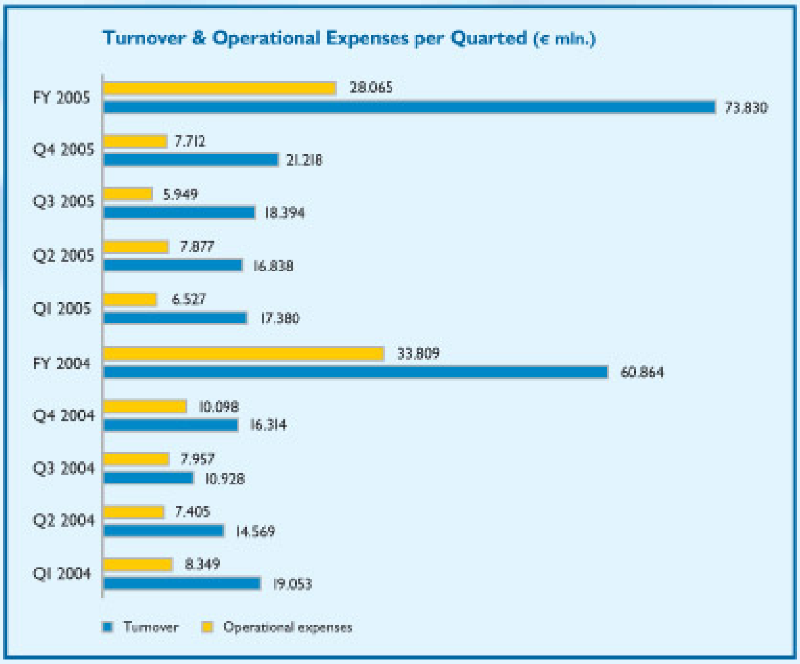
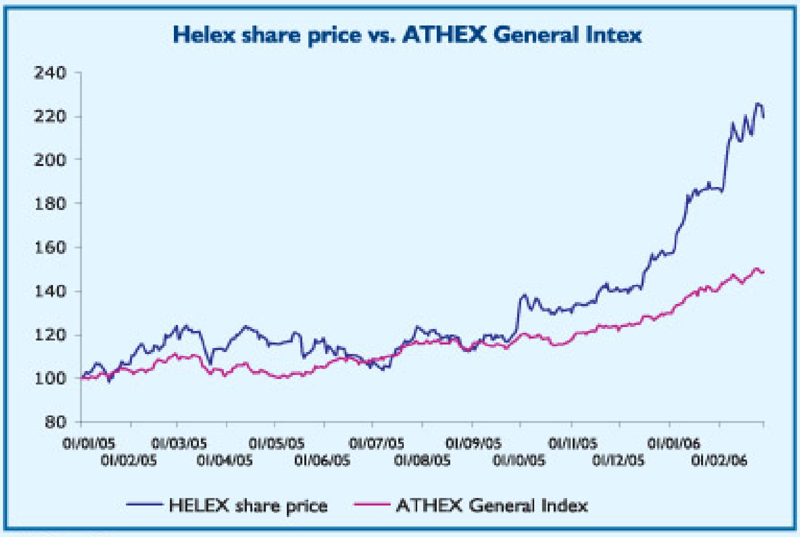
# Hellenic Exchanges Holding S.A. Annual Report and Review of the 5th Fiscal Year

# 2005

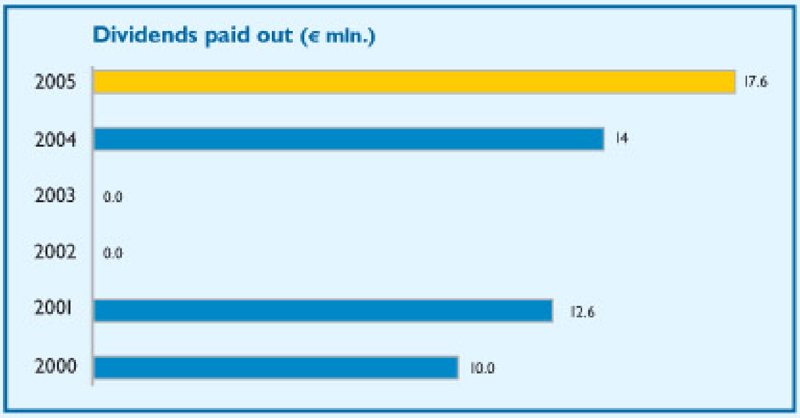
HELLENIC EXCHANGES HOLDING S.A.




* 1/1/2005 = 100

** HELEX share price has been adjusted for the share capital return of €2.05 per share.




* FY 2000 dividend is an interim dividend for the first FY of the Company (2000-2001), which was more than 12 months.

** Dividend for FY 2005 is the proposal by the BoD to the Annual General Shareholders Meeting

| HELENIC EXCHANGES GROUP: Financial Highlights | | | | |
|---|---|---|---|---|
| (International Accounting Standards, amounts in € mln unless otherwise noted) | | 2005 | 2004 | Change% |
| **Consolidated Income Statement** | | | | |
| Turnover | | 73.830 | 60.864 | 21% |
| Hellenic Capital Market Commission Fee | | 4.175 | 2.973 | 40% |
| Operating Expenses | | 28.065 | 33.809 | -17% |
| EBITDA | | 41.590 | 24.082 | 73% |
| Depreciation | | 2.951 | 4.082 | -28% |
| Operating Result (EBIT) | | 38.639 | 20.000 | 93% |
| Financial income and capital income | | 4.736 | 26.902 | -82% |
| Profits before taxes | | 43.375 | 46.902 | -8% |
| Income Tax | | 16.257 | 13.289 | 22% |
| Minority interest | | 0.017 | 0.025 | -32% |
| Net profit after taxes | | 27.101 | 33.588 | -19% |
| | | | | |
| **Consolidated Cash Flow Statement** | | | | |
| Total cash flows from operating activities | | 30.195 | 26.471 | 14% |
| Total cash flows from investment and financial activities | | -128.306 | 95.539 | -234% |
| | | | | |
| **Consolidated Balance Sheet (December 31st)** | | | | |
| Cash at hand and at bank | | 179.674 | 277.785 | -35% |
| Other current assets | | 10.350 | 39.501 | -74% |
| Noncurrent assets | | 45.046 | 48.957 | -8% |
| Total Assets | | 235.070 | 366.243 | -36% |
| | | | | |
| Short-term liabilities | | 25.071 | 24.599 | 2% |
| Long-term liabilities | | 7.812 | 8.855 | -12% |
| Own Capital | | 202.187 | 332.789 | -39% |
| Total Liabilities & Stockholders' Equity | | 235.070 | 366.243 | -36% |
| | | | | |
| **Performance Indicators** | | | | |
| Profit per share | € | 0.39 | 0.47 | -18% |
| Dividend per share[1] | € | 0.25 | 0.20 | 25% |
| Dividends distributed[1] | | 17.558 | 14.046 | 25% |
| Cash flows from operating activities per share | € | 0.43 | 0.37 | 15% |
| Employees (year end) | | 385 | 417 | -8% |
| Sales revenue per employee | € | 191.766 | 145.957 | 31% |
| Operating expenses per employee | € | 72.896 | 81.077 | -10% |
| EBITDA Margin | % | 56.3% | 39.6% | 42% |
| EBIT Margin | % | 52.3% | 32.9% | 59% |
| Net profit margin | % | 36.7% | 55.2% | -33% |
| Return on Equity (ROE) | % | 13.4% | 10.1% | 33% |
| | | | | |
| **Market Indicators** | | | | |
| **ATHEX (Cash Market)** | | | | |
| Value of transactions | € bn. | 52.479 | 35.642 | 47% |
| Average daily value of transactions | | 210 | 141 | 49% |
| Transaction volume (shares) | bn. | 7.089 | 6.068 | 17% |
| Number of transactions | mln. | 9.173 | 9.027 | 2% |
| | | | | |
| **ATHEX (Derivatives Market)** | | | | |
| Transaction volume (contracts) | mln. | 5.391 | 5.260 | 2% |
| Transaction nominal value | € bn. | 34.847 | 32.964 | 6% |
| | | | | |
| **ATHEX (Listed Companies)** | | | | |
| Raised capital | € bn. | 4.309 | 0.540 | 698% |
| ATHEX capitalization (year end) | € bn. | 123.033 | 92.140 | 34% |
| | | | | |
| **HELEX Share** | | | | |
| Opening price[2] (January 1st) | € | 7.60 | 6.54 | 16% |
| Year maximum | € | 9.14 | 8.30 | |
| Year minimum | € | 5.92 | 5.48 | |
| Closing price (December 31st) | € | 8.96 | 7.60 | 18% |
| Regular dividend paid out[1,3] | € | 0.25 | 0.20 | 25% |
| Extraordinary dividend (Share capital return) paid out[1] | € | 1.25 | 2.05 | |

*1 Proposed dividend for FY 2005 – 2 Closing price on preceding trading day*
*3 Dividend for the FY, paid out in the next FY*

## Quarters at a glance (€ mln.)

| | Q1 | | Q2 | | Q3 | | Q4 | | FY | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| **Consolidated profit and loss statement** | | | | | | | | | | |
| Turnover | 17.380 | 19.053 | 16.838 | 14.569 | 18.394 | 10.928 | 21.218 | 16.314 | 73.830 | 60.864 |
| Capital Market Commission fee | 0.983 | 0.967 | 0.876 | 0.707 | 1.125 | 0.487 | 1.191 | 0.812 | 4.175 | 2.973 |
| Operational expenses | 6.527 | 8.349 | 7.877 | 7.405 | 5.949 | 7.957 | 7.712 | 10.098 | 28.065 | 33.809 |
| EBITDA | 9.870 | 9.737 | 8.085 | 6.457 | 11.320 | 2.484 | 12.315 | 5.404 | 41.590 | 24.082 |
| Depreciation | 0.782 | 1.135 | 0.725 | 1.010 | 0.677 | 0.917 | 0.767 | 1.020 | 2.951 | 4.082 |
| EBIT | 9.088 | 8.602 | 7.360 | 5.447 | 10.643 | 1.567 | 11.548 | 4.384 | 38.639 | 20.000 |
| Financial and capital income | 1.264 | 3.963 | 1.648 | 5.616 | 0.636 | 1.887 | 1.188 | 15.436 | 4.736 | 26.902 |
| Profits before tax | 10.352 | 12.565 | 9.008 | 11.063 | 11.279 | 3.454 | 12.736 | 19.820 | 43.375 | 46.902 |
| Income tax | 2.547 | 6.143 | 3.710 | 3.013 | 4.828 | 2.495 | 5.172 | 1.638 | 16.257 | 13.289 |
| Minority interest | 0.003 | 0.008 | 0.004 | 0.004 | 0.004 | 0.006 | 0.006 | 0.007 | 0.017 | 0.025 |
| Net profit after tax | 7.802 | 6.414 | 5.294 | 8.046 | 6.447 | 0.953 | 7.558 | 18.175 | 27.101 | 33.588 |

| | Q1 | | Q2 | | Q3 | | Q4 | | FY | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| **Turnover breakdown** | | | | | | | | | | |
| Cash market | 12.731 | 11.482 | 10.679 | 8.271 | 12.550 | 5.793 | 13.835 | 10.348 | 49.795 | 35.894 |
| Derivatives market | 1.605 | 2.719 | 1.637 | 2.245 | 1.717 | 1.594 | 1.692 | 2.142 | 6.651 | 8.700 |
| Listed Companies and listing fees | 1.578 | 2.529 | 3.315 | 2.245 | 2.326 | 1.668 | 3.812 | 1.500 | 11.031 | 7.942 |
| Data Vendors | 0.622 | 0.649 | 0.752 | 0.593 | 0.451 | 0.657 | 0.795 | 0.760 | 2.620 | 2.659 |
| Information Technology | 0.186 | 0.106 | 0.318 | 0.909 | 0.343 | 0.021 | 0.288 | 0.946 | 1.135 | 1.982 |
| Other activities | 0.658 | 1.568 | 0.137 | 0.306 | 1.007 | 1.195 | 0.796 | 0.618 | 2.598 | 3.687 |
| **Total** | **17.380** | **19.053** | **16.838** | **14.569** | **18.394** | **10.928** | **21.218** | **16.314** | **73.830** | **60.864** |

| | Q1 | | Q2 | | Q3 | | Q4 | | FY | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| **Operational Expenses breakdown** | | | | | | | | | | |
| Staff salaries and expenses | 3.373 | 4.260 | 5.225 | 4.254 | 3.688 | 4.626 | 3.363 | 4.449 | 15.649 | 17.589 |
| Third party fees and expenses | 0.473 | 1.099 | 0.430 | 0.168 | 0.527 | 0.822 | 1.037 | 0.707 | 2.467 | 2.796 |
| Repairs / Maintenance / IT Support | 0.611 | 0.645 | 0.791 | 1.039 | 0.528 | 0.542 | 0.662 | 0.651 | 2.592 | 2.877 |
| VAT deductible | 0.500 | 0.574 | 0.260 | 0.318 | 0.216 | 0.420 | 0.236 | 0.443 | 1.212 | 1.755 |
| Building rents | 0.328 | 0.464 | 0.281 | 0.250 | 0.364 | 0.500 | 0.189 | 0.411 | 1.162 | 1.625 |
| Telecoms | 0.295 | 0.346 | 0.230 | 0.206 | 0.252 | 0.296 | 0.158 | 0.288 | 0.935 | 1.136 |
| Marketing and advertising expenses | 0.032 | 0.111 | 0.068 | 0.076 | 0.059 | 0.122 | 0.101 | 0.104 | 0.260 | 0.413 |
| Other expenses | 0.915 | 0.850 | 0.592 | 1.094 | 0.315 | 0.629 | 1.966 | 3.045 | 3.788 | 5.618 |
| **Total** | **6.527** | **8.349** | **7.877** | **7.405** | **5.949** | **7.957** | **7.712** | **10.098** | **28.065** | **33.809** |

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# Consolidated Management Report

# CONSOLIDATED MANAGEMENT REPORT PREPARED BY THE BOARD OF DIRECTORS OF THE COMPANY "HELLENIC EXCHANGES HOLDING S.A." AND ITS SUBSIDIARIES "ATHENS STOCK EXCHANGE S.A.", "CENTRAL SECURITIES DEPOSITORY S.A.", "ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE S.A." and "THESSALONIKI STOCK EXCHANGE CENTRE S.A." Companies Reg. No. 45688/06/B/00/30 TO THE ANNUAL GENERAL SHAREHOLDERS MEETING

Dear Shareholders,

The fiscal year that ended on 31.12.2005 is the fifth for which "HELLENIC EXCHANGE S.A. HOLDING" was the head (parent) company, while up to and including fiscal year 1999 the head company of the Group was "Athens Stock Exchange S.A." The companies that are consolidated, as well as the participation of our Company in them, are described in detail in the notes to the financial statements for the year, which have been prepared in accordance with IFRS. The consolidation was with the full consolidation method for all consolidated companies.

The Greek capital market showed an increased dynamism both in 2005 as well as in the first two months of 2006, and as a result in the middle of February (10.2.2006), the Athens General Index is at the highest level of the past sixty four months. The average daily trading turnover in the Athens Exchange cash market in 2005 was €210 million, approximately 49% higher than last year and 2003 (the average daily trading turnover in 2003 and 2004 was €141 mln). It is indicative that in the second half of 2005, the average daily value of transactions in the Athens Exchange was approximately 83% higher compared to the same period in 2004. The increase in trading activity reflects both the increase in the trade volume (shares) by 18% in 2005 (28.4 million shares daily in 2005 vs. 24 million shares daily in 2004) as well as the overall increase in share prices by 32% (ATHEX General Index) in 2005.

In the derivatives market, despite the fact that the second half showed a trading volume increase of 32% compared to the corresponding period last year, for the year as a whole trading volume was only 3.7% higher compared to 2004.

## 1. DEVELOPMENTS IN THE GROUP'S BUSINESS

The revenues of the HELEX Group are determined, to a large extent, by factors over which it has no influence, since they are connected with developments in the Greek capital market, which in turn are affected by a series of factors such as, the financial results of listed companies, fundamental macroeconomic data of the Greek economy as well as developments in international capital markets.

For the Group, important sources of income are, besides the fees from transactions on Athens Exchange and the Derivatives Markets which are collected from Members, income from orders and Member terminals, income from subscriptions and share capital increases of listed companies, income from market data vendors, income from information technology support, education services etc. More than 75% of operating income is derived from transactions at Athens Exchange.

Contrary to revenues, which cannot be controlled by the companies of the Group, on the cost side coordinated efforts are being made to further curtail them with the aim of reducing negative consequences in the financial results of the Group by possible adverse developments in the market. The results of the cost reductions are apparent in the balance sheet which is being presented for approval.

## 2. DEVELOPMENTS IN THE COMPANY'S BUSINESS

The results of the reorganization, which begun with the privatization of the Company and the assumption of management by the six banks and the Greek Postal Savings Bank, are apparent in the financial statements of 2005, with the reduction in operating costs, while the benefit from these actions is expected to also affect the following fiscal years.

In 2005, HELEX returned to its shareholders part of its share capital and in particular €143,972,449.15 which amounted to €2.05 per share. Furthermore, it distributed ordinary dividend of €0.20 per share for the first time since fiscal year 2001.

Furthermore HELEX, following the decision on 19.9.2005 of the first Repetitive General Shareholders Meeting, decided to reduce its share capital by €2,573,130.00, due to the cancellation of 857,710 own common registered shares, which were the result of a share buy-back, according to the provisions of article 16 of Common Law 2190/1920 as it applies, with a face value of €3 per share. Thus the share capital of the Company amounts to €210,691,389 and is divided into 70,230,463 common registered shares with a par value of €3 each.

For the HELEX Group, fiscal year 2005 can be characterized as the year of implementing the operational restructuring according to the plan chosen by Management for implementation. The main characteristic of this reorganization is the concentration of similar activities in HELEX, which will provide these services to the other companies of the Group. A result of these steps is the reduction in operating cost, the achievement of synergies, as well as an increased work effectiveness. Despite the fact that the results of the reorganization are apparent in the financial statements of 2005, with the reduction in operating costs the benefit from these actions is expected to continue in the coming years.

From 1.1.2005, the HELEX Group and all companies of the Group are applying the International Financial Reporting Standards (IFRS) and as a result the financial statements of the Group of 31.12.2005 have been prepared according to financial principles and policies which have been adopted by the Board of Directors of the Company and are in accordance with those standards. The effect on the results from the adoption of IFRS was not material in fiscal year 2005.

The Group's total income amounted to €73.8 million vs. €60.9 million for the corresponding period last year, an increase of 21%, of which more than 75% is derived from the trading, clearing and settlement of transactions in the cash and derivatives markets of the Athens Exchange.

The net profit of the Group for 2005, after deducting income taxes amounted to €27.1 mln vs. €33.6 mln in 2004, a decrease of 19%. It is noted that in the corresponding period last year, the Group realized a profit from liquidating its stock portfolio in the amount of €24.0 million. We remind you that that at the end of 2004 HELEX Group liquidated its entire stock portfolio. The resultant effective tax rate on consolidated earnings is larger than the nominal tax rate in effect because - during the fiscal year - there were intra-Group transactions. This resulted in the sum of the taxable profits being much larger than the accounting profits, since tax is assessed on the individual companies and not on consolidated profits. Therefore the tax rate calculated on the accounting profits increases since the corresponding taxable profits are larger. With the completion of the planned mergers of companies of the Group, within the year, this problem will have been resolved to a large extent.

In specific income categories, income from the cash market, which includes income from the trading and clearing of transactions, amounted to €49.8 million vs. €35.9 million for the corresponding period in 2004, an increase of 39%.

Income from the derivatives market amounted to €6.7 million vs. €8.7 million in 2004, a reduction of 24%. The average daily number of contracts for 2005 was 21.6 thousand, increased by 3.7% compared to last year. This reduction in income is due to the significant reduction in the pricing policy for derivative products implemented by the Group from 1.1.2005, with had the aim of making these products more attractive to final investors.

Income from listed companies and new listings shows a increase of 39% and amounts to €11.0 million vs. €7.9 million for the same period last year, mainly due to an increase in income from public offerings by listed companies (Agricultural Bank €1.2 million), as well as an increase in the average annual capitalization of Athens Exchange by 22% in 2005.

Other income amounted to €6.4 million vs. €8.3 million in 2004. More than 40% of other income (€2.6 million) is derived from data feed vendors. The reduction in other income was mainly the result of:

- The reduction in income from off-exchange transaction rights and usufruct rights by €0.34 mln,
- The reduction in income from subsidies (TSEC) and studies/ programs by €0.40 mln,
- The reduction in income from Greek Government securities by €0.22 mln,
- The reduction in fixed asset subsidies by €0.23 mln,
- The reduction in income from presentations - events by €0.23 mln etc.

The Group's total expenses for 2005 amounted to €28.1 million vs. €33.8 million in 2004, i.e. a reduction of 17%. All cost drivers post a reduction as a result of the operational restructuring of the Group.

Personnel costs account for approximately 56% of the Group's total operating expenses, and in 2005 amounted to €15.6 mln, compared to €17.6 mln for last year, a reduction of approximately 11%.

The third party fees and expenses category includes the remuneration of outside consultants and associates of the Group. In 2005 the third party fees and expenses amounted to €2.5 mln compared to €2.8 mln in 2004, a decrease of 12%. It should be noted that the decrease would have been larger, had during the fourth quarter of 2005 the account "Remuneration and expenses of third parties" not been burdened with an additional amount of €0.2 mln for fees of the consultant of the Group for the construction of the building, and €0.2 million for the fee of a company collaborating with the Group on the project the Group has undertaken to the Capital Market Committee of Egypt.

The repairs/ maintenance/ IT support category consists of expenses for the maintenance of the Group's technical infrastructure, support for the IT systems (technical support for the electronic trading platforms, databases etc.). Repair and maintenance expenses amounted to €2.6 mln in the 2005 compared to €2.9 mln for the previous year, a decrease of approximately 10%.

Other expenses amounted to €3.8 mln vs. €5.6 mln in 2004, a reduction of approximately 33%. Other expenses includes subscriptions/ fees to various organizations, publication expenses, stationery and other consumables, transportation and travel expenses, premises security etc.

## 3. THE COMPANY'S FINANCIAL POSITION

The Group's financial position remains strong, with an equipment book value of €41.3 mln, own capital of €202.7 mln, and cash or cash equivalents of €179.6 mln. The liabilities of the Group along with various provisions do not exceed the amount of €33.0 mln.

Following this indication of positive results, the Board of Directors proposed the distribution of dividend to shareholders of €0.25 per share, vs. a dividend of €0.20 in the previous year. The total amount that will be distributed amounts to €17.6 mln for the 70,230,463 shares.

Furthermore, given that HELEX's own capital amounts to €202.2 mln, an amount that is large compared to its needs, the Company is in a position to effect a real reduction in its share capital through the decrease in the share's par value and in particular with a reduction of €87,788,078.75 in the Company's share capital through a reduction in the par value of each share of €1.25 and its distribution to shareholders, so that the par value of each share will be reduced from €3 to €1.75.

## 4. OTHER IMPORTANT INFORMATION

In the last few months a significant increase in trading activity in ATHEX is observed. The average daily value of transactions in the ATHEX cash market from 1.1.2006 to 15.2.2006 amounted to €384 mln, an increase of 83% compared with the average daily value of transactions in 2005 (€210 mln). The average daily transaction volume during the same period amount to 56.3 mln shares, increased by 99% compared to 2005 (28.4 mln shares). In the derivatives market, the average daily volume of transactions amounts to 30.5 thousand contracts, an increase of 42% compared to 2005 (21.6 thousand contracts).

Based on the above, we ask that the Shareholders approve the consolidated financial statements of the Company for the fiscal year ended on 31.12.2005, as well as the proposals of the Board of Directors for the dividend and the capital return to shareholders.

**Athens, February 16th 2006**
**THE BOARD OF DIRECTORS**

We confirm that this report consisting of five (5) pages is the same as that referred to in our audit report dated February 16th 2006

**Athens, February 16th 2006**
**THE CHARTERED AUDITORS - ACCOUNTANTS**

| | |
|---|---|
| **Nikolaos G. Moustakis** | **Despina Xenaki** |
| **ICAA (GR) Reg. No. 13971** | **ICAA (GR) Reg. No. 14161** |
| **ERNST & YOUNG** | **S.O.L.** |

# Management Report

# MANAGEMENT REPORT
# OF THE BOARD OF DIRECTORS OF THE COMPANY
# "HELLENIC EXCHANGES HOLDING S.A."
# Companies Reg. No. 45688/06/B/00/30

## TO THE ANNUAL GENERAL SHAREHOLDERS MEETING

Dear shareholders,

We submit to the General Meeting the attached financial statements of the Company for the period from 01.01.2005 to 31.12.2005 with our comments on them and we request their approval.

The financial statements of this fiscal year were prepared, for the first time, under I.F.R.S.

### I. DEVELOPMENT OF THE COMPANY'S BUSINESS

2005 was a very important year for the HELEX Group, since the implementation of the operational restructuring moved forward, according to the schedule that Management has decided to implement. The main characteristic of this reorganization is the concentration of similar activities in HELEX, which will provide these services to the other companies of the Group. A result of these steps is the reduction in operating cost, the achievement of synergies, as well as increased work effectiveness. Despite the fact that the results of the reorganization are apparent in the financial statements of 2005, with the reduction in operating costs the benefit from these actions is expected to continue in the coming years.

From 1.1.2005, the HELEX Group and all companies of the Group are applying the International Financial Reporting Standards (IFRS) and as a result the financial statements of the Group of 31.12.2005 have been prepared according to financial principles and policies which have been adopted by the Board of Directors of the Company and are in accordance with those standards. The effect on the results from the adoption of IFRS was not material in fiscal year 2005.

With the respective decisions of 23.2.2005 and 28.2.2005 of the Boards of Directors of "Systems Development and Support House of the Capital Market S.A." and HELEX respectively, the merger of the two companies was approved. In particular, the transformation balance sheet of the absorbed company of 31.12.2003 and the "Report on the certification of the book value of the assets of 'Systems Development and Support House of the Capital Market S.A.' (ASYK)" of 16.7.2004, the Draft Merger Agreement of 13.7.2004, whose contents became the final Merger Agreement, which was drafted in notary form as required by law (Deed No. 3494/4.3.2005 and Deed of Amendment No. 3503/15.3.2005 prepared by the Athens based Notary Public Ioannis Kollias). This was followed by approval of the merger by the Ministry of Development (Decision No. K2-3091/18.3.2005) and entry of that approving decision in the Companies Register.

In June 2005, following the relevant decision taken by the HELEX Board of Directors, the Company acquired 85 shares of TSEC which were held by a third shareholder, at €58 per share, thus increasing its direct participation in the subsidiary company to 66.10%

The following table lists the participations of the Company with the acquisition values and respective valuations:

| HELEX Participations (amounts in €) | Participation % | Acquisition value | Valuation Dec. 2005 | Difference between acquisition and 12.05 valuation |
|---|---|---|---|---|
| Athens Exchange | 98.19% | 283,641,237 | 253,619,673 | 30,021,564 |
| Central Securities Depository | 61.81% | 105,776,747 | 69,713,602 | 36,063,145 |
| Athens Derivatives Exchange Clearing House | 53.58% | 33,493,195 | 26,737,044 | 6,756,151 |
| Thessaloniki Stock Exchange Centre | 66.10% | 4,073,353 | 3,833,800 | 239,553 |
| | | **426,984,532** | **353,904,119** | **73,080,413** |

The larger part of the income shown in the financial statements for fiscal year 2005 in the amount of €56.8 mln arises from dividends received by HELEX from its subsidiaries. The remaining income comes from information technology services provided by the Company as well as the placement of the cash and cash equivalent of the Company in the cash and bond market.

During 2005, in the fifth fiscal year of HELEX, the Company closely followed the direction set by the Group for cost reductions at all levels. At this point, it should be noted that at the beginning of 2005 the Company employed as permanent staff 7 persons, while at the end of 2005, after the merger with ASYK and the end of the operational restructuring, the Company employed 86 persons.

Profits before taxes in 2005 amounted to €54.1 mln vs. €34.9 mln in 2004, posting an increase of 55%.

The main aspects of the financial statements for the fiscal year are the following:

- Operating costs for the Company, excluding depreciation, amounted to €5.4 mln vs. €1.7 mln in the previous fiscal year. As mentioned before, the Company's expenses are not comparable, since in 2005 the personnel employed by the company increased from 7 to 86, as a result of the merger with ASYK and the operational restructuring.
- Dividend income amounted to €56.8 mln vs. €28.7 mln in the previous fiscal year, posting an increase of 98%. This income came from the companies:

| Company | Fiscal Year | Amount (€ mln) |
|---|---|---|
| Athens Exchange | Dividend for the fiscal year from 1.1.04 to 31.12.04 | 54.225 |
| Central Securities Depository | | 1.706 |
| Athens Derivatives Exchange Clearing House | | 0.857 |
| Interim dividend CSD | | 0.042 |
| | | **56.830** |

- Depreciation expenses amounted to €175 thousand vs. €10 thousand in the previous fiscal year.

## 2. THE COMPANY'S FINANCIAL POSITION

The Group is in excellent financial health with non-depreciated assets valued at €19.6 mln, own capital in the amount of €376.0 mln, and cash at hand or easily liquidated in the amount of €841 thousand. The liabilities of the Company including various provisions do not exceed the amount of €1.3 mln.

A positive consequence of all this is the fact that the Company is in a position to distribute to shareholders a dividend of €0.25 per share. The total amount that will be distributed amounts to €17.6 mln for the 70,230,463 shares.

Furthermore, given that the share capital of HELEX amounts to €210,691,389.00, an amount which is large compared to its needs, since the excess liquidity that exists at the Group level leads it to an uneconomical engagement of capital, the Company is in a position to effect a real reduction in its share capital by a reduction in the par value of the share; specifically in a reduction in share capital by the amount of €87,788,078.75 by a reduction in the share price of each share by €1.25 and its distribution to shareholders, so that the par value of each share is reduced from €3.00 to €1.75.

The balance sheet presented for approval is excellent, as noted also by the chartered auditors in their report.

## 3. FORECAST COMPANY PERFORMANCE

The revenues of the HELEX Group are determined, to a large extend, by factors over which it has no influence, since they are connected with developments in the Greek capital market, which in turn are affected by a series of factors such as, the financial results of listed companies, fundamental macroeconomic data of the Greek economy as well as developments in international capital markets.

The revenues of the HELEX Group depend almost entirely on the volume and the value of transactions on stocks which take place on Athens Exchange and the Derivatives Market. The Greek capital market is showing an increased dynamism in 2005 as well as in the first two months of 2006, and as a result in the middle of February (10.2.2006), the Athens General Index is at the highest level of the past sixty four months. The average daily trading turnover in the Athens Exchange cash market in 2005 was €210 million, approximately 49% higher than 2004. It is indicative that in the second half of 2005, the average daily value of transactions in the Athens Exchange was approximately 83% higher compared to the same period in 2004. In the derivatives market, despite the fact that the second half showed a trading volume increase of 32% compared to the corresponding period last year, the trading volume was only 3.7% higher compared to 2004. This fact makes us optimistic for an even better course in the future.

Contrary to revenues, whole size is determined by developments in the markets, on the cost side coordinated efforts are being made to further curtail them with the aim of reducing negative consequences in the financial results of the Group by possible adverse developments in the market. The results of the cost reductions are apparent in the balance sheet which is being presented for approval.

### 4. SECURITIES HELD BY THE COMPANY

HELEX held, at the beginning of 2005, 857,710 own shares with an average cost of €5.52 per share, which were excluded from the share capital. With the decision of the 1st Repetitive General Meeting of shareholders on 19.9.2005, it was decided to reduce the Company's share capital by the amount of two million five hundred seventy three thousand one hundred thirty euro (€2,573,130), by canceling eight hundred fifty seven thousand seven hundred ten (857,710) own common registered shares, which were the result of share buyback, according to the provisions of article 16 of Common Law 2190/1920, as it applies, with a face value of three euro (€3.00) each.

### 5. COMPANY REAL ESTATE

The Company owns a plot of land, located on 108-110 Athinon Ave., with a total surface area of 7,900.97 square meters.
The BoD of HELEX estimated that the needs of the Group, given the operational restructuring currently in progress, are covered by a building with a smaller total area. It therefore decided to issue a new tender invitation. This new tender included the alternative, besides payment in kind, the exchange of the real estate of the Company with an office building owned by the tenderer, provided that it covered the needs of the Group. A summary of the new tender invitation was published in the press on 7-9.2.2005 according to which the expression of interest by the candidates expired on 4.3.2005.

Based on the published tender for the expression of interest for participating in the negotiation for the construction or procurement of an office building appropriate for the HELEX Group's need, according to the published invitation of 24.1.2005, the Board of Directors decided on 19.9.2005 to award the project to the Company "Babis Vovos International Construction S.A.", that is the construction of an office building with a covered area of 6,700.00 square meters, with payment in kind and with a supplementary monetary consideration of seven million (€7,000,000) euro.

Next, in October 2005, a full dossier was registered with the authorities and the building permit is expected, following which, will be prepared between the Company and the construction company in execution of the above contract of 17.10.2005 the "pre-agreement for the transfer of a joint percentage of a plot of land and construction." Finally, it is noted that the excavation and foundation permit has been received and these works, preparatory to the construction of the office building at the plot of land of the Company, have already commenced.

The headquarters of the Company are in Athens on 1 Pesmazoglou St, on a leased property owned by Athens Exchange, with an area of 293.72 square meters.

### 6. OTHER IMPORTANT INFORMATION FOR THE TIME PERIOD AFTER 31.12.2005

There is no other important information. Following the above, we ask that the shareholders approve the financial statements of the Company for the fiscal year ended on 31.12.2005.

**Athens, February 16th 2006**
**THE BOARD OF DIRECTORS**

We confirm that this report consisting of five (5) pages is the same as that referred to in our audit report dated February 16th 2006.

**Athens, February 16th 2006**
**THE CHARTERED AUDITORS - ACCOUNTANTS**

| | |
|---|---|
| **Nikolaos G. Moustakis** | **Despina Xenaki** |
| **ICAA (GR) Reg. No. 13971** | **ICAA (GR) Reg. No. 14161** |
| **ERNST & YOUNG** | **S.O.L.** |

# I. Information about Preparation of the Annual Report and the Company's Auditors

This annual report was prepared in accordance with provisions of the relevant legislation and includes information on the operation of "HELLENIC EXCHANGES HOLDING S.A." (the "Company") in the fifth fiscal year. This annual report contains all information and financial data necessary for a proper assessment of the assets, financial status, results and prospects of the company by investors and their investment advisers.

The data contained in this report relates to the period up to 31st December 2005, with corresponding data-wherever necessary- from 31st December 2004. Any exceptions are expressly noted.

Investors who are interested in more information and who wish to consult the documents referred to in the Annual Report can contact the Company at its offices during working hours at **1 Pesmazoglou St., GR-10559 Athens, Tel. 210-33 66 616, email: Investor-Relations@helex.gr (Investor Relations & Strategic Planning Department).** This Annual Report as well as the annual financial statements, the audit certificates and the management reports of the Board of Directors are also available in the Company's website: www.helex.gr.

The persons responsible for drafting this report and the accuracy of its contents are Mr. S. Capralos, CEO, based in Athens at 1 Pesmazoglou St., GR-105 59 Athens, Tel. 210-33 66 800 and Mr. Gikas Manalis, General Manager, based in Athens at 1 Pesmazoglou St., GR-105 59 Athens, Tel. 210-33 66 800.

The Board of Directors of the Company states that all members have been informed of the contents of this report and together with the persons who prepared it solemnly confirm that:

- All information and particulars contained in it are complete and true.
- There is no other data and no other events, which have taken place, the concealment, or omission of which could render all or part of the data information in this annual report misleading.
- There are no pending judicial disputes or arbitration cases against the Company or its subsidiaries which could have significant repercussions on its financial status, apart from those referred to in the annex of this annual report.

The audit of the Company's financial statements and its consolidated financial statements for 2004 and 2005 as well as all statements of accounts issued by the Company during its fourth and fifth fiscal year was conducted by the chartered auditors - accountants Mr. Nikolaos G. Moustakis (ICAA (GR) Reg. No. 13971), 11th Km Athens - Lamia National Road, GR-14551, Metamorfosi, and Mrs. Despina Xenaki (ICAA (GR) Reg. No. 14161), 11th Km Athens - Lamia National Road, GR-14551, Metamorfosi.

The chartered auditors-accountants' audit reports for the Company's and the consolidated financial statements for fiscal year 2005 are included in the appendix.

# 2. General Information about the Company

## 2.1 Legal Framework

HELEX was founded in accordance with the procedure in Para. 2 Article 51 of Law 2778/99. It is a public limited company (S.A.) governed by Codified Law 2190/1920 as in force from time to time. It should be noted that Article 51 of Law 2778/99 - according to which certain deviations from the provisions of Codified Law 2190/1920 were allowed- was repealed by paragraph 4 case 6 of Article 75 of Law 3371/2005 (Government Gazette A' 178/14.7.2005).

Furthermore, according to the provisions of article 18, paragraph 1 case 13 of Law 3152/2003, the provision of case 4 of paragraph 4 of article 51 of Law 2778/1999 was repealed. Accordingly, by decisions of the Shareholder's General Meeting, the company's Articles of Association were modified- in accordance with the provisions of article 16 of Law 3152/2003 - and the Board of Directors was elected - in accordance with the provisions of Law 2190/1920 and its Articles of Association.

The Company 'HELLENIC EXCHANGES HOLDING S.A.', trading as 'HELLENIC EXCHANGES', was established in 2000 (Government Gazette 2424/31.3.2000) and is registered in the Companies' Register with registration No. 45688/06/B/00/30. The duration of the company in accordance with its Articles of Association is two hundred (200) years, in other words up to 2200. Its head office is in the Municipality of Athens at 1 Pesmazoglou St., GR-10559, Tel. 210 - 33 66 800.

## 2.2 Scope of Activity

The Company, after the abovementioned repeal of article 51 of Law 2778/1999, which among others defined its scope, has the following scope according to article 2 of its Articles of Association, as it applies:

"1. The scope of the Company is to participate in companies and businesses of any legal form which are active in the support and operation of organized capital markets as well as the development of activities and the provision of services, compatible with the support and operation of organized capital markets, to the companies it participates and to third parties which participate in organized capital markets or support their operation.

2. In order to fulfill its abovementioned scope the Company may:
   a. Take any action, supplementary or supporting
   b. Cooperate with any natural person or legal entity in any way
   c. Participate in any business of any legal form having the same or similar objective, and in general to aim for objectives similar or supporting to the activity of the Company
   d. Participate in unions of persons in Greece and abroad
   e. Guarantee the liabilities of subsidiary and/ or connected companies
   f. Define the strategy of the companies in which it participates
   g. Coordinate individual activities of the companies in which it participates
   h. Coordinate and/ or ensure the legal support of the companies in which it participates
   i. Provide centrally supporting services, such as indicatively: financial management and logistical support, organization and quality control, information technology, marketing, administration and human resources, to the companies it participates
   j. Provide centrally services and personnel, such as indicatively under contract or on loan, to the companies it participates
   k. Provide educational services connected to matters of organized capital markets and companies in which it participates, including indicatively the products and services of markets, clearing systems and in general of operating markets, as well as to practice all kinds of related or relevant activities with the above."

After the completion of the share capital increase (by means of decisions of extraordinary General Meetings dated 28.12.2001 and 22.2.2002), and following the merger by absorption of the company "Athens Derivatives Exchange S.A" by "Athens Stock Exchange S.A." approved by the Ministry of Development on 30.8.2002, when the absorbing company changed its name to "Athens Exchange S.A.", and, after the acquisition of the 29.69% of the share capital of "Central Securities Depository S.A", and, finally, after the acquisition of 0.08% of the share capital of "Thessaloniki Stock Exchange Centre" held by a third party (see 2.3.3 below), HELEX directly participates in the share capital of the following companies as listed below:

- 98.19% of the share capital of Athens Exchange S.A.,
- 61.81% of the share capital of Central Securities Depository S.A.,
- 53.58% of the share capital of Athens Derivatives Exchange Clearing House S.A., and
- 66.10% of the share capital of Thessaloniki Stock Exchange Centre S.A.

Moreover, following the acquisition of 38.42% of the share capital of Systems Development and Capital Market Support S.A. (ASYK) the Company's direct holding in the capital of ASYK S.A. was 100% and it was merged by absorption by the Company (see 2.3.1 below).

## 2.3 Review of Work and Projects of the Company

### 2.3.1 Merger by absorption of the company "Systems Development and Support House of the Capital Market S.A." (ASYK) by the Company

The Boards of Directors of HELEX and ASYK at their meetings of 23.12.03 and 19.12.03 respectively decided to the merger by absorption of the latter into the former, after 100% of shares in the latter had been acquired by the former, based on the book balances in the transformation balance sheet accounts dated 31.12.2003 and according to the provisions of Articles 68 (2) and 69-78 of Codified Law 2190/1920 and Articles 1-5 of Law 2166/1993. The transformation balance sheet date for the absorbed company was 31.12.2003.

For this purpose the following steps were taken:

- The transformation balance sheet for the absorbed company ASYK was prepared dated 31.12.2003 in line with the above and was accepted by the Company as well as by the absorbed company with the decisions of their Boards of Directors dated 19.7.2004 and 16.7.2004 respectively, as the basis for consolidation of the assets and liabilities of the merging companies.
- It was decided that the transformation balance sheet should be audited by the chartered auditor - accountant Mr. Evangelos Paloumbis, and in case he was unable to conduct the audit by Mrs. Regina Loukissa, of the auditing firm SOL S.A.
- The chartered auditor Mr. Evangelos Paloumbis prepared on 16.7.2004 the "Report on the certification of the book value of the assets of 'Systems Development and Support House of the Capital Market S.A.' (ASYK)" certifying the book entries in the balance sheet dated 31.12.2003 in line with the provisions of Article 3 (2) of Law 2166/1993.
- The absorbing company (HELEX) acquired the shares of the absorbed company held by third party shareholders of ASYK as follows:

| ATHEX & THIRD SHAREHOLDERS OF ASYK | | | |
|---|---|---|---|
| **No.** | **Shareholder** | **Number of shares** | **% of participation in the share capital of ASYK** |
| 1. | ATHENS EXCHANGE S.A. | 167,250 | 37.16% |
| 2. | LEON DEPOLAS SECURITIES S.A. | 1,875 | 0.42% |
| 3. | S.E LAVRENTAKIS SECURITIES S.A. | 1,875 | 0.42% |
| 4. | KARAMANOF SECURITIES S.A. | 1,875 | 0.42% |
| | **Total** | **172,875** | **38.42%** |

- By a decision of the Ordinary General Meeting of shareholders in the company dated 23.6.2004 pre-approved the purchase of these shares by HELEX. The acquisition price for the ASYK shares held by the abovementioned securities firms was set at fifteen (€15) euro per share while it was set at twelve (€12) euro per share for those shares held by ATHEX. Purchase of the abovementioned ASYK shares by the Company was completed on 9.7.2004.
- The Boards of Directors of the companies to be merged entered into negotiations and drafted, through their legal representatives appointed by their decisions, the following merger agreements in line with Article 69 of Codified Law 2190/1920 as it applies. Following that the draft merger agreement was approved by the Boards of Directors of HELEX and ASYK based on their decisions dated 12.7.2004 and 13.7.2004 and was signed on 13.7.2004 by their appointed representatives.
- Following this, the draft merger agreement was entered in the Companies Register and published in the Government Gazette on 9.7.2004 and 17.8.2004 for HELEX and ASYK respectively.
- A summary of the draft merger agreement was published on 27.8.2004 in the daily financial newspaper KERDOS in line with Article 70 of Codified Law 2190/1920 in order for possible objections from creditors to be lodged within one month from publication. No creditor of the merging companies came forward during the period between publication and approval of the merger by the Boards of Directors whose claims arose before publication in order to request guarantees pursuant to Article 70(2) of Codified Law 2190/1920.
- At the same time the documents required by Article 78(2)(b) of Codified Law 2190/1920 were made available to shareholders at the registered offices of the absorbed company in line with Article 73(1)(a), (b) and (c).
- Following this, the merger was approved by means of decision of the Boards of Directors of ASYK and the Company on 23.2.2005 and 28.2.2005 respectively, and in particular the transformation balance sheet of the absorbed company dated 31.12.2003, the "Report certifying the book value of assets in 'Systems Development and Support House of the Capital Market' (ASYK)" dated 16.7.2004, the draft merger agreement signed dated 13.7.2004, whose contents became the final Merger Agreement, which was drafted in notary form as required by law (Deed No. 3494/4.3.2005 and Deed of Amendment No. 3503/15.3.2005 prepared by the Athens based Notary Public Ioannis Kollias). This was followed by approval of the merger by the Ministry of Development (Decision No. K2-3091/18.3.2005) and entry of that approving decision in the Companies Register.

### 2.3.2 Operational Restructuring of the HELEX Group

Within the framework of the overall strategy for developing and restructuring the HELEX Group of companies, the implementation of the project of operational restructuring started on February 14th 2005.

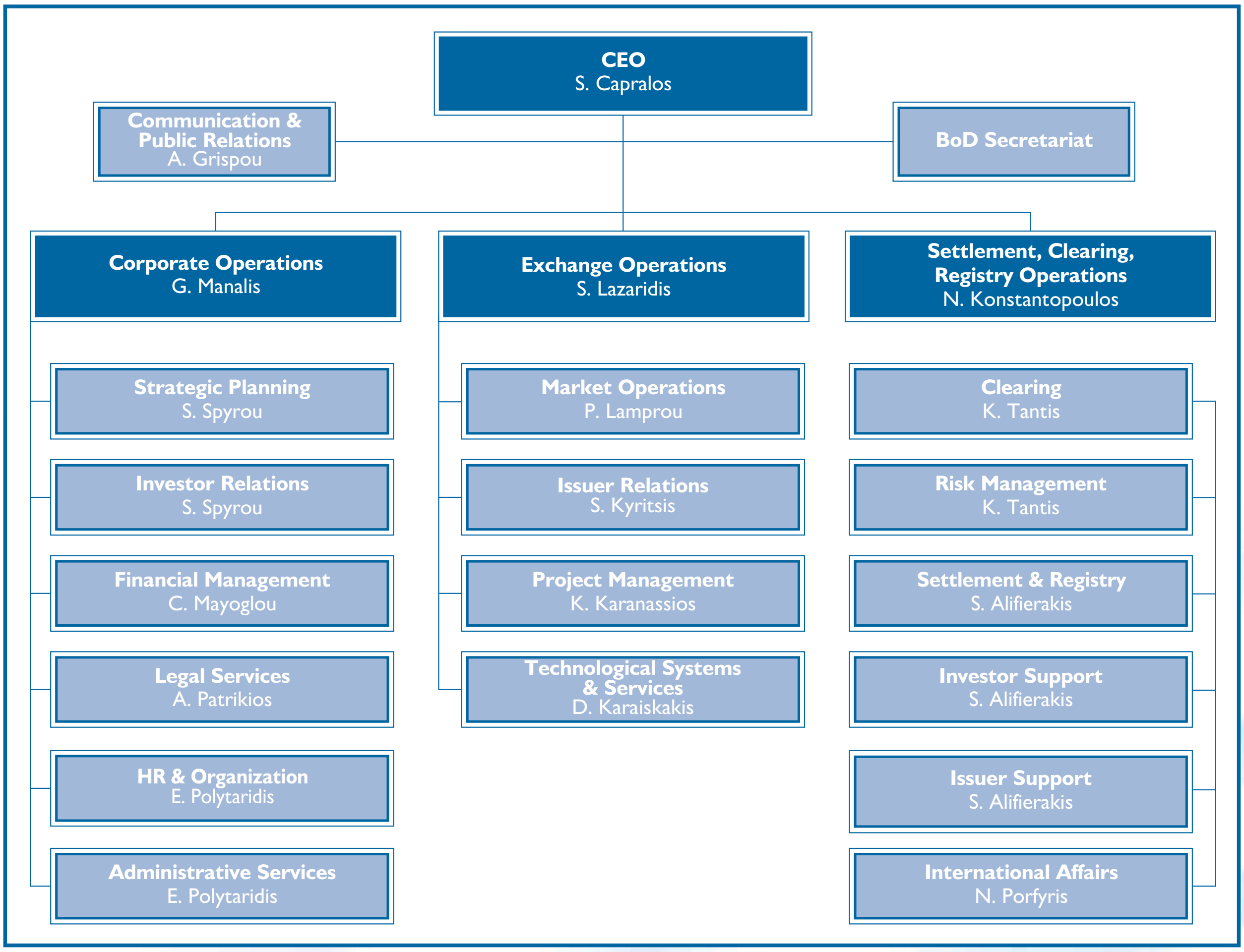
The project has as its aim the rationalization of the organizational structure which will effectively support the strategy of the group. The changes intend to create an organizational structure which will guarantee reliability in the operation of the markets, flexibility within an environment of changing conditions, efficiency in the daily operation, and support for innovative approaches to services provided.

Following the successful example of the larger exchanges, the Group has proceeded to organize and operate itself as one organization, irrespective of the different legal entities of the subsidiaries with the aim of utilizing to the greatest extent possible the synergies that arise from the unification of similar operations.

The aim was and is for the Group to respond to the requirements of today and to remain competitive, by improving the services provided, reducing their cost, creating new products and offering higher returns to its shareholders.

The new flexible organization consists of a central management unit with CEO or Chairman Mr. Spyros Capralos of all companies of the Group and an Executive Council consisting of the CEO and the three General Managers: Mr. Socratis Lazaridis in the Exchange Operations, Mr. Nikos Konstantopoulos in the Clearing, Settlement and Registry Operations and Mr. Gikas Manalis in the Corporate Operations.

The three General Directorates are responsible for monitoring the operations of the Group. In each one of the operational categories a coordinator was designated, to whom in principle the heads of the respective operational units of the respective companies report to. The coordinator reports to the General Manager responsible for monitoring business and individual categories of activities. In total 11 coordinators were appointed as shown in the following diagram of activities and coordinators:



Next, during the progress of the operational restructuring and following the examination –among others– of the issues concerning the transfer of activities between companies under the new structure, as well as personnel issues, the operations which, for financial, operational and organizational reasons, were to be transferred among the companies of the Group, were determined, with the parallel restructuring in the services of each company.

Thus, the relevant decisions by the Boards of Directors of the companies of the Group were taken and implemented with the approval of the new organizational plan per company, rearrangement of the directorates that are foreseen in the existing, until the implementation of the restructuring, organizational plans, and as a result of all this, new allocation of positions of the personnel of the Group. Furthermore, due to the new operational structure of the Group, it was decided to conclude intra-Group contracts for the provision of services by the Company to ATHEX and the other companies of the Group. The internal and other regulations of the companies were approved and/ or modified, where that was necessary, due mainly to the new organizational structures.

Furthermore, as a result of the restructuring of each company, there were employee movements between the Group's companies, as well as transfers to new directorates and departments within companies. The employees were informed about the new structure and were called to sign new work agreements, depending on their new positions according to the new organizational chart. In the new work agreements, the companies/ employers assumed all obligations of the previous companies were the employees worked up to then. Furthermore, as mentioned earlier, due to the restructuring there were employee movements, and new responsibilities and new services that the employees undertake / provide in the new structure, or any removals, where that was deemed necessary, and always according to the Law and the relevant procedures. In particular, for ATHEX employees, given that the handling was differentiated due to specific legal provisions, the necessary decisions by the Board of Directors were taken, and following these decisions the necessary actions were set in motion from the side of the State.

**2.3.3 Purchase by the Company of shares in "Thessaloniki Stock Exchange Centre S.A." held by a third shareholder**

In the share capital of subsidiary company "Thessaloniki Stock Exchange Centre S.A." (TSEC) participate, besides ATHEX and the Company, the "Federation of Industry of Northern Greece" with 100 shares and Mr. A. Giannopoulos with 85 shares. The value of the TSEC shares, as valued in the books of the Company is €58.00 per share.

Following an agreement with the seller Mr. A. Giannopoulos, and after the relevant decision by the Board of Directors of the Company was taken, the latter obtained the 85 shares of TSEC held by the seller, at €58.00, thus increasing the percentage of direct participation in its subsidiary to 66.10%.

**2.3.4 Award of the project of constructing an office building that will house the departments of the companies of the Group**

From the increase in share capital of the Company in cash for the listing of its shares in the Main Market of ATHEX, capital in the amount of €36,732,874.72 was raised (total amount €38,229,090.24 less expenses of €1,496,215.52). The Prospectus was drafted in July 2000, which was approved by the Board of Directors of the Capital Market Commission, which described in detail the destination (investment plan) of the capital raised by the increase in share capital.

The Company with the assistance of the Technical Consultant, first proceeded in 2002 to purchase land (two adjacent plots of land) with a total area of 7,900.97 sq. m., located on 108-110 Athinon Ave, in order to build on it an office building to house all departments of the Group (see chapter 10 "USE OF RAISED CAPITAL BY THE INCREASE IN SHARE CAPITAL OF THE COMPANY IN CASH"). The time prolongation, which was due mainly to the process of locating the appropriate plot of land, as well as the reduced building needs which resulted from the study for the operational restructuring, led the management of the Company to the decision to examine alternative ways to exploit the plot of land.

Within this framework, and among other actions, the Company had published the November 2003 tender announcement to interested construction companies for assuming the project "Construction of the HELEX office building in a privately owned plot of land, with the method study-build and with 'quid pro quo'" at the privately owned land, on 108-110 Athinon Ave, in Athens, with a total area of 7,900.97 sq. m. in order to house the departments of the HELEX Group of companies. Next, the interested parties submitted complete offers, which were examined by the authorized bodies of the Company. Following this, the Board of Directors, estimating that, due to the operational restructuring in progress, the needs of the Group can be covered by a building of smaller total area, decided to cancel the above tender procedure and to announce a new tender with the submission of proposals by the candidates, as follows:

- Construction in the plot of land of a privately owned office building, with the system "Study-Construction" and with the transfer of a joint co-ownership percentage of the plot of land with the right to exploit the excess construction coefficient ("quid pro quo" - proportional application of elements of the provisions that are included in paragraphs e and g of article 4 of law 1418/84 as well as articles 10 and 12 of Presidential Decree 609/85) and
- Construction on the plot of land of a privately owned office building, as above, but with a construction contract. In this case the plot of land enters in the whole process as the place of construction of the privately owned building and/ or
- Exchange of the plot of land or part thereof with another, ready or under construction or in the design phase building, or part of a building complex, that will cover, both quantitatively and qualitatively, the requirements of the Company and/ or
- In any other way, which each candidate may propose, with which it is possible to satisfy the requirements of the Company, which must however take into consideration the privately owned plot of land, whose exploitation, during the process of obtaining contiguous office space, is important to the Company.

Within the framework of the new tender, the Technical Consultant drafted and the Board of Directors of the Company approved, the appendices of the tender, and, following this, the relevant notice was published "Expression of interest for participating in the negotiated procedure for the construction or location of an office building appropriate for housing the HELEX Group."

Based on the above tender for the expression of interest in participating in the negotiated procedure for the construction or location of an office building suitable for the needs of the HELEX Group, based on the published announcement of 24.1.2005, the Board of Directors decided on 19.9.2005 to award the project to company "BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A.", i.e. the construction of an office building with a covered area of 6,700.00 square meters and in all other respects as described in the technical offer, as formulated based on the exchanged correspondence, with the method of "quid pro quo" and with a supplementary monetary consideration in the amount of seven million euro (€7,000,000). Furthermore, the Board of Directors of the Company/ landowner decided that the HELEX building be located in the most prominent position of the plot of land (at the corner of Athinon Ave. and Pipineli St.), have as a covered area 6,700.0 square meters, which covers the building needs of HELEX, and the covered parking places be set at 175. In addition, the Company and the construction company, for the better and more functional exploitation of the whole plot, decided and co-signed on 17.10.2005 the contract "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction", according to which the Company/ landowner, as sole owner, has classified the whole plot of land to the provisions of Law 3741/1929, as modified by Legislative Decree 1024/1971 and the provisions of articles 1002 and 1117 of the Civil Code and will create two (2) autonomous and independent structures, i.e. a) an autonomous and independent structure which will become the building, which will be constructed at the corner of Athinon Ave. and Pipineli St., with a covered area as above, with the abovementioned parking places and other technical characteristics of the building, which will have a percentage of joint co-ownership in the plot of land of three hundred forty thousands (340/1000), which will be deducted by the Company/ landowner and this building will be constructed by the construction company and will become the property, due to "quid pro quo" of the Company/ landowner and b) various autonomous and independent horizontal structures in two other buildings that will be constructed on the plot of land, which will have a total percentage of joint co-ownership of six hundred sixty thousands (660/1000), which with the autonomous and independent horizontal structures which will correspond to these will be transferred by the Company/ landowner in exchange for construction to the construction company or to third parties indicated by it. In regards to the supplementary monetary consideration in the amount of seven million euros (€7,000,000), it was agreed that it be paid by the construction company to the Company/ landowner, in two equal payments, i.e. the first during the signature, of the execution of the contract signed on 17.10.2005 "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction", and the second upon completion of the construction of the load bearing structure of the building of the Company/ landowner.

Next, in October 2005, a full dossier was submitted to the authorities and the receipt of the building permit is expected, following which will be prepared between the Company and the construction company in execution of the above contract of 17.10.2005 the "pre-agreement for the transfer of a joint percentage of a plot of land and construction". Already in February of the present year, a modification act of the above notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction, was signed, concerning the extension of the time for issuing the building permit, while the time for delivering the project remained as agreed, i.e. until 30.3.2007. Following this, the construction company paid to the Company the first tranche of the supplementary to the "quid pro quo" monetary consideration, earlier than the agreed date, and in fulfillment of its obligation according to the terms of the above notary act. Finally, it is noted that the excavation and foundation permit has been received and these works, preparatory to the construction of the office building at the plot of land of the Company, have begun, and are expected to be completed within May of the current year.

**2.3.5 Unified hierarchy and pay scale for the employees of the Group**

As a result of the reorganization of the Group, the need arose to redesign the remuneration and benefits policy. This need became apparent by the existence of large disparities in the remuneration of employees, which were felt both by Management, as well as by employees themselves, since cases are observed where employees with the same and/ or similar job profile, which before the reorganization worked at different companies, and are now employed in the same division or within the same department have large salary discrepancies, and, furthermore, disparities are observed across the hierarchy, as there are cases where the supervisor's remuneration is at the same, or lower, level than his or her subordinates.

In order for the study to be done objectively, based on current practices at private firms, as well as on a soundly founded methodology, it was assigned to "Kantor Business Advisors S.A." to design a new hierarchy and pay scale for the Group. The basic task for the rationalization study was to define pay scales, which would balance the pay levels for the whole Group and would create a unified remuneration policy, which would ensure the appropriate reward of each employee both internally (i.e. according to the importance/ value of his or her position in the operation of the Group) as well as externally (i.e. according to the remuneration of similar positions in the market). The implementation of the study concerns the rectification of the salaries of managers which are lower than the desired levels and not in the correction of salaries of managers that are higher that those of their position.

The findings of the study of the Consulting company were made known to the Board of Directors of the Group, and the necessary decisions in order to implement the rationalization of remuneration per level were taken, with a three year horizon and starting with the current year, in order to balance pay levels in the Group and to establish one remuneration policy, which will ensure the correct remuneration of each employee.

**2.3.6 Start of the procedure for merger by absorption of companies "Central Securities Depository" and "Athens Derivatives Exchange Clearing House" by the Company**

During the last three years, the HELEX Group has been formulating and implementing in stages its operational restructuring with the fundamental aims of rationalizing the Group's structure, achieving synergies and reducing operating cost. In this framework initially the Derivatives Exchange was merged with the Athens Stock Exchange (now Athens Exchange) and later ASYK with the Company. These mergers, in conjunction with the concentration of all similar activities in one unit, created economies of scale and further reduced the Group's operating cost. The decision to commence the process of merger by absorption of the companies CSD and ADECH conforms to this framework. From these mergers it is estimated that a further decrease in cost will arise, due to the reduction in the independent legal teams and the smaller required size of administrative departments.

The merger in question of the companies of the Group, now concerns the core of Group operations (trading, clearing and settlement) and for this reason it was studied from the point of view of both internal and international legal framework. This study concluded that there are no legal obstacles in the same legal entity (physical or legal person) carrying out the functions of clearing (including that of central counterparty), settlement and registry. It is worth noting that regulatory initiatives have already been taken at the EU level for the regulation of the clearing and settlement sector (the so-called post-trading functions), which are still in a primary stage. The central axis of the regulatory initiatives in question is the enactment of adequacy requirements for entities active in this sector (central depositories, central counterparties, participants in the clearing and settlement, custodians etc.) with the further aim of setting up European passports in the sector as a necessary element in the achievement of a single EU-wide market for financial services. These initiatives have a starting point the idea of covering the abovementioned transaction needs, while, as characteristically noted by the European Commission "The Commission will neither propose nor impose a particular market structure and/ or institutional structure... Market forces will dictate the 'final' clearing and settlement sector structure. Indeed, the markets are in a better position compared to regulatory authorities to decide which sector structure and which combination of unification and consolidation better serve its needs." (see Communique of the Commission to the Council and the European Parliament "Clearing and settlement in the European union - Directions for the next steps" COM(2004), 312/28.4.2004) This position is also adopted by the European Parliament in a recent decision ("European Parliament resolution on clearing and settlement in the European Union", P6_TA (2005)0301, 2004/2185(INI)).

Due to the fact furthermore, that the companies of the Group, especially ATHEX, CSD and ADECH, are of a special type, and given the fact that their responsibilities are described in the law, it would be impossible through a corporate merger to transfer them to the absorbing company, and would therefore require an explicit legal resolution, which was voted as part of law 3401/2005 (article 27 of the law, Government Gazette A' 257/17.10.05) and now allows in principle the implementation of the merger.

Taking into consideration the prepared studies and proposals, the Boards of Directors of CSD and ADECH, decided to commence the merger process, set as a Balance Sheet Transformation date December 31st 2005 and appointed the Chartered Auditor that will audit the Transformation Balance Sheet of each company dated 31.12.2005, after the preparation and approval of each balance sheet by the Board of Directors of each company. The Chartered Auditor, according to article 3§2 of Law 2166/1993, will proceed with the ascertainment of the book value of the property of each company. Furthermore, the Boards of Directors of CSD and ADECH authorized Members of the Board of Directors, to carry out negotiations with the representatives of the absorbing Company and to prepare for each Board of Directors the Draft Merger Agreement for the merger by absorption of CSD and ADECH by the Company, as well as the Draft Report of each Board of Directors, as foreseen by article 69§4 of Common Law 2190/1920, which will support legally and financially the merger, proposed to the General Meeting of Shareholders, and the above documents will be submitted by each authorized member for approval by the Board of Directors of each subsidiary company, which will be held especially for this purpose. Finally, the Boards of Directors of the subsidiary companies decided to commence the process of carrying out a tax audit of the companies, since it is a requirement according to the legislation.

Next, the Board of Directors of the Company decided to commence the merger process that is foreseen by article 27(1-3) of Law 3401/2005, articles 68(2), 69, 70, 72-77 of Common Law 2190/20 and articles 1-5 of Law 2166/93, as they apply, for the absorption of subsidiary companies CSD and ADECH by the Company. For this, it set as the date for the Transformation Balance Sheet of each of the absorbed companies December 31st 2005. Furthermore, it appointed an Independent Assessor, for carrying out the assessment of the absorbed companies and setting the share exchange ratio, and accepted the Chartered Auditor that was approved by the Boards of Directors of the absorbed companies, that will audit the Transformation Balance Sheet of each company dated 31.12.2005, after its preparation and approval by the Board of Directors of each absorbed company. Next, it authorized a Member of the Board of Directors, to prepare, with the representatives of the absorbed companies, the Draft Merger Contract and the draft report of the Board of Directors, as foreseen by article 69(4) of Common Law 2190/1920, which justifies the merger proposed to the General Meeting of shareholders legally and financially, which document he will submit for approval to the Board of Directors which will convene especially for this purpose. Finally, the Board of Directors of the Company decided to commence the process of preparing: a) an information note for the change in activity of HELEX, b) a document equivalent to a Prospectus, for submission to the Capital Market Commission, and preparation for submission to the Capital Market Commission of an application for approval of the merger, the change in purpose, name and listing of the new shares.

**2.3.7 Stock option plan to executives of the companies of the Group in the form of a Company share purchase option**

With the decision of the Annual General Meeting of shareholders of 25.4.2005, a stock option program for purchasing shares of the Company by Group executives was established, according to the provisions of article 13 paragraph 9 of Common Law 2190/1920, as it applies.

The announced stock option plan of the Company has as its purpose the reward of company executives for their contribution to the continuous development of the Company, as it is reflected in the increase in its share price, as well as the overall positive course of the Group. It is, therefore, an incentive with a long term horizon for rewarding executives, so that their personal goals are aligned, both now, and in the future, with the aims of the Company and the Group. This program provides to executives the right to purchase shares at a fixed price and to exercise this right within a specified time period in the future. The program was designed, as mentioned above, with the common benefit of the Company and the executives in mind, i.e.:

- Direct and realistic coupling of the progress of the Company and the Group with executive remuneration.
- Encouragement on focusing on the long term development of the Company and the Group, and by extension, encouraging the long term stay of executives with the Company and the Group.
- Reward personal performance in connection with the prospects for development of each executive.

More specifically, the General Meeting decided the following:

1. The enactment of a stock option program to Company

executives and associated (in the meaning of article 42e of Common Law 2190/1920) companies in the form of a stock option plan.

2. The above program will be valid and in effect in the years 2005, 2006 and 2007.
3. Within the framework of the above program a maximum of 702,000 new common registered shares of the Company can be issued, i.e. approximately 1% of the existing number of shares. Any changes in the share capital due to corporate actions will lead to a readjustment of the above numbers mathematically, in order not to dilute this enacted stock option program to Group executives.
4. The share issue price will be at least €5 to €6, will be determined each year by the Board of Directors and will be fair and common for all executives which will be designated by the Board of Directors as having the right to participate in the program. Moreover, the terms and extent of application of the program will be specified each year by the Board of Directors with the opinion of the three member Nomination and Compensation Committee of the Company.
5. The number of rights per beneficiary will be determined by a decision of the Board of Directors of the Company, on the recommendation of the three member Nomination and Compensation Committee of the Company.
6. Executives of the Group which have been employed a minimum of one year at the Company are eligible to participate in the program. The executives of the Group's subsidiary company, which are controlled in the meaning of Common Law 2190/1920 by the Company, will be eligible to participate with the same terms and conditions that will apply to executives of the Company. However, the criterion for participation in the program by executive will be the attainment of a return on equity (ROE), on the consolidated results, the employed own capital, of at least 10-15%.
7. If the subscription of the share capital increase is not total - i.e. the subscription of the issued shares with a maximum limit of 702,000 new common registered shares of the Company, i.e. approximately 1% of the existing number of shares- the share capital will be increase up to the amount that is subscribed.
8. The Board of Directors was authorized to, in its judgment, set the details, and any possible additional terms or restrictions for awarding the stock options to beneficiaries and their exercise, to draft the exercise declaration documents and the corresponding contract, to turn over the stock option certificates to the beneficiaries, to set any other detail or modification of the above, and in general to take any other relevant or necessary action in order to implement the above stock option program, by authorizing plenipotentiaries of its choice for the signature of any document.

In order for the Board of Directors to proceed with the recommendation that was approved by the General Meeting and to take the decisions above, the preparation of a relevant study/ analysis was assigned to international consulting and auditing house PriceWaterhouseCoopers (PWC). According to this study, the stock option program is designed to provide a motive to participants to materially contribute to the positive development of the course of the Company and the Group, as well as to keep those executives with the Group during the life of the program. Keeping the above in mind, and according to best practices during the design, the stock option plan will distribute, during its life, a maximum benefit to participants equal to 20-30% of their total gross income during the three year period.

Specifically, based on the PWC study, a series of scenaria was examined, which estimated the course of the share price for the next three years and calculated the option fair value, assessed the maximum impact of the program on the Company's results, in total and per year (IFRS 2). Of course, the aim of examining alternative scenaria was to achieve the minimum impact compared with the benefit to participants. Furthermore, the course of the share prices was estimated using the Monte Carlo method. The simulation methods in effect forecast future values (results) using statistical distributions of the basic variable.

Similar stock option programs, are an international practice and are used by a number of companies as an tool for executive remuneration, and at the same time as a motive for improving the efficiency of executives in the long term. It is noted that, in Greece in the last few years many companies, including listed companies among which many companies in the financial sector, have implemented similar stock option programs with the aim, mainly, of providing incentives with a long time horizon of rewarding their executives, so that their personal goals are aligned with the goals of the company.

**Description of the stock option plan**

| | |
|---|---|
| **Date of award:** | 26.4.2005 |
| **Number of shares:** | 702,000 |
| **Right to participate:** | 33 executives of the Group |
| **Program duration:** | 3 years |
| **Exercise period:** | Rights cannot be exercised during the first year (2005)<br>Exercise up to 55% during the second year (2006)<br>Exercise up to 45% during the third year (2007) |
| **Terms of exercise:** | net yield of consolidated results of employed own capital: 10%-15%<br>Individual evaluation of each program participant |

The estimated value of each option right amounts to €1.58. For the calculation of the fair value of the Program, a binomial option pricing model was used, with the following assumptions:

| | |
|---|---|
| Share price during the start of the program (26.4.05): | €6.72 |
| Exercise price: | €6.00 (*) |
| Stock volatility: | 25.36% |
| Dividend yield | 2.25% |
| Risk free rate: | 2.91% |

*(*) In order not to alter the rights of of right holders, if there is an increase in share capital or stock split, or in case of any other legal change in the company (buyout, transformation, conversion, resolution, bankruptcy are indicatively mentioned) the share issue price (exercise price) and the number of stock options of the beneficiaries can be readjusted by a decision of the Board of Directors of the Company.*

The volatility was calculated based on historic share data while the dividend yield is an estimate by the Management of the Group.

Because executives of all the companies of the Group are included the mother company shows:

- To a special reserve in own capital the total obligation for 2005 including its subsidiaries (€303 thousand),
- The obligations to participations the amount corresponding to its subsidiaries (€228 thousand),
- to expenses the amount that corresponds to its own personnel (€75 thousand)

The final stock option plan which will be executed will be approved by the BoD of HELEX.

## 2.4 Review of Work and Projects of the Group

In 2005, besides the works and projects of the parent company which are mentioned in detail in chapter 2.3 "Review of Work and Projects of the Company" of the present document, the Group, through its subsidiaries, has focused its efforts in the attainment of two basic goals:

- Improvement and modernization in the operation of the market and
- Development of new products and services and the internationalization of work

### 2.4.1 Improvement and modernization of the operation of the market

***New Rulebook for Athens Exchange***

2005 was an important year for the operation of ATHEX, since the new ATHEX rulebook project began in the summer and was completed in November. The new ATHEX rulebook took shape through a process of consultation, within the framework of the Consultation Committee as provided for in article 359, with all market participants - brokerage companies, listed companies and banks, and with the flawless cooperation of the Capital Market Committee, for the purpose of restructuring market operations in the standards of European capital markets.

The new rulebook took into consideration the operational model of large European exchanges and included recent changes in the regulatory framework with which a) the transfer of all regulatory responsibilities still held by ATHEX to the Capital Market Committee was completed and b) ATHEX is provided with the ability to shape its markets, by setting the criteria and prerequisites for the listing of new companies and the trading of listed companies.

The basic changes brought about by the new rulebook are summarized below:

**A. Market Restructuring**

A new cash market was created in which all listed companies were categorized, based mainly on their market capitalization, in 4 segments: large capitalization, small & medium capitalization, special characteristics, surveillance.

In the Large Capitalization Segment, companies accept increased obligations of transparency and corporate governance compared to those that are traded in the small and medium capitalization segment. On the other hand, for the companies in the small & medium capitalization segment, the new rulebook foresees a reduction of the cost of maintaining their listing on the Exchange with the reduction of 40% in the annual subscription, which is capped at €8,000 annually.

Common prerequisites for the listing of new companies were created, foreseeing also the possibility of listing companies with smaller own capital and smaller profitability if an ATHEX member becomes a sponsor and the shareholders of the company lock up their shares for the first year. New companies are listed in one of the first two segments, based on specific quantitative and qualitative criteria. Every six months, listed companies are classified in one of the first three segments based on their market capitalization, their share liquidity and free float. Companies that face financial problems are classified in the special "Surveillance" segment.

The listing of commercial shipping companies was also facilitated, in order for the listing in ATHEX to become competitive with regards to the required time, procedures and cost compared to other exchanges.

The FTSE/ ATHEX International index was created, which consists of 80 companies of the Large Capitalization segment, as well as new sector indices, classifying companies in sectors based on the international methodology FTSE Dow Jones Industry Benchmark Classification.

**B. Trading Hours**

The trading hours for securities and derivatives were modified, so that they are in step with those of European markets, and the daily trading time between the Large Cap and Mid & Small Cap segments was differentiated, with the first lasting 5 hours and the second 2.5 hours. In particular, shares traded in the Large Cap segment participate in continuous trading 11:30-16:30 and the closing price is determined by auction between 16:30 and 16:45. Shares in the Mid & Small Cap segment participate in continuous trading 14:00-16:30 while shares in the special financial characteristics trade in 3 auctions which take place at 14:00, 15:30 and 16:30. Transactions at the average weighted price of the trading day take place from 16:45 to 17:00.

The auction method was adopted for the determining the closing price of the shares in the Large Cap segment, as is the rule in all large European markets.

**C. Improvements in market operation mechanisms**

The implementation of business agreements through the Exchange was facilitated since there is now no restriction in the deviation of the price for transactions that concern more than 5% of the total number of shares.

The lot size is now one share. Moreover, market makers are evaluated every quarter.

The redesign of the Daily Official List, which has been published for 126 years providing information on a regular basis regarding activity in the Exchange, was carried out. The new Daily Official List was designed with the aim of being more user friendly and readable, thus increasing its value as an information tool, and is provided for free in electronic form to all, on a subscription basis.

***Resolution of transactions with problems in settlement (failed trades)***

In order to resolve problems that have been recorded as being of concern to international investors, based on the evaluation of all markets that was undertaken by FTSE, the framework was put in place for the easier resolution of transactions that encounter problems during clearing within the T+3 period (and are characterized as "failed trades"). A new stock borrowing product was created in the derivatives market (Special Type Repurchase Agreement - STRA) which can be used by members to cover stock delivery obligations that result from failed trades in the underlying market, and Method 6 was revised in order to facilitate the successful clearing of all transactions in T+3 and to reduce the cost of resolving these problems.

Furthermore, proposals were made to the Capital Market Commission for the modification of the relevant decisions so that short sale orders can be entered into the trading system at a price greater than or equal to the price of the last transaction.

The resolution of these issues contributes to the improvement in investment condition and the creation of the more favorable investing environment for the increased presence of foreign, mainly, investors in ATHEX.

***Incentives for participating in the derivatives market***

Incentives were provided in order to increase investor participation in the derivatives market, reducing the trading and clearing fees by 34% on futures and by 17% on the FTSE/ATHEX 20 index options and offering to ATHEX and ADECH members discounts on a sliding scale based on the degree of participation of their clients and the number of contracts of those clients in derivative products.

The use of bonds as margin collateral became possible for opening positions in derivative products, readjusting and relaxing for investors the margin requirements in the lending and futures products, and abolishing the obligation to provide a minimum margin by non-clearing members of ADECH.

***Cash settlement with Central Bank funds***

The development of a system in order to assign to the Bank of Greece the cash settlement of the transactions in the cash and derivatives markets, was agreed between CSD, the Bank of Greece and Alpha Bank, within the framework of adopting in the Greek market the cash settlement model for exchange transactions by the Central Bank in accordance with the corresponding models in effect in foreign markets.

This development will eliminate a factor that was a source of negative reviews by foreign international houses for CSD and for our market in general.

Currently, the applications that were developed by the Bank of Greece are being tested in collaboration with Alpha Bank. Once these checks have been successfully concluded, the cash settlement of exchange transactions will be transferred to the Bank of Greece. This project is expected to be completed within the first half of 2006.

***New procedure for the distribution of dividends and other payments***

The Central Securities Depository and the Hellenic Bank Association undertook, following the advice coming from the market (issuing companies, banks and foreign investors) but also given the harmonization that is taking place in matters of clearing and settlement at the European level, the initiative of exploring the possibility of creating a more homogeneous and automated dividend payment procedure to investors by companies listed in ATHEX.

The aim of this effort was to create a friendlier and more effective Exchange towards investors, and to ensure to investors, independent of their place of residence, that dividends will be received without complicated procedures and without requiring actions from their side, as well as that dividend payments by issuers will be subject to a single procedure and time constraint.

Given the fact that the most safe and internationally used way to achieve the above are electronic payments, a common proposal was prepared by the HELEX Group and the Hellenic Bank Association for the common dividend payment procedure by issuers to investors through a "Payment Bank" the selection of which will be freely made by each issuing company.

Based to this single procedure, all ATHEX listed companies will pay dividends to their shareholders by selecting the Payment Bank of their choice, while the CSD will participate by providing all the necessary information on those eligible to receive dividends to the Payment Bank.

***Information services for the investing public***

ATHEX extended the HERMES system, which is used by listed companies to submit financial data according to IAS, based on the law and the decisions of the Capital Market Commission. Through the HERMES electronic system, announcements, financial statements and other financial data of listed companies, are made public on the ATHEX website immediately after their submission to ATHEX, and as a result the ATHEX website contains all information that is made public by listed companies. It is of major significance that the information is also submitted in English, especially by listed companies in the Large Cap market segment, a fact that is expected to mark a significant qualitative upgrade to our market.

***Monitoring listed company developments***

Through the continuous and close monitoring of the activity of the companies and the relevant correspondence with them, the Exchange moved swiftly and suspended from trading 23 companies, and put under surveillance 7, ringing in a way the warning bell, when it was realized that the course of these companies, developments as reflected in their financial statements, management organization and business practices posed a risk for investors.

**2.4.2 Development of products and services and international projects**

***Commercial Shipping***

Taking into consideration the successful listing of commercial shipping companies of Greek interests in foreign exchanges, the Rulebook of Athens Exchange was modified, concerning the listing of commercial shipping companies, so that the time required, procedures and cost for listing in Athens Exchange be similar to listing abroad. In 2006, the implementation of the necessary actions will commence in order to attract the listing on Athens Exchange of companies which are already listed in large foreign exchanges.

***Seven new stock future products***

In 2005, the necessary actions were taken to expand the market, with the start of trading and clearing of futures contracts on seven additional stocks. The study that was prepared showed that these stock fulfill the criteria for liquidity, turnover and free float, which are required for the introduction of these futures. With the introduction of these new futures in the derivatives market there are now in total 21 different stock futures which are traded, offering investors a wide range of products for managing risk in the stock portfolios.

***Fourteen more shares in the "Repurchase Agreements"***

In order to give the ability to Stock Market Makers in ATHEX in order for them to effectively fulfill their requirements, "Repurchase Agreements" contracts on 14 new underlying titles were introduced in the Derivatives Market.

Transactions in stock lending products posted an impressive increase in 2005. In particular, 636,879 contracts were traded vs. 363,940 in 2004, posting an increase of 75%. The increased interest in stock reverse repos (370,809 contracts vs. 177,440 in 2004) had as a natural consequence the increase in interest in stock repos (266,070 contracts vs. 186,500 in 2004), since the returns for the stock lenders make this product more and more attractive.

***Special Type Repurchase Agreements (STRAs)***

In order to resolve problems in the settlement of transactions which take place in the ATHEX cash market (fail trades), a new stock lending product with the name "Special Type Repurchase Agreement" was introduced in the derivatives market. This new product gives the ability to members of the ATHEX cash market to borrow shares corresponding to those that concern fail trades immediately. This new capability reduces to a large extent the cost of resolving problems in settlement and answers in the best possible way the requests of, mainly foreign, investors, as well as the remarks by FTSE.

***New methodology for calculating the required safety margins for ADECH Members***

As part of the continuous effort for the rationalization of the transaction costs, a new methodology for determining the margins that clearing members provide to ADECH was developed. With this new methodology the safety provided is correlated directly with the risks assumed by the members while the adequacy of these margins is monitored dynamically. With the adoption of this new methodology within the first quarter of 2006, the minimum margins that the ADECH Direct Member must provide will be reduced from €1,500,000 to €500,000. This new methodology makes the operation of the derivatives market safer and more rational in terms of costs. At the same time this new methodology is in full alignment with international standards and the corresponding risk management principles adopted by large international clearing houses.

***ATHEX/ CSE Common Platform***

The HELEX Group has proceeded with a collaboration with the Cyprus Stock Exchange concerning the adoption of a common trading platform based on OASIS, the installation of the system for the clearing and settlement of transactions (DSS), used by CSD, in the cash market of CSE, and the alignment of the regulatory framework of CSE with that of the Greek exchange. This collaboration satisfies the need to ease access to market participants (members, institutional and private investors, custodians et al.) in both markets, Athens Exchange (ATHEX) and Cyprus Stock Exchange (CSE) and contributes to the formation of a homogenous, efficient and effective environment for concluding and settling transactions in both markets, as is the pattern in the European Union and developed capital markets internationally, as well as in the reduction in operating cost with the exploitation of economies of scale. Thus we achieve a reduction in transaction cost, common structures and infrastructure for members and listed companies, a larger pool of investors, from local markets, simplification of access for foreign investors to our markets while at the same time the markets maintain their autonomy and national character.

The agreement in question was signed in Cyprus on 16.9.2005 and anticipates a start of operation in the first half of 2006. The successful outcome of the collaboration with the Cyprus Stock Exchange will facilitate and further advance the business of the two markets and attract the participation of other markets in the Balkans and southeastern Europe.

***Provision of know how to the Capital Market Commission of Egypt***

The HELEX Group, through the Thessaloniki Stock Exchange Centre, as leader of a consortium of companies, has undertaken a project by the European Union in Egypt, following an international tender, competing against larger and important companies from the EU. The technical assistance consists of the modernization of the capital market structures in the particular field, training executives of the capital market, modernizing the regulatory framework by the introduction and application of the framework envisaged by the EU White Bible. The duration of the contract is 3 years, and the project's budget exceeds €2.6 million.

The project undertaken by the HELEX Group points out in particular the attention given to international projects, of the EU and other organizations, projects which, besides their financial aspect, provide a dynamic of cooperation to the Group and by extension to the Greek capital market. At the same time, the HELEX Group is actively participating in the developments in the financial sector in the region, accentuating its international role and international orientation, through the expansion of its collaborations with other capital markets and exchanges.

***National Registration System for greenhouse gases emission rights***

The HELEX Group has prepared a viability study and has submitted a proposal for undertaking the project of implementing the National Registration System for greenhouse gases emissions rights.

The aim of the proposal is to make the CSD the central registry for emission rights for Greece. The possibility of the Group undertaking this project, for which the final decisions have not yet been taken by the relevant authorities, requires the acquisition of specialized software and its connection with the Central European Register.

***Collaborations for the promotion of the Greek exchange***

In 2006, the HELEX Group negotiated and concluded agreements with Greek mass media outlets and with CNBC, the main pan-European financial and business channel for the broadcast by the channel of ATHEX data in real time, putting the Greek exchange in over 87 million homes and thousands of banks and financial organizations.

At the same time, a new fees policy has been put in place for market data vendors, and will go into effect on 1.4.2006, and the transmitted best bid offer has been increased from 3 to the 5 best price levels.

***Hellenic Exchanges a regional center in SE Europe and the Mediterranean***

The HELEX Group, on 13-15.10.2005, organized in Thessaloniki the 3rd International Capital Markets Conference. This is a conference that brings capital markets closer as well as entities from countries in SE Europe and the Mediterranean, so that they can meet, understand the way markets are structured and operate and to examine the possibilities for cooperation, at a bilateral or multilateral level.

The HELEX Group believes that collaboration is the key that will lead the markets in the region to develop, find common ground, put it into effect, and realize mutual benefits. The expansion of their business, for small and medium exchanges in the region, is a vital factor for their survival. The primary listing and conclusion of transactions are their basic sources of income. Local large capitalization companies are those that attract the attention of international investors, but the size of the market, liquidity and capitalization in conjunction with transparency and corporate governance are the critical factors that determine the level of attention. It is of vital importance therefore, to create the appropriate legal framework and infrastructure that will allow the economical, safe and easy access of international investors to the trading and settlement of transactions services.

On the other hand the technology on which exchanges depend is changing at a fast pace, due to developments in the systems and competition among them to become worldwide standards while at the same time protecting their technological infrastructure. Many exchanges are striving to create synergies to achieve economies of scale in the development of expensive trading systems and to facilitate the wider attraction of members. The trend for mergers and alliances, both in trading and in settlement of transactions has as its goal the attainment of those economies of scale that will allow exchanges and intermediaries to provide services at a lower total cost to investors, thus increasing their participation in the market.

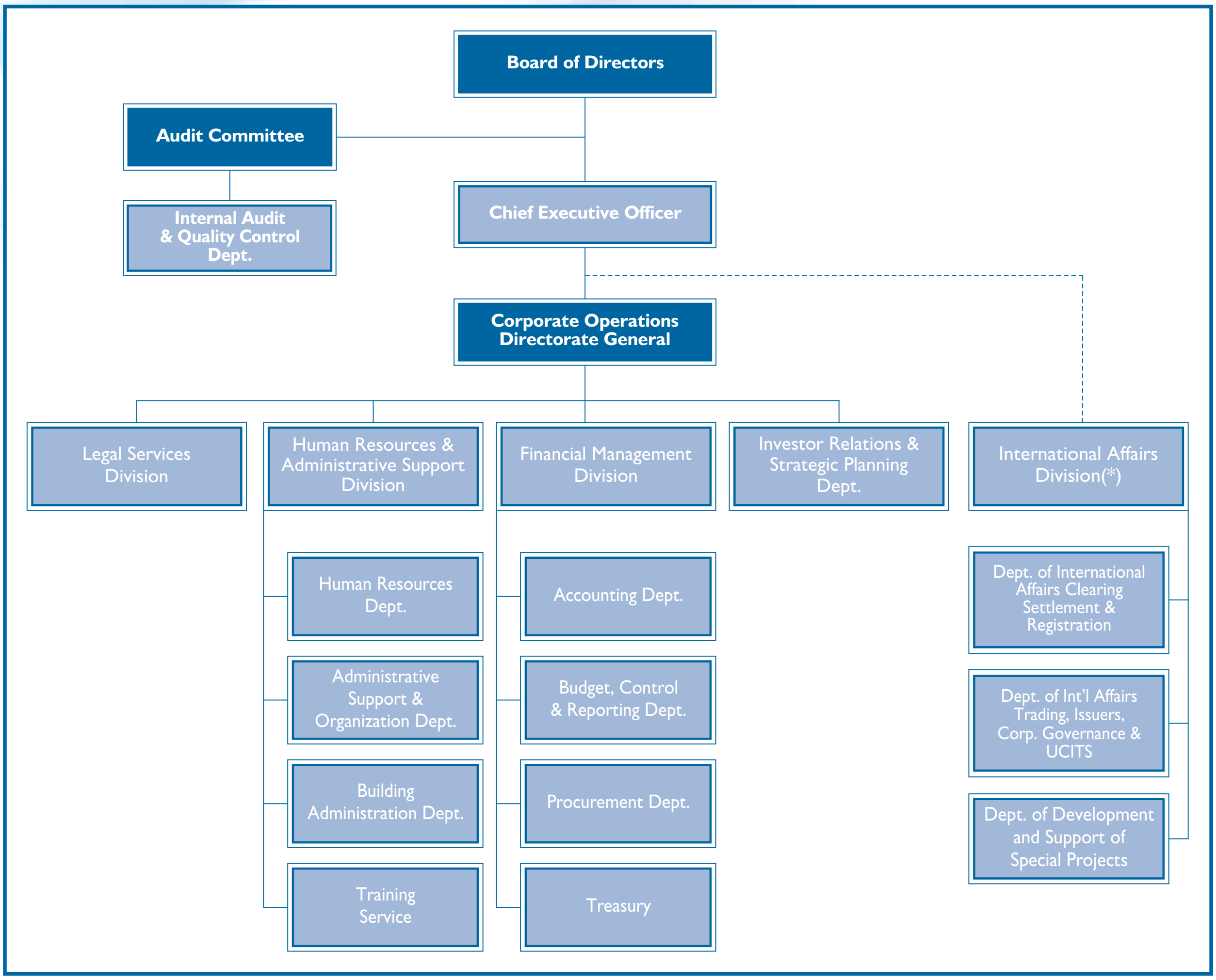
It becomes therefore apparent that now is the most appropriate time for regional markets to unite their forces. There are two objectives that all markets together must achieve. First, similar infrastructures must be created in order to reduce transaction costs, and to allow cross-border trading and settlement, and then, to move towards unifying their similar infrastructures in order to provide foreign investors with a common access point to the regional markets.

The vision of the HELEX Group is the creation of a large, single capital market in SE Europe. At the same time services at a high level must continue to be provided to the smaller capitalization companies, in the local markets, which will assist them, on the one hand to address a wider investing public, and on the other to improve their corporate governance and to increase cross-border transactions.

## 2.5 Management

### 2.5.1 Organization chart

The organizational structure of the Company today is as follows:




*(*) According to the provisions of the Regulation of Internal Operations of HELEX, the Division of International Affairs reports, following the appropriate authorization by the Managing Director, to Mr. Nikolaos Konstantopoulos, General Manager Settlement, Clearing, Registry Operations.*

The above organizational chart was approved by a decision of the Company's Board of Directors on 23.01.2006 as part of the implementation of the operational re-engineering of the HELEX group. The Divisions/ Departments/ Sections have been staffed both with existing, at the time the decision was taken, personnel of the Company, as well as personnel from its subsidiaries.

**2.5.2 Management**

As mentioned above, by means of a decision of the Ordinary General Meeting of shareholders on 26.6.2003, in accordance with the provision of article 16 of Law 3152/2003, the Company's Articles of Association were modified and the Chairman of the Board of Directors, whose appointment was made by the Minister of Economy and Finance under article 51 of Law 2778/1999, is hereinafter elected by the General Meeting of shareholders, in accordance with the provisions of Codified Law 2190/1920 and the Company's Articles of Association.

Thus, today HELEX is managed, after the decisions of the Extraordinary General Meeting of shareholders on 21.10.2003, by a Board of Directors consisting of thirteen (13) members with a two year term, which is prolonged de jure until the ordinary General Meeting of shareholders which will be held or called to a meeting after the end of the term of service, i.e. until the upcoming ordinary General Meeting for the fiscal year 2005. Also, by the same decision of the General Meeting, independent non-executive members of the Board of Directors were appointed. Consequently based on the decision of General Meeting of shareholders on 23.6.2004 approved the election of members by means of decisions of the Board of Directors dated 5.5.2004, 19.5.2004 and 7.6.2004 to replace members who resigned. Finally the General Meeting of shareholders of 25.4.2005 approved the new appointments of members by the decisions of the Board of Directors of 29.6.2004, 12.10.2004, 25.10.2004 and 21.3.2005 on the appointment of members to replace members who resigned.

The table below shows the composition of the Board of Directors today.

| COMPOSITION OF THE BOARD OF DIRECTORS | | |
|---|---|---|
| **Member of the Board** | **Board position** | **Profession** |
| Iakovos Georgios Georganas | Chairman, non-executive member | Economist |
| Spyros Ioannis Theodoropoulos | Vice-Chairman, non-executive member | Businessman |
| Spyros Ioannis Capralos | CEO, Executive member | Private employee |
| Nikolaos Emmanuel Apergis | Independent, non-executive member | Professor |
| Marinos Stamatis Giannopoulos | Non-executive member | Private employee |
| Vasilios Tryphonas Drougas | Non-executive member | Economist |
| Antonios Dimitrios Kaminaris | Non-executive member | Banker |
| Nikolaos Vassilios Karamouzis | Non-executive member | Economist |
| Nikolaos Theodoros Beis | Non-executive member | Economist |
| Nikolaos Anastasios Bertsos | Non-executive member | Economist |
| Nikolaos Theodoros Milonas | Independent, non-executive member | Professor |
| Alexandros Georgios Moraitakis | Non-executive member | Economist |
| Ioannis Georgios Pechlivanidis | Non-executive member | Economist |

At its meeting on 25.4.2005 the Board of Directors was formed as a body, elected the Chairman and Vice-Chairman and designated, as above, the executive and non-executive members. The independent non-executive members had been designated by decision of the General Meeting of Shareholders dated 21.10.2003.

According to the decision of the Board of Directors on 25.4.2005, the Chairman has the duties and powers as provided for by law and the Company's Articles of Association, and attends to the smooth and effective operation of the Board of Directors.

In case of absence or incapacitation of the Chairman, he is substituted by the Vice-Chairman of the Board of Directors.

The following represent and commit the Company, as mentioned in the above minutes of the meeting of 25.4.2005 of the Board of Directors (Government Gazette 2896/12.5.2005):

i. Spyros Capralos, CEO and Member of the Board of Directors
ii. Sokratis Lazaridis, Vice-President of the BoD and General Manager of "Athens Exchange S.A."
iii. Nikolaos Konstantopoulos, General Manager of "Central Securities Depository S.A." and "Athens Derivatives Exchange Clearing House S.A."
iv. Gikas Manalis, General Manager of the Company
v. Christos Mayoglou, Head of Financial Administration of the Group
vi. Eleftherios Polytaridis, Head of Human Resources and Administrative Support of the Group
vii. Nikolaos Porfyris, Head of International Affairs of the Group
viii. Apostolos Patrikios, Head of Legal Services of the Group
ix. Symeon Spyrou, Head of Investor Relations and Strategic Planning of the Group.

It should be noted that no business relation or transaction exists in the current fiscal year between administrators, managers and supervisors and the Company, and all connected companies, apart from the salaried contract of the Managing Director Mr. Spyros Capralos with Athens Exchange S.A. and transactions between company shareholders and connected companies, in the context of their usual operations.

No member of the Board of Directors of the Company has been convicted for a criminal offence or financial crime or is involved in pending court proceeding relating to bankruptcy, criminal activity or prohibition in carrying out:

- business activity
- exchange transactions
- the profession of investments consultant, senior bank executive
- work as an executive in insurance companies, issue underwriters, securities companies, etc.

It should be noted that there are no family relations up to 2nd degree between members of the BoD and the senior executives of the Company.

All members of the BoD of the company are of Greek nationality and their address for correspondence is considered that of the company (1 Pesmazoglou St., GR-105 59 Athens).

The total number of shares held by the members of the Company's BoD and its managers on December 31st 2005 was 37,580 shares, i.e. 0.0535% of the share capital:

| First - father's name - Last name | Position | Number of shares | % |
|---|---|---|---|
| Iakovos Georgios Georganas | Chairman, BoD | 0 | - |
| Spyros Ioannis Theodoropoulos | Vice-Chairman, BoD | 0 | - |
| Spyros Ioannis Capralos | CEO | 0 | - |
| Nikolaos Emmanuel Apergis | Member, BoD | 0 | - |
| Marinos Stamatis Giannopoulos | Member, BoD | 1,504 | 0.0021% |
| Vasilios Tryphonas Droungas | Member, BoD | 0 | - |
| Antonios Dimitrios Kaminaris | Member, BoD | 0 | - |
| Nikolaos Vassilios Karamouzis | Member, BoD | 0 | - |
| Nikolaos Theodoros Beys | Member, BoD | 0 | - |
| Nikolaos Anastasios Bertsos | Member, BoD | 0 | - |
| Nikolaos Theodoros Milonas | Member, BoD | 0 | - |
| Alexandros Georgios Moraitakis | Member, BoD | 0 | - |
| Ioannis Georgios Pechlivanidis | Member, BoD | 0 | - |
| Nikolaos George Konstantopoulos | General Director | 0 | - |
| Sokratis George Lazaridis | General Director | 24,078 | 0.0343% |
| Gikas George Manalis | General Director | 2,585 | 0.0037% |
| Sofoklis Michail Alifierakis | Director, Clearing, Settlement and Registration Division | 5,168 | 0.0074% |
| Dimitrios Thomas Karaiskakis | Director, Technological Systems & Services Division | 0 | - |
| Constantinos Ioannis Karanassios | Director, Project Management Division | 2,000 | 0.0028% |
| Spyridon Charalambos Kyritsis | Director, Issuer Relations Division | 0 | - |
| Pantelis Evangellos Lamprou | Director, Market Operations Division | 1,505 | 0.0021% |
| Christos Vasilios Magioglou | Director, Financial Management Division | 0 | - |
| Apostolos Constantinos Patrikios | Director, Legal Services Division | 0 | - |
| Eleftherios Spyridon Polytaridis | Director, Human Resources & Administrative Support Division | 400 | 0.0006% |
| Nikolaos Evangellos Porfyris | Director, International Affairs Division | 340 | 0.0005% |
| Symeon Georgios Spyrou | Dept. Head, Investor Relations & Strategic Planning Department | 0 | - |
| Constantinos Georgios Tantis | Director, Clearing & Risk Management Division | 0 | - |
| **Total** | | **37,580** | **0.0535%** |

### 2.5.3 Remuneration of members of the BoD and senior management

The following table presents the gross remuneration of the Boards of Directors of the companies of the Group for 2005:

| Company | Remuneration per BoD meeting (€) | Number of meetings of the BoD | Total remuneration (€) | Minimum remuneration (€) | Maximum remuneration (€) |
|---|---|---|---|---|---|
| HELEX | 457.00 | 21 | 123,077.00 (†) | 457.00 | 13,099.00 (+) |
| ATHEX | 218.42 | 36 | 44,120.84 | 1,310.52 | 7,863.12 |
| CSD | 600.00 (*) | 14 | 43,200.00 | - | 7,200.00 (‡) |
| ADECH | 586.94 (*) | 16 | 49,302.96 | - | 7,043.28 (‡) |
| TSEC | 0 | 15 | 0 | 0 | 0 |

*(*) Monthly remuneration*
*(+) This amount includes remuneration for the BoD meetings as well as remuneration for the meetings of the Steering Committee and the Strategic Investments Committee*
*(‡) per party receiving remuneration*

The following table presents the salary and extraordinary gross remuneration of the Chief Executive Officer and the three General Directors of the Group for 2005. The extraordinary remuneration includes the bonuses and remuneration for participations in Board of Director meetings of the companies of the Group. It should be noted that the Chief Executive Officer of HELEX Mr. Spyros Capralos does not receive remuneration for any of his participations in Board of Director meetings of the companies of the Group.

| **Name** (Last, first) | Position | Salary | Extraordinary remuneration | Total remuneration |
|---|---|---|---|---|
| Capralos Spyros | Chief Executive Officer | 300,000.00 | 0 | 300,000.00 |
| Konstantopoulos Nikolaos | General Director | 133,593.66 | 20,000.00 | 153,593.66 |
| Lazaridis Sokratis | General Director | 180,552.96 | 47,863.12 | 228,416.08 |
| Manalis Gikas | General Director | 126,562.41 | 24,416.00 | 150,978.41 |
| **Total** | | **740,709.03** | **92,279.12** | **832,988.15** |

## 2.6 Tax audit results

From the tax audit for the first, extended fiscal year (29.3.2000 - 31.12.2001), no accounting differences arose and thus no supplementary tax was paid.

In September 2003 the tax audit of the Company for fiscal year 2002 (Order no 627/29.8.03) was completed.

Following this audit the 2002 there was a restatement of the tax declaration of 2002 and positive (credit) tax differences arose in the amount of €282,692.81, an amount which had been calculated as income tax for fiscal year 1.1.2002 - 31.12.2002.

The Company has repeatedly requested the tax authorities to perform a tax audit for unaudited fiscal years 2003 and 2004.

## 2.7 Share capital

The share capital of the Company amounts to two hundred ten million six hundred ninety one thousand three hundred eighty nine euro (€210,691,389.00) and is divided into seventy million two hundred thirty thousand four hundred sixty three (70,230,463) common registered shares, with a par value of three (€3.00) euro each.

The abovementioned share capital was covered as follows:

a. The Company's share capital, according to article 5 of its Articles of Association was set at eighty six billion (86,000,000,000) GRD, divided into 50,000,000 registered shares, with a nominal value of one thousand seven hundred twenty (1,720) GRD each (Government Gazette 2424/31.3.2000). The share capital was paid up by the founders in accordance with the provisions of article 51 of Law 2778/1999 and article 33 of the Company's Articles of Association.

b. By means of decision of the Company's Board of Directors on 6.4.2000 (Government Gazette 7457/8.8.00), taken in accordance with article 5(2)(c) of the Articles of Association and article 51 of Law 2778/1999, it was decided to increase the share capital of the company by four billion three hundred million (4,300,000,000) GRD in cash, through a public offering and private placement for the listing of shares on the main market of the Athens Stock Exchange. To this end, two million five hundred thousand (2,500,000) new registered shares were issued with a nominal value of one thousand seven hundred twenty (1,720) GRD each, of which 2,375,000 shares were offered through a public offering and the remaining 125,000 with private placement. The premium from the issue of shares above par value i.e. eight billion seven hundred twenty six million five hundred sixty two thousand five hundred (8,726,562,500) GRD was credited to the account "Special reserve above par value".

c. By means of decision of the Extraordinary General Meeting of shareholders on 12.9.2001 (Decision of Minister of Development No.K2-13208/18.10.01, Government Gazette 9336/22-10-01), it was decided to increase the share capital with capitalization of reserves in the amount of 41,343,750 GRD, increase the nominal share value from 1,720 GRD to 1,720.7875 GRD (€5.05) and denominate the Company's share capital and the nominal share value in Euros.

d. By means of decision of the Extraordinary General Meeting of shareholders on 28.12.2001 (Government Gazette 102/7-1-02) it was decided to increase the company's share capital with the contribution of shares in the companies "Athens Derivatives Exchange S.A.", "Central Securities Depository S.A.", "Athens Derivatives Exchange Clearing House S.A.", "Thessaloniki Stock Exchange Centre S.A." and "Systems Development and Support House of the Capital Market", held by third shareholders, by €94,352,265.85 divided into 18,683,617 new registered shares with a nominal value of €5.05 each.

e. By means of decision of the Extraordinary General Meeting of shareholders on 22.2.2002 (Government Gazette 1617/1-3-02), it was decided that the share capital increase decided by the General Meeting on 28.12.2001 amount, due to partial coverage, to 31,986,295,746 GRD/ €93,870,273.65 with the issue of 18,588,173 new common registered shares, in accordance with article 13(a)(2) of Codified Law 2190/1920 (Government Gazette A' 1617/1-3-02), given that all shares in the companies "Athens Derivatives Exchange S.A." and "Central Securities Depository S.A." were contributed, 4,286,500 shares were contributed by the company "Athens Derivatives Exchange Clearing House S.A.", 66,015 shares by the "Thessaloniki Stock Exchange Centre S.A." and 277,125 shares by "Systems Development and Support House of the Capital Market S.A."

f. By means of a decision by the Annual General Meeting of shareholders on 25.4.2005, the share capital of the Company was reduced by one hundred forty five million seven hundred thirty thousand seven hundred fifty four euro and sixty five cents (€145,730,754.65) by a two euro and five cent (€2.05) decrease in the par value of each share, and equal distribution to this amount to shareholders.

g. By means of decision of the 1st Repetitive General Shareholder's meeting on 19.9.2005, the share capital of the Company was reduced by two million five hundred seventy three thousand one hundred thirty euro (€2,573,130), due to a cancellation of eight hundred fifty seven thousand seven hundred ten (857,710) own common registered shares, with a par value of three (€3.00) euro each, which were the result of share buybacks, according to the provisions of article 16 of Codified Law 2190/1920, as it applies.

## 2.8 Shareholder Structure

Several changes have been made to the share capital composition of the company since its listing on the Athens Exchange main market, the most important being its full privatization in September 2003. After the Greek State's exit from the share capital of HELEX, the number of shareholders was increased, as well as the free float, which had positive consequences for the stock's turnover.

It should be noted that from fiscal year 2002 the company held 5,250,000 shares as treasury stock, representing 7.39% of its share capital. By means of decision of the Extraordinary General Meeting of shareholders on 9.2.2004, HELEX sold 4,392,290 own shares. By decision of the Repetitive Extraordinary General Meeting of shareholders on 19.9.2005 the Company cancelled 857,710 own shares. The Company does not now have any treasury stock.

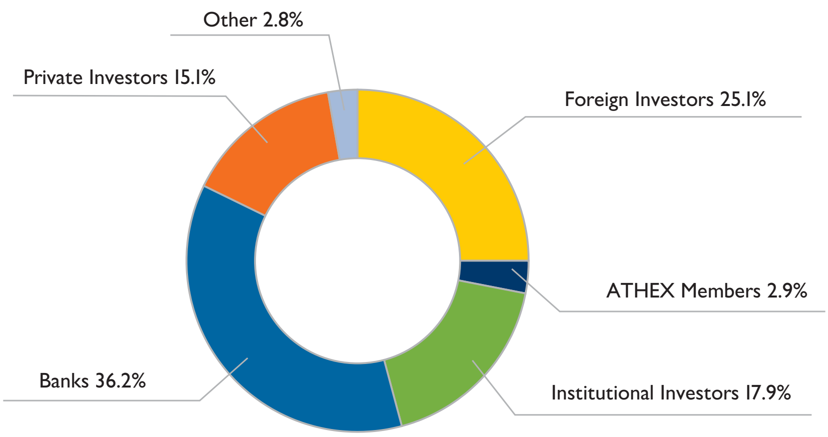
The shareholder breakdown, based on the number of shares shareholders possessed on 31.12.2005 is as follows:

| Share count | No of shareholders | No of shares | % |
|---|---|---|---|
| 1 - 99 | 2,240 | 135,095 | 0.19% |
| 100 - 199 | 5,815 | 856,559 | 1.22% |
| 200 - 499 | 2,358 | 882,693 | 1.26% |
| 500 - 999 | 1,673 | 1,399,288 | 1.99% |
| 1,000 - 9,999 | 1,797 | 5,329,233 | 7.59% |
| 10,000 - 99,999 | 262 | 7,446,605 | 10.60% |
| 100,000 - 149,999 | 24 | 2,874,336 | 4.09% |
| 150,000 - 299,999 | 26 | 5,774,264 | 8.22% |
| 300,000 - 499,999 | 16 | 6,157,414 | 8.77% |
| More than 500,000 | 26 | 39,374,976 | 56.07% |
| **Total** | **14,237** | **70,230,463** | **100.00%** |

The shareholder composition of the Company on 31.12.2005, broken down by shareholder type, is shown in the table and diagram that follow:

| Shareholder class | Number of shares | % of the total |
|---|---|---|
| Banks | 25,448,710 | 36.24% |
| Institutional investors | 12,538,370 | 17.85% |
| Brokerage firms | 2,027,333 | 2.89% |
| Retail investors | 10,580,442 | 15.07% |
| International investors | 17,656,793 | 25.14% |
| Other investors | 1,978,815 | 2.82% |
| **Total** | **70,230,463** | **100.00%** |

**Shareholder Structure**



# 3. Corporate Governance

Corporate Governance refers to a set of principles which forms the basis for responsible organization, operation, management and control of an enterprise, with the long term aim of maximizing value and safeguarding the legal rights of all those connected with it.

The principles of corporate governance affects the way in which corporate goals are set and achieved, surveillance and risk management systems are adopted, as well as the way with which transparency is ensured and the competitiveness of the firm promoted.

HELEX, in alignment with international norms and best practices, has instituted a full and modern corporate governance model, which includes:

- Respecting and protecting the rights and interests of all shareholders.
- Ensuring the proper composition of the board of directors so that it fulfills the criteria of independence and distinct separation of responsibility from management.
- Creating management structures with clear roles, which balance the abilities and experience of executives with the requirements, nature and breadth of corporate activities.
- Specifying appropriate reward, assessment and development structures, so that they attract and keep executives with the ability to achieve the returns expected by the shareholders.
- Supporting the transparency, integrity and responsibility in the decision making process.
- Developing specific corporate procedures which reflect the daily modus operandi and ensure an effective method of internal audit which will operate according to modern theories of risk management.
- Satisfying the need for proper, timely, and sufficient provision of information to the investment community and the society as a whole concerning the course of the company.
- Sensitivity to social responsibility issues

In particular, responsible Corporate Governance includes the education of all Company and Group employees, in the appropriate handling of confidential information that come to their attention and in the prohibition of its use for their own benefit. Through specific procedures and practice, they are all called to maintain a high level of professional ethic during the discharge of their duties, as well as in their relations with the authorities and the public in general.

Finally, the Company promotes cooperation with its clients and all market participants, developing new products and services that answer clients demands and discussing in detail all important decisions or possible modifications of its regulations.

With the implementation of the abovementioned framework of corporate governance principles, the Company believes that it is appropriately equipped to compete internationally, as well as maintain and advance investor trust both inside and outside the country. At the same time, it considers of equal importance the vigilance for the continuous review of the above practices to confirm that they continue to respond to local and international developments.

In full compliance with the principles of corporate governance and all rules of conduct for listed companies, which are set by decision 5/204/14.11.2000 of the Capital Market Commission as it applies, and in the provisions of Law 3016/17.5.2002, the Company has proceeded with the adjustment of its internal regulations and has established Councils, Committees as well as Internal and External Audit Mechanisms which are described below.

### 3.1 Audit Committee

According to the Audit Committee Regulations, approved by the Board of Directors, the main duties of the Audit Committee are:

- Assessing the adequacy and effectiveness of the internal audit system.
- The surveillance of the work of the internal audit department, with an emphasis on matters concerning its degree of independence, as well as the quality and breadth of audits it performs.
- Providing an opinion during the selection of external auditors and facilitating communication between the BoD, management, internal and external Company auditors for the exchange of views and information.
- The assurance of the BoD that the Company is in compliance with the laws and regulations that govern its operation, as well as the examination, independent of the business units, of the fiscal year financial statements and other important data and information, which are intended for publication or submission to authorities or organizations outside the Company.

The Audit Committee consists of four non-executive members of the BoD, which do not have responsibilities in the approval and dispatch of transactions, and have the required knowledge and experience. In particular, the composition of the Committee is as follows:

| Audit Committee | |
|---|---|
| **Member** | **Position** |
| Vassilios Drougas | Chairman |
| Nikolaos Apergis | Member |
| Nikolaos Bertsos | Member |
| Nikolaos Milonas | Member |

The Audit Committee met 4 times in 2005, with a participation of 75%.

The Committee discussed with the internal and external auditors regarding their audit schedules and the sufficiency of the Internal Audit System. It was informed about the progress of audit work, and in detail about all matters that came to the attention of internal audit, and it informed the Board of Directors of the Company at regular intervals.

Based on the briefing of the Committee, no significant issues arose as a result of the inspections that were performed and the assessment of the Company's Internal Audit System.

### 3.2 Strategic Investments Committee

By a decision of the BoD of the Company, a Strategic Investments Committee has been set up which is composed by members of the BoD. Its main purpose is determining the investment strategy of the Group for the effective use of the cash and cash equivalents of the Company and its subsidiaries, according to the contracts for financial management that have been signed between them and HELEX.

The composition of the Committee was the following:

| Strategic Investments Committee | |
|---|---|
| **Member** | **Position** |
| Ioannis Pehlivanidis | Chairman |
| Marinos Giannopoulos | Member |
| Nikolaos Karamouzis | Member |
| Alexandros Moraitakis | Member |

General Director Mr. Gikas Manalis, who has been appointed by the BoD as administrator of the Company's cash and cash equivalents, is also present at the meetings of the investment committee.

### 3.3 Nomination and Compensation Committee

The Nomination and Compensation Committee consists of three members of the Board of Directors, of which at least one is a non-executive member and the Chairman of the Board of Directors presides, and is responsible for the selection and the terms of employment of the Chief Executive Officer and other senior executives, taking into consideration the evaluation of the executives, and furthermore, proposes on these matters to the Board of Directors for taking the appropriate decision. The responsibilities of the Nomination and Compensation Committee include provisions for compliance of the Company with the principles and practice of corporate governance.

The Nomination and Compensation Committee is composed of BoD members. Its composition is the following:

| Nomination and Compensation Committee | |
|---|---|
| **Member** | **Position** |
| Iakovos Georganas | Chairman |
| Spyridon Theodoropoulos | Member |
| Marinos Giannopoulos | Member |

### 3.4 Pricing Policy Committee

The responsibilities of the Committee is the surveillance of the preparation of studies by executives and/ or work groups inside the Group and the submission of a proposal to the BoD for the adoption by the Group of the pricing policy that is competitive and reflects international practice.

The composition of the Committee was the following:

| Pricing Policy Committee | |
|---|---|
| **Member** | **Position** |
| Spyros Capralos | Chairman |
| Marinos Giannopoulos | Member |
| Nikolaos Milonas | Member |
| Alexandros Moraitakis | Member |

### 3.5 HELEX Building Committee

This Committee was set up by the BoD of the Company, and has assumed the duties of overseeing the competition procedures until the assignment of the project of constructing an office building for the Company which will house all the departments of the Group, as well as the regular briefing and submission of the relevant proposals to the BoD. The Committee's responsibilities were completed with the assignment of the project of constructing a building that will house the departments of the Group, to company "BABIS VOVOS - INTERNATIONAL CONSTRUCTION S.A." in September 2005.

The composition of the Committee was the following:

| HELEX Building Committee | |
|---|---|
| **Member** | **Position** |
| Alexandros Moraitakis | Chairman |
| Marinos Giannopoulos | Member |
| Nikolaos Karamouzis | Member |
| Nikolaos Beis | Member |
| Ioannis Pehlivanidis | Member |

### 3.6 Steering Committee

The Steering Committee meets under the chairmanship of the CEO Mr. Spyros Capralos and the participation of the three General Directors, and has jurisdiction at the Group level. The Council, among others, review the local and international developments in the market, monitors the course of business of the Group and decides on matters of corporate planning and policy.

### 3.7 Internal Audit & Quality Control Department

The Internal Audit and Quality Control Department is an unit independent of other business units of the Company, and reports directly to the BoD and is controlled by the Audit Committee.

The duties of the Department are set in the Internal Audit Regulation, which have been approved by the Audit Committee. The Internal Audit Regulation has been enacted based on internationally accepted professional standards and in particular the standards of the Institute of Internal Auditors (IIA).

The main duties of the Internal Audit and Quality Control Department are to:

- Regularly audit the performance and effectiveness of the internal audit systems and provide continuous and reliable information to senior management of the company on the status and progress of auditing procedures which have been established by the BoD and company management;
- Evaluate the degree of implementation and effectiveness of procedures which have been adopted to control and manage various risks and to assess the possible damages to the company from the risks due to special nature of its work;
- Evaluate the degree to which all available assets are effectively used in the most conductive and economical manner with the aim of implementing the strategic targets that have been set by Management, advancing the continuous development and well being of the Company;
- Carry out general and random, suppressive audits on all operations and transactions of the company in order to ascertain proper implementation of all manner of regulations, operating procedures and preventative control mechanisms which have been adopted for each category of transactions as well as compliance with the statutory framework governing its operations.
- Monitor and evaluate the internal audit mechanisms of subsidiary companies;
- Carry out special investigations as required.

The following principles are followed in order to ensure the effective operation of the internal audit department:

- Adequate protection of its independence from all other departments of the Company and safeguarding the immediate and unimpeded access to Management, the BoD and the Company's Audit Committee.
- Unimpeded access to all data and information necessary for the department to carry out its mission.
- The existence of detailed, written auditing targets, schedules and procedures as well as the appropriate methodology for carrying out audits.
- Establishment of mechanisms for auditing the degree of compliance (follow up) with the recommendations of all auditors (internal and external auditors, supervisory authorities, tax authorities, etc.) and provision of information to the management of the company on the progress of corrective measures.

### 3.8 External Audit

The financial statements of the Company are audited and certified by an internationally recognized auditing firm, specifically by the legally elected chartered auditors-accountants. The Company is asking that its external auditors, which carry out the regular yearly audit of its financial statements, report in detail in their audit report any problems or weaknesses in the internal audit system, which have come to their attention during their audit.

# 4. Other Information about the Group

### 4.1 Participations

In February 2005, based on the decisions of 23.2.2005 and 28.2.2005 of the Boards of Directors of ASYK and the Company respectively, the merger of ASYK and the Company was approved. In particular the following were approved: the transformation balance sheet of the absorbed company on 31.12.2003, the "Certification report on the book value of the property of the Company 'SYSTEMS DEVELOPMENT AND SUPPORT HOUSE OF THE CAPITAL MARKET SOCIETE ANONYME (ASYK SA)' of 16.7.2004, the draft Merger Agreement signed on 13.7.2004, which became the final Merger Agreement, which was prepared according to the law by a notary public (contract number 3494/4.3.2005 and 3503/15.3.2005 modification act of Athens Notary Ioannis Kollias). This was followed by the approval of the merger by the Ministry of Development with decision no K2-3091/18.3.2005, and registration of said approval in the Companies Register.

In June 2005 the company bought 0.08% or 85 shares of TSEC which belonged to Mr. A. Giannopoulos for €58 per share. Consequently, the direct participation of the company in TSEC is now 66.10% and total participation in TSEC is now 99.90%.

The following table shows the participations of the Company in the share capital of its subsidiaries on 31.12.2005, the dividends received during the fifth fiscal year, as well as the Company's claims on its subsidiaries and obligations to its subsidiaries respectively on 31.12.2005:

**Participations on 31.12.2005 (amounts in €)**

| Company | HQ | Direct participation of the parent Co. on 31.12.2005 | Covered Capital | Indirect partic. of parent Co. | Total partic. in the share capital | Share value in the books of the parent Co. | Dividends received during the fiscal year (€ thous.) | Claims of the parent Co. on its subsidiaries on 31.12.2005 | Obligations of the parent Co. to its subsidiaries on 31.12.2005 |
|---|---|---|---|---|---|---|---|---|---|
| ATHEX | Athens | 98.19% | 20,348,275 | 1.81% | 100% | 47.07 | 54,225 | 32,130.42 | 97,304.26 |
| CSD | Athens | 61.82% | 2,244,066 | 38.18% | 100% | 9.32 | 1,706 | 21,420.00 | 35,562.87 |
| ADECH | Athens | 53.58% | 12,559,152 | 45.37% | 98.95% | 6.24 | 857 | 5,355.00 | 7,031.66 |
| TSEC | Thessal. | 66.10% | 1,983,000 | 33.80% | 99.90% | 58.00 | 42 | 3,570.00 | 835.35 |

### 4.2 Main intra-Group and third party contracts

The main contracts, intra-Group or with third parties, signed by the companies of the Group, and currently in force are the following:

| Contract with/ between | Company | Description | Start - End Duration | Total 2005 (with VAT) | Expected total 2006 (with VAT) | Comments |
|---|---|---|---|---|---|---|
| NBG (leader 70%) + Agricultural (15%) +Phoenix (15%) | CSD | Insurance DFL + PI | 1.5.2005 - 30.4.2006 | 220,000 | 330,000 | |
| Infoquest | ATHEX | OASIS | 1.1.2005 - 31.12.2006 | 1,073,588 | 1,049,788 | |
| Nestor Advisors | TSEC | Consulting services - Egypt project | 24.12.2005 - 36 months | 0 | 299,200 | The amount is for the duration of the project |
| European Profiles | TSEC | Consulting services - Egypt project | 18.10.2005 - 36 months | 1,156,621 | | The amount is for the duration of the project |
| Alico | All Group companies | Medical coverage | | 376,039 | 322,694 | |
| Katrantzos Security/ Wackenhut | All Group companies | Security for the Group's buildings | | 464,063 | 345,309 | Katrantzos Sec. to 31.12.2005 Wackenhut from 1.1.2006 |
| Consortium Kion, Ernst & Young Finance | HELEX | Oversight of the construction of the Group's new building | | 242,165 | 384,370 | Total amount for the duration of the project (2007): €833,000 |
| **Intra-Group** | | | | | | |
| HELEX - ATHEX | | Provision of management and other support services | 25.4.2005 - Indefinite | 263,466 | 171,360 | |
| ATHEX - ADECH | | OASIS - network connection using the Network for Exchange Transactions (NET) | 28.7.2000 - Indefinite | 380,754 | 380,754 | |
| ATHEX - CSD | | Provision of IT services | 25.4.2005 - Indefinite | 234,192 | 214,200 | |
| ATHEX - CSD | | OASIS - network connection using NET | 17.4.2002 - Indefinite | 311,042 | 311,042 | |
| **Income Contracts** | | | | | | |
| European Commission (Represented by the EU delegation in Egypt) | TSEC | Support to the Capital Market Commission of Egypt (with emphasis on corporate governance), project id EuropeAid/120470/C/SV/Eg | 21.8.2005 - 36 months | 2,615,950 | | Duration 36 months from the start of the project, which is 3 months from the contract signature date.The project value is the expected total for the duration of the project. |
| **Other Contracts** | | | | | | |
| Babis Vovos International Construction | HELEX | Supplementary monetary consideration | | | 7,000,000 | The contract has not yet been signed; only an interim contract and an addendum. Contract signature is expected at the end of May. |

### 4.3 Location of office premises

A. ATHEX has provided to the Company, in its property on 1 Pesmazoglou St in Athens, office space totaling 1,417.52 m2 were the Company's headquarters are located. Furthermore, CSD has provided to the Company, in its property on 17 Acharnon St and Mavrokordatou Sq., office space totaling 105 m2. Finally, in an office building on 19 Feidiou St, and specifically for office space totaling 380 m2 (on the 5th floor) a lease agreement had been signed between Athens Exchange and the owner, which was transferred to the Company by contract signed on 1.8.2005.

B. The Company is the owner of the following real estate:

a. One plot at 110 Athinon Ave, covering an area of 2,075.60 m2, acquired under contract No. 30.343/17.5.2002 of the Athens-based Notary Public Vassiliki Argyriadou-Hondrou, registered in the relevant land transfer register of the Athens Land Registry on 28.5.2002, in volume 4404 No. 345 and

b. One plot at 108 Athinon Ave, covering an area of 5,825.37 m2, acquired under contract No. 30.343/17.5.2002 of the Athens-based Notary Public Vassiliki Argyriadou-Hondrou, registered in the relevant land transfer register of the Athens Land Registry on 28.5.2002, in volume 4404 No. 344. No registered sale agreements, mortgages, prenotations, confiscations, claims exist over this plot, as shown from a recent check in the relevant books of the Athens Land Registry.

Based on the above and in particular in chapter 10 "USE OF RAISED CAPITAL BY THE INCREASE IN SHARE CAPITAL OF THE COMPANY IN CASH", based on a tender for the expression of interest in participating in the negotiated procedure for the construction or location of an office building suitable for the needs of the HELEX Group, the project of construction of an office building (with a covered area of 6,700.00 square meters and in all other respects as described in the technical offer, as formulated based on the exchanged correspondence, with the method of "quid pro quo" and with a supplementary monetary consideration in the amount of seven million euro (€7,000,000)) on the above contiguous and continuous plots of land owned by the Company, the project was awarded to company "BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A." The office building of the Company, according to the contract signed on 17.10.2005 "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction" will be delivered to the Company by 30.3.2007, in which all departments of the Group will be housed.

ATHEX owns a plot of land with a surface area of 944.01 sq. m. at the corner of 1 Pesmazoglou St. and Sophocleous St. on which there stands a building with a total area of 3,650.80 sq. m.

CSD has, since August 2003, moved to a privately owned building located in Athens on Mavrocordatou Sq. and 17 Acharnon St. This building has a total area of 3,308 sq. m.

All TSEC departments are housed in 60 sq. m. in a two story building with a total area of 1,312.16 sq. m., located at 16-18 Katouni St., and which was purchased on 26.6.1997 from Macedonia-Thrace Bank for €2,494 thousand.

#### 4.3.1 Leased - Let Property

The Group leases - lets the following property:

| Property location | Leased by | Owner | Monthly lease payment | Lease duration | Contract expiration | m2 |
|---|---|---|---|---|---|---|
| 10 Sofokleous St. Athens Ground, 1st - 3rd floors | ATHEX | NBG | 22,955.73 | 5 years | 31.08.2007 | 1,765 |
| 1 Asklipiou St Athens - 1st fl. | ATHEX | Kiskiras K., G., M., Th. | 2,675.06 | 10 years | 18.01.2011 | 190 |
| 4 Sofokleous St. Athens | ATHEX | Platis V. | 1,040.73 | 9 years | 05.03.2008 | 173 |
| 102 Orfeous St. Athens | ATHEX | Papazoglou M. | 1,661.06 | 4 years | 31.10.2008 | 510 |
| 19 Evripidou St. Athens Ground, 1st - 6th floors | ATHEX | Pendelis Monastery | 6,660.44 | 3 years | 30.09.2006 | 1,133 |
| 1 Pesmazoglou St. Athens Mezz. | CSD | ATHEX | 207.80 | 2 years | 11.07.2006 | 331 |
| 17 Acharnon St. Athens - Ground fl. | Chronopoulos G. | CSD | 200.00 | 4 years | 01.04.2009 | 18,5 |
| 17 Acharnon St. Athens - 5th fl. | ADECH | CSD | 5,136.88 | 3 years | 30.09.2006 | 413 |
| 16 Katouni St. Thessaloniki - Ground fl. | NBG Brokerage | TSEC | 4,311.39 | 2 years | 31.10.2007 | 315 |
| 16-18 Katouni St. Thessaloniki 1st, 2nd floors | CSD | TSEC | 5,000.00 | 3 years | 31.03.2008 | 60 |
| 16-18 Katouni St. Thessaloniki - 2nd fl. | ATHEX | TSEC | 300.00 | 3 years | 31.08.2008 | 30 |

The companies Athens Exchange SA and Central Securities Depository SA which are owners of buildings located on 1 Pesmazoglou St. and 17 Acharnon St. respectively have provided for free to the other companies of the Group office space located in the abovementioned buildings.

**4.3.2 Property leases terminated**

Within the operational restructuring framework of the Group and the reduction in personnel, The Group has managed to reduce office space, and has therefore terminated, within 2005, leases on the following property:

| Property location | Leased by | Owner | Monthly lease payment | Lease duration | Contract expiration | m2 |
|---|---|---|---|---|---|---|
| 73 Aeolou St Athens - 2nd fl * | ATHEX | Altsitzoglou P., V. | 3,954.79 | 9 years | 31.01.2008 | 311 |
| 73 Aeolou St Athens - 3rd fl * | ATHEX | Efthimiadi A. | 2,137.66 | 8 years | 31.01.2008 | 311 |
| 73 Aeolou St Athens - 4th fl * | ATHEX | Altsitzoglou P., V. | 4,816.49 | 9 years | 31.10.2009 | 311 |
| 73 Aeolou St Athens - 5th fl * | ATHEX | Altsitzoglou P., V. | 3,746.64 | 9 years | 31.01.2008 | 311 |
| 73 Aeolou St Athens - 6th fl * | ATHEX | Altsitzoglou P., V. | 2,497.76 | 9 years | 31.01.2008 | 229 |
| 9 Aristidou St. - 3rd fl * | ATHEX | Papadaki A. | 1,076.44 | 12 years | 07.12.2012 | 102 |
| 3 Kleisthenous St. - 1st fl † | ATHEX | Giotis L. | 685.78 | 6 years | 15.07.2004 | 129 |
| 3 Kleisthenous St. - 2nd fl † | ATHEX | Kountouris F. | 685.78 | 6 years | 15.07.2004 | 129 |
| 3 Kleisthenous St. - 3rd fl † | ATHEX | Giotis L. | 685.78 | 6 years | 15.07.2004 | 129 |
| 14 Tsimiski St. Thessaloniki - 3rd fl. | CSD | Ksiropotamos Monastery | 5,983.28 | 12 years | 05.04.2005 | 396 |

** The leases were terminated by a notice of termination on 31.3.2005*
*† The leases were terminated by notice of termination on 1.8.2005*

The total annual savings from the termination of the above-mentioned leases amount to €315,000.

## 4.4 Group Personnel development

The following table shows the personnel employed on December 31st of each year in question:

| Company | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|
| Hellenic Exchange Holdings | 12 | 9 | 7 | 86 |
| Athens Exchange | 134 | 125 | 118 | 206 |
| Central Securities Depository | 264 | 209 | 186 | 74 |
| Athens Derivatives Exchange Clearing House | 24 | 24 | 22 | 12 |
| Thessaloniki Stock Exchange Centre | 10 | 10 | 9 | 7 |
| Systems Development and Support House of the Capital Market | 97 | 86 | 75 | - * |
| **TOTAL** | **541** | **463** | **417** | **385** |

** ASYK was merged with HELEX on 18.3.2005*

## 4.5 Share information

The shares of the Company began trading on the Main Market of Athens Exchange on 21.08.2000. In 2005 the share price significantly increased, outperforming for the year the FTSE/ ATHEX Mid Cap 40 in which it participates. The share price reflects the tangible improvement of HELEX's figures, the continuous effort to rationalize the Group and reduce operating costs, as well as the improvement of the business climate in the Greek market, the continuous increase in trade value in Athens Exchange and, finally, the prospects that open up for HELEX for cooperation in southeastern Europe.

Various statistical data is presented below concerning the progress of the share price, the trade volume on HELEX shares, the ATHEX General Index and the FTSE/ ATHEX Mid Cap 40 index in which the Company participates, as well as comparative data on the value of the trades on Company shares as a percentage of the total trade value on those indices.

| | | FTSE/ATHEX Mid Cap 40 Index | | HELEX share transaction data | | |
|---|---|---|---|---|---|---|
| Month | ATHEX General Index | Index value * | Monthly transactions value on index stocks in € | Share price in €*,+ | Monthly transactions value in € | % of the transactions value of the FTSE/ATHEX Mid Cap 40 |
| Jan-05 | 2,919.93 | 2,549.42 | 567,457,822.21 | 8.14 | 36,667,173.84 | 6.46% |
| Feb-05 | 3,145.16 | 2,690.94 | 645,427,106.19 | 9.06 | 62,092,304.36 | 9.62% |
| Mar-05 | 2,854.91 | 2,386.06 | 580,265,443.03 | 8.48 | 39,831,531.44 | 6.86% |
| Apr-05 | 2,868.45 | 2,403.19 | 318,144,693.19 | 8.68 | 43,019,720.40 | 13.52% |
| May-05 | 2,959.53 | 2,474.44 | 406,348,924.33 | 6.76 | 47,922,046.50 | 11.79% |
| Jun-05 | 3,060.73 | 2,485.22 | 532,090,641.40 | 6.08 | 27,317,301.44 | 5.13% |
| Jul-05 | 3,271.78 | 2,807.60 | 726,116,085.85 | 7.04 | 45,980,949.02 | 6.33% |
| Aug-05 | 3,231.48 | 2,776.44 | 785,429,496.79 | 6.48 | 23,469,297.78 | 2.99% |
| Sep-05 | 3,381.96 | 2,938.91 | 744,896,077.31 | 7.76 | 38,590,562.26 | 5.18% |
| Oct-05 | 3,307.32 | 2,891.84 | 643,306,313.89 | 7.52 | 32,278,362.04 | 5.02% |
| Nov-05 | 3,441.64 | 3,007.82 | 663,345,624.47 | 8.04 | 31,522,737.18 | 4.75% |
| Dec-05 | 3,663.90 | 3,397.00 | 780,203,817.69 | 8.96 | 51,532,554.60 | 6.61% |
| **Total 2005** | | | **7,393,032,046.35** | | **480,224,540.86** | **6.50%** |
| Jan-06 | 3,977.84 | 3,915.41 | 1,532,250,939.30 | 10.68 | 94,599,921.66 | 6.17% |
| Feb-06 | 4,202.85 | 4,258.32 | 1,755,670,940.94 | 12.54 | 134,416,480.62 | 7.66% |

** Index values and HELEX share prices refer to the closing price of the last day of each month.*
*+ The share price has not been adjusted for the €2,05/share share capital return, which took place on 17/05/2005*

The total value of transactions on the share in the period from 1.1.2005 to 31.12.2005 amounted to €480 mln, while the average daily value of transactions amounted to €1.92 mln.

The following table presents monthly data on the trade volume on Company shares for 2005, as well as the percentage on the total number of shares outstanding.

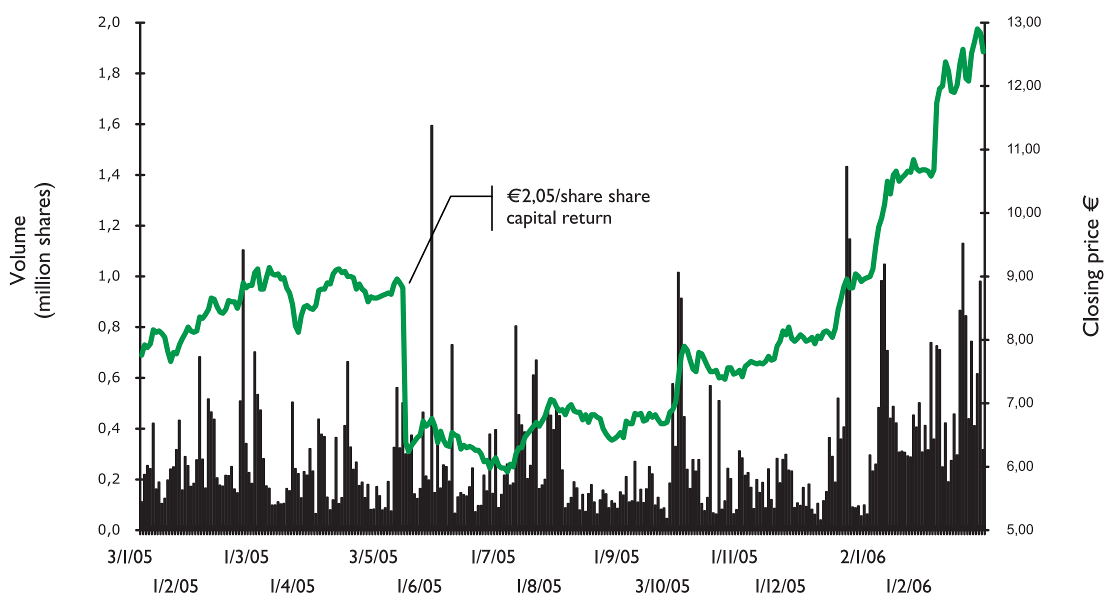
| Month | Monthly traded volume (shares) | % of the number of listed shares |
|---|---|---|
| Jan 2005 | 4,598,803 | 6.47% |
| Feb 2005 | 7,156,643 | 10.07% |
| Mar 2005 | 4,557,111 | 6.41% |
| Apr 2005 | 4,835,318 | 6.80% |
| May 2005 | 6,408,943 | 9.02% |
| Jun 2005 | 4,316,580 | 6.07% |
| Jul 2005 | 7,116,575 | 10.01% |
| Aug 2005 | 3,456,078 | 4.86% |
| Sep 2005 | 5,478,088 | 7.71% |
| Oct 2005 | 4,255,574 | 6.06% |
| Nov 2005 | 4,023,461 | 5.73% |
| Dec 2005 | 5,978,695 | 8.51% |
| **Total 2005** | **62,181,869** | **87.74%** |
| Jan 2006 | 9,209,254 | 13.11% |
| Feb 2006 | 11,096,495 | 15.80% |

The average share price for the period 1.1.2005 to 31.12.2005 was €7.65 and the average market capitalization of the Company for fiscal 2005 was €542.22 mln. (it should be noted that the share price as well as market capitalization are not adjusted for the share capital return in the amount of €2.05 per share which took pace on 17.5.2005).

The share price of the Company closed in the last trading session of 2005 at €8.96, posting an increase of 17.89%. If the share capital return is factored in (€2.05 per share) the total return of the share in 2005 was 61.44%

The positive course of the share continues in 2006, with the share price on 28.2.2006 closing at €12.54 posting a further increase of 39.96%; cumulatively from 31.12.2004 the increase is 65.00%. In the following diagram the share prices and the volume (shares) of transactions for 2005 and up to 28.2.2006 is shown.

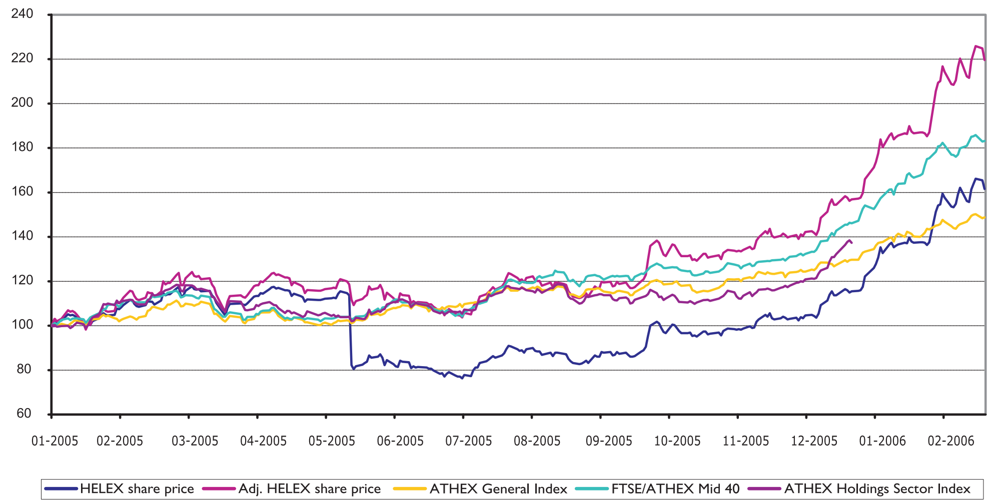
**HELEX Share Closing Price and Volume of Transactions**



The following diagrams shows the performance of the HELEX share price, the ATHEX General Index, and the FTSE/ ATHEX Mid Cap 40 for the period from 1.1.2005 to 28.2.2006. For comparison reasons, the values on 1.1.2005 have been adjusted to 100.

Furthermore, the HELEX share price adjusted for the share capital return in the amount of €2.05 which took place in May 2005 is also presented.

**Comparative diagram of the HELEX share price,
ATHEX General Index, Holdings Sector Index & FTSE/ATHEX Mid Cap 40**



# 5. ATHEX
Market Data

The companies of the Group draw their income from company listings, securities trading, as well as from the clearing and settlement of securities and derivatives transactions. Therefore, the main activity of the HELEX Group is the operation of financial markets in securities and derivative products.

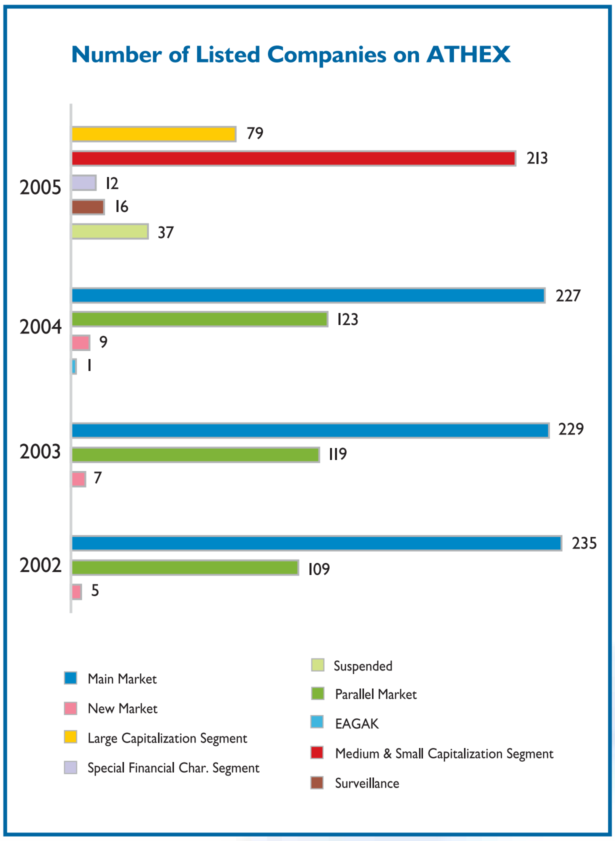
In 2005 there was a significant recovery in both the international as well as in the Greek markets, which had positive consequences for the Group's finances.

This chapter presents some historical figures about the cash and derivatives markets operated by the HELEX Group.

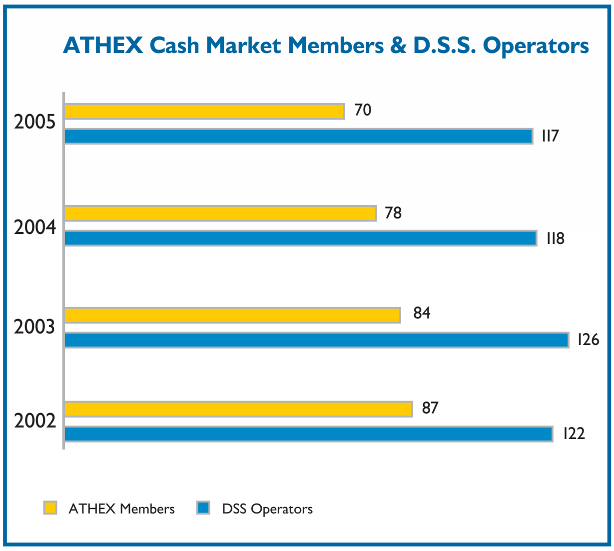
### 5.1 Cash Market

The value of stock transactions in 2005 significantly increased compared to last year, while the total market capitalization of listed companies increased by 34%.

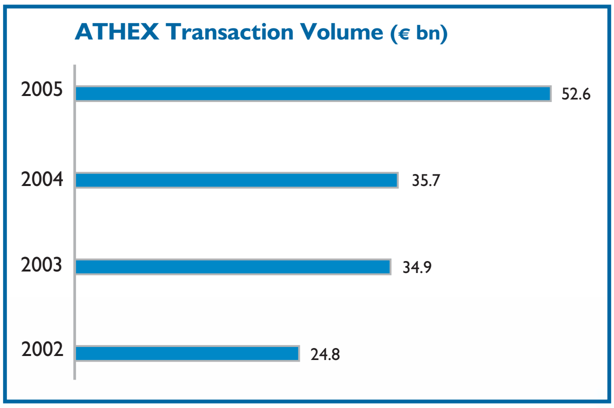
The following diagram shows the change in the number of listed companies on ATHEX:



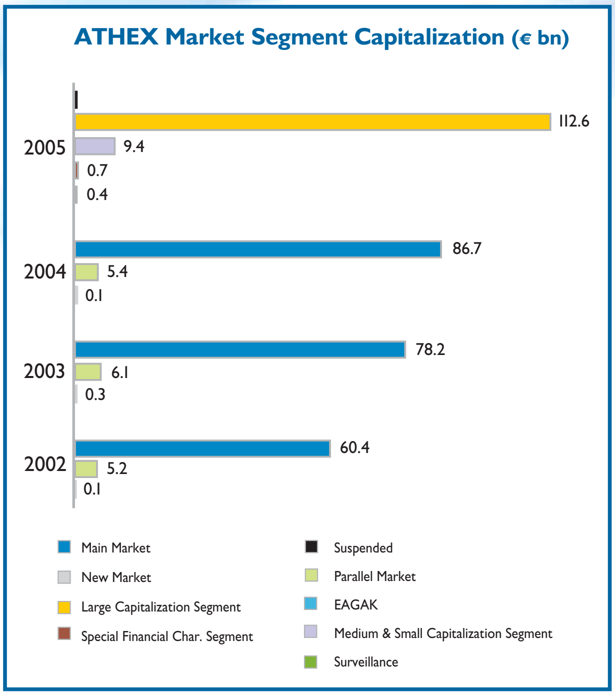

The following diagram shows the change in the number of ATHEX cash market members and DSS Operators:



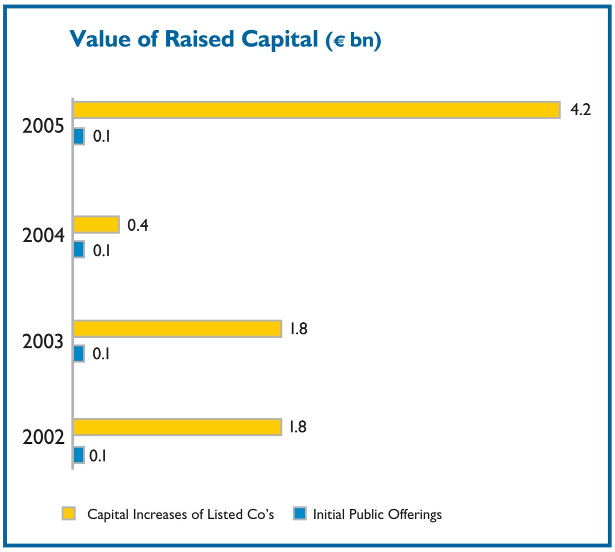

The following diagram shows the total value of stock transactions in ATHEX for the 2002-2005 period:




The following diagram shows the change in total listed company capitalization in Athens Exchange (broken down by the market segmentation in effect on the last trading day of each year):



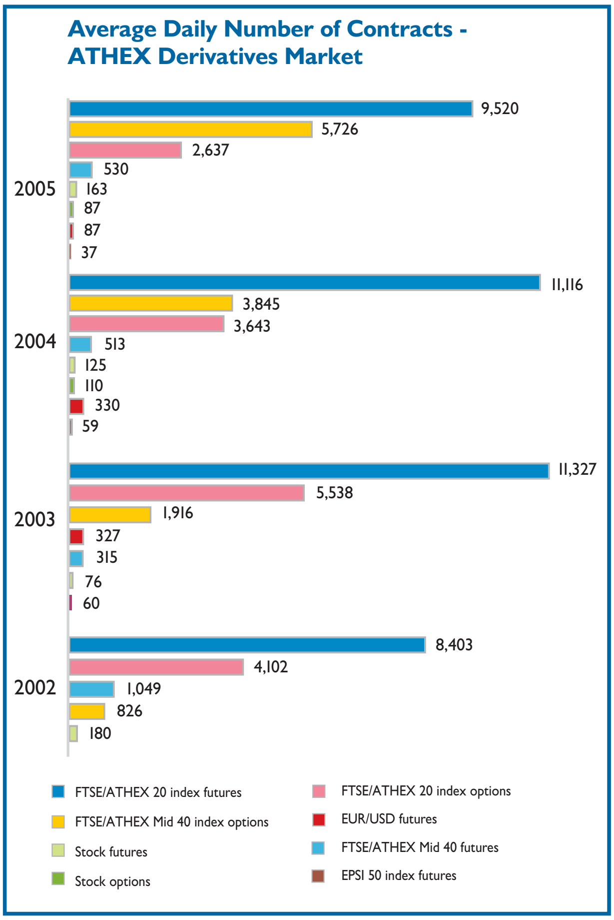

The following diagram shows the value of raised capital from listed companies and new listings in ATHEX:



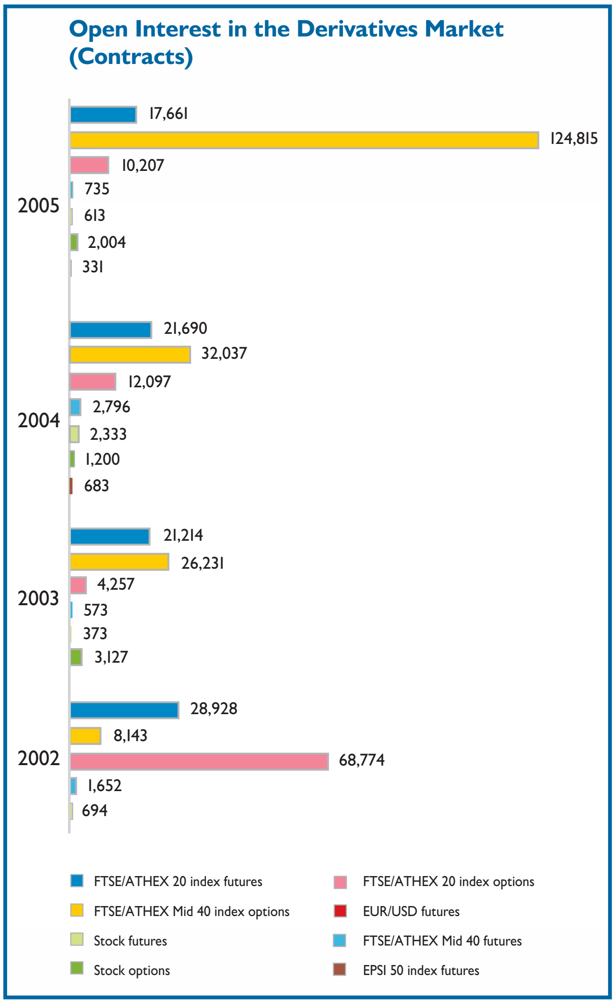

## 5.2 Derivatives Market

The following diagram shows the number of members of the ATHEX derivatives market as well as ADECH for the 2002-2005 period:

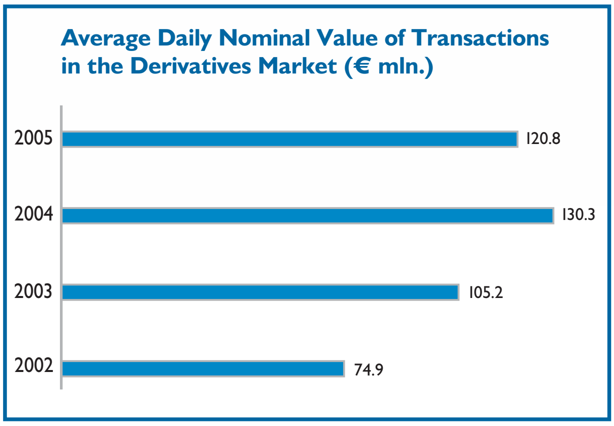

The following diagram shows the average daily volume of transactions by product category for the derivatives market for the 2002-2005 period:



The following diagram shows the change in the open interest in products of the derivatives market for the 2002-2005 period:




Finally, the following diagram shows the average daily nominal value of transactions in the derivatives market for the 2002-2005 period:



# 6. Information about Recent Developments and Group Prospects

### 6.1 Important Developments during 2006

HELEX will be finishing the operational restructuring project within 2006, a project whose aim is the reduction of cost and increase in productivity of the Group. The attainment of these goals gives the HELEX Group flexibility in the decision making process, and cohesion, which are necessary in order to successfully face international competition.

At the same time, in 2006, the extensive cost reduction program, which began in 2003, will continue without creating problems in the operation of the companies and the implementation of the goals of the business plan.

Part of the project of operational restructuring is the merger by absorption from HELEX, of its subsidiaries "Central Securities Depository S.A." (CSD) and "Athens Derivatives Exchange Clearing House S.A." (ADECH) which is described in detail in chapter 2.3.6 "Start of the procedure for merger by absorption of companies "Central Securities Depository" and "Athens Derivatives Exchange Clearing House" by the Company", with the aim of streamlining operations and reducing HELEX costs. From the merger of these two companies, new cost reductions will arise, due to the reduction of the independent legal teams, and the smaller size of administrative services that will be required. Furthermore, there will be an increase in the speed of decision making, and a further strengthening of the unified business culture, which will result in an increase of the effectiveness of the Group.

The achievement of economies of scale which are the aim of the operational restructuring will be enhanced when all the companies of the Group move into the new office building with special specifications. The project of constructing the new building is in full swing based on the signed "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction" and the contractor is expected to turn the building over on March 31st 2007.

### 6.2 Goals and Prospects for 2006

HELEX, as a modern Group of supporting and operating organized capital markets, has as its basic strategic targets:

**1. Rationalization of the operating model of the Group and the attainment of economies of scale in order to further reduce the Group's operating cost.**

Following the full privatization of the Group, in September 2003, efforts are being made to modernize it and to make its operation more effective.

The operational expenses of the Group were drastically reduced during the previous year. This work is fairly difficult and complicated, especially when one considers that the operational cost of the HELEX Group is fixed, 60% of which consists of salaries and personnel expenses.

It is in this framework that the merger by absorption of CSD and ADECH by HELEX is being undertaken for the achievement of economies of scale.

**2. Improvement of existing products and services and the development of new products.**

This aim is common in the strategy of European exchanges, which recognize the importance of their local market in a constantly changing international environment. It consists, briefly, of the improvement and development of services provided to the market in general, so as to minimize the possible motive of the participants to seek exchange services outside the Group, as well as the attraction of international investor interest. The Group has as its primary aim its further development in the Greek market, taking into consideration that increased competition among European exchanges is a fact. In order to achieve the particular aim, the HELEX Group intends to follow a three-pronged strategy:

- **Strengthening local investor interest**

  Within the framework of strengthening local investment interest, the Group is exploring the development of new products and services, the improvement and expansion of existing ones, and is promoting the idea of investing. The attraction of strong and healthy companies to ATHEX as well as the continuation of the privatization program are expected to strengthen investor interest.

  Following the end of the modification of the ATHEX Rulebook, the Group is redoubling its efforts to bring the commercial shipping sector to ATHEX and to attract shipping companies with Greek owners which have either been listed in a large foreign exchange and are interested in a dual listing in the Greek market, or are interested in an IPO in ATHEX.

  At the same time, the necessary regulatory framework for the development of Exchange Traded Funds (ETFs) in the Greek capital market is taking shape. ETFs are open ended, passive management funds traded in regulated markets. These funds track some widely followed indices (index trackers) and are thus appeal to a wide range of investors, simplifying their investment horizon regarding securities. By examining the ETFs that can be found by investors in the European market it follows that they refer to stock indices of the country, stock indices of other markets, bond indices and stock sector indices. International experience shows that

ETFs can work excellently as a mechanism that will allow local exchanges to pique small investor interest in securities and cover the interest of investors in international investments through local exchanges.

Meanwhile in the derivatives market the revision of its operation is being designed, in order to reverse the flat trend shaping up in trading activity. In this framework, the modification of Law 2533/1997 is being examined which establishes the structure of the derivatives market. Furthermore, the Group is examining the restructuring of the products and services provided in the derivatives market as well as its operating structure, in order to examine the penetration of services provided to the investing public. Finally, the expansion of the model of operation of stock lending in the Greek market is being examined, in order to increase flexibility for the participants while at the same time maintaining both the security of the system and the income stream for HELEX.

- **Attracting investor interest from abroad**

The Group will continue to be active in the direction of attracting foreign capital in order to increase the liquidity and prestige of the Greek market, with the aim of removing the particularities of the Greek market which may present obstacles in attracting this capital.

Therefore, the Group is cooperating with the local regulator and other bodies for the improvement of the existing regulatory framework and the transparency of the market. In addition, the Group is developing a Greek capital market guide, for use by foreign investors, which will have as its aim the description, on the ATHEX website or in manuals, of the regulatory framework of the Greek capital market that is in effect, in such a way that it is useful to professionals interested in participating in the Greek market.

- **Maintaining and developing a competitive infrastructure**

The development of a modern competitive infrastructure provides the HELEX Group with advantages in its effort to be connected and networked with the mature markets and the strengthening of investor interest. Thus, the HELEX Group wishes to actively participate by bringing forth proposals in the modernization of the institutional and regulatory framework of the market. These proposals concern both the supervision of listed companies and the transparency in the dissemination of information to investors, as well as in the framework which governs the suspension of trading and the delisting of companies from the exchange.

**3. Creation of a single trading and clearing platform for securities in southeastern Europe, for the purpose of strengthening the role of the Group in the area**

The increased competition among developed capital markets, and the aim of each exchange to attract investors to its own market as well as to maintain, as much as possible, local investors in its market, drives the Group in the direction of internationalizing its business. Thus, the Group aims to network itself with developing markets in southeastern Europe, by cooperating with the participants in those markets, in order to attract liquidity, increase the access of local markets, as well as to provide alternative investments to its members and to local investors.

By exploiting its competitive geopolitical position, and promoting its competitive advantage as the most reliable and only mature market in the region, which can act as a gateway to the Eurozone for companies and investors in the region, the Group aims to become active in the provision of investment services to issuers, intermediaries and investors, as well as in the provision of technological solutions and technology know how to exchange organizations in the region. In this way, the Greek capital market expands and our country becomes a regional exchange center, with expected benefits the accumulation of liquidity in the local market, the income differentiation of the Group by its participation in new service sectors (IT services and consulting services) and the strengthening of the picture of the Group as a modern, developed and internationally present organization.

In 2006, the Group would like to further advance its international recognition, by implementing common actions with exchanges in SE Europe and the Mediterranean, through the signing of Memoranda of Understanding, the creation of new common indices, the submission of proposals for the development of emerging markets to international financing organizations for funding, the promotion of the trading platform and other systems, as well as the transfer of know-how and training.

Within this framework, building on the close cooperation developed by the Athens Exchange and the Cyprus Stock Exchange (CSE), the implementation of a common trading and clearing platform for the two markets is to be completed in the first half of 2006. The implementation of the common platform has as a long term goal:

- The formation of a homogeneous, efficient and effective environment for the execution and clearing of transaction in the two markets in the standards of the European Union and developed capital markets internationally.
- The reduction in operating cost for exchanges with the

exploitation of economies of scale and the reduction of the access cost for participants in the markets of the two exchanges.
- The facilitation and further advancement of collaborations and initiatives for expanding the turnover of the two markets by attracting the participation of other markets in the region.

Within this framework, the HELEX Group is refining a proposal for the creation of a common operating platform for southeastern Europe, with the aim of making access easier for members-brokers in the interconnected markets, at a low cost of provided services in the interconnected markets, making cross-border transactions easier, safer and at a lower cost. This proposal will include common market operating rules, compatible mechanisms for clearing transactions, common infrastructure which will simplify the access for participants, corporate governance rules and operating independence for the markets. Comparable undertakings have been adopted both in western Europe by Euronext as well as northern Europe by OMX Group.

**4. Compatibility of the Group's infrastructure with the infrastructure and mode of operation of developed markets in the European Union so that there exists the possibility of interconnection with other platforms of those markets**

Within the framework of increasing the strategic position of the Group at the European level, there is a need for continuous monitoring and assimilation of the developments taking place in larger European markets.

At the same time, the HELEX Group is obliged to increase the compatibility of its infrastructure, with the infrastructure and operation of developed markets in the European Union, so that it is feasible in the future, the possibility of interconnecting of the Greek market with foreign platforms of developed European exchanges (Euronext, Deutsche Börse, OMX Group etc.)

In summary, based on the abovementioned basic strategic targets, the Group plans to set course for 2006 having as its main priorities:

- The increase and further differentiation of its income as well as the further rationalization and reduction of its cost of services,
- The attraction, reactivation and active participation of investors,
- The increased participation of institutional investors, foreign and domestic, in its products
- The increase in transparency and elimination of incompatibilities that exist in the Greek market compared to markets in the European Union and
- The increase in international presence through cooperation with markets in the European Union, the Mediterranean and southeastern Europe.

# 7. The Social Face of HELEX Group

### 7.1 Corporate Social Responsibility

The systematic integration of activities, in the business operation of all the Group's companies, which have a cultural or social dimension, with a substantive contribution to society, is a basic principle of the HELEX Group. Modern corporations have a duty to react to the increasing social needs and to support programs which are not necessarily connected with a basic product of service that they provide.

We all recognize more and more the need to contribute to economic development while at the same time improving the quality of life of the human resources and their families, as well as society locally and in general.

HELEX Group, realizing the social responsibility of a corporation does not only mean complying with the law, but also emphasizing the development and education of its human resources as well as the improvement of its relations with the public with which it comes in contact, is already applying procedures and programs which aim to develop a climate of trust and harmonious cooperation between the Group's employees and the creation of the best possible image of the HELEX Group to the public.

#### 7.1.1 Human Resources

Following on the successful examples set by the larger exchanges, HELEX has streamlined its structure, by consolidating similar operations. The aim was for the Group to remain competitive, responding to today's demands in an environment of increased international competition. It has completed, with the help of an outside consultant, the project of creating a unified hierarchy and pay scale, thus restructuring the Group's remuneration and benefits policy. The aim is to eliminate the differences and disparities in the pay scale, within the next three years, and the common policy which will be created will be in accordance with market conditions.

Furthermore it proceeded with the restructuring of the benefits provided to employees. In particular the medical benefits, day care center and summer camp benefits for the children of employees have been improved.

The Group provides to employees systematic training, within and outside the company, depending on the needs that arise from their job assignments.

It contributes to the development of new scientists by working in close cooperation with institutions of higher learning.

#### 7.1.2 Transparency

Transparency is of the outmost importance to the Group, for the whole range of its activities. The timely and substantive dissemination of information to the investing public, without discrimination, helps attain our aim which is the increase in credibility of the capital market.

For a third year, in 2005, the Group organized the Derivatives Forum, with a subject "Structured Financial Products: Update and Training" which took place in Athens, having as sponsors members of the Derivatives Market and other companies active in the field. At the congress, the trends, services and products of the Greek Market were presented. During the Forum, a panel discussion was held with the participation of the CEO of the Group Mr. Spyros Capralos, concerning matters of the capital market.

Starting in the middle of July 2005, under the auspices of the Athens Exchange, Stocklearning, one of the first programs of on-line seminars began its operations. This is a website that provides a rich content list of capital market subjects, and aspires to cover the need of investors for knowledge concerning financial investments.

Within the framework of improving the services proved at a lower cost, the Group implemented the following changes:

- Redesign of the dissemination of the Daily Official List. Starting on 28.11.2005, the Daily Official List is provided for free, in electronic from, through the website of Athens Exchange.
- Upgrade of the services provided by the call center of the Group, which operates at no cost to the caller.
- Publication of the quarterly information bulletin HELEXWorld in a renewed form, which is disseminated in printed and electronic form to members and companies associated with the Group. This publication is a regular channel of communication and its purpose is to provide up-to-date and comprehensive information about developments in the HELEX Group and the modern trends that prevail in the capital market.

#### 7.1.3 Social Contribution

Through sponsorships and donations, the Hellenic Exchanges Group is promoting a comprehensive social contribution program, actively participating and contributing to society, thus gradually developing a policy of corporate social responsibility.

In order to apply this policy, the Group took various actions during 2005, thus proving its sensitivity and promoting worthwhile initiatives in the areas of education and social contribution.

Within the framework of its social contribution, the Group proceeded with the following:

- It supported the awards ceremony of the 11th Panhellenic University Student Contest with subject: "Quality of Life in Greece in the 21st Century", which took place under the auspices of the General Secretary for Youth, the Foundation of Economic and Industrial Studies, and the Polytechnic Institute of Crete, and was organized by the Economic Review.
- It began an education program in basic principles of the Capital Market in schools and Universities throughout the country.
- On the eve of the lighting of the "Flame of Hope" for the 8th World Winter Special Olympics Games, in Nagano Japan and the birth day of the Special Olympics in Greece, Athens Exchange turned over 20% of all of its income from the trading session of February 14th 2005 in support of Greek athletes.
- It sponsored the 12th Annual Congress of the Multinational Finance Society, an international union of scientists, which was organized by the ALBA educational organization. The Congress is organized each year, and covers financial and banking science and practice.
- It responded to the event organized in the Athens Concert Hall on September 28th 2005 in support of the "Mitera" infant center.
- During Christmas, it made donations to 15 charity organizations throughout the country, in lieu of sending the traditional Christmas cards.

## 7.2 Promotional Activities of the Companies of the Group

### 7.2.1 Capital Link Forum - New York


Hellenic Exchanges Group, continuing with consistency its program of informing foreign institutional investors, participated in the Capital Link Forum which took place in New York with subject "Investing in Greece." On the day of the Forum, the New York Stock Exchange, in honor of the Greek delegation organized a "Greek Day" and turned over the closing bell to Mr. Alogoskoufis, Minister of Economy and Finance and Mr. Capralos, Chairman of Athens Exchange and CEO of the Group. The Opening and Closing Bell of the New York Stock Exchange are high profile events, given that they are broadcast by all large US and international television networks.

### 7.2.2 3rd International Capital Markets Conference - Thessaloniki

The 3rd International Capital Markets Conference was held in Thessaloniki from the 13th to the 15th of October 2005, with the participation of Exchanges, Depositories and Capital Market Commissions from Bulgaria, Cyprus, Romania, FYROM and Serbia.

The purpose of the meeting was for all to understand the market conditions and to recognize the opportunities for cooperation, where there exists a common interest. This year's congress had a different purpose than previous years - the discussion among participants as to how they can join forces to attract, in common, foreign investors to their markets.

The Deputy Secretary General of the Federation of European Securities Exchanges Mr. Gregor Pozniak noted in his speech that the key to success in the cooperation between the markets, is the dedication to the client, business flexibility, the exploitation of the strong points of each market, and strict cost control.

### 7.2.3 Federation of European Securities Exchanges

The Chairman of Athens Exchange Mr. Spyros Capralos was elected to the Board of Directors of the Federation of European Securities Exchanges (FESE) on November 30th 2005. Five new members of the Board of Directors were elected, during the General Meeting of FESE held in Brussels. The Board of Directors of FESE consists of 9 members, and the 5 new members elected were: Mr. S. Capralos and Messrs Adam

Kinsley (London Stock Exchange), Olivier Lefebvre (Euronext), Axel Nawrath (Deutsche Börse AG) and Attila Szalay- Berzeviczy (Budapest Stock Exchange). Mr. Massimo Capuano was reelected as President of FESE until December 2006.

For the first time there is Greek presence in the Board of Directors of FESE, a fact that, as noted by the Chairman of Athens Exchange, is a special honor both for him and for Athens Exchange since it recognizes the effort being made for the modernization of the Greek Exchange, as well as the role which it can play in the development of capital markets in southeastern Europe.

**7.2.4 International Exposure**

On October 20th 2005, the signing of an exclusive cooperation agreement was announced by CNBC Europe, the main pan-European economic and business channel, concerning the transmission by the channel of ATHEX market data in real time. Every day, at the "ticker" and "hotboards" of CNBC Europe, price and index data from the Securities market are transmitted (Stocks, bonds etc.).

CNBC Europe is a unique pan-European economic and business television network, providing information in real time to top business executives, financial organizations and European investors throughout Europe. Today the network is available to more than 87 million homes, 1,400 banks and financial organizations. CNBC Europe is a service of Dow Jones and NBC Universal.

The agreement with CNBC is one more step towards achieving the goal of the Greek securities market to become more attractive, providing the ability for larger investments to foreign institutional investors, in a modern and flexible environment, as was noted by Mr. Spyros Capralos, Chairman of Athens Exchange.

# Appendix

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# 8. Summary Financial Statements and Information for FY 2005

# HELLENIC EXCHANGES S.A. HOLDING

## SUMMARY FINANCIAL STATEMENTS AND INFORMATION FOR FISCAL YEAR 1.1.2005 - 31.12.2005

(Amounts in thousand euro)

(Published according to Law 2190, art. 135, for businesses that prepare fiscal year financial statements, consolidated or company, according to IAS)

The following data and information aim to provide general information about the financial position and results of the Company "Hellenic Exchanges S.A." The reader who requires a more complete picture of the financial postion and the results of the Company, must acceess the fiscal year financial statements provided for by the International Accounting Standards as well as the audit report by the Certified Auditors Accountants. The reader can indicatively refer to the Company website, where the abovementioned information is posted.

### COMPANY DATA

| | |
|---|---|
| Company headquarters | 1 Pesmazoglou St. 10559 Athens GREECE |
| Prefecture: | ATHENS |
| SOCIETE ANONYME COMPANY REGISTER: | 45688/06/B/00/30 |
| Auditors: | Nikolaos Moustakis, Despina Xenaki |
| Auditing company: | ERNST & YOUNG |
| Type of audit review report: | With a concurring opinion |
| Company website: | www.helex.gr |
| Date of approval of the FY financial stamements by the BoD: | 16/2/2006 |

### BALANCE SHEET

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **ASSETS** | **31.12.2005** | **31.12.2004** | **31.12.2005** | **31.12.2004** |
| **Current assets** | | | | |
| Cash at hand and at bank | 179,674 | 277,785 | 841 | 74,502 |
| Clients | 3,074 | 3,933 | 164 | 0 |
| Other receivables | 7,276 | 5,481 | 2,019 | 922 |
| Securities | 0 | 30,087 | 0 | 30,087 |
| | 190,024 | 317,286 | 3,024 | 105,511 |
| **Non-current assets** | | | | |
| Property Plant and Equipment | 41,326 | 44,511 | 19,605 | 19,561 |
| Participations and other long term receivables | 2,092 | 2,137 | 354,145 | 362,112 |
| Deferred taxation | 1,628 | 2,309 | 399 | 469 |
| | 45,046 | 48,957 | 374,149 | 382,142 |
| **TOTAL ASSETS** | **235,070** | **366,243** | **377,173** | **487,653** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Short term liabilities** | | | | |
| Suppliers and other liabilities | 6,352 | 5,432 | 801 | 90 |
| Taxes payable | 18,062 | 18,552 | 41 | 2,856 |
| Social security organizations | 657 | 615 | 131 | 8 |
| | 25,071 | 24,599 | 973 | 2,954 |
| **Long term liabilities** | | | | |
| Grants and other long term liabilities | 571 | 641 | | |
| Reserves | 7,241 | 8,214 | 331 | 81 |
| | 7,812 | 8,855 | 331 | 81 |
| **Capital and Reserves** | | | | |
| Share capital | 210,691 | 358,995 | 210,691 | 358,995 |
| Less: treasury stock | | (4,711) | 0 | (4,711) |
| Share premium | 91,751 | 92,130 | 91,751 | 92,130 |
| Reserve capital | 51,401 | 53,990 | 8,067 | 9,653 |
| Accumulated profits / (losses) | (151,942) | (167,899) | 65,360 | 28,551 |
| Capital and reserves | | | | |
| Shareholders' equity | 201,901 | 332,505 | | |
| Minority interest | 286 | 284 | | |
| Total net position | 202,187 | 332,789 | 375,869 | 484,618 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **235,070** | **366,243** | **377,173** | **487,653** |

## COMPOSITION OF THE HELEX BOARD OF DIRECTORS

| Name | Position | Name | Position |
|---|---|---|---|
| Iakovos Georganas | Chairman | Antonios Kaminaris | Member |
| Spyros Theodoropoulos | Vice-Chairman, non-executive member | Nikolaos Karamouzis | Member |
| | | Nikolaos Beis | Member |
| Spyros Capralos | CEO, executive member | Nikolaos Milonas | Member |
| Nikolaos Apergis | Member | Alexandros Moraitakis | Member |
| Vassilios Drougas | Member | Ioannis Pehlivanidis | Member |
| Marinos Giannopoulos | Member | Nikolaos Bertsos | Member |

## PROFIT & LOSS STATEMENT

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Income** | **1.1-31.12.2005** | **1.1-31.12.2004** | **1.1-31.12.2005** | **1.1-31.12.2004** |
| Income from the cash market | 49,795 | 35,894 | | |
| Income from the derivatives market | 6,651 | 8,700 | | |
| Income from listed companies | 11,031 | 7,942 | | |
| Income from data vendors | 2,620 | 2,659 | | |
| Income from other activities | 2,598 | 3,687 | | 16 |
| Income from information technology services | 1,135 | 1,982 | 1,876 | |
| Total income | 73,830 | 60,864 | 1,876 | 16 |
| Capital Market Commission Fee | (4,175) | (2,973) | | |
| Turnover - Operating income | 69,655 | 57,891 | 1,876 | 16 |
| **Costs and Expenses** | | | | |
| Personnel remuneration and expenses | 15,649 | 17,589 | 3,272 | 412 |
| Third party remuneration and expenses | 2,467 | 2,796 | 929 | 786 |
| Telephone expenses | 935 | 1,136 | 59 | 12 |
| Repairs / maintenance / IT support | 2,592 | 2,877 | 24 | 2 |
| VAT non deductible | 1,212 | 1,755 | 18 | 97 |
| Rents and building insurance premiums | 1,162 | 1,625 | 116 | 54 |
| Marketing and advertising expenses | 260 | 413 | 67 | 45 |
| Other expenses | 3,788 | 5,618 | 935 | 244 |
| Total operating costs and expenses | 28,065 | 33,809 | 5,420 | 1,652 |
| **Earnings before interest, taxes, depreciation & amortization (EBIDTA)** | **41,590** | **24,082** | **(3,544)** | **(1,636)** |
| Depreciation | 2,951 | 4,082 | 175 | 10 |
| Earnings before interest & taxes (EBIT) | 38,639 | 20,000 | (3,720) | (1,646) |
| Capital income | 5,268 | 5,720 | 1,532 | 2,486 |
| Valuation difference of participations and securities | | (4,609) | 0 | 1,176 |
| Profits / (losses) from participations and securities | (532) | 24,038 | (523) | 4,210 |
| Dividend income | | 1,753 | 56,830 | 28,701 |
| **Profits before taxes** | 43,375 | 46,902 | 54,119 | 34,927 |
| Less taxes | (16,257) | (13,289) | (167) | (3,277) |
| Profits after taxes | 27,118 | 33,613 | 53,952 | 31,650 |
| *distributed to:* | | | | |
| Company shareholders | 27,101 | 33,588 | 53,952 | 31,650 |
| Minority shareholders | 17 | 25 | - | - |
| Profits after taxes per share in € | 0.39 | 0.47 | 0.77 | 0.45 |
| Proposed dividend per share in € | 0.25 | 0.20 | 0.25 | 0.20 |

## STATEMENT OF CHANGES OF NET POSITION OF THE PERIOD

| **HELEX GROUP** | **31.12.2005** | **31.12.2004** |
|---|---|---|
| Net position at the start of the fiscal year (01.01.2005 & 01.01.2004 respectively) | 332,789 | 298,016 |
| After tax profits for the fiscal year | 27,118 | 33,613 |
| | **359,907** | **331,629** |
| Increase / (decrease) in share capital | (143,972) | 0 |
| Distributed dividends | (14,061) | (22) |
| Net income directly to net position | 0 | 0 |
| (Purchases) / sales of treasury stock | 0 | 33,469 |
| Buyout of CSD minority | | (33,469) |
| Buyout of ASYK minority | | (84) |
| Deferred taxation to net position | | 1,266 |
| Reserves from stock option plan | 313 | |
| **Net position at the end of the fiscal year (31.12.2005 & 31.12.2004 respectively)** | **202,187** | **332,789** |

| **COMPANY** | **31.12.2005** | **31.12.2004** |
|---|---|---|
| Net position at the start of the fiscal year (01.01.2005 & 01.01.2004 respectively) | 484,618 | 419,297 |
| After tax profits for the fiscal year | 53,952 | 31,650 |
| | **538,570** | **450,947** |
| Increase / (decrease) in share capital | (143,972) | 0 |
| Distributed dividends | (14,046) | 0 |
| Net income directly to net position | 0 | 0 |
| (Purchases) / sales of treasury stock | 0 | 33,469 |
| Loss from ASYK merger | (4,986) | 0 |
| Deferred taxation to net position | | 202 |
| Reserves from stock option plan | 303 | |
| **Net position at the end of the fiscal year (31.12.2005 & 31.12.2004 respectively)** | **375,869** | **484,618** |

## CASH FLOW STATEMENT

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12.2005 | 1.1-31.12.2004 | 1.1-31.12.2005 | 1.1-31.12.2004 |
| **Operating activities** | | | | |
| Profits before taxes | 43,375 | 46,902 | 54,119 | 34,927 |
| **Plus / (minus) adjustments for:** | | | | |
| Depreciation | 2,951 | 4,082 | 175 | 10 |
| Reserves | (859) | (6,284) | (325) | 16 |
| Exchange rate differences | 0 | 0 | 0 | 0 |
| Results (income, expenses, profits & losses) from invest. activities | 793 | (26,136) | (56,231) | (34,120) |
| Interest income | (5,268) | (3,746) | (1,532) | (2,486) |
| **Plus / (minus) adjustments for changes in working capital accounts or related to operating activities:** | | | | |
| Decrease / (increase) in invetories | 0 | 58 | 0 | 0 |
| Decrease / (increase) in receivables | (347) | 7,673 | (299) | 938 |
| (Decrease) / increase in liabilities (except banks) | 347 | (937) | 454 | (372) |
| Less: | | | | |
| Debit interest and related expenses paid | 5,268 | 3,746 | 1,532 | 2,486 |
| Taxes paid | (16,066) | (11,455) | (2,864) | 0 |
| Dividends received | | | 56,830 | 28,701 |
| **Total inflows / (outflows) from operating activities (a)** | **30,195** | **26,471** | **51,859** | **30,099** |
| **Investment activities** | | | | |
| Acquisition of subsidiaries, associated, consortia & other invest. | 0 | (5) | 2,271 | (2,097) |
| Purchases of property plant and equip. (PP&E) & intangible assets | 49 | (716) | 139 | 0 |
| Proceeds from the sale of tangible and intangible assets | 29,681 | 94,514 | 30,087 | (9,673) |
| Interest received | 0 | 0 | 0 | 0 |
| Dividends received | 0 | 1,753 | 0 | 0 |
| **Total inflows / (outflows) from investing activities (b)** | **29,730** | **95,546** | **32,497** | **(11,770)** |
| **Financial activities** | | | | |
| Share capital return | (143,972) | 0 | (143,972) | 0 |
| Receipts from issued/ assumed loans | 0 | 0 | 0 | 0 |
| Loan repayments | 0 | 0 | 0 | 0 |
| Repayment of financial lease liabilities | 0 | 0 | 0 | 0 |
| Dividends paid | (14,063) | (7) | (14,045) | (1) |
| **Total inflows / (outflows) from financing activities (c)** | **(158,036)** | **(7)** | **(158,017)** | **(1)** |
| **Net increase / (decrease) in cash and equivalents for the period (a) + (b) + (c)** | **(98,111)** | **122,010** | **(73,661)** | **18,328** |
| **Cash and cash equivalents - beginning of the period** | **277,785** | **155,775** | **74,502** | **56,174** |
| **Cash and cash equivalents - end of the period** | **179,674** | **277,785** | **841** | **74,502** |

## NOTES:

1. The companies of the Group with the corresponding addresses, activities and percentages of participation which are included in the consolidated financial statements with the total consolidation method are:

| Company | HQ | Activity | % of direct participation | Total % of the Group |
|---|---|---|---|---|
| Athens Exchange | Athens | Organization and support of the operation of cash and derivatives markets as well as other financial means | 98,19% | 100% |
| Central Securities Depository | Athens | Clearing and settlement of transactions in the cash market | 61,82% | 100% |
| Athens Derivatives Exchange Clearing House | Athens | Clearing of transactions in derivative products | 53,58% | 98,95% |
| Thessaloniki Stock Exchange Centre | Thessaloniki | Provision of support services to brokerage company branch offices and investors in Thessaloniki | 66,10% | 99,90% |

2. The companies of the Group have been audited by the tax authorities up to fiscal year 2002, except ATHEX which has been audited up to fiscal year 2001.
3. There are no encumbrances on the assets of the companies of the Group.
4. There are no differences in litigation or arbitration in legal or administrative bodies which may have a material impact in the financial position of the company and the Group.
5. Number of employed personnel at the end of the current period: Group 385, Company 86.
6. The amounts of sales and purchases of the Company, to and from associated companies, accumulated from the beginning of the fiscal year amount to €1,549 thousand and €170 thousand respectively. The remaining receivables and liabilities of the Company with associated companies at the end of the current period amount to €62 thousand and €141 thousand respectively.
7. Profits per share were calculated based on the average weighted number of shares outstanding.

| THE CHAIRMAN OF THE BoD | THE CEO | THE GENERAL MANAGER | THE DIRECTOR OF FINANCIAL MANAGEMENT |
|---|---|---|---|
| **IAKOVOS GEORGANAS** | **SPYROS CAPRALOS** | **GIKAS MANALIS** | **CHRISTOS MAYOGLOU** |
| **ID: X-066165** | **ID: I-365608** | **ID: Π-042466** | **ID: Π-575157** |

# 9. Financial Report for Fiscal Year 2005

*The detailed HELEX Financial Statements for the fiscal year are presented below according to IFRS as approved by the BoD of the Company on 16.2.2006.*

*In the present chapter, for the sake of brevity, information that is repeated in other chapters of this Annual Report is removed, and in its place references to the appropriate chapters are inserted. The full text of the Detailed Annual Financial Statements for 2005, as approved by the BoD of HELEX on 16.02.2006, can be found in the Company's website (www.helex.gr)*

## 9.1 Financial Statements for 2005

**CHARTERED AUDITORS ACCOUNTANTS AUDIT REPORT**
**To the Shareholders of Hellenic Exchanges Holding S.A.**

We have audited the accompanying financial statements of Hellenic Exchanges, for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Athens, February 16th 2006

**The chartered auditors accountants**

**Ernst & Young (Hellas) S.A.**
**Chartered Auditors Accountants**

| | |
|---|---|
| **Nik. Moustakis** | **Desp. Xenaki** |
| **(ICAA (GR) reg. no 13 971)** | **(ICAA (GR) reg. no 14 161)** |

**11th km Athens-Lamia National Road**
**144 51 Metamorfosi - Attica**

## A. INCOME STATEMENT

| PROFIT & LOSS STATEMENT | Notes | Group 01.01 – 31.12.2005 | Group 01.01 – 31.12.2004 | Company 01.01 – 31.12.2005 | Company 01.01 – 31.12.2004 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Income from stock market | | 49,795 | 35,894 | | |
| Income from derivatives market | | 6,651 | 8,700 | | |
| Income from listed companies | | 11,031 | 7,942 | | |
| Income from data vendors | | 2,620 | 2,659 | | |
| Income from other activities | 6a | 2,598 | 3,687 | | 16 |
| Income from IT services | | 1,135 | 1,982 | 1,876 | |
| **Total income** | | **73,830** | **60,864** | **1,876** | **16** |
| Capital Market Commission fee | | 4,175 | 2,973 | | |
| **Total operating income** | | **69,655** | **57,891** | **1,876** | **16** |
| **Costs & Expenses** | | | | | |
| Personnel remuneration and expenses | 7 | 15,649 | 17,589 | 3,272 | 412 |
| Renumeration and expenses of third parties | | 2,467 | 2,796 | 929 | 786 |
| Telephone expenses | | 935 | 1,136 | 59 | 12 |
| Repairs/ maintenance/ IT support | | 2,592 | 2,877 | 24 | 2 |
| VAT deductible | | 1,212 | 1,755 | 18 | 97 |
| Rents and building insurance premiums | | 1,162 | 1,625 | 116 | 54 |
| Marketing and advertising costs | | 260 | 413 | 67 | 45 |
| Other expenses | 6b | 3,788 | 5,618 | 935 | 244 |
| Total costs & expenses | | 28,065 | 33,809 | 5,420 | 1,652 |
| **Operating Result (EBITDA)** | | **41,590** | **24,082** | **(3,544)** | **(1,636)** |
| Depreciation | **12** | 2,951 | 4,082 | 175 | 10 |
| **Operating Result (EBIT)** | | **38,639** | **20,000** | **(3.720)** | **(1,646)** |
| Capital income | | 5,268 | 5,720 | 1,532 | 2,486 |
| Valuation difference of participations and securities | | | (4,609) | 0 | 1,176 |
| Profits / (losses) from participations and securities | | (532) | 24,038 | (523) | 4,210 |
| Dividend income | 19 | | 1,753 | 56,830 | 28,701 |
| **Profit / (loss) from operations before taxes and minority interests** | | **43,375** | **46,902** | **54,119** | **34,927** |
| Income tax | 17 | (16,257) | (13,289) | (167) | (3,277) |
| Net profit / (loss) from operating activities | | 27,118 | 33,613 | 53,952 | 31,650 |
| Minority interest | | 17 | 25 | | |
| **Net profit (loss)** | | **27,101** | **33,588** | **53,952** | **31,650** |
| Profit per share | 24 | 0.39 | 0.47 | | |

## B. BALANCE SHEET

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Cash and cash equivalents | 11 | 179,674 | 277,785 | 841 | 74,502 |
| Clients | 9 | 3,074 | 3,933 | 164 | 0 |
| Other receivables | 9 | 7,276 | 5,481 | 2,019 | 922 |
| Securities | 10 | 0 | 30,087 | 0 | 30,087 |
| | | 190,024 | 317,286 | 3,024 | 105,511 |
| **Non Current Assets** | | | | | |
| Property, planet and equipment | 12 | 41,326 | 44,511 | 19,605 | 19,561 |
| Participations and other long-term receivables | 13 | 2,092 | 2,137 | 354,145 | 362,112 |
| Deferred tax | 16 | 1,628 | 2,309 | 399 | 469 |
| | | 45,046 | 48,957 | 374,149 | 382,142 |
| **TOTAL ASSETS** | | **235,070** | **366,243** | **377,173** | **487,653** |
| | | | | | |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | | | |
| **Short term liabilities** | | | | | |
| Suppliers and other liabilities | 14 | 6,352 | 5,432 | 801 | 90 |
| Taxes payable | 17 | 18,062 | 18,552 | 41 | 2,856 |
| Social security payable | | 657 | 615 | 131 | 8 |
| | | 25,071 | 24,599 | 973 | 2,954 |
| **Long term liabilities** | | | | | |
| Subsidies and other long term liabilities | | 571 | 641 | | |
| Provisions | 15 | 7,241 | 8,214 | 331 | 81 |
| | | 7,812 | 8,855 | 331 | 81 |
| | | | | | |
| **Equity and reserves** | | | | | |
| Share Capital | 18 | 210,691 | 358,995 | 210,691 | 358,995 |
| Less: Treasury shares | | | (4,711) | 0 | (4,711) |
| Share premium | 18 | 91,751 | 92,130 | 91,751 | 92,130 |
| Reserves | 18 | 51,401 | 53,990 | 8,067 | 9,653 |
| Retained earnings | | (151,942) | (167,899) | 65,360 | 28,551 |
| Own capital and reserves | | | | | |
| Shareholders' Equity | | 201,901 | 332,505 | | |
| Minority interest | | 286 | 284 | | |
| **Total Shareholders' Equity** | | 202,187 | 332,789 | 375,869 | 484,618 |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | | **235,070** | **366,243** | **377,173** | **487,653** |

## C. STATEMENT OF CHANGES OF NET POSITION OF THE PERIOD

### C.I. HELEX GROUP

| | Share Capital | Treasury Shares | Share Premium | Reserves | Retained Earnings | Minority Interest | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balance on 01.01.2004** | 358,995 | (28,956) | 92,130 | 9,937 | (145,836) | 11,746 | 298,016 |
| Profit for the period | | | | | 33,588 | 25 | 33,613 |
| Dividends paid | | | | | | (22) | (22) |
| Transfer to reserves | | | | 42,787 | (42,787) | | 0 |
| Purchases/ sales of treasury shares | | 24,245 | | | 9,224 | | 33,469 |
| Purchase of CSD minority | | | | | (22,053) | (11,416) | (33,469) |
| Purchase of ASYK minority | | | | | (35) | (49) | (84) |
| Deferred taxes direct to equity | | | | 1,266 | 0 | | 1,266 |
| **Balance on 31.12.2004** | 358,995 | (4,711) | 92,130 | 53,990 | (167,899) | 284 | 332,789 |
| Profit for the period | | | | | 27,101 | 17 | 27,118 |
| Dividends 2004 paid | | | | | (14,046) | (15) | (14,061) |
| Reserves from stock option plan | | | | 313 | | | 313 |
| Cancellation of own share reserve | | | | (4,711) | 4,711 | | |
| Regular Reserves | | | | 1,668 | (1,668) | | |
| Tax free Reserves | | | | 141 | (141) | | |
| Cancellation of own shares | (2,574) | 2,953 | (379) | | | | |
| Share Capital Return | (145,730) | 1,758 | | | | | (143,972 |
| **Balance on 31.12.2005** | 210,691 | 0 | 91,751 | 51,401 | (151,942) | 286 | 202,187 |

## C.2. HELEX

| | Share Capital | Treasury Shares | Share Premium | Reserves | Retained Earnings | Minority Interest | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balance 1.1.2004** | 358,995 | (28,956) | 92,130 | 10,756 | (13,628) | | 419,297 |
| Profit for the period | | | | | 31,650 | | 31,650 |
| Dividends paid | | | | | | | 0 |
| Transfer to reserves | | | | (1,305) | 1,305 | | 0 |
| Purchases / sales of own shares | | 24,245 | | | 9,224 | | 33,469 |
| Deferred taxes direct to equity | | | | 202 | 0 | | 202 |
| **Balance 31.12.2004** | 358,995 | (4,711) | 92,130 | 9,653 | 28,551 | 0 | 484,618 |
| Profit for the period | | | | | 53,952 | | 53,952 |
| Reduction of share capital by reduction of the par value of the share by €2.05 | (145,730) | 1,758 | | | | | (143,972) |
| Dividends paid | | | | | (14,046) | | (14,046) |
| Loss from merger with ASYK | | | | 639 | (5,625) | | (4,986) |
| Cancellation of own shares | (2,574) | 2,953 | (379) | | | | 0 |
| Transfer to reserves | | | | 600 | (600) | | 0 |
| Cancellation of own share reserve | | | | (4,711) | 4,711 | | 0 |
| Regular Reserves | | | | 1,583 | (1,583) | | 0 |
| Stock option plan | | | | 303 | | | 303 |
| **Balance 31.12.2005** | **210,691** | **0** | **91,751** | **8,067** | **65,360** | **0** | **375,869** |

## D. CASH FLOW STATEMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | 1.01-31.12 | 1.01-31.12 | 1.01-31.12 | 1.01-31.12 |
| **Cash flows from operating activities** | | | | |
| Profit before tax | 43.376 | 46.902 | 54.119 | 34.926 |
| **Adjustments for** | | | | |
| Depreciation | 2.951 | 4.082 | 175 | 10 |
| Personnel provisions | (553) | 1.583 | (325) | (5) |
| Other | 0 | 90 | | |
| Provisions for the devaluation of securities | 523 | 4.611 | | 0 |
| Interest income | (5.268) | (3.746) | (1.532) | (2.486) |
| Dividend income | | (1.753) | (56.830) | (28.701) |
| Results from securities | 0 | (24.061) | 523 | |
| Subsidies depreciation | (129) | (301) | | |
| Reversal of other provisions | | | 0 | 21 |
| Reversal of used provisions | (829) | (43) | | |
| Provision for bad debts | | 22 | | |
| Other non cash adjustments | 921 | | 76 | |
| Reversal of devaluation of CSD shares purchased | | | | (4.361) |
| Reversal of devaluation of ASYK shares purchased | | | | (1.058) |
| **Plus/ minus adjustments for changes in working capital or concerning operating activities** | | | | |
| Decrease / (increase) in receivables | (347) | 7.673 | (299) | 938 |
| Decrease / increase of liabilities (except banks) | 347 | (937) | 454 | (372) |
| Decrease / increase in inventories | | 58 | | |
| Interest received | 5.268 | 3.746 | 1.532 | 2.486 |
| Tax paid | (16.066) | (11.455) | (2.864) | |
| Dividends received | 0 | | 56.830 | 28.701 |
| **Net cash generated from operating activities (a)** | **30.194** | **26.471** | **51.859** | **30.099** |
| **Cash flows from investing activities** | | | | |
| Purchases of property, plant and equipment (PP&E) & intangible assets | 49 | (716) | 139 | |
| Purchase of subsidiaries | | (5) | 2.271 | (2.097) |
| Sale of financial asseets | 29.681 | 94.514 | 30.087 | |
| Dividends received | | 1.753 | | |
| Securities purchase | | 0 | | (9.673) |
| **Net cash from investing activities (b)** | **29.730** | **95.546** | **32.497** | **(11.770)** |
| **Cash flows from financing activities** | | | | |
| Share capital return | (145.731) | | (143.972) | |
| Dividends paid | (14.063) | (7) | (14.045) | (1) |
| Treasury stock sales | 1.758 | | | |
| **Net cash generated from financing activities (c)** | **(158.036)** | **(7)** | **(158.017)** | **(1)** |
| Net increase/ (decrease) in cash and cash equivalents from the beginning of the period (a) + (b) + (c) | (98.111) | 122.010 | (73.661) | 18.328 |
| **Cash and cash equivalents at beginning of period** | **277.785** | **155.775** | **74.502** | **56.174** |
| **Cash and cash equivalents at end of period** | **179.674** | **277.785** | **841** | **74.502** |

## E. RECONCILIATION TABLES OF SHAREHOLDERS' EQUITY AND NET PROFITS BETWEEN GREEK ACCOUNTING STANDARDS AND IAS

### E.I. CONSOLIDATED BALANCE SHEET ADJUSTMENT TABLES TO IFRS

### E.I.I. CONSOLIDATED BALANCE SHEET ADJUSTMENT TABLE TO IFRS ON 31.12.2003

| BALANCE SHEET ITEMS | 31.12.2003 G.A.S. | Adjustment entries | 31.12.2003 I.A.S. |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 60,945 | 94,830 | 155,775 |
| Clients and other receivables | 21,906 | (8,254) | 13,652 |
| Reserves | 58 | 0 | 58 |
| Securities | 178,096 | (72,944) | 105,152 |
| | **261,005** | | **274,637** |
| **Non-Current Assets** | | | |
| Property Plant & Equipment | 50,773 | (2,921) | 47,852 |
| Participations and other long-term receivables | 2,349 | (62) | 2,287 |
| Deferred taxes | 0 | 1,438 | 1,438 |
| | **53,122** | | **51,577** |
| **TOTAL ASSETS** | **314,127** | | **326,214** |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | |
| **Short term liabilities** | | | |
| Suppliers and other liabilities | 5,944 | 93 | 6,037 |
| Taxes payable | 21,909 | (4,851) | 17,058 |
| Social security organizations | 616 | 0 | 616 |
| | **28,469** | | **23,711** |
| **Long term liabilities** | | | |
| Provisions | 5,678 | (2,671) | 3,007 |
| Subsidies and other long term liabilities | 15 | 908 | 923 |
| Deferred taxes | 0 | 557 | 557 |
| | **5,693** | | **4,487** |
| **Equity and Reserves** | | | |
| Share Capital | 358,995 | 0 | 358,995 |
| Share Premium | 96,112 | 3,982 | 92,130 |
| Consolidation differences | (265,093) | 265,093 | 0 |
| Reserves | (20,568) | 1,618 | (19,019) |
| Accumulated profits | 99,507 | (246,609) | (145,836) |
| Minority interest | 11,012 | 734 | 11,746 |
| **Total Equity** | **279,965** | | **298,016** |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | **314,127** | | **326,214** |

## E.I.2. CONSOLIDATED BALANCE SHEET ADJUSTMENT TABLE TO IFRS ON 31.12.2004

| BALANCE SHEET | 31.12.2004 G.A.S. | Adjustment entries | 31.12.2004 I.A.S. |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 62,299 | 215,486 | 277,785 |
| Clients and other receivables | 17,081 | (7,667) | 9,414 |
| Securities | 245,308 | (215,221) | 30,087 |
| | **324,688** | | **317,286** |
| **Non-Current Assets** | | | |
| Property Plant & Equipment | 48,967 | (4,456) | 44,511 |
| Participations and other long-term receivables | 2,261 | (124) | 2,137 |
| Deferred taxes | 0 | 2,309 | 2,309 |
| | **51,228** | | **48,957** |
| **TOTAL ASSETS** | **375,916** | | **366,243** |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | |
| **Short term liabilities** | | | |
| Suppliers and other liabilities | 19,440 | (14,008) | 5,432 |
| Taxes payable | 27,486 | (8,934) | 18,552 |
| Social security organizations | 615 | 0 | 615 |
| | **47,541** | | **24,599** |
| **Long term liabilities** | | | |
| Provisions | 6,946 | 1,268 | 8,214 |
| Subsidies and other long term liabilities | 34 | 607 | 641 |
| | **6,980** | | **8,855** |
| **Equity and Reserves** | | | |
| Share Capital | 358,995 | 0 | 358,995 |
| Treasury stock | (4,711) | 0 | (4,711) |
| Share Premium | 96,112 | (3,982) | 92,130 |
| Consolidation differences | (288,357) | 288,357 | 0 |
| Reserves | 52,240 | 1,750 | 53,990 |
| Accumulated profits | 106,846 | (274,745) | (167,899) |
| Minority interest | 270 | 14 | 284 |
| **Total Equity** | **321,395** | | **332,789** |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | **375,916** | | **366,243** |

The corresponding analysis for the profit & loss statement is not presented, because of the change in presentation method. While up to now P&L statements were presented based on expenses per period (GAS), due to the IFRS, the appearance is based on the expense category.

### E.1.3. Reconciliation table of shareholders' equity and results between Greek Accounting Standards (GAS) and International Financial Reporting Standards (IFRS)

| HELEX Group | 31.12.03 | 31.12.04 |
|---|---|---|
| **Total shareholder equity of HELEX Group - Greek GAP (Law 2190)** | **279,965** | **321,395** |
| Impact of tangible and intangible assets | (2,878) | (4,455) |
| Securities revaluation | 21,885 | 266 |
| Staff retirement provision | (228) | (504) |
| Deferred taxation | 881 | 2,309 |
| Income tax | 0 | 1,526 |
| Grants adjustments | (908) | (607) |
| Impairment of other participations | (62) | (77) |
| Other | (160) | (290) |
| Provision for unaudited fiscal years | (480) | (820) |
| Transfer of proposed dividends to HELEX | | 14,046 |
| Treasury Stock | | |
| **Total shareholder equity of HELEX Group - IFRS** | **298,016** | **332,789** |
| **Net Profit before tax of HELEX Group - Greek GAP (Law 2190)** | | **72,630** |
| Impact of tangible and intangible assets | | 1,896 |
| Revaluation of securities | | (17,916) |
| Staff retirement obligation | | (276) |
| Deferred taxation | | 162 |
| Income tax | | (13,111) |
| Other | | (209) |
| Provision for unaudited fiscal years | | (340) |
| Gain from sale of treasury shares to net position | | (9,224) |
| **Net Profit of HELEX Group - IFRS** | | **33,613** |

All the adjustment entries are due to the change in accounting principles due to the implementation of IFRS.

The difference in inflows and outflows which appears in the statement of cash flows for the period 1.1.2004 to 31.12.2004, compared to the corresponding one prepared under Greek law, is due to the non-cash items that are included, as well as to a differing definition of cash at hand and at bank.

## E.2. COMPANY BALANCE SHEET ADJUSTMENT TABLES TO IFRS

### E.2.1. COMPANY BALANCE SHEET ADJUSTMENT TABLES TO IFRS ON 31.12.2003

| BALANCE SHEET ITEMS | 31.12.2003 G.A.S. | Adjustment entries | 31.12.2003 I.A.S. |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 1,898 | (54,275) | 56,173 |
| Clients and other receivables | 1,861 | 0 | 1,861 |
| Securities | 74,000 | 53,586 | 20,414 |
| | **77,759** | **689** | **78,448** |
| **Non-Current Assets** | | | |
| Intangible assets | | | |
| Property Plant & Equipment | 21,661 | (2,095) | 19,566 |
| Participations and other long-term receivables | 321,126 | 0 | 321,126 |
| Deferred taxes | 0 | 499 | 499 |
| | **342,787** | **(1,596)** | **341,191** |
| **TOTAL ASSETS** | **420,546** | **(907)** | **419,639** |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | |
| **Short term liabilities** | | | |
| Suppliers and other liabilities | 234 | 0 | 234 |
| Taxes payable | 32 | 0 | 32 |
| Social security organizations | 12 | 0 | 12 |
| | **278** | **0** | **278** |
| **Long term liabilities** | | | |
| Provisions | 60 | 4 | 64 |
| | **60** | **4** | **64** |
| **Equity and Reserves** | | | |
| Share Capital | 358,995 | 0 | 358,995 |
| Less: Treasury Stock | 0 | (28,956) | (28,956) |
| Share Premium | 96,112 | (3,982) | 92,130 |
| Reserves | (17,983) | 28,941 | 10,756 |
| Accumulated profits | (16,916) | 3,086 | (13,628) |
| **Total Equity** | **420,208** | **(911)** | **419,297** |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | **420,546** | **(907)** | **419,639** |

## E.2.2. COMPANY BALANCE SHEET ADJUSTMENT TABLES TO IFRS ON 31.12.2004

| BALANCE SHEET ITEMS | 31.12.2004 G.A.S. | Adjustment entries | 31.12.2004 I.A.S. |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 18,042 | 56,460 | 74,502 |
| Clients and other receivables | 3,224 | (2,302) | 922 |
| Securities | 86,282 | (56,195) | 30,087 |
| | **107,548** | **(2,037)** | **105,511** |
| **Non-Current Assets** | | | |
| Property Plant & Equipment | 21,378 | (1,817) | 19,561 |
| Participations and other long-term receivables | 362,112 | 0 | 362,112 |
| Deferred taxes | 0 | 469 | 469 |
| | **383,490** | **(1,348)** | **382,142** |
| **TOTAL ASSETS** | **491,038** | **(3,385)** | **487,653** |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | |
| **Short term liabilities** | | | |
| Suppliers and other liabilities | 14,136 | (14,046) | 90 |
| Taxes payable | 6,685 | (3,829) | 2,856 |
| Social security organizations | 8 | 0 | 8 |
| | **20,829** | **(17,875)** | **2,954** |
| **Long term liabilities** | | | |
| Provisions | 82 | (1) | 81 |
| | **82** | **(1)** | **81** |
| **Equity and Reserves** | | | |
| Share Capital | 358,995 | 0 | 358,995 |
| Less: Treasury Stock | 0 | (4,711) | (4,711) |
| Share Premium | 96,112 | (3,982) | 92,130 |
| Reserves | 5,466 | 4,187 | 9,653 |
| Accumulated profits | 9,554 | 18,997 | 28,551 |
| **Total Equity** | **470,127** | **14,491** | **484,618** |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | **491,038** | **(3,385)** | **487,653** |

The corresponding analysis for the profit & loss statement is not presented, because of the change in presentation method. While up to now P&L statements were presented based on expenses per period (GAS), due to the IFRS, the appearance is based on the expense category.

### E.2.3. Reconciliation table of shareholders' equity at the beginning of the period (1.1.2005 and 1.1.2004 respectively) between Greek Accounting Standards (GAS) and IAS

| | 31.12.03 | 31.12.04 |
|---|---|---|
| **Total shareholder equity of HELEX - Greek GAP (Law 2190)** | **420,208** | **470,127** |
| Intangibles write-off | (2,096) | (1,816) |
| Securities revaluation | 690 | 266 |
| Staff retirement obligation | (4) | 0 |
| Deferred taxation | 499 | 469 |
| Income tax | 0 | 1,526 |
| Reversal of distribution of dividend income | 0 | 0 |
| Transfer of proposed dividends to HELEX | 0 | 14,046 |
| **Total shareholder equity of HELEX - IFRS** | **419,297** | **484,618** |
| **Net Profit before tax of HELEX- Greek GAP (Law 2190)** | | **43,691** |
| Intangibles write-off | | 879 |
| Securities revaluation | | 1,539 |
| Staff retirement obligation | | 5 |
| Deferred taxation | | (232) |
| Income tax | | (3,045) |
| Reversal of distribution of dividend income | | 0 |
| Gain from sale of treasury shares to net position | | (9,224) |
| **Total shareholder equity of HELEX - IFRS** | | **31,650** |

All the adjustment entries are due to the change in accounting principles due to the implementation of IFRS.

The difference in inflows and outflows which appears in the statement of cash flows for the period 1.1.2004 to 31.12.2004, compared to the corresponding one prepared under Greek law, is due to the non-cash items that are included, as well as to a differing definition of cash at hand and at bank.

## F. NOTES TO THE FINANCIAL STATEMENTS

### 1. Information about the Company

Hellenic Exchanges Holdings SA was founded in 2000 (Government Gazette 2424/31-3-2000) and is registered in the Societe Anonyme Companies Register with No 45688/06/B/00/30. Its head office is in the Municipality of Athens at 1 Pesmazoglou Str, Postal Code 10559. The shares of the company are listed in the Large Capitalization segment of the Athens Exchange. The company's scope of business, article 51 of L. 2778/1999 and article 2 of the Articles of Association, is its participation into any business of any legal form with objectives related to the support and operation of organized capital markets. The financial statements of 31.12.2005 have been approved by the BoD of HELEX on 16.2.2006, and must be approved by the Annual General Meeting of shareholders set for May 8th 2006.

### 2. Basis of preparation of financial statements

The consolidated and corporate financial statements of December 31st 2005 have been compiled on the basis of the:

- historical cost as modified by the revaluation of specific assets and liabilities to fair values (mainly in the trading portfolio of securities & real estate);
- going concern concept;
- consistency between fiscal years;
- consistency of presentation
- materiality

and are in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as well as their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of IASB and adopted by the European Union with regulation 1606/2002 on the 31st of December 2005.

The current financial statements are covered by IFRS 1 "First application of the IFRS" and IAS 34, as they are financial statements of the first corporate period for which financial statements are drawn up and published in accordance with the IFRS (fiscal year 2005). The transition date of the Group to the new standards, in accordance with IFRS 1, is the 1st of January 2004.

The accounting principles mentioned below have been implemented in all the periods presented.

The last published consolidated financial statements of the Group had been drawn up in accordance with the accounting principles of L. 2190/1920, as then applied (Greek Accounting Standards) which are different- in certain areas- from the IFRS. Management modified some of the methods of accounting valuation and consolidation used according to the Greek Accounting Standards in order to comply with the IFRS. The comparative data of 2004 are presented changed on the basis of these modifications. The accordance and description of the impact -due to the transition from the Greek Accounting Standards to the IFRS- on the equity, the operating results and the cash flows of the Group, are listed in Chapter E.

The preparation of financial statements in accordance with the IFRS requires the use of estimates and judgment during the application of the accounting principles by the Group. The most important from the assumptions made are mentioned in the notes of the Financial Statements, wherever deemed necessary. It is noted that, despite the fact that these estimates are based on the best possible knowledge of the Management of the Company and the Group as regards the current conditions and actions, actual results might be different in the end.

## 3. Basic Accounting Principles

The accounting principles used by the Group for the drawing up of its financial statements are the following:

### 3.1. Companies Consolidated and Methods of Consolidation

Subsidiaries: The companies which are controlled, directly or indirectly, by another company (parent) either via the possession of the majority of its voting rights or, in the case of not possessing the majority of the shares, following an agreement of the parent company with other shareholders. Subsidiaries are consolidated with the full consolidation method (acquisition method) starting from the date of acquisition of control; they stop being consolidated from the date when such control no longer exists.

Control of the subsidiaries by the Group is reported according to the acquisition method. The acquisition cost of a subsidiary consists of the fair value of the

- assets provided;
- shares issued;
- liabilities undertaken at the exchange date;
- cost directly associated with the transaction.

Assets, liabilities and possible liabilities acquired via a business merger are assessed at their fair values during the acquisition and any discrepancy between the acquisition cost and the fair value of the acquired assets is entered as goodwill provided the acquisition cost is higher. If the total acquisition cost is lower than the fair value of the acquired assets, the discrepancy is directly entered in the results.

Especially for business mergers realized before the transition date of the Group to the IFRS (1st January 2004), the IFRS 1 exemption was used and the acquisition method was not applied retroactively. In the framework of the abovementioned exemption, the Company did not recalculate the acquisition cost of the subsidiaries acquired before the transition date to the IFRS, the fair value of the acquired assets and liabilities on the acquisition date and it has not recognized the goodwill in the consolidated financial statements according to the IFRS.

Intra-Group transactions, balances and non realized profits from transactions between the companies of the Group are eliminated. Non realized losses are also eliminated unless the transaction includes impairment indications of the transferred asset. The accounting principles of the subsidiaries have been modified so that there is uniformity between them and the principles adopted by the Group.

In the corporate Financial Statements of HELEX, the participation in subsidiary companies is estimated at the acquisition value minus possible provision for impairment of their values. Impairment indications can be drawn from the current value of the relevant companies, the assets and the results of each subsidiary and the expected cash flows. As the subsidiaries of HELEX are not listed so as to have an indication of their current value, there was a valuation study (conducted by independent estimators) on their "value-in-use", as provided for by the International Accounting Standards (IAS) 36. Such a valuation was last conducted in February 2004 and the Management believes that there are no indications of change in the valuation conditions.

The companies of the Group with their relevant activities and participation percentages included in the consolidated financial statements (with the full consolidation method) are:

| Company | Head Office | Activity | Percentage of direct participation | Percentage of Group |
|---|---|---|---|---|
| Athens Exchange | Athens | Organization and support of the operation of the stock and derivatives markets as well as other financial instruments | 98.19% | 100% |
| Central Security Depository | Athens | Clearing and settlement of stock market transactions carried out in organized stock markets | 61.82% | 100% |
| Athens Derivatives Exchange Clearing House | Athens | Clearing of transactions concluded on derivative products | 53.58% | 98.95% |
| Thessaloniki Stock Exchange Centre | Thessaloniki | Provision of supporting services of the brokerage company branches and investors in Thessaloniki | 66.10% | 99.9% |

During the first quarter of 2005, the absorption of the company "Systems Development and Support House of Capital Market" (ASYK) was formally concluded according to the approving decision (K2-3091/18-3-2005) of the Division of Societe Anonymes and Credit of the General Directorate of Commerce, Ministry of Development. The absorption was conducted on the basis of the provisions of article 78, Codified Law 2190/1920 and articles 1-5 of Law 2166/93 and incorporated in the present financial statements of the Company from 1.1.2005.

The loss that arose from the merger by absorption of ASYK SA by HELEX, in the amount of €6.85 million burdened the accumulated earnings and did not affect the results of 2005. Furthermore, the comparative data that is shown in the balance sheet and the profit and loss statement are those of HELEX. However for reasons of comparison in note 21 the financial results of 2004 of HELEX including ASYK is shown.

### 3.2. Property, plant and equipment

**Buildings**

Real estate belonging to the fixed assets is entered in the financial statements, at their fair value, minus accumulated depreciation and possible impairment of their value.

**Other tangible fixed assets**

The other fixed assets are presented in the financial statements at their acquisition values minus the accumulated depreciation and possible value impairment.

The acquisition cost includes all the direct expenses for the acquisition of the assets. Later expenses are entered as an increase of the accounting value of the tangible fixed assets or as a separate fixed asset to the extent that these expenses increase the future financial benefits expected to flow in from the use of the fixed asset and their cost can be reliably measured. The cost of repairs and maintenance is entered in the results when incurred.

The depreciation of the other tangible assets (except plots of land which are not depreciated) are calculated with the fixed method during their useful life as follows:

| Depreciation rate | |
|---|---|
| Plots of land | 0% |
| Buildings | 5% |
| Machinery and equipment | 12%-20% |
| Motor vehicles | 15%-20% |
| Other equipment | 10%-30% |

The useful life of the tangible fixes assets is periodically revised and the depreciation rates are revalued for the current and future periods if they are considerably different from the previous valuations. When the accounting values of the fixed assets exceed their recoverable value, the difference (impairment) is entered in the results as an expense.

### 3.3. Intangible assets

Intangible assets include software licenses valued at the acquisition cost minus depreciation. The depreciation is calculated using the fixed method during the useful life of these assets, approximately 3 years.

### 3.4. Impairment of assets

Depreciated assets are subjected to an impairment control when there are indications that their accounting values shall not be recovered. The recoverable value is the greatest of the net selling price (selling price minus selling expenses) and the value-in-use (as calculated from the net cash flows). Loss due to the decrease in the value of the assets is recognized when the accounting value of these assets (or the Cash Flow Generating Unit) is higher than their recoverable amounts.

### 3.5. Financial instruments (securities)

The financial receivables and financial liabilities in the balance sheet consist of cash at hand and at bank, securities, other receivables, participations, short and long-term liabilities.

Financial instruments are presented as receivables, liabilities, or elements of the net position, based on the substance or contents of the relevant contracts from which they arise. Interest, dividends, profits or losses which arise from the financial products which are characterized as receivables or liabilities are accounted as income or expenses respectively. The distribution of dividends to shareholders is accounted directly to the net position. Financial instruments are offset when the Company, according to the law, has the legal right and intents to offset the net position (between them) or to recover the asset and to offset the liability at the same time.

Securities (IAS 32 & 39) are documents (titles) incorporating rights on a specific asset which can be valuated in money. Securities are either registered or bearer. The main types of securities are shares, bonds (government, bank or corporate), treasury bills, mutual funds etc.

Purchases and sales of financial instruments are recognized on the day of the transaction, which is the day the Group is obliged to purchase or sell the instrument.

All financial assets and liabilities are initially entered at cost which is the real value of the given remuneration (for assets) or the received remuneration (for liabilities); the cost also includes the transaction expenses.

For the HELEX Group, the securities portfolio is characterized as a trading portfolio; that is, securities are bought and kept with the aim of being liquidated in the short-term for profit.

Therefore, they fall under category of IAS 39 "Financial instruments valued at their fair value by means of the operating results statement" and their valuation is conducted at their fair value while the profits or losses from the valuation are included in the period results.

The fair values of the assets negotiated at exchange markets are determined by the current bid price. For the non negotiable assets, the fair values are determined with the use of valuation techniques, such as analysis of recent transactions of comparable assets which are negotiated and discounted cash flows.

### 3.6. Other long term receivables

The other long-term claims include rental guarantees, guarantees to utilities (HTC, PPC etc) and other long term claims. If these amounts are significant, they are discounted at current value for the following years during which they are expected to be collected.

In addition, this account includes the participation of the Group to the Supplementary Fund of Transaction Clearance and Settlement which, however, does not need discounting.

### 3.7. Derivative financial instruments

The HELEX Group, despite being the body of the derivative products market and although it possesses the systems (OASIS, DSS) through which transactions in derivative products are concluded, does not use such products for its own account. ADECH, which is the central counter-party and performs the clearing and settlement for every transaction, does not report these transactions.

The margin paid to an account belonging to investors, and which is managed by the Member and blocked for ADECH is not entered into the financial statements.

The various types of guarantees received by ADECH and the Athens Exchange from their Members in order to acquire and maintain their status in the Stock and Derivatives markets are not reported.

### 3.8. Trade and other receivables

Claims from customers are short-term claims (receivable in a period less than 12 months from the date of entry) and entered at their fair value, while in case of delay of payment and impairment indications in the value of the claim, a provision is calculated for the decline in their values. In this case, the claim is valued at its recoverable amount; that is at the current value of the future flows estimated to be collected.

The relevant loss is directly transferred directly to the operating results.

### 3.9. Cash and cash equivalents

Cash and cash equivalents are cash at the bank and at hand as well as short-term investments of high liquidity, such as bank deposits with a duration of up to three months from their commencement date.

### 3.10. Share Capital

Expenses incurred for share issuing are presented as a decrease of the issuing product, in the share premium account.

### 3.11. Income tax & deferred tax

The burdening of the period with income tax includes current and deferred taxes; that is, taxes or tax relief associated with financial benefits arising during the current period that have already been assessed or shall be assessed by the tax authorities in different periods.

The liabilities or claims from the income tax presented in the Balance sheet include the short term liabilities to or claims from the tax authorities associated with the payable taxes on the taxable income of the period and possible additional income taxes as regards previous periods.

Current taxes are calculated in accordance with the tax rates and tax laws applicable at the accounting periods on the relevant taxable profits. All changes in the short term taxation items of the assets or liabilities are recognized as part of the tax expenses in the operating results statement.

Deferred income tax is calculated with the liability method on the basis of the temporary differences arising between the accounting value of the assets and liabilities included in the Financial Statements and the tax value attributed to them in accordance with tax legislation.

For the determination of the deferred income tax, tax ratios are used which have come into force or are effectively in force until the date of the Balance Sheet.

The Group recognizes deferred tax claims when the future taxable profits may be sufficient for the offsetting of temporary differences.

It is noted that a deferred income tax for temporary differences arising from investments in subsidiaries is not recognized since it is possible that the temporary differences will not be able to be reversed in the foreseeable future.

Most of the changes in the deferred tax claims or liabilities are recognized as part of the tax expenses in the income statement. Only when changes in the assets or liabilities influencing temporary differences are directly recognized in the equity of the Group (such as revaluation of the value of real property), the relevant change in the deferred tax claims or liabilities is presented as against the relevant account of the net position.

### 3.12. Employee benefits

**Short-term employee benefits:** Short-term provisions for employees (except provisions for the termination of the employment relationship) in money and in kind are recognized as expense when accrued.

Possible unpaid amount on the date of drawing up the financial statements is entered as a liability while in the case that the amount already paid exceeds the amount of provisions, the Group recognizes the excess amount as an asset (prepaid expense) only to the extent that this prepayment shall lead to a decrease in future payments or to a return.

**Provisions after exit from service:** Provisions after exit from service include both defined contributions plans as well as defined benefits plans.

**Defined contributions plan**

In the defined contributions plan, the obligation of the company (legal) is limited to the amount agreed to be contributed to the organization (social security fund) which manages the contributions and grants the benefits (pensions, medical care etc).

The accrued cost of the schemes of defined contributions is entered as an expense in the corresponding period.

**Defined benefits plan**

The plan of defined benefits of the Group is its legal obligation to pay the personnel a lump sum indemnity on the departure date of each employee upon retirement.

The liability entered in the balance sheet for this plan is the present value of the commitment for the defined benefit depending on the accrued right of the employees and in relation to the specific point of time that this benefit is expected to be paid.

The commitment of the defined benefit is calculated on an annual basis by an independent actuary with the use of the projected unit credit method. For discounting, the interest of the long term Greek Government bonds is used.

The Group recognized the total of the actuarial profits or losses on the transfer date and plans on following the same recognition tactic in the next periods (note 8).

### 3.13. Government Grants

Government subsidies are not included in the financial statements of the Group except when there is substantiated certainty that:

a) the company has complied or is going to comply with the terms of the subsidy; and
b) the amount of the subsidy shall be collected.

The fair value of the collected remuneration is entered and they are recognized in the income in a systematic way on the basis of the principle of associating subsidies with the relevant costs which they subsidize.

Subsidies concerning fixed assets are included in the long term liabilities as next period income and are systematically recognized as income during the useful life of the subsidized fixed asset.

### 3.14. Provisions

Provisions are recognized as required by IAS 37 requirements, when:

- the Group has a current commitment (legal or inferred) as a result of a past event;
- it is likely that an outflow of resources shall be required incorporating financial benefits for the settlement of the commitment; and
- it is possible to valuate the amount of the commitment reliably.

Provisions are re-examined on the date of drawing up the financial statements and are adjusted so as to present the best possible valuations and, if deemed necessary, they are discounted on the basis of a discount rate before taxes.

Possible liabilities are not recognized in the financial statements, but are published, unless the possibility for resource outflow incorporating financial benefits is very small. Possible claims are not recognized in the financial statements, but are published provided the inflow of financial benefit is possible.

### 3.15. Income Recognition

Income is accounted only when it is likely that the financial benefits associated with the transaction shall flow in the company and more specifically:

**Income from Members (rights)**
Income from the negotiation and clearing of the transactions is recognized on the conclusion of the transaction at the Stock Exchange and of the collection from the Members of the Stock and Derivatives Markets. The income is prepaid, while the relevant invoice is issued every two weeks.

**Income from listed companies**
Income concerning subscriptions, one-off rights, listing of companies and increase of share capital, and HERMES System services are entered on the issuing of the relevant invoices in combination with the conclusion time of the provided service. Subscriptions are prepaid.

**Income from market data vendors**
Income from this source is recognized on the basis of the time of the provided service is concluded, provided that it is certain and recoverable.

**Provision of educational services**
Income from educational services is recognized at the conclusion of its provision. Gradual prepayment of the fees prior to the conclusion of the educational programs is necessary. The income is recognized on the basis of the time the provided service is concluded.

**Technology support services**
Income from technological support services is recognized on the basis of the time of concluding the provided service, provided that it is certain and recoverable.

**Other services**
Income from other services is recognized based on the time the service provided is concluded, provided that the financial benefits connected to this transaction will flow to the company.

**Interest**
Income from interest is recognized in accordance with the principle of accrued income (taking into account the true yield of the asset).

**Dividends**
Income from dividends is recognized when the collection right of the shareholders is finalized; that is, on their approval by the General Shareholders Meeting.

**Income from rents**
Income from rents arising from investment in real estate is accounted on a regular basis during the lease.

### 3.16. Dividend distribution
The distribution of dividends to HELEX shareholders is recognized as a liability in the consolidated financial statements on the date the distribution is approved by the General Meeting of the shareholders (note 23).

### 3.17. New accounting standards and interpretations of the IFRIC
The International Accounting Standards Board as well as the Interpretations Committee have already issued a series of new accounting standards and interpretations the implementation of which is obligatory for the accounting periods starting from January 1st 2006. The Group's assessment as regards the impact of the new standards and interpretations is as follows:

**IFRS 6: Exploration for and Evaluation of Mineral Assets**
Not applicable to the Group and not influencing its financial statements.

**IFRS 7: Financial Instruments Disclosures**
Will not affect the financial statements of the Group.

**IFRIC 3: Emission Rights**
Not applicable to the Group and not influencing its financial statements.

**IFRIC 4: Determining whether an arrangement contains a lease**
The Group shall apply IFRIC 4 in the financial statements of 2006 on the basis of its transitory provisions which means that it shall apply IFRIC 4 on the basis of facts and conditions applicable on 1st January 2005. The application of IFRIC 4 is not expected to change the accounting management of the existing contracts of the Group.

**IFRIC 5: Rights to interests from Decommissioning, restoration and environmental rehabilitation funds.**
Not applicable to the Group and will not influence its financial statements.

**IFRIC 6: Liabilities Arising from Participating in a Specific Market - Waste, Electrical and Electronic Equipment**
Not applicable to the Group and not influencing its financial statements.

**IFRIC 7: Applying the restatement approach under IAS 29**
Not applicable to the Group and not influencing its financial statements.

**IFRIC 8: Scope of IFRS 2**
Will not affect the financial statements of the Group.

## 4. Risk Management

**Financial Risk Factors**
The Group is exposed to a limited range of financial risks. The usual risks to which the group is theoretically subjected are market risks (changes in exchange rates, interest, market prices), credit risk, liquidity risk, cash flow risk.

The general program of risk management of the Group focuses on the management of risks that ADECH takes on as central counterparty in the settlement of derivative products.

Risk management is performed by the relevant departments of the Group and the basic elements are analyzed below.

**Foreign exchange risk**
This risk does not materially influence the operation of the Group, since transactions with customers & suppliers in foreign currencies are very few.

**Price risk**

The Group is exposed to the risk of a change in the value of the securities it possesses. This risk is considered limited since the portfolio which mainly consisted of Greek Government bonds has already been liquidated as of 20.5.2005.

**Credit risk**

The turnover of the Group mainly consists of transactions with members of the Athens Exchange and the derivatives market as well as with reliable foreign houses which have high solvency. On this basis, it is estimated that the credit risk is minimal.

**Liquidity risk**

Liquidity risk is maintained at low levels by keeping adequate cash in hand and highly liquid securities while the income from transactions, both of the Athens Exchange as well as from the derivatives market, is immediately collected (T+3).

**Cash flow risk and risk from the change of the fair value due to interest changes**

The operating income and cash flow of the Group do not depend on interest changes.

ADECH, in its function as central counterparty, takes on counterparty risk for the transactions of the derivatives market of Athens Exchange. For covering this risk, ADECH receives from all counterparties its security margin in cash, Greek Government Bonds or stocks, as well as security from its members. These risks are calculated daily by ADECH and the guarantees provided are subject to daily valuation.

## 5. Segment Information

A business sector is defined as a group of assets and operations which provide products and services subject to different risks and returns from the ones of other business sectors. A geographical sector is defined as a geographical area for which products and services are provided and which is subjected to different risks and returns from other areas. The main interest of financial information of the HELEX Group focuses on the business sectors while the geographical distribution of the Group's activity is not of particular importance since the company's electronic systems are at the disposal of the investors irrespective of where they are located and are managed from the Company's head office.

On December 31st 2005, the main activities of the Group are broken down by business sector, and their main financial figures during the twelve months of the fiscal years 2005 and 2004 are as follows:

| | | | Segment information on 31.12.2005 | |
|---|---|---|---|---|
| | **Stock Market*** | **Derivatives Market** | **Others** | **Total** |
| Revenue | 49,795 | 6,650 | 17,385 | 73,830 |
| Capital Revenue | | | 4,736 | 4,736 |
| Expenses | (21,925) | (3,302) | (7,013) | (32,240) |
| Depreciation | (2,006) | (277) | (668) | (2,951) |
| **Profit before income tax** | **25,864** | **3,071** | **14,440** | **43,375** |
| Income tax | (11,288) | (1,490) | (3,479) | (16,257) |
| **Net profit after tax** | **14,576** | **1,581** | **10,961** | **27,118** |
| | | | | |
| Property, plant and equipment | 28,345 | 3,867 | 9,114 | 41,326 |
| Cash & cash equivalents | 122,806 | 16,939 | 39,929 | 179,674 |
| Other assets | 13,032 | 331 | 707 | 14,070 |
| **Total assets** | **164,183** | **21,137** | **49,750** | **235,070** |
| | | | | |
| **Total Liabilities** | **22,418** | **3,089** | **7,376** | **32,883** |

** includes income from transactions in the Athens Exchange (trading) and the Central Securities Depository (settlement), income from ATHEX listed companies, as well as income from market data vendors.*

| | | | | |
|---|---|---|---|---|
| | | | Segment information on 31.12.2004 | |
| | Stock Market* | Derivatives Market | Others | Total |
| Revenue | 35,894 | 8,700 | 16,270 | 60,864 |
| Capital Revenue | | | 26,902 | 26,902 |
| Expenses | (18,838) | (3,827) | (14,117) | (36,782) |
| Depreciation | (1,964) | (421) | (1,697) | (4,082) |
| **Profit before income tax** | **15,092** | **4,452** | **27,358** | **46,902** |
| Income tax | (9,037) | (1,196) | (3,056) | (13,289) |
| **Net profit after tax** | **6,055** | **3,256** | **24,302** | **33,613** |
| | | | | |
| Property, plant and equipment | 30,267 | 4,006 | 10,238 | 44,511 |
| Cash & cash equivalents | 188,894 | 25,000 | 63,891 | 277,785 |
| Other assets | 29,884 | 3,995 | 10,068 | 43,947 |
| **Total assets** | **249,045** | **33,001** | **84,197** | **366,243** |
| | | | | |
| **Total Liabilities** | **22,749** | **3,011** | **7,694** | **33,454** |

** includes income from transactions in the Athens Exchange (trading) and the Central Securities Depository (settlement), income from ATHEX listed companies, as well as income from market data vendors.*

## 6. Analysis of Results

### 6a. Income from other activities

Other income includes the following:

| Income from other activities | Group | | Company | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | 31.12 | 31.12 | 31.12 | 31.12 |
| Income from DSS usufruct rights | 83 | 174 | | |
| Income from DSS off exchange registration transfer rights | 449 | 782 | | |
| Income from DSS transfer rights due to inheritance differences | 239 | 99 | | |
| Income from ORACLE software licenses | 87 | 258 | | |
| Fee 0.125 on margin | 236 | 107 | | |
| Income from the provision of software to members | 99 | 81 | | |
| Income from sponshorships | 22 | 51 | | |
| Income from educational activities | 197 | 349 | | |
| Income from functions | 25 | 150 | | |
| Income from Ministry subsidies | 32 | 437 | | |
| Income from programs - studies | 37 | 91 | | |
| Income from penalty clauses | 67 | 53 | | |
| Income from presentations | 0 | 109 | | |
| Income from FTSE | 210 | 1 | | |
| Subsidy of tangible fixed assets | 84 | 312 | | |
| Provision of services to EU-Egypt delegation | 316 | 0 | | |
| Income from special savings titles | 0 | 49 | | |
| Income from Greek State securities | 51 | 272 | | |
| Income from dividend distribution | 192 | 177 | | |
| Income from bonds | 123 | 85 | | |
| Other income | 49 | 50 | 0 | 16 |
| **Total other income** | **2,598** | **3,687** | **0** | **16** |

### 6b. Other expenses

| Other Expenses | 31.12.2005 | 31.12.2004 |
|---|---|---|
| Subscriptions to professional organizations and fees | 368 | 425 |
| Stationery | 351 | 401 |
| Security | 398 | 547 |
| Consumables (toner, cleaning materials etc.) | 121 | 116 |
| Travel expenses | 265 | 311 |
| Utilities | 354 | 330 |
| Transportation costs | 35 | 38 |
| Exhibition costs | 25 | 40 |
| Publication expenses | 54 | 82 |
| Other | 26 | 56 |
| Postage | 32 | 106 |
| DAC implementation expenses | 5 | 74 |
| Donations | 41 | 42 |
| IT support (Comp. Club, Melon) | 175 | 51 |
| Previous fiscal year taxes | 77 | 90 |
| Storage fees | 34 | 34 |
| Upkeep | 62 | 51 |
| European Profiles | 109 | 0 |
| Cleaning | 252 | 244 |
| Leasehold improvement | 1,004 | 2,580 |
| **Total** | **3,788** | **5,618** |

### 7. Remuneration and Number of Employees

Staff compensation and employee expenses amounted to €14.1 million vs. €16.8 million in the 2004 fiscal year, reduced by 16.4% compared to the same period last year.

When including the compensations for voluntary departure in the amount of €1.6 million however, as shown in the table below, which was paid to personnel departing in 2005, the decrease is reduced to 10.7%.

The amount of €15.6 million in 2005 includes €303 thousand for the stock option plan for the personnel of the Group for fiscal year 2005 as described in note 8.

The Group on 31.12.2005 had 385 employees, compared to 417 on 31.12.2004. The progress in the number of employees of the Group and the Company is shown in the following table:

| | Group | | Company | |
|---|---|---|---|---|
| | 2005<br>31.12 | 2004<br>31.12 | 2005<br>31.12 | 2004<br>31.12 |
| Employees | 385 | 417 | 86 | 82 |
| **Total Personnel** | **385** | **417** | **86** | **82** |

*(*) refers to the number of people employed adjusted after the merger with ASYK*

| | | | | |
|---|---|---|---|---|
| Wages and Salaries | 11,118 | 13,265 | 2,298 | 289 |
| Social security costs | 2,412 | 2,547 | 460 | 46 |
| Other benefits | 538 | 1,025 | 102 | 14 |
| Compensation for voluntary departure | 1,581 | 752 | 412 | 63 |
| **Total** | **15,649** | **17,589** | **3,272** | **412** |

The number of employees of the Group on 31.12.2003 was 463 persons while the corresponding number for the Company was 9.

#### Remuneration of the BoD

*(The analysis of the remuneration of the BoD of HELEX is presented in chapter 2.5.3 Remuneration of members of the BoD and senior management)*

### 8. Obligations to employees

HELEX Group assigned the drawing up of a study to an actuary in order to investigate and calculate the actuarial figures on the basis of the requirements of the International Accounting Standards (IAS 19) which must be entered in the balance sheet and the profit and loss statement. During the actuarial valuation, all financial and demographic parameters related to the employees of the Group were taken into account.

The calculation of the relevant obligation on 31.12.2005 was made by a competent actuary with data of 30.9.2005, and interpolation to 31.12.2005. Management does not believe that the obligation calculated in this manner, substantially differs from the obligation, were it to be calculated with data of 31.12.2005. The changes in the provision is shown in detail in the following table:

| | Group | Company |
|---|---|---|
| **Balance 1.1.2005** | **2,251** | **595** |
| Provisions during the fiscal year | 1,029 | 336 |
| Payments | (1,581) | (616) |
| **Balance 31.12.2005** | **1,699** | **315** |

The actuarial assumptions used in the actuarial study are the following:

| | |
|---|---|
| Technical interest rate | 4.5% |
| Increase in salaries | 3.5% |
| Inflation | 2.5% |
| Service table | E V K 2000 |
| Percentage of personnel turnover | 0.5% |
| Retirement conditions and age | Males: 65 years old and Females: 60 years old |
| Valuation date | 31.12.2004 (or equivalently 1.1.2005) |
| Structure of insured group | Closed: we assume zero number of people entering |
| Cash position | Cash position = 0 € |

**Stock Option plan to the Group's Employees**

*(The description of the stock option plan is presented in chapter 2.3.7 Stock option plan to executives of the companies of the Group in the form of a Company share purchase option)*

### 9. Trade and other receivables

All claims are short term and, therefore, no discounting is required on the date of the balance sheet. The breakdown of the customer and the other claims are shown in the following table:

| | Group | | Company | |
|---|---|---|---|---|
| | 2005 31.12 | 2004 31.12 | 2005 31.12 | 2004 31.12 |
| Customers | 4,034 | 4,464 | 164 | 0 |
| Minus: provisions | (960) | (531) | 0 | 0 |
| | 3,074 | 3,933 | 164 | 0 |
| Income tax (FY2001) payable | 2,285 | 2,284 | | |
| Other withheld taxes | 757 | 450 | | |
| Accrued income (interest) | 207 | 175 | | |
| Liquidation tax (Law 2579) | 879 | 0 | | |
| Prepaid expenses | 397 | 47 | | |
| Advances and prepayments | 38 | 33 | 10 | |
| Tax advance remainder for future offset | 0 | 636 | | |
| Other debtors | 2,713 | 1,856 | 2,009 | 922 |
| **Total** | **10,350** | **9,414** | **2,183** | **922** |

The changes in the provision for bad debts is shown in the following table:

| Provisions for bad debts | Group | Company |
|---|---|---|
| **Balance as of 31.12.04** | **531** | – |
| Charge to the income statement | 429 | – |
| **Balance as of 31.12.05** | **960** | – |

## 10. Securities

The break down of the Group's securities is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Bonds (bank & Greek Government) | 0 | 28,029 | 0 | 28,029 |
| Mutual Funds | 0 | 2,058 | 0 | 2,058 |
| **Total** | **0** | **30,087** | **0** | **30,087** |

## 11. Cash at Hand and at Bank

The breakdown of the cash at hand and at bank of the Group is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Repos | 23,605 | 215,486 | 0 | 56,460 |
| Time deposits | 152,252 | 57,514 | 475 | 17,831 |
| Sight deposits | 3,796 | 4,772 | 365 | 211 |
| Cash at hand | 21 | 13 | 1 | |
| **Total** | **179,674** | **277,785** | **841** | **74,502** |

Cash at hand and at bank includes the amount of €1.4 million which is due as dividends to listed company shareholders. (see note 14). The cash at hand and at bank and the obligation is entered at the books of CSD. Any dividends not collected shall be returned to the issuing company.

## 12. Assets

The tangible and intangible assets of the Group for the 2004 and 2005 fiscal years are analyzed as follows:

| HELEX GROUP | TANGIBLE ASSETS Plots of Land | Building and Construction | Machinery & other equip. | Means of Transport. | Furniture | Total | INTANGIBLE ASSETS Software | Total |
|---|---|---|---|---|---|---|---|---|
| **Acquisition and valuation on 31.12.2004** | **27,540** | **15,337** | **903** | **159** | **22,415** | **66,354** | **592** | **592** |
| Additions in 2004 | 1,117 | 42 | 1 | 0 | 164 | 1,324 | 284 | 284 |
| Reductions in 2004 | | | | (27) | | (27) | | |
| **Acquisition and valuation on 31.12.2004** | **28,657** | **15,379** | **904** | **132** | **22,579** | **67,651** | **876** | **876** |
| **Accumulated depreciation on 1.1.2004** | | 2,174 | 830 | 94 | 16,678 | 19,776 | 158 | 158 |
| Depreciation in 2004 | | 767 | 33 | 20 | 3,019 | 3,839 | 256 | 256 |
| Depceciation reduction 2004 | | | | (13) | | (13) | | 0 |
| **Accumulated depreciation on 31.12.2004** | **0** | **2,941** | **863** | **101** | **19,697** | **23,602** | **414** | **414** |
| **Book value** | | | | | | | | |
| on 31.12.2003 | 27,540 | 13,163 | 73 | 65 | 5,737 | 46,578 | 434 | 434 |
| **on 31.12.2004** | **28,657** | **12,438** | **41** | **31** | **2,882** | **44,049** | **462** | **462** |

| HELEX GROUP | TANGIBLE ASSETS Plots of Land | Buildings and Construction | Machinery & other eguip. | Means of Transport. | Furniture | Total | INTANGIBLE ASSETS Software | Total |
|---|---|---|---|---|---|---|---|---|
| **Acquisition and valuation on 31.12.2004** | **28,657** | **15,379** | **904** | **132** | **22,579** | **67,651** | **876** | **876** |
| Additions in 2005 | | 132 | 0 | 0 | 1,000 | 1,132 | 22 | 22 |
| Reductions in 2005 | | (1,172) | | (42) | (184) | (1,398) | | |
| **Acquisition and valuation on 31.12.2005** | **28,657** | **14,339** | **904** | **90** | **23,395** | **67,385** | **898** | **898** |
| **Accumulated depreciation on 31.12.2004** | | **2,941** | **863** | **91** | **19,697** | **23,592** | **414** | **414** |
| Depreciation in 2005 | | 928 | 13 | 9 | 2,548 | 3,498 | 259 | 259 |
| Depceciation reduction 2005 | | (729) | | (15) | (62) | (806) | | 0 |
| **Accumulated depreciation on 31.12.2005** | **0** | **3,140** | **876** | **85** | **22,183** | **26,284** | **673** | **673** |
| **Book value** | | | | | | | | |
| on 31.12.2004 | 28,657 | 12,438 | 41 | 41 | 2,882 | 44,049 | 462 | 462 |
| **on 31.12.2005** | **28,657** | **11,199** | **28** | **5** | **1,212** | **41,101** | **225** | **225** |

The tangible assets of HELEX for fiscal year 2005 are analyzed as follows:

| | Plots of land | Buildings and construction | Means of transport. | Furniture & other equip. | Total |
|---|---|---|---|---|---|
| **Acquisition and** | | | | | |
| **valuation on 1.1.2004** | **18,000** | **1,549** | **2** | **93** | **19,644** |
| **Purchases during the fiscal year** | | | | **6** | **6** |
| **Acquisition and valuation** | | | | | |
| **on 31.12.2004** | **18,000** | **1,549** | **2** | **99** | **19,650** |
| Additions from ASYK | | 132 | | 1,051 | 1,183 |
| Sold assets | | | | (114) | (114) |
| on 31.12.2005 | 18,000 | 1,681 | 2 | 1,036 | 20,719 |
| **Accumulated depreciation** | | | | | |
| **on 31.12.2004** | | | **1** | **88** | **89** |
| Depreciation 31.12.2005 | | | 0 | 24 | 24 |
| Depreciation reduction due to sales | | | | (86) | (86) |
| Additions from ASYK | | 132 | | 955 | 1,087 |
| on 31.12.2005 | 0 | 132 | 1 | 981 | 1,114 |
| **Book value** | | | | | |
| on 31.12.2005 | **18,000** | **1,549** | **1** | **55** | **19,605** |
| on 31.12.2004 | **18,000** | **1,549** | **1** | **11** | **19,561** |

The plots and buildings of the Group were valued in 2004 at the fair value, based on the assessment of an independent estimator during the transformation date to IFRS (1.1.2004). Their value was estimated as the average of the revenues and comparable items methods of valuation at the transition period. The revaluation goodwill in the amount of €5.0 million was entered as a revaluation reserve, while the impairment in the amount of €2.3 million to retained earnings.

The revaluation to fair values was made on 31.12.2004 for tax purposes, and as a result there arose a reversal of deferred tax liability to the corresponding reserves (Group €1.2 million, HELEX €0.2 million).

**Office building of the Group**

The Board of Directors decided on 19.9.2005 to award the construction of an office building to "Babis Vovos - International Construction S. A." with a covered area of 6.700 square meters and in all other aspects as described in the technical offer, as formulated in the exchanged communications, with the method of payment in kind and with a supplementary monetary consideration in the amount of seven million (€7.000.000) euro. The BoD of the Company/ landowner decided that the HELEX building be located in best location of the plot of land (at the corner of Athinon Ave. and Pipineli St.), have a covered area of 6.700 square meters, which covers the building needs of HELEX, and the number of covered parking positions set at 175. Furthermore, the Company and the project underwriter, for the better and more functional exploitation of the whole plot of land, decided and cosigned on October 17th 2005 the contract "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction", according to which the Company/ landowner, as sole owner, has placed the whole plot of land under the provisions of Law 3741/1929, as modified by 1024/1971 and the provisions of articles 1002 and 1117 of the Civil Code, and two (2) self contained and independent properties, i.e.: a) a stand alone and independent property will be composed of a building, constructed at the corner of Athinon Ave and Pipineli St., of a covered area as above, with the abovementioned number of parking places and other technical building characteristics, which will have an indivisible percentage of ownership jointly on the plot of land of three hundred forty (340/1000) thousands, which will be withheld and by the company/ landowner and this building will be constructed by the construction company and will become the property of the Company/ landowner and b) various self contained and independent horizontal properties in two buildings which will be constructed in the plot of land, and said properties will have a combined indivisible percentage of ownership on the plot of land of six hundred sixty (660/1000) thousands, which together with the self contained and independent horizontal properties which will correspond to these will be transferred by the Company/ landowner to the construction company in lieu of payment or to third parties indicated by him.

Concerning the supplementary monetary consideration of seven million (€7.000.000) euro, it was agreed that it be paid by the construction company to the Company/ landowner in two equal installments, i.e. the first during the signing of the contract for the execution of the contract signed on October 17th 2005 "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction", and the second with the completion of the construction of the bearing structure of the building of the Company/ landowner.

## 13. Participations and other long term claims

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Participation in Supplementary Clearing and Settlement Fund | 1,998 | 1,998 | | |
| Participation in Capital Market Training Center Company | 3 | 3 | | |
| Participation in ANNA | 1 | 1 | | |
| Rent guarantees | 59 | 108 | 5 | 9 |
| Guarantees (PPC, automobile, NBG safety boxes, Administration Committee reserve, Reuters) | 31 | 27 | 8 | 4 |
| Participations in subsidiaries | - | - | 353,904 | 362,099 |
| Valuation from subsidiaries due to stock options | | | 228 | 0 |
| **Total** | **2,092** | **2,137** | **354,145** | **362,112** |

The breakdown of the participations of the parent company HELEX in the subsidiaries of the Group on 31.12.2005 appears in the following table:

| | Participation % | Number of shares | Acquisition cost | Valuation 31.12.2005 | Valuation difference |
|---|---|---|---|---|---|
| **ATHEX** | 98.19 | 5,368,830 | 283,641 | 253,619 | (30,022) |
| **CSD** | 61.81 | 7,480,000 | 105,777 | 69,714 | (36,063) |
| **ADECH** | 53.58 | 4,286,500 | 33,493 | 26,737 | (6,756) |
| **TSEC** | 66.10 | 66,100 | 4,073 | 3,834 | (239) |
| **Total** | | | **426,984** | **353,904** | **(73,080)** |

## 14. Suppliers and other Liabilities

All liabilities are short term and, therefore, no discounting on the date of the balance sheet is required. The breakdown of the suppliers and the other liabilities are shown in the following table:

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Suppliers | 1,343 | 1,756 | 558 | 38 |
| Cheques payable | 406 | 9 | | |
| Customer advances | 1,145 | 231 | | |
| Capital Market Commission Fee | 49 | 295 | | |
| Various creditors* | 2,452 | 2,638 | 182 | 4 |
| Personnel wages payable | 79 | | | |
| Accrued third party services | 589 | 99 | | |
| Accrued third party wages and expenses | 0 | 122 | | |
| Prepaid member subscriptions | 200 | 150 | | |
| Personnel bonuses provision | 28 | | | |
| Deposits outstanding | 0 | 84 | | |
| Dividends payable | 61 | 48 | 61 | 48 |
| **Total** | **6,352** | **5,432** | **801** | **90** |

** Various creditors includes the amount of €1.4 million which concerns dividend beneficiaries of listed companies. Both the funds and the liability are accounted in the CSD books. Any dividends not collected by the beneficiaries shall be returned to the issuing company.*

## 15. Provisions

| | Note | Group 31.12.2005 | Group 31.12.2004 | Company 31.12.2005 | Company 31.12.2004 |
|---|---|---|---|---|---|
| Staff retirement obligation | **8** | 1,699 | 2,251 | 315 | 20 |
| Legal claims against the Greek State | **(a)** | 4,164 | 4,024 | | |
| Other provisions | **(b)** | 290 | 1,119 | 16 | 61 |
| Provisions for possible additional tax for fiscal years not audited by the tax authorities | **(c)** | 1,088 | 820 | | |
| **Total** | | **7,241** | **8,214** | **331** | **81** |

(a) In order for the CSD to deduct the tax corresponding to the Capital Market Commission fee, it requests its return from the Greek Government after it has transformed it. In 2004, based on Court judgments, a tax return for 1999 tax in the amount of €3.3 million as well as for 2001 tax in the amount of €0.7 million was returned. CSD has made provisions for these amounts because it believes that the Greek State shall recourse to higher courts. (see note 24(c))

(b) The Group has made provisions against extraordinary risks in the amount of €290 thousand in order to cover the case of their occurrence.

(c) The subsidiaries of the group have not been audited by the tax authorities for the following fiscal years, despite the fact that they have requested such an audit from the authorities:

| | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|
| ATHEX | ✓ | ✓ | ✓ | ✓ |
| CSD | | ✓ | ✓ | ✓ |
| ADECH | | ✓ | ✓ | ✓ |
| TSEC | | ✓ | ✓ | ✓ |
| HELEX | | ✓ | ✓ | ✓ |

For all these fiscal years a provision in the amount of €1,088 million was made aiming at covering the Group against the possibility of additional taxes imposed in case of tax audits. The changes in the provisions for the unaudited fiscal years are shown in the following table:

| Provisions for possible additional tax for the fiscal years not audited by the tax authorities | Group | Company |
|---|---|---|
| **Balance on 31.12.04** | **820** | **–** |
| Burden on the 2005 results | 268 | |
| **Balance on 31.12.05** | **1,088** | |

The amount of other provisions, which on 31.12.2004 was €1,119 million and which had been formed against various risks concerning the operation of the Group's systems, were considered too high. The amount of €0,290 million which remained on 31.12.2005 correctly reflects the possible dangers from the operation of these systems.

## 16. Deferred Taxes

The accounts of deferred taxes are analyzed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Revaluation of intangible assets | 704 | 1,141 | 274 | 521 |
| Valuation of participations & securities | 43 | (34) | 42 | (77) |
| Revaluation of tangible assets | 235 | 257 | | |
| Pension and other benefits on staff exit from service | 198 | 618 | 83 | 6 |
| Provisions for possible liabilities | 334 | | | |
| Other temporary differences | 114 | 327 | | 19 |
| **Deferred tax liability** | **1,628** | **2,309** | **399** | **469** |

For the tax losses shown by the parent company, no deferred tax liability has been recognized, because the biggest part concerns tax free income and tax losses that arise as a result of its operation. Therefore, the Company will not use these losses. Based on the tax losses for fiscal year 2005, the amount is approximately €290 thousand.

## 17. Income Tax

The Management of the Group plans consistently aim at minimizing tax encumbrances based on the incentives provided by the tax legislation. On this basis, it is assumed that the profits of the period realized by the Company and its subsidiaries shall be allocated to non taxed reserves at the maximum allowable amount.

Non deductible expenditures includes mainly provisions, various expenses as well as amounts considered by the company not justifiable as production expenses in possible tax audits and which are readjusted by the Company when the income tax is calculated.

| Tax obligations | Group | HELEX |
|---|---|---|
| 31.12.04 | 18,552 | 2,856 |
| Tax obligations from merger with ASYK | 0 | 174 |
| Income tax expense | 15,577 | (125) |
| Taxes paid | (16,067) | (2,864) |
| 31.12.05 | **18,062** | **41** |

| INCOME TAX | HELEX Group | | HELEX | |
|---|---|---|---|---|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Income Tax (current period) | 15,577 | 12,242 | (126) | 3,045 |
| Deferred Tax | 680 | 1,047 | 293 | 232 |
| **Income Tax** | **16,257** | **13,289** | **167** | **3,277** |

Reconciliation of the income tax with profits/ losses before tax on the basis of the applicable ratios and the tax expense is as follows:

| INCOME TAX | HELEX Group | | HELEX | |
|---|---|---|---|---|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Profits before taxes | 43,375 | 46,676 | 54,119 | 34,927 |
| less dividend income | | | 17,318 | 12,224 |
| | | | | |
| Tax 32% (2004: 35%) | 13,880 | 16,336 | | |
| Non-taxable income | (117) | (6,670) | (18,242) | (11,150) |
| Non-tax deductible expenses | 2,226 | 3,455 | 1,091 | 2,203 |
| Provisions for unandited fiscal years | 268 | 167 | | |
| **Income tax** | **16,257** | **13,289** | **167** | **3,277** |

Non-taxable income refers mainly to dividend income from subsidiaries, which is offset on a consolidated basis.

The resultant effective tax rate on the consolidated profits is larger than the nominal tax rate in effect because - during the fiscal year- there were intra-Group transactions. This resulted in the sum of the taxable profits being substantially (€47.2 million instead of €43.3 million) larger than the consolidated profits, since it is the profits of each company separately that is subject to taxation, and not the consolidated profits.

Thus the tax rate calculated on the accounting profits becomes larger, since the corresponding taxable profits are larger.

## 18. Share Capital and Reserves

### a) Share Capital

On 1.1.2005 the share capital of the company consisted of 71,088,173 shares with a par value of €5.05 per share, i.e. €358,995,273.64.

In May 2005 it was decided to return share capital to the shareholders in the amount of €143,972,449.15, or €2.05 per share (excluding the 857,710 own shares). Thus the share capital was reduced to €213,264,519.00 and the par value to €3.00. In addition the company paid out to shareholders a dividend of €0.20 per share for fiscal year 2004, for the first time since fiscal year 2001.

Following the decision on 19.9.2005 of the first Repetitive General Shareholders Meeting, it was decided to reduce the share capital of the company by €2,573,130.00, due to the cancellation of 857,710 own common registered shares, which were the result of a share buy-back, based on article 16 of Law 2190/1920 as it applies, with a face value of €3.00 per share. The loss after the cancellation of these shares (€379 thousand) was offset with reserve over par.

Thus, the share capital of the company amounts to €210,691,389, divided into 70,230,463 common registered shares with a par value of €3.00 each.

| | N° of shares |
|---|---|
| Shares 1.1.2005 | 71,088,173 |
| Cancellation of own shares during the fiscal year | (857,710) |
| Shares 31.12.2005 | 70,230,463 |

**b) Reserves**

| | HELEX Group | | HELEX | |
|---|---|---|---|---|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Regular Reserve | 7,701 | 6,033 | 4,552 | 2,780 |
| Tax free and specially taxed reserves | 37,218 | 37,077 | 2,612 | 1,562 |
| Real estate revaluation reserves | 5,060 | 5,060 | 600 | 600 |
| Reserves from treasury stock | 0 | 4,711 | 0 | 4,711 |
| Other | 1,109 | 1,109 | | |
| Stock option plan reserves | 313 | 0 | 303 | 0 |
| **Reserves** | **51,401** | **53,990** | **8,067** | **9,653** |

The specially-taxed and non-taxable reserves have been formed, as shown in the table above, according to the tax legislation, from non-taxable or specially-taxed income (profit from stock sales etc.). If it is decided to distribute these reserves, tax will have to be paid, based on the income tax rates in force at the time of distribution (29% for 2006). If these reserves were distributed in 2006, a tax liability of approximately €10.7 mln would be incurred.

## 19. Dividend Income

Income from dividends received by the Group's subsidiaries is analyzed in the following table:

| HELEX - Income from Dividends | 31.12.2005 | 31.12.2004 |
|---|---|---|
| ATHEX | 54,225 | 22,549 |
| CSD | 1,706 | 5,027 |
| ADECH | 857 | 814 |
| TSEC | 42 | 0 |
| ASYK | 0 | 311 |
| **Total** | **56,830** | **28,701** |

## 20. Post Balance Sheet Events

The Managements of HELEX, CSD and ADECH, in the meetings of their BoDs in December 2005, decided their merger by absorption by the parent company HELEX, according to the provisions of articles 68 (2), 69, 70, 72-77 of Law 2190/1920 and articles 1-5 of Law 2166/1993, in order for the services provided by the Group to be provided in an even more efficient manner, and at the same time to further reduce costs. As transformation balance sheet of these companies was set that of 31.12.2005.

## 21. Financial statements after the HELEX - ASYK merger

For reasons of comparative presentation, the financial statements of HELEX of 31.12.2005 and 31.12.2004 are presented after the inclusion of ASYK, the final absorption of which was concluded with the approving resolution of 18-3-2005 of the Ministry of Development.

## COMPANY BALANCE SHEET
### of December 31st 2005

| | 31.12.2005 | 31.12.2004 |
|---|---|---|
| **ASSETS** | | (after the merger with ASYK) |
| Current Assets | | |
| Cash at hand & at bank | 841 | 76,769 |
| Customers and other claims | 2,183 | 2,682 |
| Securities | 0 | 30,087 |
| | 3,024 | 109,538 |
| Non current assets | | |
| Property, plant and equipment | 19,605 | 19,641 |
| Participations and other long term claims | 354,145 | 353,925 |
| Deferred taxes | 399 | 692 |
| | 374,149 | 374,258 |
| **TOTAL ASSETS** | **377,173** | **483,796** |
| | | |
| **EQUITY AND LIABILITIES** | | |
| Short term liabilities | | |
| Suppliers and other liabilities | 801 | 363 |
| Income tax payable | 41 | 3,030 |
| Social security | 131 | 115 |
| | 973 | 3,508 |
| Long term liabilities | | |
| Subsidies and other long term liabilities | | |
| Provisions | 331 | 656 |
| | 331 | 656 |
| Capital and Reserves | | |
| Share capital | 210,691 | 358,995 |
| Minus: Own Shares | 0 | (4,711) |
| Premium from issues of shares above par value | 91,751 | 92,130 |
| Reserve funds | 8,067 | 10,292 |
| Accumulated profits / (losses) | 65,360 | 22,926 |
| Minority interest | | |
| Total equity | 375,869 | 479,632 |
| **TOTAL EQUITY AND LIABILITIES** | **377,173** | **483,796** |

## PROFIT & LOSS STATEMENT - COMPANY

| | 01.01 – 31.12.2005 | 01.01 – 31.12.2004 |
|---|---|---|
| Income | | (after the merger with ASYK) |
| Income from other activities | | 16 |
| Income from IT services | 1,876 | 4,696 |
| Total income | 1,876 | 4,712 |
| **Cost of works and expenditure** | | |
| Staff salaries and expenses | 3,272 | 3,960 |
| Third party fees and expenses | 929 | 877 |
| Telephone expenses | 59 | 65 |
| Repairs and maintenance | 24 | 64 |
| VAT non deductible | 18 | 99 |
| Rents and premium of facilities | 116 | 184 |
| Marketing and advertising expenses | 67 | 53 |
| Financial expenses | | |
| Other expenses | 935 | 728 |
| Total operating works and expenditures | 5,420 | 6,259 |
| EBITDA | (3,544) | (1,547) |
| Depreciation | 175 | 230 |
| EBIT | (3,719) | (1,777) |
| Income from capital | 1,532 | 2,533 |
| Revaluation difference of participations and securities | | 1,176 |
| Profits/ losses from participations and securities | (523) | 4,210 |
| Dividend income | 56,830 | 28,701 |
| **Profit / (loss) from works before income tax and minority interest** | **54,120** | **34,843** |
| Income tax | (167) | (3,348) |
| Net profit / (loss) from operations | 53,953 | 31,495 |
| Minority interest | | |
| **Net profit / (loss)** | **53,953** | **31,495** |

The loss that arose from the merger by absorption of ASYK SA by HELEX, in the amount of €6.85 million burdened retained earnings and did not affect the results of 2005.

### 22. Related Parties

The Company's sales to and purchases from associated companies, cumulative from the beginning of the accounting period, amounted to €1,549 thousand and €170 thousand respectively. The balance of claims and liabilities of the Company to associated companies at the end of the current period amounts to €62 and €141 thousand respectively.

The balances and the intra-company transactions of the companies of the Group in 2005 are shown in the following tables:

*(The listing of the intra-Group transactions is in chapter 12 REPORT ON TRANSACTIONS WITH ASSOCIATED COMPANIES)*

The members of the Boards of Directors of the Companies of the Group are listed in the following tables:

**HELLENIC EXCHANGES**

| Name | Position |
|---|---|
| Iakovos Georganas | Chairman |
| Spyros Theodoropoulos | Vice-Chairman |
| Spyros Capralos | CEO |
| Nikolaos Apergis | Member |
| Vassilios Drougas | Member |
| Marinos Giannopoulos | Member |
| Antonios Kaminaris | Member |
| Nikolaos Karamouzis | Member |
| Nikolaos Beis | Member |
| Nikolaos Milonas | Member |
| Alexandros Moraitakis | Member |
| Ioannis Pehlivanidis | Member |
| Nikos Bertsos | Member |

**ATHENS EXCHANGE**

| Name | Position |
|---|---|
| Spyros Capralos | Chairman |
| Socratis Lazaridis | Vice-Chairman |
| Dionisis Linaras | Member |
| Panayotis Drakos | Member |
| Eleftherios Kourtalis | Member |
| Ilias Skafidas | Member |
| Konstantinos Pentedekas | Member |

**CENTRAL SECURITIES DEPOSITORY**

| Name | Position |
|---|---|
| Theodorlos Pantalakis | Chairman |
| Spyros Capralos | CEO |
| Christos Spanos | Vice-Chairman |
| Konstantinos Pentedekas | Member |
| Giorgos Milonas | Member |
| Kostas Tantis | Member |
| Eleni Tzakou- Lampropoulou | Member |

| ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE | |
|---|---|
| **Name** | **Position** |
| Spyros Capralos | Chairman |
| Georgios Papoutsis | Vice-Chairman |
| Georgios Georgiou | Member |
| Socratis Lazaridis | Member |
| Athanasios Tsadaris | Member |
| Ambis Levis | Member |
| Nikolaos Kezos | Member |
| Georgios Galliakis | Member |
| Dimitris Karaiskakis | Member |

| THESSALONIKI STOCK EXCHANGE CENTRE | |
|---|---|
| **Name** | **Position** |
| Spyros Capralos | Chairman & CEO |
| Pavlos Lazaridis | Vice-Chairman |
| Christodoulos Antoniadis | Member |
| Dimitrios Bakatselos | Member |
| Giorgios Pervanas | Member |
| Giorgos Milonas | Member |
| Alexandros Haitoglou | Member |

The members of the Board of Directors which participate in the capital of other companies with a stake larger than 20% are listed in the following table:

| | BoD Member | Company | Relationship | Participation (%) |
|---|---|---|---|---|
| 1 | Pentedekas, K.X. | Pentedekas Brokerage | Shareholder | 84.76 |
| 2 | Theodoropoulos, S. | Eurohellenic Investment Company S.A. | Shareholder | 100 |
| 3 | Haitoglou, A. | Haitoglou Bros | Shareholder | 25.51 |
| | | Haitoglou-Hartel | Shareholder | 38 |
| | | Evzoniki Protipos Tyrokomiki S.A. | Shareholder | 25 |
| 4 | Pervanas, G. | G. A. Pervanas Brokerage | Shareholder | 85 |
| 5 | Moraitakis A. | Nuntius Brokerage | Shareholder | 49.92 |
| | | Maikrest Holdings Hellas Real Estate LLC | Shareholder | 100 |
| 6 | Milonas, G. | Alumil Milonas | Shareholder | 48.4 |
| 7 | Bakatselos, D. | D. Bakatselos & Sons S.A. | Shareholder | 35 |
| | | Geolab S.A. | Shareholder | 40 |
| | | Hellenic Energy | Shareholder | 50 |

Moreover, no business relationship, agreement, contract or transaction exists between the Company and companies in the capital and management of which members of the Board of Directors and/ or the main shareholders of the Company participate that do not arise from the framework of their usual activity. The relationships of the company with related parties are described in detail in the recent annual report of HELEX Group.

As part of IFRS 24 "Related-Party Disclosures" it is reported that there are no relations, transactions, control or material influence that are applicable under paragraph 3 in conjunction with the definitions of paragraph 5 of IFRS 24.

### 23. Earnings per share and Dividends

Based on the balance sheet results of 31.12.2005 Management proposes the distribution of a dividend of €0.25 per share for the 70,230,463 shares of the company, which is a total dividend payout of €17.6 million.

Profits per share have been calculated as follows:

| | 2005 | 2004 |
|---|---|---|
| (a) Group profits (€ thousand) | 27,101 | 33,588 |
| (b) Average weighted number of shares | 70,230,463 | 70,230,463 |
| (c) Avg. Weighted no of shares incl. stock option rights | 70,303,806 | 0 |
| Profits per share in € (a) ÷ (b) | 0.39 | 0.47 |
| Profits per share in € (a) ÷ (c) | 0.39 | – |

As mentioned in note 8, 702.000 shares will be distributed as part of the stock option plan to Group employees, according to the decision of the AGM of 25.4.2005.

### 24. Contingent Liabilities

*(The description of the case in litigation or arbitration are presented in chapter 13 PENDING LITIGATION)*

# 10. Use of Raised Capital by the Increase in Share Capital of the Company in Cash

**A.** This capital, which was raised by an increase in share capital during the listing of the Company in the Main Market of the exchange, after deducting the issue costs, amounted to €36,732,874.72. This capital, as mentioned in the prospectus of the Company in July 2000, will be used for constructing an office building that will house the departments of the companies of the HELEX Group.

This consists of the purchase of the plot of land and the construction of a building complex, which will house all activities of the Company and its subsidiaries (ATHEX, CSD, ADECH) which are located in Athens.

The departments of the companies of the Group are currently located in various buildings. The construction of modern office spaces is expected to fully cover the needs of the Company and its subsidiaries as well as to accommodate its basic aims for development, as follows:

- The configuration of a modern and technologically advanced location which will house all the information technology and networking/ telephone infrastructure of the subsidiary companies.
- Elimination of current situation of dispersion in the departments of subsidiary companies (today various office spaces are used).
- The creation of synergies and reduction in operating costs, both direct (rental expenses, which are paid by the companies of the Group) and indirect (dispersion of departments).
- Increase in security at all levels (physical, data, etc.)

The initial budget for the project was approximately €59 mln. (including the purchase of the plot of land). According to the initially approved investment table for capital raised, the distribution per fiscal year of the capital is presented in the following table.

| INITIAL INVESTMENT TABLE | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|
| Amounts in € mln. | 18 | 19 | 12 | 9 |

**B.** In order to implement the project, HELEX, having no technical department, hired through an open tender a Technical Consultant. The Technical Consultant provides the Company with complex support services, with the aim of safeguarding all the preconditions for the secure and timely implementation of the project, including the location of an appropriate plot of land.

For this purpose, the Technical Consultant searched for a plot of land that would possess certain basic characteristics, as were determined by the recording of HELEX's needs. According to the initial schedule of the project, in 2001 the purchase of the plot of land should have been achieved.

After a continuous effort in searching for a plot of land capable of housing all the departments of the Group, the Company, on 17.05.2002, and following the decision of the Board of Directors, purchased an area (two neighboring plots) on 108-110 Athinon Avenue. The total area is 7,900.97 square meters and was purchased for an amount of €17,399,997.00. For this purchase, the amount of €2,277,531.48 was paid in transfer expenses and transfer tax.

In 2002, based on the approved schedule of investing raised capital, the amount of €19 should have been invested. Given however the negative developments in the Greek capital market, HELEX management in 2002 proceeded with a study for the operational restructuring of the Group, with the aim of maximizing the synergies between the companies and the better use of the human resources.

The increase in the time that was required to locate the appropriate plot of land and the reduced needs in office space that came about as a result of the study for the operational restructure, led HELEX management to the decision of expanding the alternative possible uses for exploiting the plot of land. In particular, the expansion of the optimal solution was directed towards assigning the construction of the part of the building that would satisfy the needs of the Group, by conceding the remainder of the plot of land to the construction company as payment in kind.

The combination of the above contributed to the existence of differences in both the time and the amounts compared to the abovementioned investment table for capital raised. For this reason, it was proposed and approved by the Second Annual Meeting of the Company's shareholders, on 26.06.2003, the following investment table for capital raised:

| INVESTMENT TABLE 26.6.2003 (amounts in € mln.) | | | | |
|---|---|---|---|---|
| 2001 - 2002 | 2003 | 2004 | 2005 | 2006 |
| 20.4 | 2.6 | 7 | 8.4 | 0.5 |

The amounts listed in the table were to be used as follows:

- The amount of €20.4 mln., in years 2001-2002, for the purchase of a plot of land, preparatory studies and remuneration of the Technical Consultant.
- The amount of €2.6 mln., in year 2003, for the organization of a procedure for the expression of interest from construction companies-investors, a study of excavation-foundation, start of the excavation-foundation works, clearing and fenc-

ing the plot of land, as well as remuneration for the Technical Consultant.

- The amount of €7 mln., in year 2004, for the start of the main construction works and
- A total amount of €8.9 mln, in years 2005 and 2006, for continuation and completion of the work. It is noted that the advance payment of €1.4 mln, in 2005 and €0.5 mln, in 2006, would have come from the own capital of the Company.

During 2003 the preparatory studies (topographical, land dynamics-seismological, preliminary) were completed, while the Company performed the works of cleaning and fencing the plot of land.

Furthermore, a full preliminary study of the building was submitted to HELEX, in accordance with the provisions of Presidential Decree 696/74. The submitted preliminary study configured a secure, as to the interests of HELEX, framework for conducting the contest procedure for the construction of the privately owned building. Following this the Company proceeded with an open contest for construction of the office building with the publication of the relevant announcement in the press.

**C.** For the fiscal year 2003 a deviation was observed in the use of raised capital compared to the approved as above table by the Second Annual General Meeting of June 26th 2003, while at the same time it was estimated that there would be a further time deviation since, due to the forthcoming tender procedures, the construction was expected to be completed in 2007.

The Shareholders of the Company approved, in the Third Annual General Meeting of June 23rd 2004 the extension of the time schedule for using the raised capital and the redistribution of the capital available for investment, as follows:

| INVESTMENT TABLE 23.6.2004 (amounts in € mln.) | | | | | |
|---|---|---|---|---|---|
| 2001-2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| 20.4 | 0.87 | 1.33 | 7 | 8.7 | 0.6 |

The amounts listed in the table were to be used as follows:

- The amount of €1.33 mln., in year 2004, for the remuneration of the Technical Consultant for the preliminary study and the tender appendices and for his contribution in the hiring of a project manager and for the start of construction by the project manager.
- The amount of €7 mln., in year 2005, for the remuneration of the Technical Consultant for the supervision of the construction, for the remuneration of the project manager and for construction.
- The amount of €8.7 mln., in year 2006, for the remuneration of the Technical Consultant for the supervision of the construction and for construction.
- The amount of €0.6 mln., in year 2007, for the remuneration of the Technical Consultant for the supervision of the construction, for the remuneration of the project manager, and for construction maintenance.

It is noted that the amounts mentioned in the investment table above (besides the €36.7 mln from the capital increase), which were budgeted to be invested in the years 2006 and 2006, will come from the own capital of the Company.

**D.** The Company, as described above, had published the tender announcement for interested contractors for undertaking the construction. Following this, full offers were submitted by the interested parties, which were examined by the appropriate bodies of the Company.

**E.** Next, the Board of Directors, estimating that, due to the operational restructuring in progress, the needs of the Group could be covered by a building with a smaller total area, decided to cancel the above tender procedure and the announcement of a new tender by the submission of proposals by the candidates as follows:

- Construction in the plot of land of a privately owned office building, with the system "Design-Construction" and with the transfer of a joint co-ownership percentage of the plot of land with the right to exploit the excess construction coefficient ("quid pro quo" - proportional application of elements of the provisions that are included in paragraphs e and g of article 4 of law 1418/84 as well as articles 10 and 12 of Presidential Decree 609/85) and
- Construction on the plot of land of a privately owned office building, as above, but with a construction contract. In this case the plot of land enters in the whole process as the place of construction of the privately owned building and/ or
- Exchange of the plot of land or part thereof with another, ready or under construction or in the design phase building, or part of a building complex, that will cover, both quantitatively and qualitatively, the requirements of the Company and/or
- In any other way, which each candidate may propose, with which it is possible to satisfy the requirements of the Company, which must however take into consideration the privately owned plot of land, whose exploitation, during the process of obtaining contiguous office space, is important to the Company.

Within the framework of the new tender, the Technical Consultant drafted and the Board of Directors of the Company approved, the appendices of the tender, and, following this, the relevant notice was published "Expression of interest for participating in the negotiated procedure for the construction or location of an office building appropriate for housing the HELEX Group."

Following this, expressions of interest were submitted by candidates, and while the procedure was in progress, in the second phase, according to what was set in the tender, i.e. in the submission by the candidates of supplementary information in order for negotiations with them to commence and in particular with the proposals which will be advantageous for the Company and its shareholders, while at the same time satisfy the needs of the Company, a quantitative deviation was ascertained concerning the use of capital in fiscal year 2004 and it was estimated that time would extend to year 2008, if the choice was made - based on the results of the contest in progress - to proceed with the construction of an office building on the plot of land of the Company with the "quid pro quo" method. Therefore, by a decision of the Fourth General Meeting of 25.4.2005, the modification in the investment table for raised capital was approved, as follows:

| Year – Amounts in € mln. | | | | | | |
|---|---|---|---|---|---|---|
| 2001-2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| 20.4 | 0.87 | 0.0708 | 1.5 | 9.4 | 5.122 | 0.9 |

The amounts that appear in the table above are estimated to be invested as follows:

- The amount of €1.5 mln., in year 2005, for the completion of the procedure of assigning the construction, settling the remuneration for the preliminary study, remuneration for the procedure for hiring a Project Manager, licensing the building and commencement of the supervision by the Project Manager, remuneration of the Project Manager for the management of the construction as a supervisory service, the possibility of commencing implementation of the main construction contract and payment of the construction consideration.
- The amount of €9.4 mln, in year 2006, for supervision by the Project Manager, remuneration for managing the project, implementation of the main construction contract, payment of the construction consideration.
- The amount o €5.122 mln., in year 2007, for supervision by the Project Manager, remuneration for managing the project, implementation of the main construction contract, payment of the construction consideration.
- The amount of €0.9 mln., in year 2008 for supervision by the Project Manager, remuneration for managing the project in the maintenance and acceptance phase and warranty and acceptance period.

It is noted that the abovementioned amounts in the investment table of capital raised (besides the €36.7 million of the capital increase), which were budgeted for investment in years 2006, 2007 and 2008, would have come from the own capital of the Company.

**F.** Based on the above tender for the expression of interest in participating in the negotiated procedure for the construction or location of an office building suitable for the needs of the HELEX Group, based on the published announcement of 24.1.2005, the Board of Directors decided on 19.9.2005 to award the project to company "BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A.", i.e. the construction of an office building with a covered area of 6,700.00 square meters and in all other respects as described in the technical offer, as formulated based on the exchanged correspondence, with the method of "quid pro quo" and with a supplementary monetary consideration in the amount of seven million euro (€7,000,000). Furthermore, the Board of Directors of the Company/ landowner decided that the HELEX building be located in the most prominent position of the plot of land (at the corner of Athinon Ave. and Pipineli St.), have as a covered area 6,700.0 square meters, which covers the building needs of HELEX, and the covered parking places be set at 175. In addition, the Company and the construction company, for the better and more functional exploitation of the whole plot, decided and co-signed on 17.10.2005 the contract "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction", according to which the Company/ landowner, as sole owner, has classified the whole plot of land to the provisions of Law 3741/1929, as modified by Legislative Decree 1024/1971 and the provisions of articles 1002 and 1117 of the Civil Code and will create two (2) autonomous and independent structures, i.e. a) an autonomous and independent structure which will become the building, which will be constructed at the corner of Athinon Ave. and Pipineli St., with a covered area as above, with the abovementioned parking places and other technical characteristics of the building, which will have a percentage of joint co-ownership in the plot of land of three hundred forty thousands (340/1000), which will be deducted by the Company/landowner and this building will be constructed by the construction company and will become the property, due to "quid pro quo" of the Company/ landowner and b) various autonomous and independent horizontal structures in two other buildings that will be constructed on the plot of land, which will have a total percentage of joint co-ownership of six hundred sixty thousands (660/1000), which with the autonomous and independent horizontal structures which will correspond to these will be transferred by the Company/ landowner in exchange for construction to the construction company or to third parties indicated by it. In regards to the supplementary monetary consideration in the amount of seven million euros (€7,000,000), it was agreed that it be paid by the construction company to the Company/ landowner, in two equal payments, i.e. the first during the signature, of the execution of the contract signed on 17.10.2005 "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction", and the second upon completion of the construction of the load bearing structure of the building of the Company/ landowner. Already, in February of the present year, a modification act of the above Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction was signed, concerning the extension of the time to issue the building permit, while the time to deliver the building remained as previously agreed, i.e. until 30.03.2007. Following this, the first tranche of the supplementary to the "quid pro quo" monetary consideration was paid by the construction company to the Company earlier than the agreed upon date in fulfillment, according to the terms of the above pre-agreement, obligation. Moreover, the excavation and foundation permit has been received and these works, preparatory to the construction of the office building, at the plot of land of the Company have begun.

It is noted that, due precisely to the abovementioned developments, the matter of the use of uninvested capital will be put to the next General Meeting, based on the proposal of the Board of Directors of the Company.

# II. Report on the Use of Raised Capital

The report on the use of raised capital, from the increase in share capital by a public offering, until December 31st 2005, as certified by the chartered auditors accountants of the Company is provided below:

**REPORT ON THE USE OF RAISED CAPITAL FROM THE SHARE CAPITAL INCREASE**

It is reported that, according to the decision 33/24.11.2005 of Athens Exchange, that from the share capital increase of "HELLENIC EXCHANGES SOCIETE ANONYME" in cash, which took place based on the decision of the Board of Directors of April 6th 2000 and approved by the Board of Directors of the Capital Market Commission, net capital in the amount of €36,732,874.72 was raised (in total €38,229,090.24 less expenses of €1,496,215.52). This capital, in connection both with what is reported in the Prospectus, as well as with the modified schedule that was approved by the General Meetings of June 26th 2003, June 23rd 2004, and April 25th 2005, was invested, up to 31.12.2005 as described below.

It is further reported that

1. The certification date of the last increase in share capital with cash was August 9th 2000.

2. The public offering lasted from 25.7.2000 to 28.7.2000

3. As a result of the increase 2,500,000 new shares were issued

4. The listing date of the new shares on the Exchange was August 21st 2000

5. Specifically regarding the tables below, the following are noted:
   1. Based on the initially approved schedule by the BoD of the Capital Market Commission of the Prospectus for the increase in share capital and listing of the Company in the Main Market of Athens Exchange (page 37), the total budgeted cost of the project amounted to €59 mln including the cost of purchasing the plot of land, of which net capital in the amount of €36,732,874.72 (total €38,229,090.24 less expenses €1,496,215.52) originated from the share capital increase of "HELLENIC EXCHANGES SOCIETE ANONYME" in cash, which took place based on the decision of the Board of Directors of April 6th 2000 and approved by the Board of Directors of the Capital Market Commission, while the remaining amount, according to the Prospectus was projected to be covered by either one of the following ways: a) Through co-financing of up to 75% by the European Union within the framework of the Third Community Support Framework or b) by the own capital of the Company.
   2. By decision of the Second Annual General Meeting of Shareholders of June 26th 2003, the investment table of raised capital was modified, according to which the total budgeted cost of the project amounted to €38.2 mln, of which the net capital in the amount of €36,732,874.72 (total €38,229,090.24 less expenses €1,496,215.52) that originated from the share capital increase of the Company, while the remaining capital that was budgeted for allocation in years 2005 and 2006 would have come from the own capital of the Company.
   3. By decision of the Third Annual General Meeting of Shareholders of June 23rd 2004, the investment table of raised capital was modified, according to which the total budgeted cost of the project amounted to €38.2 mln, of which the net capital in the amount of €36,732,874.72 (total €38,229,090.24 less expenses €1,496,215.52) that originated from the share capital increase of the Company, while the remaining capital that was budgeted for allocation in years 2006 and 2007 would have come from the own capital of the Company.
   4. By decision of the Fourth Annual General Meeting of Shareholders of April 25th 2005, the investment table of raised capital was modified, according to which the total budgeted cost of the project amounted to €38.2 mln, of which the net capital in the amount of €36,732,874.72 (total €38,229,090.24 less expenses €1,496,215.52) that originated from the share capital increase of the Company, while the remaining capital that was budgeted for allocation in years 2006, 2007 and 2008 will come from the own capital of the Company.

6. Based on the initially approved schedule for using raised capital, the capital that was raised will be used for the construction of an office building, which will house the departments of the companies of the HELEX Group. For the implementation of this project, HELEX hired through an open tender a Technical Advisor which among others searched for a plot of land which fulfills some prerequisites that had been specified from the recording of the needs of HELEX. It is noted that, according to the initial scheduling of the project, the purchase of the plot of land should have been completed until 31.12.01. On May 17th 2002 the purchase of the plot of land on 108-110 Athinon Ave. took place.

7. According to the initially approved schedule for the use of raised capital, the Company should have used the amount of €19,124,657.55 in 2002, for the construction of the building complex. However, in 2002, and under the weight of negative developments in the international and local markets, HELEX management proceeded with the preparation

of a study for the operational restructuring of the HELEX Group with the aim of maximizing the synergies between the companies and the better use of the human resources, having as a result the further reduction in operating cost of the Group.

8. The reduced office space needs that were the result of the study for the operational restructuring, led HELEX management to the decision to search for alternative ways of exploiting the plot of land. This search for alternative solutions, in combination with the time delay in the location of a suitable plot of land, as well as the delay in the process of awarding the project, contributed to the divergence in the time schedule compared to the initial plan for using raised capital.

9. Already the Company announced a tender for the expression of interest in participating in the negotiated procedure for the construction or location of an office building suitable for the needs of the HELEX Group, based on the published announcement of 24.1.2005, following the end of which the Board of Directors decided on 19.9.2005 to award the project to company "BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A.", i.e. the construction of an office building with a covered area of 6,700.00 square meters and in all other respects as described in the technical offer, as formulated based on the exchanged correspondence, with the method of "quid pro quo" and with a supplementary monetary consideration in the amount of seven million euro (€7,000,000). The Board of Directors of the Company/ landowner decided that the HELEX building be located in the most prominent position of the plot of land (at the corner of Athinon Ave. and Pipineli St.), have as a covered area 6,700.0 square meters, which covers the building needs of HELEX, and the covered parking places be set at 175. In addition, the Company and the construction company, for the better and more functional exploitation of the whole plot, decided and co-signed on 17.10.2005 the contract "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction", according to which the Company/ landowner, as sole owner, has classified the whole plot of land to the provisions of Law 3741/1929, as modified by Legislative Decree 1024/1971 and the provisions of articles 1002 and 1117 of the Civil Code and will create two (2) autonomous and independent structures, i.e. a) an autonomous and independent structure which will become the building, which will be constructed at the corner of Athinon Ave. and Pipineli St., with a covered area as above, with the abovementioned parking places and other technical characteristics of the building, which will have a percentage of joint co-ownership in the plot of land of three hundred forty thousands (340/1000), which will be deducted by the Company/landowner and this building will be constructed by the construction company and will become the property, due to "quid pro quo" of the Company/ landowner and b) various autonomous and independent horizontal structures in two other buildings that will be constructed on the plot of land, which will have a total percentage of joint co-ownership of six hundred sixty thousands (660/1000), which with the autonomous and independent horizontal structures which will correspond to these will be transferred by the Company/ landowner in exchange for construction to the construction company or to third parties indicated by it. In regards to the supplementary monetary consideration in the amount of seven million euros (€7,000,000), it was agreed that it be paid by the construction company to the Company/ landowner, in two equal payments, i.e. the first during the signature, of the execution of the contract signed on 17.10.2005 "Notary act having the form of a pre-agreement of a pre-agreement for the transfer of a joint percentage of a plot of land and construction", and the second upon completion of the construction of the load bearing structure of the building of the Company/ landowner.

10. It is noted that the signature is expected, in execution of the contract signed on 17.10.2005, pre-agreement for the transfer of a percentage of the plot of land, and building construction, for the completion of the investment in the Company's building. The BoD will be called upon to decide on the return to shareholders, according to the attached tables, of unused capital, which is temporarily held, invested in repos and certificates of deposit by companies of the Group.

Athens, February 16th 2006

| THE CHAIRMAN OF THE BoD | THE CEO | THE GENERAL DIRECTOR | THE FINANCIAL MANAGEMENT DIR. |
|---|---|---|---|
| **IAKOVOS GEORGANAS** | **SPYROS CAPRALOS** | **GIKAS MANALIS** | **CHRISTOS MAYOGLOU** |
| **ID: X 066165** | **ID: I 365608** | **ID: Π 042466** | **ID: Π 575157** |

CERTIFICATE OF THE CHARTERED AUDITORS ACCOUNTANTS

We have audited the above Report on the Use of Raised Capital from the increase in the Share Capital, through a public offering, of HELLENIC EXCHANGES S.A. which was prepared by the management of the company. During our audit we have applied the auditing principles and rules which are followed by the Institute of Chartered Auditors Accountants.

Our audit showed that the remaining uninvested amount of €15.1 mln is available, only when taking into consideration the placements in repos by the companies of the Group.

**Athens, February 16th 2006**
**THE CHARTERED AUDITORS ACCOUNTANTS**

| NIKOLAOS MOUSTAKIS | DESPINA XENAKI |
|---|---|
| **SOEL reg. no: 13971** | **SOEL reg. no.: 14161** |

**ERNST & YOUNG**

| YEAR / Investment of raised capital | Based on the schedule approved by the BoD of the Capital Market Commission in the Prospectus for the increase in share capital in cash and the listing of the Company in the Main Market of Athens Exchange (page 37) | | | | | | Modification in the use of capital according to the General Meeting of shareholders of 26.6.2003 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **YEAR** | **2000** | **2001** | **2002** | **2003** | **2004** | **Total** | **2000** | **2001 - 2002** | **2003** | **2004** | **2005** | **2006** | **Total** |
| **Investment of raised capital** | | | | | | | | | | | | | |
| Issuing expenses | 1.5 | - | - | | | 1.5 | 1.5 | | | | | | 1.5 |
| Construction of an office building which will house the HELEX Group | - | 18.0 | 18.7 | - | - | 36.7 | - | 20.4 | 2.6 | 7.0 | 6.7 | - | 36.7 |
| Unused capital temporarily invested in repos | - | - | - | | | | | | | | | | |
| **Total** | **1.5** | **18.0** | **18.7** | **-** | **-** | **38.2** | **1.5** | **20.4** | **2.6** | **7.0** | **6.7** | **-** | **38.2** |

*Amounts in million €*

| | Modification in the use of capital according to the General Meeting of shareholders of 23.6.2004 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **YEAR** | **2000** | **2001- 2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **Total** |
| **Investment of raised capital** | | | | | | | | |
| Issuing expenses | 1.5 | | | | | | | 1.5 |
| Construction of an office building which will house the HELEX Group | - | 20.4 | 0.87 | 1.33 | 7.0 | 7.1 | - | 36.7 |
| Unused capital temporarily invested in repos | | | | | | | | |
| **Total** | **1.5** | **20.4** | **0.87** | **1.33** | **7.0** | **7.1** | **-** | **38.2** |

*Amounts in million €*

| | Modification in the use of capital according to the General Meeting of shareholders of 25.4.2005 | | | | | | | | | Invested Capital | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **YEAR Investment of raised capital** | **2000** | **2001-2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **Total** | **Up to 30/09/2005 (Total)** | **From 01/10/2005 to 31/12/2005 (last quarter)** |
| Issuing expenses | 1.5 | | | | | | | | 1.5 | 1.5 | - |
| Construction of an office building which will house the HELEX Group | | 20.4 | 0.78 | 0.07 | 1.5 | 9.4 | 4.55 | - | 36.7 | 21.6 | 0.14 |
| Unused capital temporarily invested in repos | | | | | | | | | | 15.1 | - |
| **Total** | **1.5** | **20.4** | **0.78** | **0.07** | **1.5** | **9.4** | **4.55** | **-** | **38.2** | **38.2** | **0.14** |

*Amounts in million €*

# 12. Report of Transactions with Associated Companies

## REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY HELLENIC EXCHANGES HOLDING S.A. ON TRANSACTIONS WITH ASSOCIATED COMPANIES OF THE HELEX GROUP FOR THE FIFTH FISCAL YEAR FROM 1.1.2005 TO 31.12.2005

In line with the provisions of Article 2 of Law 3016/2002 on "Corporate governance, payroll issues and other provisions", a report on transactions with associated companies of the Hellenic Exchanges Holding SA Group has been prepared for the fiscal year 1.1.2005 - 31.12.2005.

The transactions with companies associated with the HELEX Group concern the following categories:

### 1. Dividends

These are the dividends which are received by the HELEX holding company and by its subsidiaries, according to their participations.

### 2. Employee secondment

Companies in the HELEX Group second certain employees to each other in the form of a loan from 1.1.2005 to 28.2.2005. As a result, the services provided under this arrangement were invoiced.

### 3. Service invoicing

These are services relating to the granting of the right to use the OASIS system, the monitoring and maintenance of the network, computer and telecommunications equipment of the companies of the Group and provision of information to vendors.

### 4. Intra-Group Contracts

Due to the operating restructuring of the Group, based on the corresponding contract of 25.4.2005, HELEX provides support and administrative services to the other companies of the Group.

Furthermore, based on the corresponding contract, ATHEX provides user and IT services to the other companies of the Group; these services are specified in the individual bilateral contracts.

### 5. Rents

CSD and ATHEX collect rent from ADECH and HELEX respectively for the properties leased to them, as does TSEC from CSD.

For the HELEX Group, the inter-company transaction tables for the following associated companies according to the meaning of Article 42e of Codified Law 2190/1920 are attached:

- Hellenic Exchanges Holding S.A. (HELEX),
- Athens Exchange S.A. (ATHEX),
- Central Securities Depository S.A. (CSD),
- Athens Derivatives Exchange Clearing House S.A. (ADECH) and
- Thessaloniki Stock Exchange Centre S.A. (TSEC).

## HELLENIC EXCHANGES

**Table of intra-group transactions**

| | |
|---|---|
| **Liabilities** | |
| **Company** | **Amount** |
| TSEC | 835.35 |
| ADECH | 7,031.66 |
| CSD | 35,098.31 |
| ATHEX | 97,304.26 |
| **Claims** | |
| ADECH | 5,355.00 |
| ATHEX | 32,130.42 |
| CSD | 21,420.00 |
| TSEC | 3,570.00 |
| **Income** | |
| ADECH | 1,002,074.48* |
| CSD | 1,849,440.00** |
| TSEC | 65,620.12**** |
| ATHEX | 55,461,279.93*** |
| **Expenses** | |
| ATHEX | 144,749.39 |
| CSD | 24,990.36 |

** Includes dividend from ADECH in the amount € 857,300.00*
*** Includes dividend from CSD in the amount € 1,705,440.00*
**** Includes dividend from ATHEX in the amount € 54,225,183.00*
***** Includes dividend from TSEC in the amount € 41,620.12*

## CENTRAL SECURITIES DEPOSITORY

**Table of intra-group transactions**

| | |
|---|---|
| **Liabilities** | |
| **Company** | **Amount** |
| ADECH | 2,159.76 |
| ATHEX | 28,560.00 |
| HELEX | 21,420.00 |
| **Claims** | |
| ADECH | 1,212.85 |
| ATHEX | 85,058.32 |
| HELEX | 464.56 |
| **Income** | |
| ADECH | 90,405.19* |
| HELEX | 24,990.36 |
| ATHEX | 1,117,739.89** |
| **Expenses** | |
| ATHEX | 424,478.19 |
| HELEX | 144,000.00 |
| TSEC | 46,620.00 |

** Includes dividend from ADECH in the amount € 18,000.00*
*** Includes dividend from ATHEX in the amount € 1,000,677.00*

## ATHEX EXCHANGE

**Table of intra-group transactions**

| | |
|---|---|
| **Liabilities** | |
| **Company** | **Amount** |
| ADECH | 230,164.36 |
| CSD | 85,058.32 |
| HELEX | 32,130.43 |
| TSEC | 47,264.00 |
| **Claims** | |
| ADECH | 386,877.60 |
| CSD | 28,560.00 |
| HELEX | 97,304.26 |
| TSEC | 3,570.00 |
| **Income** | |
| ADECH | 431,368.22 |
| CSD | 2,246,528.95* |
| HELEX | 144,749.44 |
| TSEC | 20,000.00 |
| **Expenses** | |
| ADECH | 204,340.67 |
| HELEX | 1,236,096.93 |
| TSEC | 358,961.90 |
| CSD | 117,062.19 |

** Includes dividend from CSD in the amount € 1,782,569.70*

### ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE

Table of intra-group transactions

| | |
|---|---|
| **Liabilities** | |
| **Company** | **Amount** |
| ATHEX | 386,109.46 |
| HELEX | 5,355.00 |
| CSD | 1,212.85 |
| **Claims** | |
| ATHEX | 230,164.36 |
| **Income** | |
| ATHEX | 204,340.67 |
| **Expenses** | |
| ATHEX | 430,885.72 |
| HELEX | 144,774.48 |
| CSD | 76,858.16 |

### THESSALONIKI STOCK EXCHANGE CENTRE

Table of intra-group transactions

| | |
|---|---|
| **Liabilities** | |
| **Company** | **Amount** |
| HELEX | 3,570.00 |
| ATHEX | 3,570.00 |
| **Claims** | |
| ATHEX | 47,264.00 |
| **Income** | |
| CSD | 45,000.00 |
| ATHEX | 358,961.90 |
| **Expenses** | |
| HELEX | 24,000.00 |
| ATHEX | 20,000.00 |

**ATHENS, FEBRUARY 16 2006**
**THE BOARD OF DIRECTORS**

# 13. Pending Litigation

## 13.1 Pending Litigation - HELEX

There is no pending litigation against HELEX, while the Company has appealed against acts of assessment of duties by the Municipality of Athens, for which it has been exonerated.

## 13.2 Pending Litigation - ATHEX

**Court cases with Exchange members and listed companies**

- ATHEX S.A. was heard and evidence examined by the Athens Multi-Member Court of First Instance (a case involving forged "TITAN S.A." share certificates) in the lawsuit brought by "M. Kiranis Brokerage SA" for the amount (GRD 2,282,000 or €6,696.99). Judgment No. 2492/1999 was issued partially vindicating the plaintiffs. Since then the plaintiffs have not requested payment of the contested amount.

- Decision 1155/2005 by the Athens Multi-Member Court of First Instance on the lawsuit lodged by Egnatia Securities SA (for GRD 9,376,500 or €27,517.24) against ATHEX (a case involving forged TITAN S.A. share certificates) accepting the lawsuit. An appeal was lodged by ATHEX, and the date for discussion was set, after a postponement, for 4.5.2006.

- On 11.10.2005, in front of the Council of State, the petition for annulment of the ATHEX decision which imposed a fine (GRD 2,000,000 or €5,869.40) on Capital Securities S.A. was discussed. The recommendation was positive for ATHEX, and a decision is awaited.

**Court cases with third parties**

- On 19.1.2000 the Athens Multi-Member Court of First Instance heard lawsuits brought by 25 customers (Andreas Gerolymatos et al.) of KATSOULIS Securities S.A. against among others ATHEX and the CSD requesting a total of GRD 2,823,986,751 or €8,287,561.99. Judgment No. 7135/2000 of that court was issued dismissing the case. Following that an appeal was lodged which was heard on 4.10.2001 by the chamber 13A of the Athens Court of Appeal and judgment No. 9047/2001 was issued ordering evidence to be collected which was recently completed and the discussion with evidence date was set for 16.3.2006 in the 14th chamber of the Athens Court of Appeal.

  Note that this lawsuit is also brought against the Guarantee Fund which is solely responsible under the law to compensate investors when securities firms are unable to settle their liabilities. Consequently it is expected that there will be no major consequences for ATHEX from this case. In any event, from the judgments already issued it appears that ATHEX is not liable in these cases.

- In the petition for cassation dated 12.1.2001 by Georgios Kyriakakis and Archelaos Levendis requesting invalidation of an ATHEX decision setting compensation levels for the AAGIS Securities case. The trial date was originally set for 11.11.2003 but after various adjournments the case is to be heard on 13.6.2006. Parallel to this action (petition for cassation) the abovementioned lodged lawsuits in civil court. Mr. G. Kyriakakis is asking for the recognition of the invalidation of the ATHEX decision which set the compensation levels of the AAGIS investors and the payment of compensation to him based on the prices of his shares on 6.10.2000. The hearing date for this lawsuit is set for 25.4.2007. Mr. A. Levendis is asking for the recognition of the invalidation of the ATHEX decision which set the compensation levels of the AAGIS investors and the payment of compensation to him based on the prices of his shares on 6.10.2000. The hearing date for this lawsuit is set for 10.1.2007.

- ATHEX filed lawsuits against 3 vendors which did not pay the fees to ATHEX as stipulated in their contracts. These are the companies Deal FX S.A., Natfeed S.A. and Micronet Integrated Informatics Services Ltd which owe €63,438.02, €115,637.41 and €43,309.09 respectively. These lawsuits were heard on 13.10.2004 in the case of the first two companies while for the third the case did not proceed since the largest part of the debt has been paid off. Decisions in favor of ATHEX were issued, however collection of these amounts is not expected since especially the first company has ceased operations.

- On 1.10.98 the lawsuit dated 20.12.96 lodged by Georgios Ardamis, Evangelos Ardamis and Konstantinos Ardamis against Vasilis Ardamis of ALPHA Securities S.A. and against the Exchange for compensation of the first claimant for GRD37,644,098 or €110,474.24, GRD33,231,888 or €97,525.71 for the second and GRD38,554,738 or €113,146.69 for the third was heard after adjournment by the Athens Multi-Member Court of First Instance. A decision was issued dismissing the lawsuit in respect to ATHEX. There is no evidence to indicate that judicial remedies have been sought against ATHEX in which case there is no reason to believe that any burden will arise for the company.

- On 9.3.2000 the Athens Multi-Member Court of First Instance heard after adjournment the lawsuit of Giakoumis Giakoumopoulos against ATHEX and its former President Emmanuel Xanthakis, for the amount of GRD68,592,000 (€201.297,14) (the Lavreotiki Case). The case is still at the evidence collection stage before the Court of First Instance and is not expected to be completed soon.

- In December 2004 the company was served with 6 lawsuits against the Capital Market Commission and ATHEX for which no hearing date before the Athens Administrative Court of First Instance has been set. These lawsuits cited in detail below share a common basis, the alledged lack of adequate supervision by ATHEX during 1999 resulting in the plaintiffs incurring losses from the drop in the share prices of some companies. This is the first time that such a lawsuit has been brought against ATHEX and prima facie it is unlikely to be successful. These lawsuits were lodged by:
  A. Thomas GOUDANTIS for €68,804.16 for shares in the company ALYSIDA S.A.
  B. Georgios SIDIROPOULOS for €20,294.52 for shares in the company ALYSIDA S.A.
  C. Aristofanis KATSAROS for €98,889.69 for shares in the company ALYSIDA S.A.
  D. Despina ZARAVINOU, for €11,976.21 for shares in the company BRITANNIA WOOL INDUSTRIES
  E. Panagiotis KOSKERIDIS for €3,390,977.76 for shares in the company ALYSIDA S.A.
  F. Georgios KARASTERGIOU for €68,233.02 for shares in the company HYATT REGENCY.

### 13.3 Pending Litigation - CSD

**Lawsuit of Ioannis Argyris**

On 7.7.1997 Ioannis Argyris (investor) filed a lawsuit against the CSD requesting €206,665.40 as compensation for losses he claimed he incurred from the company's conduct in the case involving the former securities firm "DELTA Securities S.A." The Athens Multimember Court of First Instance issued decision 616/1999 on the aforementioned lawsuit ordering the collection of evidence in relation to the issues brought before it. Following the completion of evidence the hearing date with evidence was set for 22.11.2006.

**Caveat of "CANTEX ELECTRIC Electrical Appliances Commercial and Construction S.A"**

The company has full ownership rights to an office building located in Athens, on Mavrokordatou Square and 17 Acharnon St., free of any encumbrances.

The caveat of owner CANTEX ELECTRIC Electrical Appliances Commercial and Construction S.A has been entered against the National Bank of Greece, former owner of 980/1000 of the above building, and the adjudication report summary No. 9318/1998 of the Athens Notary I. Morfoniou, was brought before the Athens Single-Member Court of First Instance and it issued judgment No. 3696/2003 dismissing the lawsuit. Against this decision CANTEX appealed which was dismissed by the 8th Chamber of the Athens Court of Appeal judgment No. 5268/2004. CANTEX lodged a petition for cassation against this appeal in the Supreme Court, and judgment No 1860/2005 of the 7th Political Section of the Supreme Court invalidated the Court of Appeals' decision and remanded the case to the Court of Appeals for substantive re-examination. The date for discussion has been set for 11.5.2006.

In any case, however, a condition has been included in the purchase contract providing that in case the National Bank of Greece loses the ownership of the building as a result of such caveat, it shall return the company the amount of €1,790,168.74.

**Recourse against the Greek State**

The company considers that tax paid on the levy payable to the Capital Market Commission is an expense and should be deducted from its gross income and thus lodged a lawsuit against the Greek State before the Athens Administrative Court of First Instance requesting that such tax paid be returned. In particular:

i) On 16.10.2000 the Company lodged an appeal before the Athens Administrative Court of First Instance requesting the return of €3,284,382.85 corresponding to part of the tax paid by the Company for fiscal year 1999. In particular this tax corresponds to the amount of €8,210,957.12 - a levy paid to the Hellenic Capital Market Commission which should, in the opinion of the Company, be considered as an expense and thus deducted from its gross income. This appeal was accepted in judgment No. 4313/2003 of the 10th Chamber of the Athens Three-Member Administrative Court of First Instance. Against the abovementioned judgment the Greek State appealed; the appeal was rejected with judgment no. 4161/2004 of the 2nd Chamber of the Athens Administrative Court of Appeal. Against this judgment the Greek State has lodged a petition for cassation in the Council of State, and no hearing date has been set.

ii) On 5.10.2001 the Company lodged an appeal before the Athens Administrative Court of First Instance requesting the return of €1,774,682.89 corresponding to part of the tax paid by the Company for fiscal year 2000. In particular this tax corresponds to the amount of €4,436,707.20 - a levy paid to the Hellenic Capital Market Commission which should, in the opinion of the Company, be considered as an expense and thus deducted from its gross income. This appeal was rejected in judgment No. 11651/2003 of the 1st Chamber of the Athens Three-Member Administrative Court of First Instance. Against the abovementioned judgment the Company appealed; the appeal was rejected with judgment No. 4378/2004 of the 5th Chamber of the Athens Administrative Court of Appeal. Against this judgment the Company has lodged a petition for cassation in the Council of State (2nd

Chamber), and the hearing date was set for 18.10.2006.

iii) On 4.10.2002 the Company lodged an appeal before the Athens Administrative Court of First Instance requesting the return of €739,458.76 corresponding to part of the tax paid by the Company for fiscal year 2001. In particular this tax corresponds to the amount of €1,925,673.86 - a levy paid to the Hellenic Capital Market Commission and the amount of €46,216.17 (stamp duty on the levy) which should, in the opinion of the Company, be considered as an expense and thus deducted from its gross income. This appeal was accepted in judgment No. 397/2004 of the 6th Chamber of the Athens Three-Member Administrative Court of First Instance. Against the abovementioned judgment the Greek State appealed; the appeal was accepted with judgment no. 3480/2005 of the 3rd Chamber of the Athens Administrative Court of Appeal. Against this judgment the Company lodged a petition for cassation on 9.2.2006 in the Council of State.

iv) On 19.9.2003 the Company lodged an appeal before the Athens Administrative Court of First Instance requesting the return of €432,209.27 corresponding to part of the tax paid by the Company for fiscal year 2002. In particular this tax corresponds to the amount of €1,205,941.05 - a levy paid to the Hellenic Capital Market Commission and the amount of €28,942.59 (stamp duty on the levy) which should, in the opinion of the Company, be considered as an expense and thus deducted from its gross income. For this appeal no hearing date has been set.

v) On 21.9.2004 the Company lodged an appeal before the Athens Administrative Court of First Instance requesting the return of €555,936.08 corresponding to part of the tax paid by the Company for fiscal year 2003. In particular this tax corresponds to the amount of €1,551,160.93- a levy paid to the Hellenic Capital Market Commission and the amount of €37,227.88 (stamp duty on the levy) which should, in the opinion of the Company, be considered as an expense and thus deducted from its gross income. For this appeal no hearing date has been set.

vi) On 21.9.2005 the Company lodged an appeal before the Athens Administrative Court of First Instance requesting the return of €533,658.29 corresponding to part of the tax paid by the Company for fiscal year 2004. In particular this tax corresponds to the amount of €1,489,001.92- a levy paid to the Hellenic Capital Market Commission and the amount of €35,736.05 (stamp duty on the levy) which should, in the opinion of the Company, be considered as an expense and thus deducted from its gross income. For this appeal no hearing date has been set.

## 13.4 Pending Litigation - ADECH

There are no pending legal claims against ADECH. There is only an appeal concerning the demand of ADECH on the Greek State, as described below:

**Recourse against the Greek State**

On 27.2.2002 the company lodged an appeal before the Athens Administrative Court of First Instance requesting that the sum of €79,236.98 be returned to it as having been unduly paid. This sum had been paid by the company in fulfillment of its obligation to pay VAT, an obligation which the competent tax authority later decided did not exist. The date for hearing this matter was set for 8.10.2002 and the hearing did in fact take place. The judgment of the Athens Three-Member Administrative Court of First Instance No. 9723/2003 rejected the company's claim. On 9.7.2004 the company received notice of Judgment No. 9723/2003 of the 17th Chamber of the Athens Three-Member Administrative Court of First Instance dismissing ADECH's recourse against the decision of the Athens FAEE Tax Office on the return of the sum of €79,236.98 as having been unduly paid. Against the abovementioned judgment an appeal was lodged, which was heard on 10.2.2005 and judgment 3860/2005 was issued by the Athens Administrative Court of Appeal rejecting the appeal. The possibility of petitioning for cassation will be examined.

## 13.5 Pending Litigation - TSEC

There are no pending legal claims against TSEC.

# 14. Information Note According to Article 10 of Law 3401/2005

During 2005 as well as 2006 up to the date of issue of this document, the company has released the following press releases and announcements for the information of investors:

| Date | Document type | Subject |
|---|---|---|
| 02.02.2005 | Announcement | HELEX Presentation to the Association of Greek Institutional Investors |
| 03.02.2005 | Press release | Comment on newspapers' article regarding the return of capital to the shareholders |
| 14.02.2005 | Press release | Operational Reorganization of Hellenic Exchanges S.A. |
| 21.02.2005 | Press release | BoD decisions on dividend and return of capital. Date of FY results announcement. |
| 23.02.2005 | Announcement | Plan of Intended Corporate Actions |
| 24.02.2005 | Announcement | Financial Figures- Fiscal Year 2004 |
| 01.03.2005 | Press release | Merger by Acquisition of ASYK S.A. |
| 01.03.2005 | Press release | Comment on www.euro2day.gr article |
| 01.03.2005 | Press release | Cooperation framework between the Athens Stock Exchange and the Cyprus Stock Exchange |
| 21.03.2005 | Press release | Completion of the merger by absorption of the company ASYK S.A. by HELEX |
| 24.03.2005 | Announcement | Change of BoD member |
| 24.03.2005 | Press release | Comment on a newspaper's article regarding the new building of HELEX |
| 30.03.2005 | Announcement | Invitation to the 4th Annual Shareholders' Meeting |
| 05.04.2005 | Press release | HELEX Presentation, New York Roadshow, April 2005 |
| 14.04.2005 | Announcement | HELEX New Investor Relations' Officer |
| 19.04.2005 | Announcement | Plan of Intended Corporate Actions (Revision) |
| 26.04.2005 | Announcement | Decisions of the 4th Annual Shareholders' Meeting |
| 26.04.2005 | Press release | 4th Annual Shareholders' Meeting |
| 11.05.2005 | Announcement | New Directors of HELEX Group |
| 11.05.2005 | Announcement | Change of use of raised share capital |
| 16.05.2005 | Announcement | Ex-dividend and ex-capital return dates |
| 16.05.2005 | Press release | Dividend Payment and Share Capital Return |
| 23.05.2005 | Announcement | Q1 2005 Financial Statements Release Date |
| 01.06.2005 | Announcement | Q1 2005 Financial Statements |
| 22.07.2005 | Announcement | H1 2005 Financial Statements Release Date |
| 28.07.2005 | Announcement | Invitation to the extraordinary Shareholders' Meeting |
| 29.07.2005 | Press release | Subsidiary TSEC undertakes an EU project in Egypt |
| 09.08.2005 | Announcement | H1 2005 Financial Statements |
| 05.09.2005 | Announcement | Decisions of the extraordinary Shareholders' Meeting |
| 05.09.2005 | Announcement | Invitation to the first repetitive extraordinary Shareholders' Meeting |
| 19.09.2005 | Press release | Decisions of the first repetitive extraordinary Shareholders' Meeting |
| 19.09.2005 | Press release | Award of building construction to host all subsidiaries of HELEX Group |
| 30.09.2005 | Announcement | Cancellation of treasury stock |
| 11.10.2005 | Press release | 3rd International Capital Markets Conference - Agenda |
| 14.10.2005 | Press release | 3rd International Cap Market Conference |
| 19.10.2005 | Press release | Contract sign for the construction of the new building |
| 22.11.2005 | Announcement | 9M 2005 Financial Statements |
| 20.12.2005 | Announcement | Initiation of the absorption procedures of CSD and ADECH by HELEX |

| Date | Document type | Subject |
|---|---|---|
| 21.12.2005 | Press release | HELEX Presentation to the Association of Greek Institutional Investors |
| 16.01.2006 | Press release | Comment on a newspaper's article regarding a potential takeover of HELEX by a private equity fund |
| 27.01.2006 | Announcement | FY 2005 Financial Statements Release Date |
| 16.02.2006 | Announcement | FY 2005 Financial Statements |
| 17.02.2006 | Announcement | Plan of Intended Corporate Actions |

All the abovementioned documents (press releases and announcements), as well as all other announcements from the date that HELEX was founded, are available at the company's website (www.helex.gr), in sub-section "Press Releases" of section "Investor Relations", sorted by date. The Press Releases and the Announcements of the company are issued simultaneously in the Greek and English languages.

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