

# SFAKIANAKIS S.A.

## MANAGEMENT REPORT FOR THE FINANCIAL STATEMENTS OF THE FISCAL YEAR 1/1–31/12/2006

### TO THE ORDINARY MEETING OF THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of the SFAKIANAKIS S.A. presents its Report for the Annual Individual and Consolidated Financial Statements of the fiscal year that expired on the 31<sup>st</sup> of December 2006, in accordance with Article 136 of the Codified Law 2190/1920 and Article 11 a of L. 3371/2005.

The Individual and Consolidated Financial Statements were drawn up according to the International Financial Reporting Standards – IFRS.

We are pleased to put under your consideration the financial statements that concern both consolidated data and corporate data on Balance Sheet, the Profit and Loss Statement, the Equity Change Statement, the Statement of the Cash Flow, as well as the annex for the fiscal year between 1<sup>st</sup> of January and 31<sup>st</sup> of December 2006.

#### **GENERAL REMARKS**

The data mentioned above concern the parent company and its subsidiaries:

a) The subsidiary companies that were consolidated with the complete consolidation method are: Personal Best S.A., Panergon S.A., Executive Insurance Brokers S.A., Executive Lease S.A., Winlink S.A., Sfakianakis S.A., Mirkat OOD (Registered seat in Bulgaria) and Mirkat Skopje (Registered seat in FYROM) and

b) The subsidiary companies that were consolidated with the equity method are: Speedex S.A., Alpan Electroline Ltd. and Athoniki Techniki S.A.

In 2006 SFAKIANAKIS S.A., while successfully continuing the progress of the last years within the automobile market, realized sales process that constitute a historical high that the company and the Group are to present from its establishment.

The new SUZUKI car sales, which amounted to 13,031 units, increased by 8.4% against the respective sales of the year 2005.

The market share that SUZUKI occupied for the year 2006 amounted to 4.7%, increased by 7.7% against 2005, in contrast to the total of the automobile market that presented a decrease by 0.8%, thus proving that SFAKIANAKIS S.A. has been established as one of the leading companies in its sector.

The motorcycle market during 2006 moved upwards and reached 88.480 units. Suzuki with 4,991 classifications and with a share market of 5.6% achieved an exceptionally successful progress in the motorcycle field, taking position number three between Spanish manufacturers in the class of 126 cc and above.

In 2006, the absorption of the subsidiary companies of the Group SFAKIANAKIS, namely those companies that are active in the automobile retail sales sector as official distributors of the manufacturers Opel, Ford, Volvo and Cadillac, was realized by the parent company SFAKIANAKIS S.A.

Within the year 2007 the absorption of the rest of the subsidiary companies of the Group, namely those which are active in the retail sales field as official traders of the BMW and Suzuki shall be realized.

The results of all these is that in the car retail sales sector, the SFAKIANAKIS Group shall be active with the presence of 35 units of retail sales of cars, motorcycles and provision of specialized services and paint and body shops.

The complicities and the economies of scale that shall result from the merge in combination with the improvement of the productivity and efficiency, is expected to strengthen the competitiveness but also the financial results of SFAKIANAKIS HBC, and further more of the entire Group.

### **QUOTATION OF ECONOMIC AGGREGATE**

Herein below we quote the basic economic aggregate of both parent Company and the total of the companies of the Group, as such are depicted in the published financial statements, which were drawn up in accordance with the International Financial Reporting Standards – IFRS and which can be found at the website [www.sfakianakis.gr](http://www.sfakianakis.gr).

The fixed assets under construction of the companies of the Group SFAKIANAKIS upon 31/12/2006 amounted to € 165.9 million, and respectively those of the Company reached € 86.1 million with total investments of the Group (fields, buildings, equipment) for 2006, of € 16.3 million and of the Company amounting up to € 12.1 million.

The total equity of the companies of the Group on 31/12/2006 amounted to € 102.0 million against € 87.8 million on 31/12/2005. The total of the parent Company's equity on 31/12/2006 amounted to € 105.8 million against € 78.8 million on 31/12/2005.

The consolidated turnover was € 407.2 million and the corresponding turnover of the parent Company was formed at € 235.6 million. The consolidated gross operating profit amounted to € 112.0 million while the gross operating profit of the parent Company amounted to the sum of € 66.9 million.

The consolidated net pre-tax profits amounted to the sum of € 35.7 million and the pre-tax net profits of the parent Company reached € 39.3 million.

The board of Directors suggests dividend per share at the price of € 0.50 which corresponds to a dividend yield of 3.7% based on the price of the share upon 31/12/2006.

Finally a special reference should be made to the fact that the development of the activities of the SFAKIANAKIS Group continues at a rapid pace not only in sectors that have significant margin for development, as that of the real estate, the holiday residence and the real estate development through Athoniki Techniki SA, in which the Group participates in its share capital by 49.90%, but also in the realization of the development in the automobile sector within the Balkans.

### **CONCLUSIONS**

Taking into account the herein above mentioned we can say with confidence that for the fiscal year 2006 there shall be better consolidated results of the companies of the Group and we request that you consider the annex of the financial statements, which comprises an integral part of the present report for your briefing in detail.

Athens, 22<sup>nd</sup> March 2007  
FOR THE BOARD OF DIRECTORS  
Stavros P. Taki  
CEO

It is affirmed that the above report which consists of 2 pages is that which is referred to the independent auditor's report dated 28th March 2007.

Athens, 28th March 2007

Konstantinos P. Evaggelinos  
Certified Public Accountant Auditor  
SOEL Reg. No. 13151

