GREGORY'S MICROMEALS INTERNATIONAL LTD

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

GREGORY'S MICROMEALS INTERNATIONAL LTD

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GREGORY'S MICROMEALS INTERNATIONAL LTD

DIRECTORS AND ADVISORS

DIRECTORS	Vlasios Georgatos Bizserve Management Ltd
COMPANY SECRETARY	Bizserve Secretarial Ltd
REGISTERED OFFICE	11 Bouboulinas Street 3rd Floor 1060 Nicosia Cyprus
AUDITORS	Baker Tilly Klitou and Pantners 11 Bouboulinas Street 1060 Nicosia Cyprus
BANKERS	Bank of Cyprus Ltd Alpha Bank (Romania) SA National Bank of Greece (Romania) SA Commercial Bank of Greece (Romania) SA

GREGORY'S MICROMEALS INTERNATIONAL LTD
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

FINANCIAL STATEMENTS
The directors present the annual report together with the consolidated audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES
The principal activity of the company is to act as a holding company.

RESULTS
The income statement for the year is shown on page 5.

ADMINISTRATORS
The present membership of the board is set out on page 1. The directors retain their office.

AUDITORS
The auditors Messrs Baker Tilly Klitou and Partners have expressed their willingness to continue in office as auditors, and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD

Bizserve Secretarial Limited
Company Secretary

Nicosia, 1 February 2006

<u>AUDITORS' REPORT</u>
<u>TO THE MEMBERS OF</u>
<u>GREGORY'S MICROMEALS INTERNATIONAL LTD</u>

We have audited the consolidated financial statements of Gregory's Micromeals Internationals Limited (the Company) and its subsidiaries (the Group) on pages 5 to 18, which comprise the consolidated balance sheet as at 31 December 2005 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and the related notes. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2005 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap. 113.

Without qualifying our opinion, we draw attention to Note 2 to the financial statements of the subsidiary Gregory's Romania S.A., which indicates that the Company incurred a net loss of Euro341.288 during the year ended 31 December 2005. This condition, along with other matters as set forth in Notes 18 and 19 of the consolidated financial statements; indicate the existence of a material uncertainty, which may cast significant doubt about the subsidiary Company's ability to continue as a going concern

Report on other legal requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company/
- The Company’s financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required..
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

Baker Tilly Klitou and Partners

Nicosia, 1 February 2006

GREGORY'S MICROMEALS INTERNATIONAL LTD
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 EUR	2004 EUR
Turnover		**2.543.633**	1.837.045
Cost of sales		**(2.481.548)**	(1.206.431)
Gross profit		**62.085**	630.614
Other income		**59.948**	29.325
		122.033	659.939
General and administration expenses		**(316.126)**	(1.040.763)
Impairment of investment		**-**	(10.951)
Operating loss		**(194.093)**	(391.775)
Finance costs		**(111.568)**	(39.806)
Loss before taxation	3	**(305.661)**	(431.581)
Taxation	4	**(394)**	(344)
Loss for the year before minority interest		**(306.055)**	(431.925)
Minority interest	5	**190.513**	168.352
Loss for the year		**(115.542)**	(263.573)

GREGORY'S MICROMEALS INTERNATIONAL LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005

	Share capital EUR	Share premium EUR	Translation reserve EUR	Retained earnings EUR	Total EUR
Balance 1 January 2005	2.271.353	1.349.427	(361.871)	(1.521.865)	**1.737.044**
Loss for the year	-	-	-	(115.542)	**(115.542)**
Exchange difference of the retranslation of the financial statements of the parent	-	-	-	-	**-**
Exchange difference on the retranslation of the financial statements of the subsidiaries	-	-	(276.808)	-	**(276.808)**
Balance 31 December 2005	**2.271.353**	**1.349.427**	**(638.679)**	**(1.637.407)**	**1.344.694**

	EUR	EUR	EUR	EUR	EUR
Balance 1 January 2004	2.271.353	1.349.427	(298.772)	(1.258.292)	**2.063.716**
Loss for the year	-	-	-	(263.573)	**(263.573)**
Exchange difference of the retranslation of the financial statements of the parent	-	-	(10.078)	-	**(10.078)**
Exchange difference on the retranslation of the financial statements of the subsidiaries	-	-	(53.021)	-	**(53.021)**
Balance 31 December 2004	**2.271.353**	**1.349.427**	**(361.871)**	**(1.521.865)**	**1.737.044**

The notes on pages 9 to 18 form part of the financial statements.

GREGORY'S MICROMEALS INTERNATIONAL LTD
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	2005 EUR	2004 EUR
ASSETS			
Non – current assets			
Goodwill	6	**1.137.945**	1.137.945
Intangible assets	7	**108.941**	95.170
Fixed assets	8	**1.413.152**	1.433.413
		2.660.038	2.666.528
Current assets			
Stocks	9	**79.590**	61.878
Debtors	10	**686.108**	790.663
Cash at bank and in hand		**67.304**	46.531
		833.002	899.072
Total assets		**3.493.040**	3.565.600
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	**2.271.353**	2.271.353
Share premium		**1.349.427**	1.349.427
Reserves		**(2.276.086)**	(1.883.736)
		1.344.694	1.737.044
Minority interest	5	**632.898**	819.787
Non-current liabilities			
Borrowings –long term portion	12	**-**	233.179
Finances – long term portion	13	**43.724**	3.467
		43.724	236.646
Current liabilities			
Borrowings –current portion	12	**708.256**	269.582
Finances – current portion	13	**22.372**	5.877
Creditors	14	**733.250**	488.274
Amounts due to related parties	15	**-**	841
Taxation		**7.846**	7.549
		1.471.724	772.123
Total shareholders' equity and liabilities		**3.493.040**	3.565.600

The Administrators of the company approved the financial statements for issue on 1 February 2006.

………………………)
………………………) Administrators
………………………)

The notes on pages 9 to 18 form part of the financial statements.

GREGORY'S MICROMEALS INTERNATIONAL LTD
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 EUR	2004 EUR
Cash flows from operating activities		
Loss for the year before taxation	**(305.661)**	(431.581)
Effect on exchange rate changes	**7.163**	(7.634)
Adjustments for:		
Amortisation of goodwill	**-**	78.459
Amortisation of intangible assets	**33.936**	4.598
Impairment of tangible assets	**14.767**	-
Impairment of intangible assets	**13.894**	-
Impairment in subsidiary	**-**	10.951
(Profit) from disposals of non-current assets	**(437)**	-
Finance cost	**35.571**	41.248
Depreciation	**245.517**	167.486
Operating loss before working capital changes	**44.750**	(136.473)
(Increase)/Decrease in stocks	**(12.846)**	2.785
(Increase)/Decrease in debtors	**(1.145)**	834.672
(Decrease)/ Increase in amounts due to related parties	**(841)**	25.513
Increase/(Decrease) in creditors	**354.766**	(896.781)
Cash used in operating activities	**384.684**	(170.284)
Finance cost	**(35.571)**	(41.248)
Net cash generated/ (used) in operating activities	**349.113**	(211.532)
Cash flow from investing activities		
Decrease in subsidiary shareholding	**-**	800.296
Purchase of intangible assets	**(6.286)**	(85.264)
Purchase of fixed assets	**(481.085)**	(203.882)
Net cash used in/generated from investing activities	**(487.371)**	511.150
Cash flow from financing activities		
New loan acquired/ (repayment of loans)	**96.300**	(306.548)
Proceeds from paid in capital issued in prior years	**109.937**	-
Invitation for public offer paid	**(47.206)**	-
Net cash generated from/(used in) financing activities	**159.031**	(306.548)
Decrease in cash and cash equivalents	**20.773**	(6.930)
Cash and cash equivalents at the beginning of the year	**46.531**	53.461
Cash and cash equivalents at the end of the year	**67.304**	46.531

GREGORY'S MICROMEALS INTERNATIONAL LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1. GENERAL

Incorporation

The company was incorporated in Cyprus on 28th November 2000 as a private limited company in accordance with the provisions of the Companies Law, Cap. 113.

Activities

The principal activity of the company is to act as a holding company.

2. ACCOUNTING POLICIES

General

The principal accounting policies, all of which have been applied consistently in relation to material assets, liabilities, profits or losses and cash flows for the accounting year and to the presentation of the financial affairs of the company are set out below.

Basis of preparation

The financial statements of the subsidiary company Gregory's Romania S.A. have been prepared with the assumption that the company will continue to operate as a going concern. In relation to this, the company incurred a net loss during the year of Euro 341.238. Shareholders have expressed their intention to continue to support the company financially to continue to operate as a going concern.

The financial statements which are expressed in Euro, have been prepared using the historical cost convention, and in accordance with applicable International Financial Reporting Standards. The company's management adopted the Euro from 1 January 2003 as the company's presentation currency as they consider that this will better reflect the company's financial position and performance based on International Accounting Standards 21 'The effect of Changes in Foreign Exchange Rates' and the interpretation SIC-30 of the Standing Interpretations Committee of the International Accounting Standards Committee.

Basis of consolidation

The consolidated financial statements for the year ended 31 December 2005 include the financial statements of Gregory's Micromeals International Limited and its subsidiary companies, which are mentioned below: (hereafter referred as 'The Group').

	Percentage of ownership		Date of
	2005	2004	acquisition
Gregory's Romania S.A.	44%	44%	June 2001
Blue River Management Services Ltd	100%	100%	January 2004
Karmelia Holdings Ltd	-	65%	November 2001

Subsidiary companies are the companies in which the direct or indirect participation of the Group in their voting share capital exceeds 50%, or the Group controls the Board of Directors and their voting power or the Group controls the Net Assets of the subsidiaries.

The Company's stake in Gregory's Romania S.A. has been reduced from 65% to 44% as the Company did not participate in the share capital increase of the Romanian company that took place in July 2004. Although the Company owns only 44% of the issued share capital of Gregory's Romania S.A., it is included under subsidiaries as the Company controls the voting power on the Board of Directors of the Romanian company.

Karmelia Holdings Ltd ceased operations on 30 June 2004 and therefore, the investment has been written off as impaired to the income statement.

Translation methods
In accordance with IAS-21 and the SIC-30 the method used to translate the financial statements is as follows:

Non-monetary assets and liabilities are reported using the historical rate ruling at the date of the transactions. Exchange differences arising on translations are recorded in equity as retranslation reserves.

Monetary assets and liabilities are translated using the closing exchange rate as at 31 December 2005. Consequently they have been translated into Euro with a rate of RON 3.6771 per EUR 1,00 (2004-RON 39.663 per EUR 1,00).

Income and expenses are translated using the year's average exchange rate. The effect of translation on the net monetary position of the company is reflected in reserves.

Foreign currency transactions
Transactions in foreign currencies, other than Euro, during the year have been translated at the exchange rates prevailing at the dates of the transaction. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on settlement and translation of other foreign currency items have been included in the income statement.

Goodwill
Goodwill is any excess of the cost of the acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the exchange transaction and is recognised as an asset.

Goodwill as at 31 December 2005 relates to the acquisition of 65% of the share capital of Gregoris Romania S.A and the acquisition of share capital of Blue River Management Services Limited.

Up to 31 December 2004, goodwill was amortised in accordance with IAS 22, over 20 years. As from 1 January 2005 the Group adopted IFRS3 ' Business Combination ', which prohibits goodwill to be amortised but instead to be tested for impairment and to be carried at cost less accumulated impairment losses.

GREGORY'S MICROMEALS INTERNATIONAL LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

Intangible assets
Intangible assets are recognised according to the provisions of International Accounting Standards 38 ´´Intangible Assets´´ and are amortised over the period of the useful economic life of the asset. Intangible assets acquired separately from the business are capitalised at cost. Intangible assets excluding development costs, created within the business are not capitalised and expenditure is charged against profits or losses in the year in which it is incurred.

Fixed assets
The fixed assets are stated at cost less accumulated depreciation.

The cost price of fixed assets comprises of the purchase price, including import duties and non-refundable purchase taxes and directly attributable costs of bringing the asset to its present location and condition.
Depreciation is computed using the estimated economic useful lives of the assets. The straight-line method is used over the following depreciation periods:

	Years
Refurbishment of buildings	6-20
Other equipment	8-10
Motor vehicles	5
Furniture and fittings	3-15

Cash and cash equivalents
Cash and cash equivalents consists of cash and balances with banks and short-term deposits with an original maturity of three months or less.

Stocks
Stocks are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary price in the course of business, less estimated costs of completion and costs necessary to make the sale.

Debtors
Debtors are shown net of specific provisions for bad and doubtful debts. Provision for bad and doubtful debts is made only for specific debtors when payment is considered doubtful.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settled the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only if it is virtually certain.

GREGORY'S MICROMEALS INTERNATIONAL LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

Leases

Finance leases, which transfer to the company substantially the entire risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Income Tax

The company follows the provisions of International Accounting Standard 12 'Income Taxes'. Deferred income tax is provided using the liability method, on all temporary differences at balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is realised when the products are sold and the proceeds are collected immediately. Any sales that are not collected are not recognised.

Related parties

Parties are considered related when one party either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control, or significantly influence the other party.

Contingencies

Contingent liabilities are not recognised in the accompanying financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Comparative figures

Where necessary, comparative figures are adjusted to conform to changes in presentation in the current year.

GREGORY'S MICROMEALS INTERNATIONAL LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 EUR	2004 EUR
3. LOSS BEFORE TAXATION		
Loss is stating after charging:-		
Auditors remuneration	**19.526**	10.313
Depreciation (note 8)	**245.469**	167.486
Amortisation of goodwill (note 6)	**-**	66.584
Amortisation of intangible assets (note 7)	**33.936**	7.883
Staff cost	**337.659**	296.505
Rents	**377.485**	296.809

	EUR	EUR
4. TAXATION		
Corporation tax	**394**	344
	394	344

The reconciliation between taxable profit and accounting loss is as follows:

	2005 EUR	2004 EUR
Loss before taxation	**(305.661)**	(431.581)
Tax effect on expenses not deductible for tax purposes	**394**	344
Taxation charge	**394**	344

GREGORY'S MICROMEALS INTERNATIONAL LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 EUR	2004 EUR
5. MINORITY INTEREST		
Minority interest on losses of the year	**190.513**	168.352
Minority interest on net assets	**632.898**	819.787

Minority interest derives from the 35% of share capital of Gregory's Romania SA held for the period up to 22 July 2004. As from 23 July 2004 minority interest derives from the 56% of the share capital of Gregory's Romania SA

	2005 EUR	2004 EUR
6. GOODWILL		
Balance as at 1 January	**1.137.945**	1.216.404
Less:		
Impairment of Goodwill	**-**	(11.875)
Amortisation for the year	**-**	(66.584)
Balance as at 31 December	**1.137.945**	1.137.945

Goodwill as at 31 December 2005 relates to the acquisition of 65% of the share capital of Gregory's Romania S.A., and the acquisition of 100% of share capital of Blue River Management Services Limited.

Goodwill is any excess of the cost of the acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the exchange transaction and is recognised as an asset.

Up to 31 December 2004, goodwill was amortised with IAS22, over 20 years. As from 1 January 2005 the Group adopted IFRS 3 "Business Combinations", which prohibits goodwill to be amortized but instead to be tested annually for impairment and to be carried at cost less accumulated impairment losses.

GREGORY'S MICROMEALS INTERNATIONAL LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

7. INTANGIBLE ASSETS

	2005 EUR	2004 EUR
Cost		
Balance as at 1 January	**120.413**	39.221
Additions	**59.430**	85.264
Disposals	**-**	(4.072)
Exchange differences	**225**	
Balance as at 31 December	**180.068**	120.413
Amortisation		
Balance as at 1 January	**25.243**	24.717
Charge for the year	**33.936**	7.883
Disposals	**-**	(4.072)
Impairment charge	**13.894**	-
Exchange differences	**(1.946)**	-
Other provisions of amortisation – prior year	**-**	(3.285)
	71.127	25.243
Net book value as at 31 December	**108.941**	95.170

8. FIXED ASSETS

FIXED ASSETS	Land EUR	Asset in Progress EUR	Refurbish-ment of buildings EUR	Equipments EUR	Control devices EUR	Motor vechicles EUR	Furniture EUR	Total EUR
Cost:								
B/ce as at 1 January		32.891	891.390	641.835	45.603	43.179	211.768	1.866.666
Additions	66.085	171.622	208.599	94.728	7.086	56.976	59.693	664.789
Disposals		(198.782)	(28.470)	-	-	(14.678)	-	(241.930)
Exchange differences on retranslation		(3.413)	(83.841)	(97.931)	(2.180)	(6.347)	(6.372)	(200.084)
Balance as at 31 December 2005	**66.085**	**2.318**	**987.678**	**638.632**	**50.509**	**79.130**	**265.089**	**2.089.441**
Depreciation:								
Balance as at 1 January	-	-	216.640	148.997	24.413	17.008	26.195	433.253
Charge for the year	-	-	97.749	62.844	12.136	8.346	64.394	245.469
Impairement	-	-	14.767	-	-	-	-	14.767
Disposal	-	-	(14.125)	-	-	(8.679)	-	(22.804)
Exchange differences on retraslation	-	-	5.272	(1.866)	1.122	735	342	5.604
Balance as at 31 December 2005	**-**	**-**	**320.303**	**209.975**	**37.671**	**17.409**	**90.931**	**676.289**
Net book value as at 31 December 2005	**66.085**	**2.318**	**667.375**	**428.657**	**12.838**	**61.721**	**174.158**	**1.413.152**
Net book value as at 31 December 2004	-	32.891	674.750	492.838	21.190	26.171	185.573	1.433.413

9. STOCKS

	2005 EUR	2004 EUR
Raw materials	**22.089**	15.878
Goods purchase for resale	**20.154**	-
Finished goods	**2.992**	18.101
Packaging	**9.908**	8.014
Other consumables	**24.447**	19.885
	79.590	61.878

GREGORY'S MICROMEALS INTERNATIONAL LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

	2005	2004
	EUR	EUR
10. DEBTORS		
Other debtors and prepayments	**686.108**	790.663
	686.108	790.663

Other debtors as at 31 December 2005 includes Euro 375.000 relating to amounts to be used for the increase of the shareholding of the parent company in Gregory's Romania SA. This increase is expected to take place in 2006.

	2005	2004
	CYP	CYP
11. SHARE CAPITAL		
Authorised share capital		
1.305.252 ordinary share of CYP 1 each	**1.305.252**	1.305.252
	EUR	EUR
Issued and fully paid		
1.305.252 ordinary share of C£1 each	**2.271.353**	2.271.353

The share capital is denominated in Cyprus Pounds and it was translated to Euro using the exchange rate ruling at the date of the issue.

12. BORROWINGS		2004	2003
Non-current	**Maturity**	**EUR**	EUR
Bank loan	20.06.2006	-	233.179
		-	233.179
Current			
Bank loan	11.02.2005	-	229.609
Bank loan	24.06.2005	-	39.973
Bank loan	31.03.2006	**530.104**	-
Bank loan	31.12.2006	**178.152**	-
		708.256	269.582

Bank loans are secured with guarantees issued by the ultimate parent company Gregory's Microgevmata S.A.

GREGORY'S MICROMEALS INTERNATIONAL LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 EUR	2004 EUR
13. FINANCES		
Finance leasing – payable within 2-5 years	**43.724**	3.467
Finance leasing – payable within 1 year	**22.372**	5.877
	66.096	9.344

	EUR	EUR
14. CREDITORS		
Trade creditors	**358.994**	173.330
Shareholders account	**177.448**	181.699
Other creditors and accruals	**196.808**	133.245
	733.250	488.274

	EUR	EUR
15. AMOUNTS DUE TO RELATED PARTIES		
Gregory's Microgeymata S.A	**-**	841

The company's ultimate controlling party is Gregory's Microgevmata SA, incorporated in Greece, which owns 99,99% of the company's shares

All transactions with related parties were made at arm's length prices.

16. RISK MANAGEMENT

Through the operations of the subsidiary company Gregory's Romania S.A. in Romania, the Group is subject to both currency and market risk.

Currency risk

The economy of Romania is currently under restructure and development. This influences directly and indirectly the Company's activities. The high level of inflation and the significant currency devaluation over hard currencies increase the risk of losses in value in respect of net monetary assets held in ROL.

Market risk

The Romanian economy is undergoing several political, legal and economical changes, leading to uncertainties concerning the future of this economy. Therefore management is unable to predict what changes might take place in Romania and what effect these will have on the financial position of the company regarding operations, going concern and cash flows of the company.

17. FAIR VALUES

The fair values of the company's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

18. GOING CONCERN

As at 31 December 2005, the subsidiary Gregory's Romania S.A., incurred a loss of EUR 341.238 and the actual financial structure of the company shows net current liabilities in amount of EUR 1.087.741.

Also the company and its subsidiaries are fully dependant on the continuation of significant financial support from the ultimate parent company Gregory's Microgevmata SA and its ability to roll over their obligation in the future.

The actual financial statements do not include any adjustments that may be necessary if the entity is unable to continue as a going concern.

19. SHARE CAPITAL INCREASE

The following note is applicable for the subsidiary company Gregory's Romania SA:

According to article 158 from the Romanian Commercial law no 31/1990, in case the company incur losses that are half of the share capital, the administrators of the company should convene the Extraordinary Assembly of Shareholders in order to decide whether to capitalize the company, or to decrease it up to the value of the net assets.

The Shareholders of the company did not take any decision relating to the above issue until the moment of the issuance of the financial statements. This will be due after the preparation of the statutory financial statements for the year ended 31 December 2005, which are due on 30 April 2006.