustment	20.956	21.265	17.413	16.722
	<u>24.434</u>	<u>24.742</u>	<u>20.891</u>	<u>20.199</u>



11C. ACCUMULATED DEFICIT

(amounts expressed in thousand Euros)

	GROUP	COMPAN Y
	31.12.2007	31.12.2007
Accumulated losses 1.1.2007	129.084	130.035
Correction of accounting errors of previous year		
Equity depreciation	200	7.100
Goodwill depreciation	3.590	
Bad Debts	6.400	1.400
Slow moving stock	600	600
Expenses - Profits of previous years	1.199	1.582
Option right provision	220	220
Transfer to other reserves account	(1.678)	
	<u>139.615</u>	<u>140.937</u>
Share capital reduction	(17.470)	(17.470)
€/ZAR & €/RON exchange rate difference	1.313	
Losses for the financial year 1.1.2007-31.12.2007	7.381	8.947
	<u>130.839</u>	<u>132.414</u>

11D. STOCK OPTION RIGHT PROGRAM

By the resolution of the parent company General Meeting, a "Company Stock Option Right Program" is constituted, under the following particulars:

Number of Shares / Rights: 2,406,914
 Beneficiary: Members of Company Board of Directors, Company employees and Affiliated company employees.
 Right exercising price: € 1
 Exercise period: 2006 - 2009
 Until 31/12/2007 the rights exercised were 887,500.



12. TAXATION

(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Income tax – V.A.T.	229	83		
Personnel wages taxes – dues	246	446	180	318
Taxes of previous financial years		58	0	
Other taxes	105	140	6	104
	<u>580</u>	<u>727</u>	<u>186</u>	<u>422</u>

12A. Income tax

The company profits are taxed at a rate of 25% for the year 2007 and 29% for the year 2006, after having taken into consideration expenses non entitled to tax credit as well as any possibility of generating non-taxable reserves. The company tax liability is not confirmed unless the books and data thereof are audited by the Greek tax Authorities. Such audit has been conducted up to and including the year 2002. The subsidiary companies profits are taxed in accordance with the tax system applicable in the countries they are established.

13. LONG-TERM LIABILITIES

13A. LOANS PAYABLE BEYOND THE FINANCIAL YEAR

(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
GENERAL BANK		564		564
BILBAO – VIZCAYA SPAIN	1.135	1.415		
UNICREDIT BANCA ITALIA	1.084	762		
OTHER BANKS	2.734			
	<u>4.953</u>	<u>2.741</u>	<u>0</u>	<u>564</u>



13B. DEFERRED TAXATION

(amounts expressed in thousand Euros)

	Balance Sheet		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Depreciation readjustment tax	(1.681)	(1.252)	439	130
Provision for personnel compensation	429	497	243	(143)
Long-term depreciation expenses	(129)	354	254	178
Fixed asset readjustment	(4.088)	(3.857)		477
Current income tax	6.932	3.160	(3.729)	(3.160)
	<u>1.463</u>	<u>(1.098)</u>	<u>(2.793)</u>	<u>(2.518)</u>
Deferred tax liability	(5.469)	(4.258)		
Deferred tax credit	<u>6.932</u>	<u>3.160</u>		
	<u>1.463</u>	<u>1.098</u>		
			GROUP	
	31.12.2007	31.12.2006		
Depreciation readjustment tax	(6.393)	(1.187)		
Provision for personnel compensation	928	519		
Long-term depreciation expenses	(117)	372		
Fixed asset readjustment	(5.320)	(9.812)		
Taxes on depreciation difference		(477)		
Current income tax	6.932	3.160		
Others	<u>505</u>	<u>(8)</u>		
	<u>(3.465)</u>	<u>(7.433)</u>		
Tax payable	8,365	3.160		
Tax receivable	<u>(11.830)</u>	<u>(10.593)</u>		
	<u>(3.465)</u>	<u>7.433</u>		



14A. SUPPLIERS & OTHER SHORT-TERM LIABILITIES

(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Suppliers –cheques payable	30.004	42.519	11.449	22.878
Insurance Organizations	488	619	488	484
Customers' advances	514	929	197	716
Various creditors & other short-term liabilities	4.842	5.082	4.443	7.250
	35.848	49.149	16.577	31.328
Less: provisions		0	(1.193)	0
	35.848	49.149	15.384	31.328

14B. SHORT-TERM LOANS

(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
SYNDICATED LOAN (as of August 2001)(1)	31.359	31.359	31.359	31.359
SYNDICATED LOAN (as of March 1999)(2)	29.128	26.847	29.128	26.847
OTHER BANKS	49.862	64.817	34.690	44.240
M.O.U.	7.000		7.000	
	117.349	123.023	102.177	102.446

A) 1) Pertains to balance syndicated loan the agent of which is ALPHA BANK S.A.; said loan was received in 2001 with 5-year duration. The Interest rate has been determined as equal to EURIBOR plus margin.

2) Pertains to syndicated loan the agent of which is CITIBANK INT'L – LONDON. Said loan was received in 1999 with 5 years duration.

The total of short-term loans is floating rate.

Nearly the total of company loan payments was overdue on 31.12.2007.

B) On 22.02.2008 the refinancing contract for all company loan obligations was confirmed and signed through 4 bond loans totaling €122 million. Detailed reference is made in note 20, post balance sheet events.



14C. DEFERRED INCOME AND ACCRUED EXPENSES

(amounts expressed in thousand Euros)

	GROUP		COMPANY	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Deferred income	549	790	549	777
Accrued expenses (interest provision)	9.799	5.766	9.745	5.766
Accrued expenses (provision for other expenses)	271	2.016	444	108
	<u>10.619</u>	<u>8.572</u>	<u>10.738</u>	<u>6.651</u>
Less: Provisions			(173,00)	--
	<u>10.619</u>	<u>8.572</u>	<u>10.565</u>	<u>6.651</u>
Total notes 14a & 14c	<u>46.467</u>	<u>57,721</u>	<u>25.949</u>	<u>37.979</u>


15A. FIXED ASSETS – TANGIBLE & INTANGIBLE ASSETS

(amounts expressed in thousand Euros)

	COMPANY							Total
	land	Buildings &	Machinery	Transportation	Furniture &	Fixed assets	Intangible	
	property	installations	& mechanical equipment	means	Other equipment	under execution	assets	
Cost								
01.01.2006 acquisition value	13.159	26.605	73.551	1.041	4.090	181	15	118.642
readjustment due to reassessment	13	(15.366)	(29.147)	187	(216)			(44.529)
Additions		8	287	2	97		32	426
Reductions./transfers	(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 Accumulated depreciation		13.411	36.301	425	2.430			52.567
readjustment due to reassessment		(13.411)	(32.404)	(425)	827			(45.413)
Additions		215	1.489	39	261		47	2.051
Reductions		(30)			(80)			(110)
31.12.2006	0	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 property	Buildings - Building Installations	Machinery & Mechanical equipment	Transportation means	Furniture & other equipment	Fixed Assets under execution	Intangible Assets	Σύνολο
Cost								
01.01.2007	9.802	9.267	44.686	1.162	3.870	181	47	69.015
Accumulated depreciation								
readjustment due to reassessment	922							922
Additions		198	115		90			403
Reductions/Transfers			(153)	(2)	(3)			(158)
31.12.2007	10.724	9.465	44.648	1.160	3.957	181	47	70.182
Depeciation								
01.01.2007 Accumulated depreciation	0	185	5.386	39	3.438	0	47	9.095
adjustment due to reassessment								0
Additions		189	1.487	39	203			1.918
Reductions			(153)	(2)	(3)			(158)
31.12.2007	0	374	6.720	76	3.638	0	47	10.855

Net book value
31.12.2008

10.724

9.091

37.928

1.084

319

181

0

59.327

15A. FIXED ASSETS – TANGIBLE & INTANGIBLE ASSETS (cont)

(amounts expressed in thousand Euros)

	-----GROUP-----							Total
	land property	Buildings & building installations	Machinery & mechanical equipment	Transportation means	Furniture & Other equipment	Fixed assets under execution	Intangible assets	
Cost								
01.01.2006	16.469	38.826	122.548	1.729	5.378	338	1.533	186.821
acquisition value readjustment due to reassessment	13	(15.366)	(29.148)	187	(216)			(44.530)
Purchases		8	1.729	21	126	4	287	2.175
Reductions./transfers	(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
Depeciation								
01.01.2006	119	14.476	49.864	960	3.386		895	69.700
accumulated depreciation readjustment due to reassessment		(13.411)	(32.404)	(425)	827			(45.413)
Additions		491	5.087	92	372		438	6.480
Reductions		(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
acquisition value readjustment due to reassessment	1.616							1.616
Purchases		198	1.289	51	479	1.101	292	3.410
Reductions./transfers		(686)	2.198	(144)	(248)		(101)	1.019
Differences in exchange rate	(82)	(236)	(2.408)	(8)	(32)	(3)		(2.769)
31.12.2007	14.646	20.764	94.280	1.646	5.381	1.325	2.011	140.053
Depreciation								
01.01.2007	119	1.526	21.941	511	4.505		1.333	29.935
Additions		479	4.963	77	488		158	6.165
Reductions./transfers		7	2.390	(146)	(544)		(97)	1.610
Differences in exchange rate		(20)	(740)	(3)	(3)		(47)	(813)
31.12.2007	119	1.992	28.554	439	4.446	0	1.347	36.897
Net Book Value 31.12.2007	14.527	18.772	65.726	1.207	935	1.325	664	103.156

16. LEASING

(amounts in thousand Euros)	GROUP 31.12.2007					GROUP TOTALS
	COMPANY ETBA (GBID) 2283	AFRICA	P.N.G	INDUPLAS	OTHERS	
Current value of min. Leasing payments						
Payments until 31.12.2008	94	39	128	14	22	297
Payments 1.1.2009-31.12.2014	0	52	793	7	6	858
Payments after the 5-year period (2024-2015)						
Present value of leasing liability	94	91	921	21	28	1.155
Less: Short-term part of leasing	94	39	128	14	22	296
Long-term leasing liability 31.12.2007	0	52	793	7	6	858

(amounts in thousand Euros)	GROUP 31.12.2006					GROUP TOTALS
	COMPANY ETBA (GBID) 2283	AFRICA	P.N.G	INDUPLAS	OTHERS	
Payments until 31.12.2007	395	1.290	136	14	28	1.863
Payments 2008-2013	61	2.434	921	21	53	3.490
Present value of leasing liability	456	3.724	1.057	35	81	5.353
Less: Short-term part of leasing	395	1.290	136	14	28	1.863
Long-term leasing liability 31.12.2006	61	2.434	921	21	53	3.490

17. CONTINGENT AND UNDERTAKEN LIABILITIES

a) The parent company has not been audited by the tax Authorities for the financial years 2003 onwards, whereas its Greek subsidiary, PETZETAKIS NORTHERN GREECE has been audited up until and including 2001.

b) On the date of financial statement approval:

b.1) There are disputed liabilities against:

- the company, approx. € 2 million
- the Group, approx. €3.3 million

for which it is estimated that they would not substantially affect the financial position of the company and the group.

b.2) There are prenotations of charges of € 115 million and charges totalling € 110 million on its assets, charges of € 102 million on its machinery and equipment (without delivery) and charges of €98 million on shares in its subsidiaries, all comprising the security for the loans totalling € 121.91 million provided under the refinancing and restructuring agreement for the Company. Additionally at the Group level there are charges on assets totalling € 32 million as security for loans provided.

Total charges at the Company level:€ 122 million

Total charges at the Group level:€ 154 million

b.3) Various guarantee letters have been issued to ensure liabilities as well as execution of contract provisions, at approx. €0.7 million for the company and approx. €1.2 million for the Group.

b.4) Receivables totalling € 24 million (€10 million for the company) have been pledged as security for obligations.

b.5) Shares of the subsidiary companies A.G. PETZETAKIS INTERNATIONAL HOLDINGS LIMITED, INDUPLAS S.P.A., FLEXIPLAS S.A., A.PETZETAKIS GESELLSCHAFT MIT BESCHRAKTER HAFTUNG, PETZETAKIS NORTHERN GREECE, PETZETAKIS AFRICA (PROPRIETARY) LIMITED and A. PETZETAKIS DEUTSCHLAND GESELLSCHAFT MIT BESCHRANKTER HAFTUNG have been pledged in the total amount of approx. € 98 million.

b.6) On Group equipment (mechanical and movable) a pledge has been made (without delivery) amounting to €102 million.

18. FINANCIAL MEANS

18.1. Significant Accounting Policies

The accounting policies adopted in relation to financial instruments, including categorization criteria for the assessment basis and the recognition basis of profits and losses as regards each financial asset, financial liability or equity instrument category, are described in note 5.

	GROUP		COMPANY	
	31.12.07	31.12.06	31.12.07	31.12.06
Financial instrument categories				
Financial assets				
○ Amounts receivable	40.708	72.927	16.329	36.602
○ including funds available and equivalents)	176	--	--	--
○ Available for sale				
Financial Liabilities				
○ Cost of amounts payable (including loans)	<u>185.523</u>	<u>202.927</u>	<u>138.687</u>	<u>147.447</u>

18.2. Financial instruments fair value

Management believes that the values at which the financial assets and liabilities have been recognized in the financial statements are not substantially different from their fair values.

18.3. Financial Risk as Management Objective

The Management believes such risk is controlled and does not deem necessary to employ any special procedures for such risk monitoring. This risk includes “market risk (including foreign exchange risk, interest rate risk as well as price risk), credit risk and liquidity risk”.

18.4. Market Risk

The company mainly operates in the global market. Fluctuations in currency exchange rates affect the company to the extent it deals with markets the currency of which is other than Euro. The exposure to that risk, though anticipated, does not make the adoption of special management policy necessary (note 20).

18.5. Interest Rate Risk

The company is subject to such risk due to long-term indebtedness at floating rates. However, is has not adopted compensating measures for such risk.



18. FINANCIAL INSTRUMENTS

18.6. Credit Risk

This risk refers to the probability of company failure in collecting debts resulting from the daily transactions thereof. However, the company aims at reducing such risks through:

- evaluation and selection of customers as reliable and solvent as possible.

Moreover, the extended clientele of the company and its non-dependence on a particular major customer constitute an additional factor for reducing credit risk.

18.7. Liquidity Risk

The company aims at the effective management of liquidity risk, primarily via lending and borrowing period equalization; and secondarily through adequate available funds (both cash and in banks) as well as by securing immediate financing through banks in the event of contingency. The continuous budget monitoring and immediate reaction to variations between projected and actual cashflows results in timely intervention to equalise cash inflows and outflows.

18.8. Exchange Risk

The Group exposure to exchange rate risk mainly originates from existing or anticipated cash flows in foreign currency (imports/exports) as well as from its South African investment. The fluctuation in the ZAR exchange rate against the Euro and the impact of this on Group profit before taxes and in equity are shown in the following table.

Group Loan Sensitivity Analysis to Zar/Euro Exchange Rate Fluctuation

Amounts of the financial year 2007	Change/Exchange Rate	Impact on Profits Before Taxes	Impact on Equity
	+5%	47	+1547
	+10%	103	+3237
	-5%	-43	-1397
	-10%	-82	-2674

19. TRANSACTIONS WITH RELATED PARTIES
19.A TOTAL OF COMPANY TRANSACTIONS WITH SUBSIDIARY COMPANIES, 31.12.2007

SUBSIDIARY	SALES & OTHER TRANSACTIONS	PURCHASES & OTHER TRANSACTIONS	RECEIVABLES FROM SUBSIDIARIES	PAYABLES TO SUBSIDIARIES	
INDUPLAS	105	83	41	271	
FLEXIPLAS	-	95	-	1.438	
EUROHOSE	84	-	52	-	
AGP GMBH	1.168	30	895	-	
BEHKA PLAST	243	4	643	4	
PNG PLASTIKA MAKEDONIAS	4.230	4.684	4.169	-	
PETZETAKIS AFRICA	-	-	-	-	
PETZETAKIS ROMANIA	763	201	97	29	
AGPI	2.255				
TOTAL OF COMPANY TRANSACTIONS WITH SUBSIDIARY COMPANIES	8.848	5.097	-	5.897	1.742

TOTAL OF INTER-COMPANY TRANSACTIONS & LIABILITIES 31.12.2007

INTER-COMPANY TRANSACTIONS PER COMPANY	SALES & OTHER TRANSACTIONS	PURCHASES & OTHER TRANSACTIONS	RECEIVABLES FROM AFFILIATES	PAYABLES TO AFFILIATES	
AGP	8.848	5.097	5.897	1.742	
INDUPLAS	1.470	167	2.339	204	
FLEXIPLAS	139	187	1.756	70	
EUROHOSE	14	328	14	1.596	
AGP GMBH	1.324	2.702	1.896	1.349	
BEHKA PLAST	625	1.511	41	2.574	
PNG PLASTIKA MAKEDONIAS	4.779	4.248	542	4.175	
PETZETAKIS AFRICA	18	95	6	542	
PETZETAKIS ROMANIA	-	336	-	1.607	
AGPI	201	828	29	97	
PLASTIKA KABALAS	336	2.255	1.607	171	
	-	-	2.993		
GROUP TOTAL	17.754	17.754	-	17.120	14.127



19. TRANSACTIONS WITH RELATED PARTIES (cont.)

19.A TOTAL COMPANY TRANSACTIONS WITH SUBSIDIARY COMPANIES, 31.12.2006

SUBSIDIARY	SALES & OTHER TRANSACTIONS	PURCHASES & OTHER TRANSACTIONS	RECEIVABLES FROM SUBSIDIARIES	PAYABLES TO SUBSIDIARIES
INDUPLAS	753	355	574	708
FLEXIPLAS	-	25	49	1.424
EUROHOSE	120	-	5	-
AGP GMBH	1.780	-	523	300
BEHKA PLAST	239	54	553	154
PNG	4.898	4.865	6.950	5
PLASTIKA MAKEDONIAS				
PETZETAKIS AFRICA	50	-	429	482
PETZETAKIS ROMANIA	573	-	24	-
AGPI	1.016		20	
TOTAL OF COMPANY TRANSACTIONS WITH SUBSIDIARY COMPANIES	9.429	5.299	9.127	3.073

TOTAL INTER-COMPANY TRANSACTIONS & LIABILITIES 31.12.2006

INTER-COMPANY TRANSACTIONS PER COMPANY	SALES & OTHER TRANSACTIONS	PURCHASES & OTHER TRANSACTIONS	RECEIVABLES FROM AFFILIATES	PAYABLES TO AFFILIATES
AGP	9.429	5.299	9.127	3.073
INDUPLAS	2.111	806	2.814	899
FLEXIPLAS	85	161	1.747	97
EUROHOSE	-	728	11	1.393
AGP GMBH	257	3.116	1.049	1.196
BEHKA PLAST	450	528	177	1.331
PNG	4.865	4.898	5	6.950
PLASTIKA MAKEDONIAS	-	-	-	-
PETZETAKIS AFRICA	-	429	482	3.999
PETZETAKIS ROMANIA	-	586	-	24
AGPI	370	1.016	3.570	20
PLASTIKA KABALAS	-	-	-	-
GROUP TOTAL	17.567	17.567	18.982	18.982

19.B Non-Secured Loan

Through a subsidiary company, a loan of €5,800,000 has been given in the past to a foreign company, which is controlled by an related party. This loan was provided in the context of the implementation of a strategic investment Program . On November 30th, 2007, this loan amounted to €4,78 million. Within the financial period (1/1-31/12/2007) the company made additional bad debt provisions. The General Assembly held on 10.8.2007 by unanimous resolution approved the aforementioned provisions.



19.C ADMINISTRATIVE OFFICIALS' FEES

	<u>2007</u>	<u>2006</u>
MANAGEMENT REMUNERATION		
PARENT COMPANY	1.343	1.120
OTHER COMPANIES	<u>863</u>	<u>876</u>
Total	2.206	1.996
B.D. MEMBERS' REMUNERATION		
PARENT COMPANY	50	20
OTHER COMPANIES	<u>5</u>	<u>20</u>
Total	55	40
Liabilities to the Members of BoD	98	--

19.D. Inter-company transactions of the subsidiary company Petzetakis Africa (PTY) Ltd

		Inter-company transactions			
		Sales	Purchases	Receivables	Payables
Sekinjalo Piping Systems (Proprietary) Ltd	2007	25.341	--	3.080	--
	2006	30.320	--	8.085	--
Petzetakis Africa (Namibia) (Proprietary) Ltd	2007	--	1.243	--	710
	2006	--	2.237	--	664
Mabona Industries (Proprietary) Ltd	2007	--	--	--	7
	2006	--	--	--	8
A.G. Petzetakis International Holdings Ltd	2007	--	--	177	1.429
	2006	--	--	143	3.158

20. OBJECTIVES AND POLICIES OF FINANCIAL RISK MANAGEMENT PROGRAM

Financial Risk Factors

The Group activities generate various financial risks, including exchange rate and interest rate risks as well as credit risks and liquidity risks. The overall risk management Program of the Group is focused on fluctuations in financial markets and aims at minimizing the potential adverse effects of such fluctuations on the financial performance of the Group.

The financial products utilized by the Group consist mainly of deposits in banks, transactions in foreign currency at current prices, overdraft bank accounts both payable and receivable, loans to and from subsidiary and associated companies, joint ventures, investments in securities, dividends payable and liabilities arising from leasing contracts.



21. POST BALANCE SHEET EVENTS

1) Further to the Memorandum of Understanding dated 28.6.2007 between the Company its main shareholder and foreign capital investment companies, a Subscription Agreement covering four bond issues totalling €121,914,123 was signed on 28/1/2008 between the Company and all the holders of its bank debt (herein after called the Creditors). As provided for under the Subscription Agreement, the following Bond Loans have been issued by the Company:

*Two convertible bond loans (issued on 22/2/08):

The first, in the nominal amount of €17,500,000, with the one third (€5.8 million) being automatically converted (within one year) into share capital, was offered at 8.06% discount on the nominal value thereof, has a 3 year maturity and carries a fixed interest rate of 7%. The initial bondholders are the capital investment companies which are managed by the foreign investment companies Credit Renaissance Partners and P. Schoenfeld Asset Management as well as by the international investment bank Credit Suisse. The loan is secured with first pledge over the shares of the subsidiary company "Petzetakis Northern Greece AVEE". In the event of full conversion of this bond loan, it will account for about 33.00% of the total Company's share capital.

The second, in the amount of €1,410,000 and a 3 year maturity is interest-free, non-secured, and converts to equity based on the attainment of specific consolidated EBITDA targets. In the event of full conversion, management shall be entitled to receive the convertible bonds that correspond to about 7.5% of the total Company's share capital. In case the specific EBITDA targets are not attained, the bonds shall no longer be convertible and shall be returned to the Company and cancelled at no extra cost to the Company.

The proceeds of the above two loans in the total amount of €17,500,000 shall be used to cover various expenses, to meet the Company's working capital requirements and to repay the €7 million interim bond loan (bridging finance) issued by the Company on 6.8.2007.

* One common bond loan (issued on 20/2/08) in the total amount of €80,336,323 with an 8-year maturity and issued on a floating rate basis. The initial bondholders are the Creditors. This loan is secured by the following: mortgages on the overall real property of the Company as well as with a pledge on the shares of 7 subsidiary companies thereof (second pledge on "Petzetakis Northern Greece ABEE" shares) as well as a charge on the machinery and movable equipment thereof. The bond proceeds shall be utilized in equal settlement of overdue loan obligations of the Company to the Creditors.

21. FACTS INCURRED FOLLOWING THE DATE OF FINANCIAL STATEMENT DRAFTING (cont.)

* One convertible bond loan (issued on 20/2/08) in the total amount of €24,077,800, with 5-year maturity and issued on an interest-free basis. The initial bondholders are the Creditors. This loan has a second ranking charge over the securities provided under the above mentioned €80.33 million bond loan solely in the event of termination of the latter. In case of full conversion thereof, this bond loan shall account for approx. 19% of the Company's share capital. The proceeds of this loan will be used to settle overdue loan liabilities of the Company to the Creditors. The Company and/or its reference shareholder are entitled to repurchase this loan (to the extent it shall not have been converted) at the end of the 5-year maturity and at a previously agreed price, which shall depend on the Company's EBITDA results.

Further to the issuance of the above bond loans which were completed on 22/2/08, the Company has concluded the refinancing of its overall overdue loan obligations amounting to €104,414,123 and has added to its liquidity by the issue of net new funding totalling €10.5, following the repayment of €7 million bridging interim bond loan dated 6/8/07.

Had the above debt refinancing and restructuring closed within 2007, then the group balance Sheet would have been as follows:

Group Balance Sheet 31.12.2007

	Published	Amended*
Equity	(5.332)	(5.332)
Convertible Bond Loan	--	5.833
Net Position	(5.332)	501
Long-term Liabilities	20.831	121.914
Short-term Liabilities	<u>164.691</u>	<u>68.276</u>
	<u>180.190</u>	<u>190.690</u>

*includes the new capitals amounting to €10.5 million



2) On March 3, 2008, the company "Petzetakis Northern Greece" transferred the 39.8% of the shares of the company "Plastika Kavalas" to 'A. G. PETZETAKIS S.A.', at the nominal share price.

At a later date, the company management decided to conditionally sell the company "Plastika Kavalas" under a Memorandum of Understanding (MOU) signed on 28.03.2008 by the interested buyer. The Company has not been designated as "intended for sale" as under the above MOU provisions there is an option for a permanent transfer of the company up until March 2009.

PEANIA, MARCH 27, 2008

THE PRESIDENT OF THE B.D.	THE VICE PRESIDENT OF THE B.D. & CHIEF EXECUTIVE OFFICER	THE FINANCE DIRECTOR	THE CHIEF ACCOUNTANT (Mrs)
GEORGIOS PETZETAKIS	IOANNIS SPANOYDAKIS	PANAGIOTIS PETROLEKAS	ADAMANTIA-ALICE KEFALONITOU
ID No. AE 526892	ID No. AB 649672	ID No. T 502925	ID No. T 002464 Lic.No. 20920