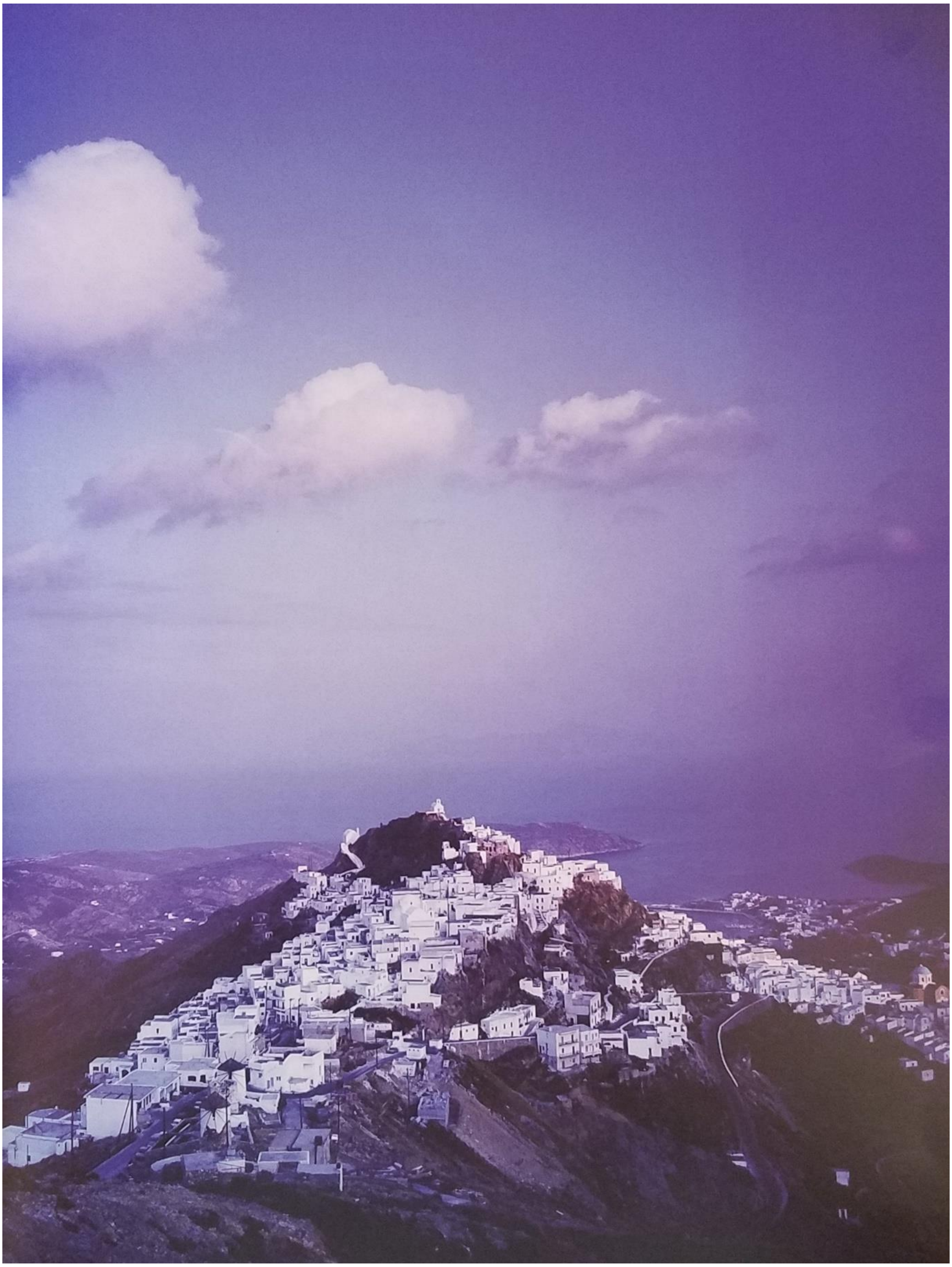
Greek LEADERS



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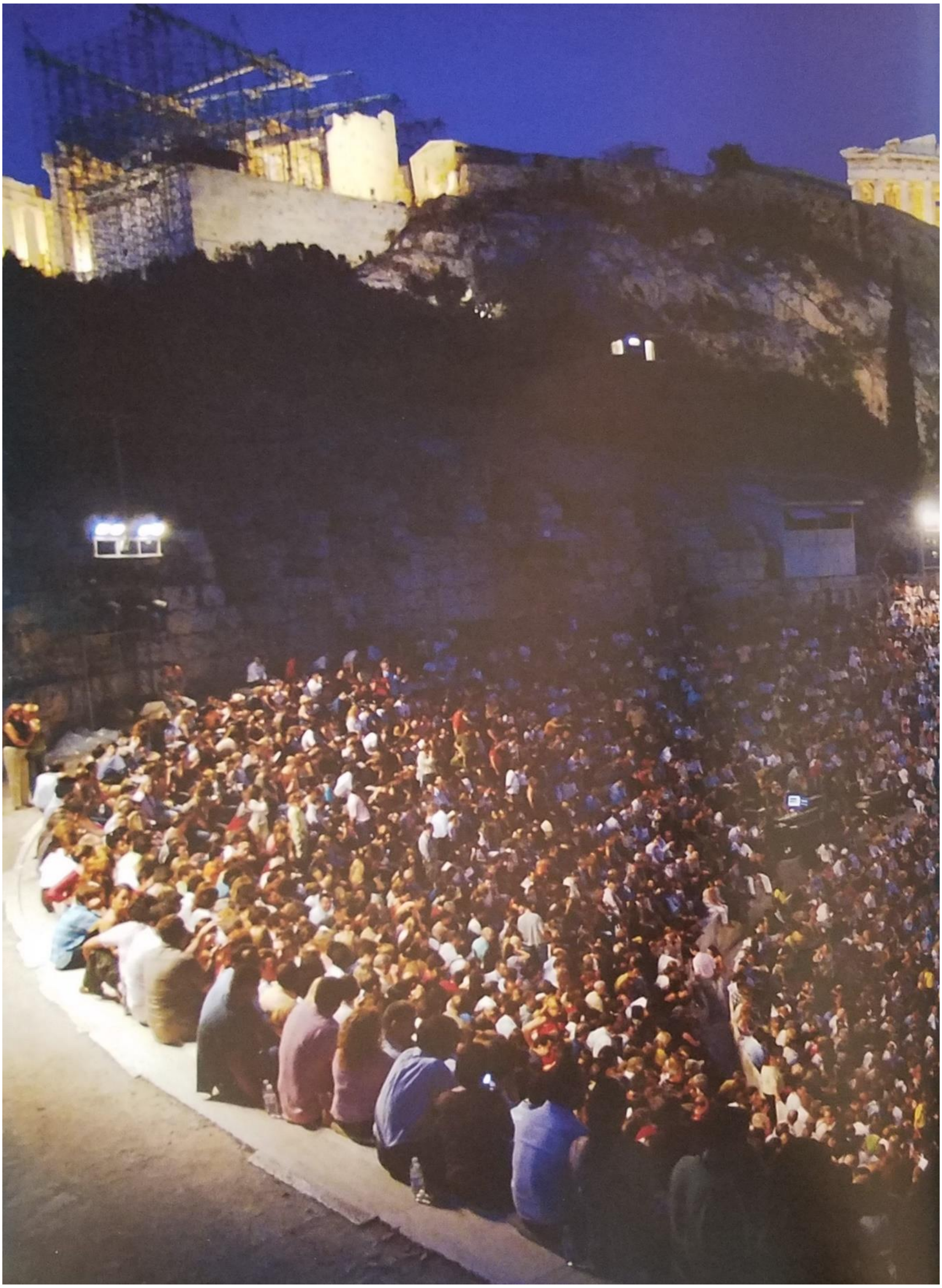
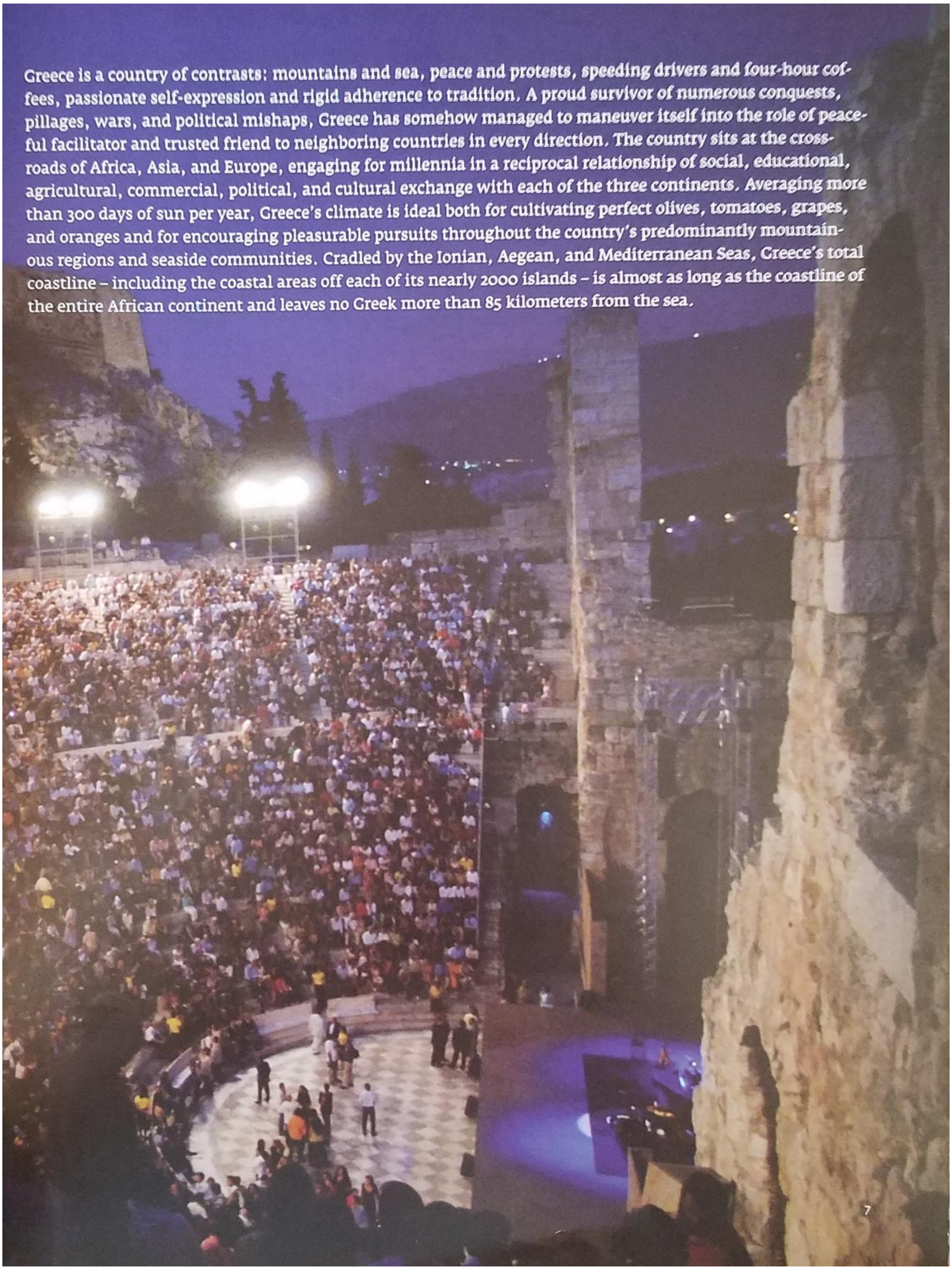


Greece is a country of contrasts: mountains and sea, peace and protests, speeding drivers and four-hour coffees, passionate self-expression and rigid adherence to tradition. A proud survivor of numerous conquests, pillages, wars, and political mishaps, Greece has somehow managed to maneuver itself into the role of peaceful facilitator and trusted friend to neighboring countries in every direction. The country sits at the crossroads of Africa, Asia, and Europe, engaging for millennia in a reciprocal relationship of social, educational, agricultural, commercial, political, and cultural exchange with each of the three continents. Averaging more than 300 days of sun per year, Greece's climate is ideal both for cultivating perfect olives, tomatoes, grapes, and oranges and for encouraging pleasurable pursuits throughout the country's predominantly mountainous regions and seaside communities. Cradled by the Ionian, Aegean, and Mediterranean Seas, Greece's total coastline – including the coastal areas off each of its nearly 2000 islands – is almost as long as the coastline of the entire African continent and leaves no Greek more than 85 kilometers from the sea.



Trade and diplomacy the keys to Greece's budding investment utopia

Special Report: Ministry of Foreign Affairs, Trade, and Diplomatic Relations

"As recently as 2002, Greece's imports from the US were more than double its exports to the US. Only four years later, however, Greece was clearly closing the gap, exporting $663.4 million in goods to the US and importing only $919 million in US-made products in return."

As Greece is becoming more comfortable with its position of increasing influence both within the European Union (EU) and within the global community at large, a shift is taking place in its trade and diplomatic relationships. The Ministry of Foreign Affairs, for example, is attempting to promote closer and more hospitable relations between Greece and neighboring countries Albania, Bulgaria, and Turkey than have existed in the past. One action the ministry is taking in its efforts to achieve such relations is encouraging further "opening" common borders. Endeavors like these are having the indirect but intentional result of strengthening both diplomatic and commercial ties between Greece and the United States (US), as well.

Complicated relationship

There remains concern among many Greeks that the US is not a loyal ally, stemming from the Nixon administration's response to the dictatorial junta that governed Greece during 1967-1974. Likewise, the majority of Greeks do not support the aggressive foreign policy demonstrated by the US since 2002, and blame it for many of the stresses and strains on Greece's own resources. Nevertheless, by and large Greeks share a sense of comradeship and alliance with their American counterparts.

The friendly and cooperative relationship between Greece and the US goes back to 1821 and the Greek War of Independence, continuing through the two countries' partnership during the two World Wars, the Korean War, and other major conflicts. The fact that Greek-Americans are the second wealthiest and second most educated ethnic group in the US also contributes to the bond between Greece and the US, a bond which is possibly held together most significantly by the fact that both countries are founded on the same political structures and value systems.

Today, as US – Arab connections seem to be growing ever more problematic, Greek – Arab ties are becoming ever stronger. Long-time supportive neighbors, Greece and the Arab nations have been increasing trade and economic links. This augmented level of business cooperation between Greece and countries in the Middle East has sent a strong message regarding the commitment from all parties involved to peace, stability, and development in the region. Simultaneously, Arab investment in Greece has increased, giving a boost not only to Greece's economy but to those of the Balkan and Black Sea markets, as well.

Trade dominance

The EU and the US, the two largest players in global trade responsible for approximately two-fifths of world trade, are each other's primary trading partners and comprise the largest bilateral trade relationship in the world. As recently as 2002, Greece's imports from the US were more than double its exports to the US. Only four years later, however, Greece was clearly closing the gap, exporting $663.4 million in goods to the US and importing only $919 million in US-made products in return.

In 1999, the amounts of inward and outward Foreign Direct Investment (FDI) for Greece were about even: $562 million and $552 million, respectively. In 2004, FDI flowing into Greece was approximately $1.4 billion, while the FDI flowing out of Greece was around $607 million. The real Gross Domestic Product (GDP) growth rate for Greece in the European Monetary Union (Eurozone) in 2005 was 3.6 percent, while France, Germany, and Italy experienced growth rates of 1.5 percent, 0.9 percent, and 0.2 percent, respectively.

Investment paradise

Following the über-successful examples of Ireland and Finland, Greece's government has been working steadily to turn Greece into a sort of "investment paradise" for both increased domestic and international investment. It has been successfully turning its attention from using state funding to boost flailing industries, instead aiming its resources at achieving growth through business activity and the outlay of private capital. Thanks to the investment in Greece's infrastructure, combined with changes in the country's institutional framework supporting greater efficiency and transparency than ever before, Greece is being transformed into what Minister of Foreign Affairs Dora Bakogiannis in January 2007 called, "an international business hub, an important energy hub, and a stepping stone for those wishing to do business in Southeastern Europe and the wider Black Sea area."

Ministry of Development

When compared to other European countries, Greece has a large number of small- and medium-sized enterprises (SMEs); as investments in research and technology have proven to be an expensive issue, some companies have been unable to keep up with technological developments. Because the government recognizes that enterprises play a vital role in Greece's research and technology sector, it is now providing SMEs essential resources that allow them to invest in new ideas.

Reflective of the Greek government's emphasis on the importance of Public - Private Partnerships (PPPs) and the importance of economic growth based on knowledge, the supporting network created by the Ministry of Development in collaboration with the European Union (EU) is connecting organizations that invest in research and technology with smaller enterprises, which in turn become the recipients of the know-how. Through Innovation Relay Centers (IRCs), innovation and cross-border collaboration on technological issues between companies and research organizations in Europe is increasing.

Greek Leaders speaks with Dimitris Sioufas, Minister of Development

What role do you believe Greece can play in the international research community?

We wish to create "centers of distinction" in our country which will be competitive on an international level. We hope that Greece will become a destination for top scientists and researchers, as well as for high knowledge-intensity enterprises. We already have great examples of the repatriation of leading world-class scientists who excelled in their fields abroad and returned to Greece in order to make their contribution to their homeland. We are grateful for their presence and important work here.

Which sectors of the Greek economy need investment in research and technology, and why should potential investors be interested in them?

One of the most dynamic and continuously-developing sectors in Greece is the services sector, which tends to attract foreign investors. There are now important opportunities for investments in Greece provided by the Development Law, which gives priority to investments in innovation and the production of goods and services of high added value. Our goal is the transformation of sectors of the Greek economy to sectors of higher added value – that is why the Greek economy needs investments in research and technology. Foreign investments in this area receive aid from the Greek government.

"There are now important opportunities for investments in Greece provided by the Development Law, which gives priority to investments in innovation and the production of goods and services of high added value."

How successful is the collaborative support network created by the Ministry of Development in conjunction with the EU?

The Greek enterprising environment is dominated by SMEs, which face difficulties in following up on technological developments. There are, however, many innovative SMEs in every sector, so we have been developing initiatives and promoting measures to support them. So far, most measures concern assisting these enterprises with modernization efforts, transfer of technology know-how, and the implementation of research and development programs.

What are the most important achievements of the IRCs to date?

The Greek IRCs play an important role in the support of innovation and cross-border collaboration. IRCs have sensitized many SMEs and laboratories to issues concerning the transfer of technology, especially on an international level, and have connected thousands of Greek enterprises, laboratories, and research organizations with their European counterparts. Apart from inspiring potential collaborations, this process offers Greek organizations better information regarding international markets and current technological trends. Indeed, these contacts constitute, for many SMEs, the first step towards their successful internationalization.

What interventions are being promoted by the government to help Greece acquire an advantage in research, technology, and innovation?

The increase of investments in research, technology and innovation in the EU is a priority of vital importance for the future, so the government and the Ministry of Development are promoting a coordinated policy regarding these areas. During 2007-2013, the public expenses for research and innovation will be tripled through interventions on both the national and regional levels. Stronger incentives will be offered, including expenses for scientific and technological research being withdrawn from the net profits of enterprises. We are still implementing new measures that will focus on high-risk investments via venture capital.

What are Greece's basic advantages that will assist in increasing innovation in the country?

Greece has important comparative advantages in the area of research. Among these are the high quality of the country's human capital and its strategic place in Southeastern Europe. Our objective is to attract investment in high added-value sectors, so that the ability to fully capitalize on incentives for research and technology is increased. We are developing our country into a lead market of high technology and added value, as is the case within the telecommunications sector in Scandinavian countries and the car industry in Germany.

Agriculture and Fisheries

Sector Overview:

Greece, a country once synonymous with agricultural prowess, suffered from the early 1980s through 1992 under the Common Rural Policy (CAP) of the then European Economic Community (EEC). Until 1992, the goals of the CAP were increased productivity, the production of inexpensive rural products, and satisfactory rural income. The consequences were noticeably negative, as methods of intensive mechanization and stockfarming production were implemented and an excessive use of pesticides began to occur. From 1992-2002, Greece lost some of its self-sufficiency and started to import many agricultural products its local farmers once produced.

Livelihood possible through agriculture again

Since 2002, Greece has begun to make changes to benefit not only the sector as a whole but also the individual farmers who earn their livelihood through agriculture. Today, more and more farmers are choosing to participate in eco-agriculture and eco-cattle-farming, a choice that is moving Greece's entire agricultural sector in the direction of increased financial and ecological success.

A top producer

Greece is ranked third in the production of olives behind Italy and Spain, fourth in figs behind Turkey, Egypt, and Iran, and fourth in sheep milk behind China, Italy, and Turkey. Greece is also among the top 15 producers of grapes and tomatoes.

Global competitiveness

The Hellenic Ministry of Rural Development and Food has taken great strides in strategically and tactically preparing the Greek agricultural sector to be competitive in the global marketplace. It actively participates in discussions and agreements within the European Union (EU) and the World Trade Organization (WTO), and at the forefront of the ministry's efforts are policies to promote the development of Greek agriculture, the increasing international competitiveness of Greek agricultural products, and the restructuring of the Greek countryside.

Standardization and authentic certification

Operating under the auspices of the Ministry of Rural Development and Food, AGROCERT is the public, non-profit authority for standardization, inspection, and certification in Greek agriculture. AGROCERT aims to contribute to the improvement of rural income, the reinforcement of the agricultural economy, and the sustainable development of the countryside.

Greek fisheries stepping up

One company making waves in the Greek fisheries industry is Nireus. A global leader, Nireus is the largest producer of sea-bream and sea-bass and exports to more than 25 countries worldwide. The company enjoys a 14.1 percent market share for fish sold to consumers and a 26.9 percent share for fish juveniles in Greece. It surpasses all other Greek companies in the fish-farming sector in terms of sales and profits.

Expansive and progressive fish farming done with old-fashioned values

Hellenic Fishfarming S.A.

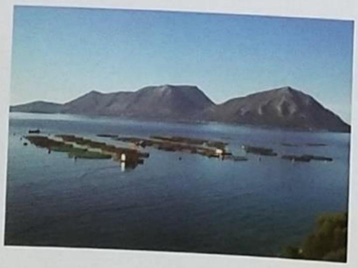
Founded in 1986 with the intention of creating a pioneering fish-farming company, Hellenic Fishfarming S.A. is a Greek leader among the region's marine aquaculture companies. Listed on the Athens Stock Exchange (ASE) since 2000, it is the second largest aquaculture operator in the industry based on market value. With 19 fish farms, two hatcheries (juvenile production units), and three packing stations located in strategic, pristine areas along the coast of Greece, Hellenic Fishfarming S.A. runs one of the most expansive networks of fish hatcheries in all of Europe.

Hellenic Fishfarming's Sales by Product Line

> **"Listed on the Athens Stock Exchange since 2000, Hellenic Fishfarming S.A. is the second largest aquaculture operator by market value in the industry."**

Letting high standards guide operations

Specializing in the production, packaging, and trading of fish products, Hellenic Fishfarming S.A. implements strict quality control standards in order to produce and deliver the highest quality fish products. One way this is achieved is by making sure its fish are exclusively fed food that is free of genetically-modified ingredients and animal by-products. Another strategy used to ensure the company delivers the highest quality products is transporting its fish in special isothermal boxes that have been extensively tested and proven to be the most effective way to ensure fish freshness and protection.



With so much success in the industry already under its belt, Hellenic Fishfarming S.A. is preparing to take its business to the next level. To greatly strengthen its push into the global arena, the company is building a factory that is expected to produce 60,000 tons of fish feed annually, a 50 percent larger capacity than the largest factory of this kind in Greece to date. Hellenic Fishfarming S.A. is also in the process of building three more on-growing (fattening) fish farms to add to the 19 it already possesses, as well as another packing station to add to the three already in existence.

Delivering masses of fish to people around the world

Hellenic Fishfarming S.A. exports to 18 countries, and has begun to create universally-known and marketable products like Dover Sole. In 2006, two countries, Italy and Spain, purchased slightly more than 50 percent of all of Hellenic Fishfarming S.A.'s exports, while England, France, and Portugal combined purchased nearly 40 percent. The remaining approximately 10 percent of the company's exports in 2006 went to Albania, Austria, Belgium, Bulgaria, the Czech Republic, Germany, Holland, Ireland, Israel, Romania, Russia, Slovenia, and Turkey.

In 2006, Hellenic Fishfarming S.A.'s net income of 2.4 million Euros doubled 2005's net income of 1.2 million Euros. Simultaneously, sales rose 10 percent from 45.6 million Euros in 2005 to 50.1 million Euros in 2006. Furthermore, the company reduced its management and distribution costs from 13.1 percent of sales in 2005 to 12.5 percent in 2006. Demonstrated growth like this for the past 18 years, in conjunction with the addition of the fish feed factory anticipated to be completed in 2008, suggests a future of continued success for Hellenic Fishfarming S.A.

Sales in million €	2005		2006		2007
Juveniles	4.0	42.50%	5.7	19.30%	6.8
Market Fish	35.6	10.04%	38.4	12.24%	43.1
Fish Feed (Trade)	5.0	2.00%	5.1	0.00%	5.1
Others	1.0	2.00%	1.0	0.00%	1.0
Total	45.6	11.84%	50.2	11.55%	56.0

The sweet taste of success

Hellenic Sugar Industry S.A.

Hellenic Sugar Industry S.A. (HSI) is the sole sugar producer in all of Greece. This virtual monopoly is still a fantastic thing for the company, despite the fact that the European Union (EU) imposed a quota on the volume of sugar each member state is allowed to produce. Since HSI makes every effort to comply fully with all EU regulations and guidelines, it now limits its production of sugar to 319,000 tons per year. Not a company to remain stagnant or have its profitability reigned in by outside forces, HSI has gotten creative.

Maximizing materials

As the sole sugar producer in Greece, HSI faces virtually no competition in the domestic market, other than that from producers of sugar substitute products. Among these, however, only isoglucose is produced domestically in a remotely competitive quantity: approximately 13,000 tons per year. As a result, with only a tiny percentage of sugar products being supplied by imports, HSI essentially covers the entire sugar demand of Greece. It also produces molasses and beet seeds, and since Greece's sugar production is capped by the quota imposed by EU regulations, HSI has explored different avenues of profit-generating and putting its personnel's expertise to use.

The company is exploiting its sugar-producing factories to produce sweeteners for starch, alcohol, and cattle feed products, as well as to process mineral materials from sugarbeets and other plants. It has also begun to take on trading activities of the aforementioned products, by-products, and raw ingredients. And perhaps most significantly, the company is developing other agro-industrial activities in Greece and abroad, as well as establishing affiliated companies to trade HSI's sugar, by-products, and related products.

Currently, all of the company's sugar factories, its head office, its seed processing factory, and its research center are located in Northern Greece. Its distribution network, however, spans the entire length and width of Greece, with distribution centers even present on the most remote islands. HSI is in fact one of the largest sugar producers in all of Europe and, since the livelihoods of more than 20,000 beet growers rely on its operations, it constitutes the most influential agricultural industry of Greece.

"With only a tiny percentage of sugar products being supplied by imports, Hellenic Sugar Industry essentially covers the entire sugar demand of Greece."

Collaborative research and technological innovation setting the scene for an agricultural rebirth in Greece

National Agricultural Research Foundation

Established in 1989, the National Agricultural Research Foundation (N.AG.RE.F.) is responsible for agricultural research and technology in Greece, functioning as a private legal entity under the auspices of the Ministry of Agriculture. Addressing complex issues in the diverse areas of veterinary work, marine resource management, soil science, land reclamation, agricultural product processing and preservation, and agricultural economy, the N.AG.RE.F. essentially exists in order to protect and preserve Greece's natural environment while improving the lives of people engaged in agricultural work in Greece.

Harmonizing efforts to promote growth in multiple areas

The N.AG.RE.F. is also in charge of research tackling topics in technological development in agricultural and marine production, and fortunately has at its disposal an updated, modern laboratory and field infrastructure. Specialized scientific staff support and coordinate initiatives for agricultural development suggested by a number of different bodies, including the Minstry of Agriculture, numerous agricultural cooperatives, product distributors, and unions.

Two councils essentially administer the N.AG.RE.F.: its 11-member Administrative Council, which directs its programs, and its Scientific Council, which oversees and plans its research activities. Both councils work together to promote research activities and technological innovations in agricultural production in Greece. Their approach to stimulating progress in Greece's declining and challenged rural agricultural industry is aligned with Greece's national agricultural policies as well as that of the European Union (EU). One of Greece's most expansive, all-encompassing research programs to date is N.AG.RE.F.'s exciting program "Dimitra," appropriately named for the Greek goddess of the Earth. Allotting 2,732,887 Euros to finance dozens of correlated projects, the goal of the program is to solve crucial problems in the processes of agricultural production and apply research results to said production.

"Allotting 2,732,887 Euros to finance dozens of correlated projects, the goal of the "Dimitra" program is to solve crucial problems in the processes of agricultural production and apply research results to said production."

Coordinated, multinational research teams making progress

In addition to coordinating research and technological progress among Greece's agricultural groups and workers, the N.AG.RE.F. has been actively involved since 1996 in collaborative projects with similar organizations from other countries. For example, in conjunction with the Ministry of Development's General Secretariat for Research and Technology (GSRT), it has completed over 54 mutually-beneficial projects with nationally-funded organizations from Albania, Bulgaria, China, Cyprus, the Czech Republic, France, Germany, Hungary, Italy, Romania, Slovakia, Spain, Ukraine, the United Kingdom, and the former Yugoslavia.

Through its alliance with the Organisation for Economic Co-operation and Development (OECD), the N.AG.RE.F. offers scholarships to Greek agricultural researchers who wish to be trained overseas. Furthermore, through its association with the North Atlantic Treaty Organisation (NATO), researchers from abroad participating in studies of mutual interest are hosted in Greece.

Carried out through its National Institutes, the N.AG.RE.F.'s research activities aim to improve traditional and stimulate new production of both plant and animal species. This is one of the key steps that might assist Greece in once again becoming competitive in the international marketplace. And increasing Greece's global competitiveness in the agricultural industry will no doubt reverse the current migratory trend from the countryside to the cities as the quality of life in rural areas improves.

Spirou House of Agriculture

How big can a Greek company that produces seeds, seedlings, and fertilizers in the temperate Mediterranean climate really be? A company originally established as a retail dealer of seeds and agrochemicals in 1947? If you guessed it might have reached total assets of over a million Euros by the end of 2005, you're right. In fact, Spirou House of Agriculture's total assets for 2005 surpassed the 67 million Euro mark. Not bad for a company in a sector that has faced a decline in its contribution to the GDP in recent years.

"Approaching its industry as a market-driven company instead of a product-driven company has definitely provided Spirou House of Agriculture with a competitive edge."

Established internationally

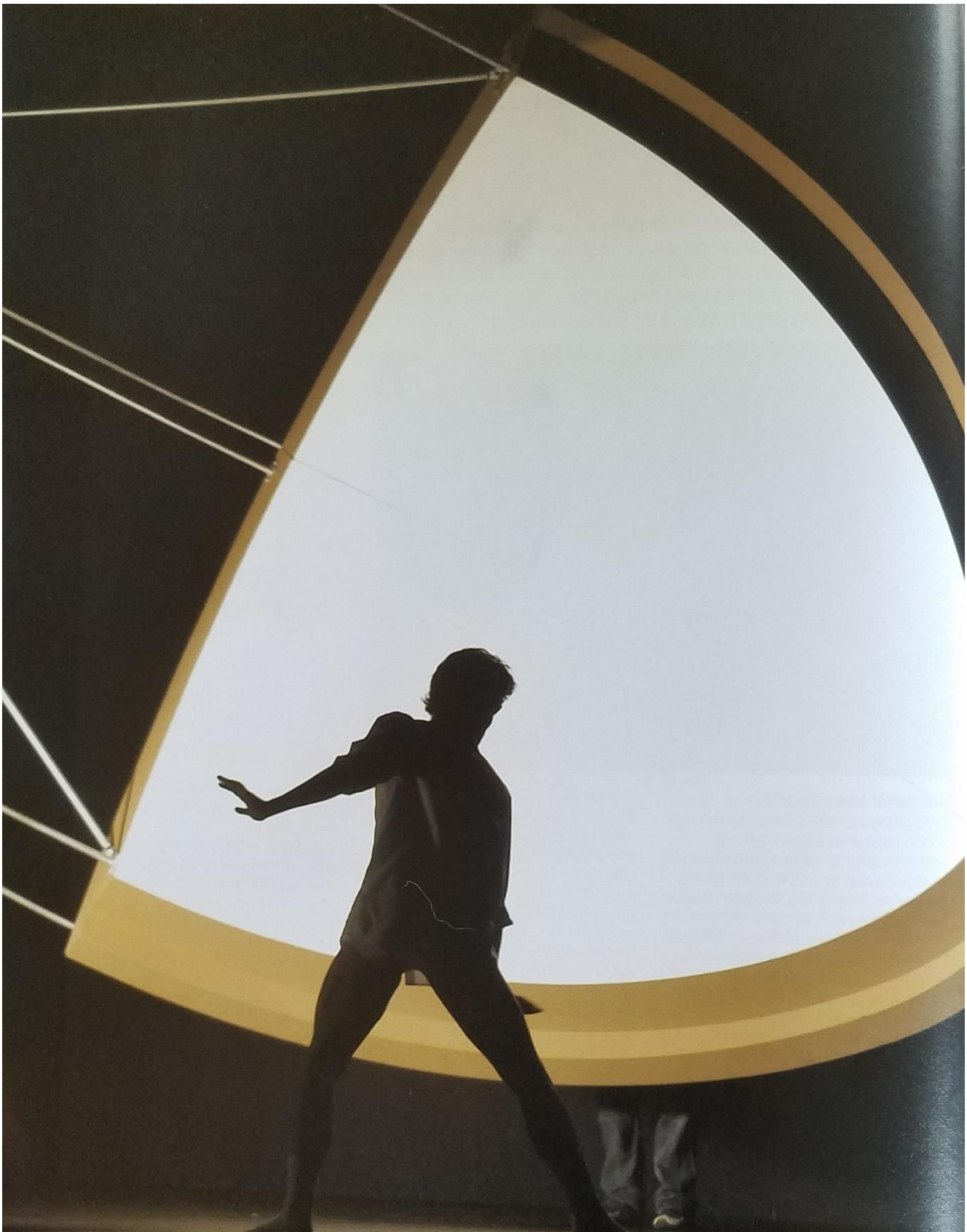
Spirou House of Agriculture is no newcomer to the game of international expansion. The company boasts affiliates in Bulgaria, Egypt, Greece, Italy, Spain, and Turkey. Meanwhile, it is penetrating not only its affiliates' markets but also those of Albania, Algeria, Armenia, Cyprus, Georgia, Iran, Iraq, Jordan, Kazakhstan, Lebanon, Libya, Morocco, Portugal, Romania, Russia, Saudi Arabia, Serbia, Tunisia, Turkmenistan, Ukraine, the United Arab Emirates (UAE), and Uzbekistan. Approaching its industry as a market-driven company instead of a product-driven company has definitely provided Spirou House of Agriculture with a competitive edge.

In order to ensure a wide genetic range and adaptability of their products in various climates, along with winning results for their products and a continuous flow of their products through an intelligently constructed product pipeline, Spirou House of Agriculture long ago determined it was important to develop a global network. The company now works with breeders and research institutes on five continents in order to ensure maximum adaptability and reliability of their products worldwide. Today, the company's research and product development operations, along with its seed production operations, are housed in Argentina, Australia, Bulgaria, Central Asia, Greece, Italy, Turkey, and the United States (US).

High standards set the guidelines for success

It is not an exaggeration to say that Spirou House of Agriculture aims to use world-class know-how, research, and product development processes in world-class facilities to develop world-class products. The company operates labs that are both ISO and ISA accredited, applying strict quality standards to ensure high-quality performance of its entire range of seed products.

In fact, not only the research, product development, and seed production operations are held to strict quality standards. The company maintains strict standards in its human resources, as well, recognizing that its human resources are perhaps most important. Keeping this in mind, the company's employees utilize their expertise to help Spirou House of Agriculture be competitive, efficient, and consistent while following the principles of respect, team work, and responsibility. Demanding such high standards at every level of operations is one thing, but achieving those standards while pleasing investors is another matter entirely. Spirou House of Agriculture achieves this objective, as well. On the 24th of February 2006, the company's share price was 1.46 Euros. Exactly one year later: 2.51 Euros.



Arts, Culture, and Media

Sector Overview:

Historically renowned for its contributions to arts and culture, Greece's involvement in the international artistic world is seeing a resurgence. Greek artists of all media are having an impact on the domestic cultural arena. They are also popping up all over the globe, and their influence is palpable.

International presence in contemporary art

Nikos Alexiou's installation, The End, is being presented in the Greek Pavilion at the 52nd Biennale of Art in Venice from the 6th of July through the 21st of November 2007. A modular installation, The End is inspired by the 10th-11th century floor mosaic in the Catholicon of the Iviron Monastery on Mount Athos. Alexiou's presentation of his work in this venue is significant in that it delivers a powerful example of Greek modern art into the international cultural discourse.

Greece's culture getting a government boost

The Ministry of Culture is playing an ever more influential role in assisting Greek artists, galleries, and foundations in coordinating international collaborations and exhibitions. On the ministry's website, visitors can find an interactive culture map; a chronological chart of Greece's history, cultural developments, and artistic contributions; a photographic archive; and a glossary. All these tools are designed to share Greece's past and present world of the arts, culture, and media.

Past and present intertwined

This year, 2007, was designated by the Hellenic Ministry of Culture as the "Year of Nikos Kazantzakis." This designation pays homage not only to Kazantzakis's contribution to Greece's past literary, musical, and theatrical world, but also to the continued impact Kazantzakis's work has on contemporary artists from around the world. Lectures, symposiums, exhibitions, concerts, ballets, and theatrical performances are being conducted both in Greece and abroad all year long.

World-class stage production set to tour worldwide

Most people outside of Greece who recognize Dimitris Papaioannou know him as the genius behind the magnificent opening ceremony of the Athens 2004 Olympic Games. In 2007, however, Papaioannou wowed audiences and critics alike with his masterpiece, "2." Inimitable, the show played extended dates at the beautifully renovated historic Pallas Theater in Athens, and was the kind of production one might see at any of the finest theaters in London, New York, or San Francisco.

New state-of-the-art Acropolis Museum soon to be unveiled

Minister of Culture George Voulgarakis announced in May 2007 that approximately 340 marble statues, some weighing as much as 2.5 tons, will be transferred to a new, high-tech museum atop the Acropolis. The museum, which is due to open in early 2008, will display more than 4,000 artifacts.

Virtual viewing of Athens's ancient sites

The Foundation of the Hellenic World produces virtual reproductions of many of Athens's most famous ancient sites, including the Ancient Agora and the Acropolis. Visitors to the multimedia museum watch a recreation of the ancient sites unfold before their eyes, all the while controlling the navigation of it through the use of interactive tools. In September 2007 the foundation will launch "Athena in the Classical Agora," chronicling classical Athens's growth and development over a period of two centuries.

Providing Greek radio and television programming to audiences worldwide

Antenna Group

"Antenna Group has become the largest Greek media group worldwide, reaching Greek-speaking audiences all over the globe."

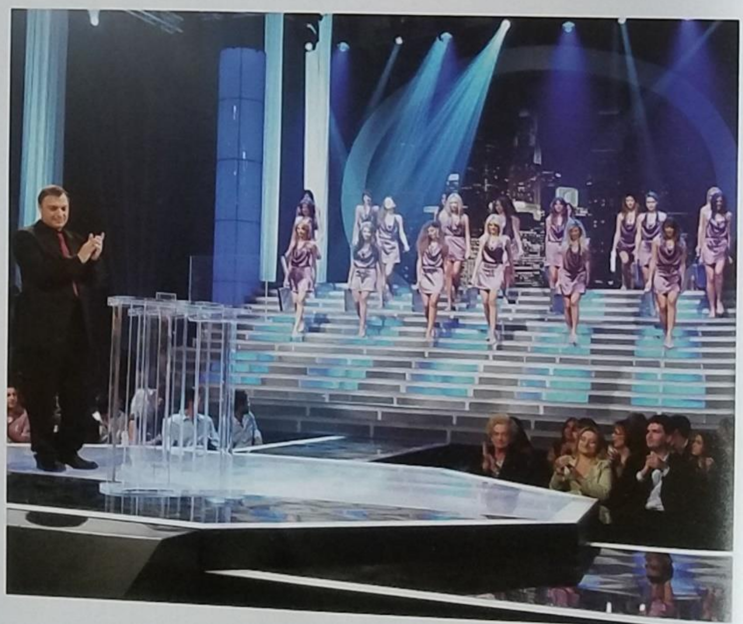
Founded in 1988 by Antenna Group President Minos X. Kyriakou, the group is now in its 18th year of operations and going stronger than ever. The groundwork for the group initially began with the establishment of radio station ANT1 FM 97.2 in Athens, and was followed the subsequent year by the creation of ANT1 television. Antenna Group has since become the largest Greek media group worldwide, reaching Greek-speaking audiences all over the globe.

Topping the charts

The group's corporate and communicative flagship, ANT1 television continues to maintain its position as a pioneer in its field and remains one of Antenna Group's most successful companies. It has maintained a position at the top of viewers' ratings since its very inception.
Since 1993, Antenna has been broadcasting its radio and television programs abroad. Via large satellite network, Greek-speaking audiences in Europe, the Americas, and Australia have had the opportunity to enjoy Antenna's offerings. The company has also been successful in its collaborations with Emporiki Bank on the ANT1 Visa and Heaven music label in promoting musical and theatrical performances.

Expanding its reach

The group is not resting on its laurels, however, and 2006 turned out to be a boon year for Antenna. One highlight was the group's implementation of a channel called ANT1 Europe to broadcast selected ANT1 Greece programs to Greek communities throughout Europe. Antenna also collaborated with German publishing house giant Gruner and Jahr to design a new outfit specifically geared towards publishing Greek publications. Antenna Group has also established itself in the Internet field. Recently, the group's company ANTENNA INTERNET provided the public with three innovative services: 'Tsak Bam Safe Surf', the only service for free access to the Internet, which offers real protection from dangerous websites; '123play', the easiest, fastest, and cheapest music download service; and, "Hello," a service which allows users to make international calls with local charges.
However, the accomplishments of Antenna Group do not stop here. Its management's vision is to strengthen the group's position as the world's leading Greek media and entertainment group. The group plans to expand into other growing markets, where its extensive content, know-how, and expertise can be effectively used. In addition, Antenna Group intends to broaden its presence in other media sectors. Its recent agreement to provide Echostar with 20 ethnic channels in the United States (US), and its partnerships with RAI and ART in Australia, are significant steps in this direction.



Public programming for the people

ERT S.A.

ERT S.A. (Hellenic Broadcasting Corporation) is a public company whose mission is to provide radio and television services that contribute to informing, educating, and entertaining Greeks both domestically and abroad. With more than 3,500 employees and an annual turnover of more than 200 million Euros, ERT is Greece's largest radio and television body.

Producing popular programs from past to present

ERT plays an important role in Greece's cultural affairs and has done so since it officially began broadcasting in 1938. In addition to developing quality and unbiased radio and television programs, ERT issues various publications, runs an archive museum, and offers access to five different musical ensembles designed to give the general public exposure to orchestral and choir music it may not otherwise have the opportunity to hear.

In 1997, ERT divided its television programming into two stations, ET-1 for entertainment and NET for information and news. Today, its offerings consist of four television channels (ET-1, NET, ET-3, and ERT-SAT) and 28 radio stations (19 regional, seven with nationwide coverage, and two international). The company's activities are funded through a combination of reciprocal fees, advertising revenues, sponsorships, program sales, and revenues from rendering services to third parties.

ERT's latest developments have been in the area of digital terrestrial television (DTT) programming. With three new digital channels operating 24 hours per day, the company's venture into this area is technologically-speaking bringing it up to par with other major European broadcasting corporations. As these services expand and are offered through mobile telephones, ERT's reach will penetrate far beyond the Greek viewing population.

"With more than 3,500 employees and an annual turnover of more than 200 million Euros, ERT is Greece's largest radio and television body."

Benaki Museum

"The oldest state museum under private law in the country, the Benaki Museum features some of the most famous artifacts from Greece's history in the world."

The oldest state museum under private law in the country, the Benaki Museum features some of the most famous artifacts from Greece's history in the world and is constantly being enriched by its many benefactors. With innovative exhibitions and a new cultural center aimed at younger visitors, the Benaki Museum offers a superb view of Greek art right up to the present day alongside a sampling of works from all over the globe.

The collection, including items from as early as 2,500 BC, was established by the patriotic Benaki family during a turbulent time in the nation's history. The Benaki Museum itself was founded in 1926, when socially-minded Antonis Benakis donated his family's collection to the Greek State. The Benaki Foundation still guides operations of the museum, which is thriving, with five branches currently open in Athens. The aims of its founder continue to be central to the museum's purpose, including a keen interest in international collaboration; its collection of Byzantine art, for example, will soon be featured in the Royal Academy in London.

A spectacular glimpse of Greece's past through works of art and the buildings that house them

The main Greek collection is housed in the famous neo-classical mansion of the Benaki Museum, with its recently added wing which has doubled the museum's available space to 7000 square meters on five integrated interior floor levels and two basements. The Benaki Museum houses over 30,000 exhibits originating from antiquity and the Roman Empire to the present day. It takes guests through the medieval Byzantine period and the fall of Constantinople and Frankish-Ottoman rule to independence in the 19th century and the formation of the Modern Greek State.

The museum's collection of more than 15,000 children's toys and games, which was donated by Maria Agiriadi, will soon be housed in a Neo-Gothic mansion donated to the museum by Vera Kouloura.

The museum's Islamic collection, on the other hand, has been moved to a building in the Kerameikos district of Athens. The Photographic Archives Department of the Benaki Museum, comprised of 200,000 negatives and 3000 original photographs from the 19th and 20th centuries, was established in 1973 with the aim of collecting, preserving, and documenting photographs of Early Christian, Byzantine, and post-Byzantine art and architecture. The department is now maintained at the house of Penelope Delta (Antonis's sister and popular Greek children's author) in Kifissia.

The building that belonged to the artist Nikos Hadjikyriakos Ghikas during his lifetime was donated to the Benaki Museum and comprises works representing all aspects of his creative activities. This new branch is under construction and will soon be inaugurated. Meanwhile, the great Greek sculptor Yannis Pappas (1913-2005) announced in April of 2002 that all the works gathered in his studio devolved to the Benaki Museum. This donation covered the greater part of the artist's work from 1930 until his death, and today the studio operates as a new branch of the Benaki Museum in Zografou. At the new annexe on Pireos Street, the Benaki Museum hosts exhibitions, lectures, seminars, and international conferences, in addition to musical events and performances. It has been constructed thanks to co-funding by the Ministry of Culture and the European Union (EU).

An investment in the future

A groundbreaking approach is part of the museum's history. The Benaki Museum was the first Greek museum to offer educational schemes for children, and its specialist education department maintains close working ties with teachers and educational experts. The museum also fulfils a wider social role, joining in outreach schemes with other museums in Greece and making loans to overseas organizations.

The museum has always received strong support and recognition from the public and Greek government. It was the first museum in Greece to have a shop, which covers 25 percent of its annual budget. Fundraising and marketing activities are also important parts of the foundation's role.

In collaboration with the 5th Ephorate of Prehistoric and Classical Antiquities, the museum has organized an excavation in Sparta of what some consider to be among the most thrilling and mysterious monuments of the archaic period, the Throne of Apollo. Through publication of its findings, the Benaki Museum will make another significant contribution to Greece.

DESTE Foundation for Contemporary Art

Founded by Greek-Cypriot industrialist Dakis Joannou, one of the world's leading collectors of contemporary art, the non-profit Deste Foundation for Contemporary Art promotes the work of emerging and established artists from Greece and the world over. Based in the Nea Ionia district of Athens, Deste organizes exhibitions and supports publications that explore the relationship between contemporary art and culture, aiming to engage the widest possible audience through free admission and an innovative series of events.

"The Deste Foundation plays a leadership role in imparting the value of contemporary art while actively supporting the future development of the medium, both in Greece and abroad."

Groundbreaking art from all over the globe in the heart of Athens

Deste, meaning 'look' in Greek, has hosted memorable projects showing work in a variety of media: Cultural Geometry, Psychological Abstraction, Artificial Nature, and Post Human. Some selections from Joannou's world-famous collection include 'Everything That's Interesting is New' (1996) and 'Monument to Now' (2004), the latter of which shows the movement of art away from difficult conceptualism into exploration of the human condition.
Indeed, the 'Monument to Now' exhibition was an official part of the Visual Arts section of "ATHENS 2004 Culture" of the Olympic Games.
Between 1998 and 2005, the foundation hosted more than 20 temporary exhibitions and events at its former site in Neo Psychico, presenting a diverse array of contemporary Greek and foreign artists. Included in the roster was Masters of the Universe, one of the first exhibitions outside the United Kingdom (UK) of the work of Tim Noble and Sue Webster, innovative artists partly responsible for evolving the contemporary British art scene. Since the exhibition space moved to its home in Nea Ionia in 2006, the foundation has displayed 'Panic Room', an exhibition of works on paper from the Dakis Joannou Collection.
The work of Jeff Koons lit the spark of Dakis Joannou's interest in starting a collection and has become a focal point of it ever since. As Joannou's collection has expanded to include works by many of the most prolific and respected contemporary artists, it has been featured in many leading museums, perhaps most notably the Palais de Tokyo in Paris with the exhibition 'Translation' in 2005. Another major exhibition with works from the Collection, entitled 'Dream and Trauma,' is planned to take place in Kunsthalle Wien and MUMOK in Vienna this coming June.

Beyond the display

As well as pioneering exhibitions, the Deste Foundation ardently involves itself in other activities to expand the limits and encourage mass appreciation and understanding of contemporary art. For example, it offers the bi-annual Deste Prize exhibition to celebrate and honor the accomplishments of young, contemporary Greek artists.
The foundation's Contemporary Artists Archive serves as a resource for international curators and artists interested in contemporary Greek art. Regularly updated, the archive includes facts and information on current artistic activity in Greece.
Alongside each entry can be found the artist's CV, photographs, slides, exhibition catalogues, and press clippings.
Deste is preparing to open its art library, which will be accessible to members of the public. The creation of the library, together with the Contemporary Artists Archive, is an integral part of the foundation's overall program, which aims to provide information on issues pertaining to contemporary art and keep the public abreast of the latest developments in the area.
The Deste Foundation, rooted in one man's love of the most cutting-edge art, plays a leadership role in imparting the value of contemporary art. Simultaneously, the foundation actively supports the future development of the medium, both in Greece and abroad.

Keeping the artistic flame burning in Athens and Epidaurus

Hellenic Festival S.A.

A presence in Greece for more than 50 years, Hellenic Festival has become synonymous with quality arts and culture. Recently brought under the umbrella of the Ministry of Culture, Hellenic Festival S.A. (comprised of Athens Festival and Epidaurus Festival) is a non-profit organization subsidized by the Greek State. Reaching out to underserved communities through workshops and low-cost performances given by both prominent and up-and-coming artists, Hellenic Festival builds bridges between the public and the arts.
In 2006, Hellenic Festival earned revenues of 3.8 million Euros through the sale of event tickets to a total of 192,000 spectators. This year, however, Hellenic Festival aims to reach sales of five million Euros by attracting 250,000 spectators to its events. In order to achieve this target, Hellenic Festival is intensifying its efforts to substantially improve the attendance rates for performances hosted at Lycabettus Theatre, Herodes Atticus Theatre, and the Ancient Epidaurus Theatre, which had the lowest rates of attendance of all the Hellenic Festival venues last year.

Contribution to the global community's cultural life

According to Yorgos Loukos, President and Artistic Director of Hellenic Festival, "The mission of the festival remains the same as it was designated 52 years ago:

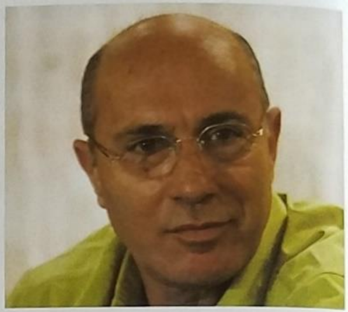
- to become as well-known as the most acknowledged festivals across Europe,
- to contribute to the expansion of cultural tourism in Greece, and
- to present performances of the highest quality, while including new, promising performers as well as famous artists.

That said, Hellenic Festival management is responsible each year for reviewing the event and reevaluating audience needs and expectations to ensure that the festival remains at the heart of Greek cultural life."
It is due to this commitment to being a key source of cultural experience in Greece that Hellenic Festival considers an array of factors before selecting artists to invite to perform in its annual program. Loukos notes that among the factors considered are

- the ability of the artist's performance to assist in educating and sharpening the public's perception of the arts,
- the ability of the artist to meet the expectations of experts, critics, and the teachers and students of music and dance schools, and
- the appeal of the artist for a broad spectrum of people who may never have had the opportunity to watch similar performances.

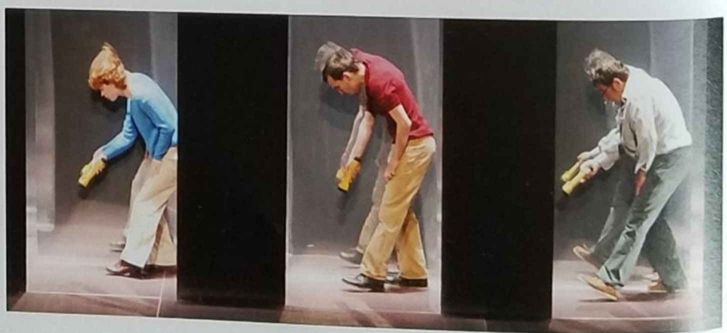
Radical innovation and recognized performers fill the bill

Loukos states, "The 2006 Hellenic Festival presented a new and younger image, attracted wider audiences than ever before, changed audience perceptions, and became the Athens 'hot spot' for the summer months. The program of 2006 was full of radical, innovative, and breakthrough performances which were widely praised."
In an effort to maintain and build on its success in 2006, Hellenic Festival has orchestrated a distinguished 2007 line-up of internationally-influential artists from a wide spectrum of artistic and cultural endeavors. Among the plethora of talented individuals and groups involved this year in creating the magical performances for which Hellenic Festival is noted are: Jiri Kylian, Elvis Costello, Sylvie Guillem, Isabelle Huppert, the Forsythe Company, Constantinos Carydis, the National Ballet of China, Fairuz, the Greek National Opera, the Athens State Orchestra, Lefteris Vogiatzis, and Dimitris Sgouros. With a schedule including celebrated names like these, it would be surprising if Hellenic Festival did not meet its target of attracting 250,000 spectators this year.



"The 2006 Hellenic Festival presented a new and younger image, attracted wider audiences than ever before, changed audience perceptions, and became the Athens 'hot spot' for the summer months."

Yorgos Loukos, President and Artistic Director of Hellenic Festival S.A.



A shipping tycoon lives on as one of the greatest benefactors of all time

Alexander S. Onassis Foundation

Onassis. If there are two names people outside of Greece associate with the country, they are Zorba and Onassis. Zeus, Aphrodite, and Athina may ring familiar, too, but Onassis they know for sure.

"The completion of The House of Letters and Arts will bring a whole new dynamism to Greece's artistic and cultural scene."

One man's fortune is a gift to the world

Aristotelis Onassis was famous in his lifetime for becoming one of the biggest and best-known independent ship owners the world has ever seen. His legacy, however, is not oil tankers; it is the Alexander S. Onassis Public Benefit Foundation. In his will, Onassis provided for the financing of said foundation, which he designed "to provide . . . for the establishment, maintenance, operation, and assistance of medical, educational, literary, religious, and in general scientific, exploratory, journalistic, artistic institutions with international or national competitions with monetary award similar to those of the Nobel Foundation in Sweden."

Onassis would be very pleased to know that the foundation he envisioned while alive has been executing his wishes in the same intelligent, aggressive fashion in which he conducted his own businesses. In fact, the Alexander S. Onassis Foundation is divided into two distinct divisions: one for the business activities it conducts and one for its public benefit purposes, whose objectives are funded by the profits of the business division.

Although the foundation has been very private regarding its assets and net worth, its original assets as bequeathed in Aristotelis Onassis's will included 25.5 vessels, liquid assets, and a building in London. In 2007, the foundation's assets included 17 vessels; securities, bonds, time deposits, and other liquid assets; commercial real estate in New York, London, and Athens; and, percentage ownership in numerous other businesses. Clearly, the 15-member Board, headed by President Anthony S. Papadimitriou, Vice President John P. Ioannidis, and Secretary George A. Zabelas, is composed of smart businessmen.

Making a quantifiable difference in targeted areas

Since 1975, the Alexander S. Onassis Foundation has established permanent programs, including scholarships and competitions reaping monetary awards, in addition to providing significant financial aid to numerous cultural, medical, educational, and environmental activities both in Greece and abroad. Some of the dozens of projects the foundation has been solely responsible for funding are the Onassis Cardiac Surgery Centre in Athens, a branch of the National Gallery in Nafplion, the Onassis Library for Hellenic and Roman Art in New York's Metropolitan Museum of Art, the complete renovation of the Orthodox Church of Evangelism in Alexandria, Egypt, and the Greek National Gallery's purchase of "Saint Peter" and "The Entombment of Christ" by El Greco.

In 1999, this clever group of individuals established the Onassis Affiliated Public Benefit Foundation in the Olympic Tower on Fifth Avenue in New York. Not a shabby residence for the foundation's United States (US) affiliation, which is intended to introduce Greek curricula into US universities, offer space to exhibit intellectual and artistic endeavors covering a whole range of topics, and support cultural and artistic activities in the US relating to Greece's classical civilization.

Perhaps one of the foundation's most exciting enterprises to date is the construction of a cultural center called "The House of Letters and Arts," which is being built now on Syngrou Avenue in Athens and is expected to be completed by 2009. Launched in 2002, the project's anticipated cost is 70 million Euros, in addition to the cost of the land on which the structure will stand. The building will be approximately 27 meters high with a total area of 18,000 square meters and will contain an amphitheater, a performance hall, a room for art exhibitions, a professional recording studio, a restaurant, auxiliary rooms and reception halls, and an underground storeroom and garage. The completion of this center will bring a whole new dynamism to Greece's artistic and cultural scene.

In honoring its benefactor's wishes, the Alexander S. Onassis Public Benefit Foundation appears to be making great strides in, among other things, perpetuating the dissemination of knowledge of Greek culture, art, history, and religion throughout the world. Many people in fact owe their very lives to the contributions of the foundation. And to think that some still think Aristotelis Onassis made his greatest impact in the shipping world.

Digitally revolutionizing art

Sandy Kopitopoulos

Originally trained in traditional painting in Switzerland, then studying in academic art schools in London and Los Angeles, Sandy Kopitopoulos's shift into animation may have been a life-altering move. Working for major animation studios in the early 1990s, when they were beginning to incorporate computers into their artistic and technical processes, led Kopitopoulos to begin exploring the possibilities available for generating paintings digitally. He has never looked back.

In April 2007, the Titanium Art Gallery of Athens hosted an exhibition featuring Kopitopoulos's computer-generated paintings. This was the second time Kopitopoulos and the Titanium Art Gallery had collaborated to bring digital paintings into the Greek art scene, and with great success. Still, controversy over the art form continues to rage, and Kopitopoulos is a leading proponent in the arena.

Greek Leaders speaks with Sandy Kopitopoulos

> **"You can see in my work that I have a deep European sensitivity; the American art scene, which is all about exploring new grounds, showed me how to combine this European sensitivity with modern technology and stay coherent."**

Why do you think there has been an increasing level of attention paid to artists producing painting using a computer like you do?

I guess the simple fact that today there is a computer in nearly every home has a lot to do with it. Most people have accepted and embraced the digital revolution. But mainly, computer-generated paintings have lost their coldness, thanks to the latest painting programs that are now extremely flexible on so many levels. Today, the human touch is clearly visible through the artwork, and it seems that the public is finally recognizing the potential of digital art and sees it as an honest art form.

Do you believe concerns about traditional painting being replaced by digital painting are valid?

I do understand that fear, but I don't believe that digital painting will ever replace traditional painting. I remember a friend of mine, a painter, was absolutely devastated when I demonstrated to him the ease with which I was manipulating my paintings on the computer. That fear is exaggerated. Digital art is quite a novelty but is nothing other than a new branch added to the ever-growing "fine art tree". Cinema, for example, never replaced theater, music recordings never replaced live music, but they all co-exist because they all bring something different to culture.

What do you perceive as the respective attractions of traditional painting and digital painting that make them unique?

The physical aspect is essential in traditional painting, both for the artist and for the viewer. To feel the matter, to recognize the brush stroke that transforms chaos into a form, is very much what traditional painting is about. Digital art doesn't bring that satisfaction since the finished product ends up on a large glossy photographic paper, so in that sense it also belongs in the art of photography. What makes this field unique is that it has the faculty to entirely liberate the artist from the physical world. Virtual painting offers an infinite range of options you couldn't possibly apply on a real canvas. But if you have no talent or have nothing interesting to say artistically, don't expect the computer to do the job for you, it just won't work. The objectives of both painting techniques, however, remain the same: expression, communication, and the search for beauty.

What have been some of your most fulfilling artistic endeavors?

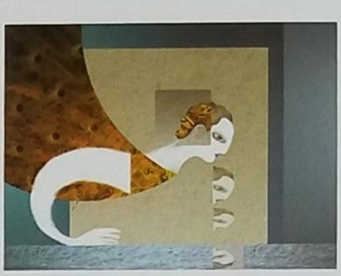
Concerning the paintings, I would say that my latest artwork is always, by definition, my greatest achievement. It is in this field that I can truly express myself and can be artistically free. But I can't leave out a few animated projects that I loved working on. One of my biggest sources of pride is my contribution to Madeline: Lost in Paris for Disney. The style was very close to my sensibility. I also worked on a television series produced by Steven Spielberg and Tim Burton called Family Dog, which was a great experience.

You have a Greek last name, but you were born in Switzerland and have never lived in Greece. Do you identify at all as a Greek man?
Very much so. Anybody who has at least one Greek parent and is living abroad can tell you how Greek culture is overwhelming and influences who we are. Although I've never spent a full year in Greece, I always feel like I'm going home every time I land in Athens. Also, growing up in Switzerland with a name like Kopitopoulos doesn't really help you blend in.

it's a very noble idea, but doesn't pay well. Still, Europe's history is probably the greatest source of inspiration for any European artist. It is extremely precious. I remember Los Angeles artists being somewhat envious of my European past, as they were desperately digging into their own non-existent history for inspiration, Los Angeles being only two centuries old.

Where have you found the most welcoming reception for artists to be?
Greece, by far. It seems that Greece has a very unique way of viewing artists. It is as if artists carry an important cultural responsibility. Everything in Greece seems to say, "Culture is king" – it is something you sense in the air, something I couldn't say about Switzerland.

What are you working on now?
New paintings of course, but no exhibit planned for the near future, so I am open to suggestions. I am also working on my second film as a director: a fake documentary called "Circe's Legacy," which is about the existence of centaurs. Greek mythology is never far from what I do.



"It seems that Greece has a very unique way of viewing artists. It is as if artists carry an important cultural responsibility. Everything in Greece seems to say, "Culture is king.""

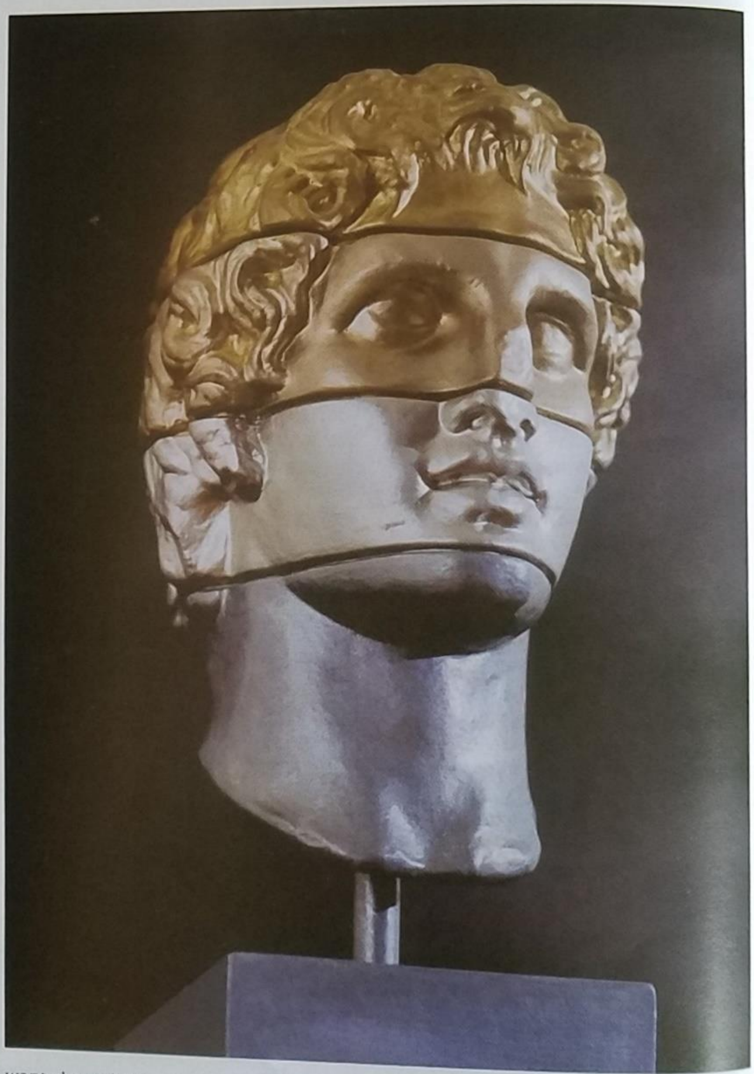
How do your experiences living, studying, and working in the US and Europe compare?
My professional experience in Los Angeles was essentially in animation and design, so most of my work was very commercially-oriented. Still, that doesn't mean that it didn't have any artistic value – I improved my skills, learned discipline, and was constantly surrounded by a wide array of artists for more than 10 years. Working in Europe is very different because art is not supposed to be an industry, an artist is expected to be free and show his freedom through his art;

What do you think it is about your art that draws people to it?
Curiosity is probably one of the reasons why the public comes to see my work. But once they see the actual paintings, the technique used is no longer an issue and they become receptive to the artwork itself. People are surprised by the sincerity of the subject, and moved by the organic feel of the images, elements that are different from traditional painting, yet so similar. Some of the public doesn't even know that the paintings were entirely created on computer, and some simply don't care. The discussions are always fascinating; everybody seems to have a different opinion on digital art, what it should be about, where it is heading, etc. Nevertheless, there are purists who have a hard time accepting digital painting as a true art form, praising the great masters and all the different art movements from the past centuries. They have a point, and there isn't much I can tell them except, "Give this new art form some time, take another look at history and see how every major breakthrough managed to find a place in the artistic world. You'll come around someday. Here, have some more peanuts".

Innovation in the international art arena

Kostas Paniaras

Kostas Paniaras is a leader in the Greek art world, holding a position both as one of the pioneers of Greek modern art and as one of Greece's most prolific contemporary artists. His recent exhibition at the Benaki Museum, Pireos Street Annexe, was a huge success, pleasing many long-time admirers of his work and introducing many more to his inimitable and incredibly innovative approach to art.



Greek Leaders speaks with Kostas Paniaras

How did being from Greece impact your work as an artist living overseas?
I spent 20 years of my youth in Paris and had long stays in New York. In spite of all those long stays away from Greece, I always felt Greek – not in the nationalistic, stupid way some people feel it now. I could have been born in Morocco or Poland and it would not matter at all. But there is a need of "Greek Order" in my thinking which I try to exert in my work and sometimes I do that, I accomplish what I want to do.

How did you decide to paint traditional Greek sculptures blue and red?
All the famous sculptures that are now crowded in the museums were originally totally covered in blue and red color. Today if they were painted like that they might give the impression of a Hollywood production, but if they were originally painted that way then we have to consider it. They look washed out now, all white marble, which was originally only the raw material. Ancient Greek artists used the white marble exactly the way they do in India or Nepal, producing all these fantastic statues in temples covered in striking, blinding colors. There were no beige or pale shades of colors – everything was bright and real. Light is red. The night is blue. The night in Greece is never black.

What was your response to the Benaki Museum's proposal of a retrospective exhibit?
I believe the word retrospective can be applied in the case of somebody who does not work anymore, someone who has passed away or who has given up painting. In spite of my 73 years I feel full of will every day to go to my studio and create new art, and since a big museum wanted to exhibit my work, I agreed. I selected various earlier paintings and also some I completed a month before the retrospective began. My largest painting, the very big red painting, was done in January. It was so fresh I thought I should put a sign beneath it saying, "Don't touch, wet paint." They liked it as much

as my older works. When they asked me to give a title to the exhibition, I opted for "50 Years of Painting" because 50 years is something that the mind of the viewer can remember very easily. But one of the paintings was produced in 1948, nearly 60 years ago. I stole eight or 10 years for myself.

How do you explain that you seem to be in one of the most productive stages of your entire career at a time when many might consider retiring?
Every moment, a work of art "comes" to me – there is always a new beginning, even if it is often very hard to decide how to begin the process of creating a work of art. The continuity in the career of an artist is the strangest thing because it is never the same in any of us. What I personally saw in the retrospective they gave me at the Benaki Museum is that there actually is a line that shows my path and development as an artist.

How did you reach a point where you knew you were meant to paint?
It is just very natural to me to produce art. I tried other things in my life. I studied law and was a very good student because it was interesting to me. Then I tried to learn languages because the very essence of communication is something that excites me very much. I learned Italian and my father said, "What a useless language it is, it is as useless as Greek!" Then I studied Spanish, German, Persian, and Russian. I also tried to study Hebrew, which is more than a language, it has a fantastic past. Then, I realized that one has to try many things in life but must make up his mind in the end about what is the most attractive pursuit to him. For me it was painting. And now here I am, an old painter.

"There is a need of "Greek Order" in my thinking which I try to exert in my work."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Banking, Finance, and Insurance

Sector Overview:

There are two main factors driving the remarkable and sustained growth of the banking sector in Greece: increased customer spending and expansion into banking markets outside of Greece. The banking sector is in fact one of the fastest-growing sectors in Greece. Greek banks have increased their profitability even more by increasing their efficiency: overhead to total assets declined by 12.5 percent year-on-year in 2005.

Quick transformation

In only a decade and a half, Greece's banking sector has been transformed both by internal changes and by circumstances beyond the reach of its key players. In the early 1990s, as the banking system began to become much freer through privatization,lifted regulations, and better-managed interest rates, opportunities to enter emerging markets in Greece's neighboring countries simultaneously became available. Greek banks began to make strategic moves to strengthen their presence both at home and internationally. Direct foreign investments exceeded two percent of GDP in 2006, while Greek investments abroad amounted to 3.3 billion Euros.

Economic growth spurs loans and investments

Economic growth that has averaged twice that of the Eurozone at 3.9 percent per year for the past decade, combined with low interest rates, has given Greek consumers financial confidence and led to augmented borrowing and spending. While it appears that Greeks on the whole want to maintain their liquidity and have easy access to their money in the short term, they also seem to be increasingly interested in making investments that will reap rewards over the long term. Hence, alongside an increase in mutual fund investments, an increase in mortgage lending is being seen across the market as consumers borrow money to invest in real estate.

Increasing credit demand

According to a recent Eurobank analysis, a 19.5 percent year-on-year growth rate in Greek consumer lending is expected in 2007, in sharp contrast to the 4.5 percent growth rate anticipated in Eurozone consumer lending. This relatively high credit demand may turn out to be one of the most influential factors impacting the progress of both the Greek banking system and Greece's economy as a whole, but predictions regarding what that impact might be vary. In 2006, the banking system was still basking in the glow of the robust credit expansion, and full-year results from nearly every Greek bank reflect this. These 2006 financial results reveal strength and continued growth, something they have consistently demonstrated for the past several quarters.

Success throughout the Balkans

As a result of current economic conditions in certain Balkan markets, some shared history, many common cultural characteristics, and complete geographical access to each other, banks in Greece and the surrounding Balkan countries have sought each other out and started to form successful partnerships. Top among the list of markets in which Greece has been setting up shop are Albania, Bulgaria, Cyprus, The Former Yugoslav Republic of Macedonia (FYROM), Montenegro, Poland, Romania, Serbia, and Turkey. Indeed, during the past decade Greek companies have invested more than 12 billion Euros into Balkan countries, making Greece among the region's biggest investors. Of this 12 billion Euros, more than 2.5 billion has been spent by Greek banks in order to acquire local banks and expand their own networks. Not surprisingly, Greek banks project that profits from their subsidiaries in Southeastern Europe will grow to more than

20 percent of their total profits in 2008-2010.

Attractive market conditions in neighboring countries

Among the current economic conditions making neighboring countries' markets attractive to Greek banks and other companies are less expensive labor costs, more flexible labor laws, and rapid growth. Romania's economy, for example, grew 4.1 percent last year, while Bulgaria's boasted an expansion of 5.5 percent.

Expansion strategies tailored to characteristics of each location

In the case of Turkish banks, it is more likely that Greek banks will form partnerships with them rather than open up branches of Greek banks alongside them. With a population of 72 million people, Turkey is bigger than Greece, Bulgaria, Romania and Serbia combined, and clearly cannot be approached in the same manner as a bank would approach the Greek market alone. One Greek bank blazing the trail in Turkey is the National Bank of Greece (NBG). In August 2006 NBG bought a controlling 46 percent stake in Turkey's Finansbank A.S. for $2.8 billion, making it the biggest takeover to date by a Greek company outside its home market.

Consolidation more attractive than ever

One example of recent consolidation in the Greek banking sector is the Marfin Popular Bank – Laiki Bank Hellas – Egnatia Bank three-way merger, which has resulted in the creation of one of the largest banking groups in Greece. Public offers were submitted in early 2007 for the acquisition of Piraeus Bank and the Bank of Cyprus in an attempt by the Marfin Investment Group to create both the largest bank in the Greek-Cypriot market and a player that might compete powerfully in the European arena. Spyridon Capralos, Chairman of the Athens Stock Exchange (ASE), said the offers could stimulate buyout and investment activity in the business sector, as well as make new realities possible in the Greek market as a whole. Indeed, in order to support this proposed enormous expansion, Marfin Popular Bank plans to increase its share capital by five billion Euros; this would be the largest share capital increase to date in Greece and one primarily sourced by investors from other countries.

Room for foreign banks to thrive

One foreign bank thriving in Greece is HSBC. Until now, HSBC has been somewhat conservative in its strategy for balancing customers' needs with its own. The company has successfully built relationships with both individuals and corporations that are now confirmed by many years of mutually beneficial undertakings. Whether intentionally or not, it is this personalized style of HSBC's approach that has perfectly situated the company to launch into the next phase of its institutional development in Greece. Working in partnership with stockbrokerage HSBC Pantelakis Securities S.A. and fund manager HSBC (Hellas) AEDAK, the revitalized HSBC looks ready to grow exponentially and at a rapid pace.

The Exchange

The Athens Stock Exchange or ASE was first opened in 1876. A limited company operated by a council of seven administers, the ASE is governed by representatives from the Athens Chamber of Commerce and Industry, Greece's investment funds community, the Bank of Greece, Greece's listed companies, a broker elected by the brokers' corporation, and the chairman and vice president of the ASE. In order to be listed on the ASE, a company must buy at least 600,000 Euros worth of equities. There has been a noticeable increase of foreign investors on the ASE in the past two years, coinciding with a joining of forces with the Cyprus Stock Exchange (CSE) and a concerted effort by ASE Chairman Spyridon Capralos to boost the exchange's image internationally.

Special Banking Sector Introduction

Written by Christos Gortsos, Secretary General of the Hellenic Bank Association

The Greek banking sector underwent a "velvet revolution" in the 1990s, evolving from the highly state-controlled and heavily regulated sector it was 15 years ago (when the Central Bank set over 150 different levels of interest rates) to become a free, competitive, and dynamic sector and a key pillar in Greece's successful economic performance.

"The market share of state-controlled institutions fell from 63.2 percent of total assets at the end of 1998 to less than 20 percent in 2006."

In Greece, banks dominate the financial sector. Nowadays, banks account for approximately 85 percent of the total assets of the entire financial sector, with the five largest banks controlling 65 percent of the total assets of the banking sector.

In the mid-1990s, banks entered a phase of mergers and acquisitions. The current Greek banking system is the result of 23 mergers and acquisitions that have occurred since then. In 2006, though, remarkable changes took place with the acquisition of the state-controlled Emporiki Bank by Crédit Agricole, the listing of the state-owned Greek Postal Savings Bank on the Athens Stock Exchange (ASE) through the placement of 34.84 percent of its total shares, and the three-way merger between Marfin, Egnatia and Laiki / Popular Bank of Cyprus.

The structure of share ownership in the Greek banking sector has also changed, due to the government's plan to reduce some of its holdings in state-controlled banks. The market share of state-controlled institutions fell from 63.2 percent of total assets at the end of 1998 to less than 20 percent in 2006. According to recent data, the presence of international institutional and private investors in the share capital of Greek commercial banks expanded substantially, amounting to 31 percent of the total shares.

The Greek banks' operating profitability has been satisfactory during recent years, supported by strong credit expansion mainly in the area of consumer credit, which was liberalized only recently. Greek banks have also worked on the rationalization of their expenses. As a result of the substantial containment in banks' operating costs in 2005 and a considerable rise in assets, operating costs as a percentage of assets dropped to 2.1 percent for banks and to 2.5 percent for banking groups.

Greek banks' operating efficiency as measured by the cost-to-income ratio also improved, from 65.4 percent in 2004 to 54.8 percent in 2005, still falling short of the average for Euro area banks of comparable size (58.5 percent in 2004). These developments in banks' income in 2005, in conjunction with the containment of operating costs, helped increase both the return on equity and the return on assets. Specifically, at the bank level, after-tax return on equity (ROE) and return on assets (ROA) rose to 16.3 percent and 0.9 percent respectively in 2005 (from 5.7 percent and 0.4 percent in 2004).

The capital adequacy ratio (CAR) for Greek commercial banks as a whole dropped marginally from 13.5 percent in 2004 to 13.3 percent in 2005 at the bank level, but remains well above the regulatory minimum of eight percent.

In recent years, new strategic directions and initiatives have been implemented with a focus on business growth in foreign markets. Emphasis has been placed in the Balkans and the Southeastern Mediterranean region. Greek banks started to establish their presence in this region in 1993 and continued to expand their business into Southeastern Europe both via organic growth and through acquisitions. In view of the fact that the countries of Southeastern Europe present

- a fast developing neighboring region of 140 million people;
- rapidly developing economies, some of which are joining the European Union;
- a rapidly developing region with low levels of financial intermediation;
- substantial growth margins in banking business; and,
- ongoing restructuring of their banking systems,

Greek banking groups have made it a strategic priority to seek out opportunities to enhance their presence in these markets.

We now have five very dynamic credit institutions that are already well established in Albania, Bulgaria, the Former Yugoslav Republic of Macedonia (FYROM), Montenegro, Romania, and Serbia representing at least 16 percent of the banking system according to assets, amounting to 66 billion Euros at the end of 2005 (53 percent of their GDP), with a network of over 1000 branches across the region, and employing more than 16,000 people. At the same time, Greek banks have extended their operations into Turkey, as well as into other markets beyond the Balkans including Egypt, Estonia, Poland, and Ukraine.

In conclusion, Greek banks are well-capitalized and profitable, with adequate liquidity. The current situation reflects a growing share in lending to the private sector and a decrease in the share of state ownership. Moreover, as was indeed the case in 2005 and 2006, high profitability enables banks to use retained profits for increasing their capital buffers, thereby improving their shock-absorbing capacity. Increased competition brought new players into the sector and rationalized the market. This will no doubt lead to a further increase in demand for banking products.

Ministry of Economy and Finance

Regardless of one's personal stance regarding Greece's current administration, there is no denying the reality of numbers. Statistics clearly reveal that in 2006 a Greek citizen had a better chance of being employed, earning a higher income, paying a lower rate of corporate taxes, and enjoying the benefits of privatized banking than in 2003, before George Alogoskoufis became Minister of Economy and Finance.
With George Alogoskoufis at the helm of Greece's Ministry of Economy and Finance, the Greek economy has become more competitive, more investment-friendly, and more transparent than it previously was. Relationships with previously-existing trade partners have strengthened and new partnerships have been established. There is certainly more work to do, but in two years' time, progress has been made.

Greek Leaders speaks with George Alogoskoufis, Minister of Economy and Finance

"By investing in Greece, one can gain access to a vast network of 3,600 Greek firms and over 1,000 branches of Greek banks operating in Southeastern Europe, outside Greek borders."

As new countries enter the European Union what strategies need to be taken in order to compete with faster growing economies for foreign investment?
In 2006, foreign direct investment (FDI) reached 4.3 billion Euros, eight times more than 2005. That's more than two percent of GDP and is a result of reforms that were introduced in order to create a favorable investment climate. The reduction of corporate taxes from 35 percent to 25 percent, the investment incentives law, and the new framework for public-private partnerships (PPPs) all contributed to the increase of FDI. We realize that there is still a lot that needs be done and are committed to continuing the implementation of our reforms program.

How can the government further alleviate taxes, control tax evasion, and improve Greece's competitiveness by nurturing entrepreneurialism?
Doing business in Greece is definitely easier today than it used to be. We have worked hard in order to simplify the tax system and make it more transparent. Moreover, we have been tackling bureaucracy by introducing new online services and by abolishing obsolete procedures. We have a lot more to do. However, things have improved significantly. As regards the competitiveness of the Greek economy, according to the Report of the Institute for Management Development based in Switzerland, in 2005 Greece was eight steps higher than in 2004.

The 2007 budget has been attacked by some as a budget that will increase social inequality. How do you respond?
We have managed to turn around the economy, while at the same time achieving definite improvement in most social indicators. Unemployment is down by a whole three percentage points since March 2004. The reduction of deficits is not the result of austerity measures, but rather a direct result of careful planning for a gradual fiscal consolidation, higher growth, more investment, and greater efficiency in the public sector. Moreover, we are pursuing social policies to tackle poverty and reduce inequalities. For example, unemployment benefits this year are 18 percent higher than they were a year ago and the farmers' pensions increased by 22 percent. The arguments raised by the opposition are clearly unsubstantiated.

What do you believe are the specific strengths of the Greek economy?
The main advantages of the Greek economy are its role as the gateway to Southeast Europe, a region poised to achieve much higher growth in the years to come, and the dynamism of the private sector. Today Greece serves as the economic and business center of the greater region. By investing in Greece, one can gain access to a vast network of 3,600 Greek firms and over 1,000 branches of Greek banks operating in Southeastern Europe, outside Greek borders. By pursuing sound economic policies we have put the problems of the past behind us. Today, we can see that definite improvement has taken place. At the same time, we particularly encourage our businesses to increase their international orientation in order to benefit from the dynamic growth and the historic developments occurring in today's global economy.

Providing fiscal stability and guiding the economic growth of Greece

Bank of Greece

Since its inception in 1926, the Bank of Greece has played a key role in formulating Greek economic policy. It has been invaluable during multiple occasions of national crisis and uncertainty, providing economic stability and restoring conditions for sound economic growth without fail.
During the last decade, the Bank of Greece has been influential in bringing Greece smoothly into the Euro era. Keeping in line with the anti-inflation policy framework provided by the Greek government, the Bank of Greece designed and administered a coherent monetary and exchange rate policy that assisted in reducing inflation from 15 percent in the early 1990s to slightly more than two percent in 2000. In that short time, Greece succeeded in meeting the strict Maastricht convergence criteria for Euro area entry while simultaneously maintaining the exchange rate of the Drachma at a stable level of controlled depreciation.
Since 2001, the Bank of Greece has been primarily responsible for executing the Eurosystem monetary policy in Greece, for sustaining the smooth circulation of the Euro in Greece, for contributing to the management of the Eurosystem's Foreign Exchange Reserves, and for directing Greece's payment systems. Naturally, the Bank of Greece is also responsible for supervising the Greek banking sector and for efficiently and effectively representing the Greek State as its fiscal agent. Guiding Greece's economic well-being is no small task, but the leaders of the Bank of Greece remain undaunted.

"Over the last 60 years, the Bank of Greece has been the most reliable and extensive source of information on the Greek economy."

Panayotis-Aristidis Thomopoulos,
Deputy Governor of the Bank of Greece

Greek Leaders speaks with Panayotis-Aristidis Thomopoulos, Deputy Governor of the Bank of Greece

With Greece's forthcoming exit from the regime of supervision under the European Stability Pact a lot will change in its banking sector. What are your expectations regarding how this will affect the banking system?
During the last 10 years the Greek banking sector has become one of the most dynamic sectors, if not the most dynamic sector, of the Greek economy. This was largely due to very strong credit expansion, but also to the significant restructuring within and between banking groups following the full liberalization of credit when Greece entered the Euro area. Credit growth has been around 20 percent over the last six to seven years, with household credit increasing at 30 percent per annum. This has given a significant impetus to the banking sector, which became the vehicle for financing the very rapid rate of GDP growth.

Credit expansion is good for banks because it gives them a booster for stability, but on the other hand it increases the additional credit risk. The International Monetary Fund (IMF) is concerned about this increase in credit expansion and the raise in non-performing loans (NPLs).
We have a high ratio – six percent – of NPLs, which is much higher than the EU average. This is a problem that the Bank of Greece, which supervises the sector, is keeping a close eye on. In order to reduce NPLs we have introduced specific measures in the last 18 months. Banks are required to have high provisioning ratios, meaning that over 60 percent of NPLs are fully provisioned. Also, since the Greek banking system lends against real estate or other collaterals, the loss-given-default rate, or the ultimate loss that the banks will incur from NPLs, is very small in relation to the banks' assets. At the same time, the high capital adequacy ratio of banks represents another important buffer. In addition to maintaining buffers for facing crisis situations, we also have asked the banks to reduce the percentage of NPLs, both by writing off bad loans and by following the guidelines we have introduced which oblige them to improve their credit allocation mechanisms. As a result, the NPL ratio for new loans should fall well below four percent.

In addition to monitoring the Greek banking sector and managing multiple areas of Greece's fiscal health, what are some other duties the Bank of Greece has been fulfilling in recent years?
The Bank of Greece has established an electronic bond trading system for Greek government bonds, HDAT, with a turnover of almost three billion Euros per day, which is linked to the Bank of Greece's security settlement system with a turnover of 10 billion Euros per day. The Bank of Greece also manages, on behalf of the pension funds, a kind of a mutual fund worth almost 20 billion Euros. Furthermore, we produce three major economic reports every year: two by the Monetary Policy Council, which are submitted to Parliament, and the third being the traditional detailed Annual Report of the Governor. Over the last 60 years, the Bank of Greece has been the most reliable and extensive source of information on the Greek economy.

Branching out beyond Greece's borders

Alpha Bank

As several Greek banks press forward in strengthening their presence in Southeastern Europe and analysts try to predict which banks will emerge victorious, Alpha Bank's expansion success in 2006 gives investors reason to think it will be one of the victors. While the bank may not have enjoyed the domestic growth in 2006 that its managers expected and would have liked, it certainly did surpass expectations in its international expansion pursuits, and its prospects for 2007 are looking bright.

"Alpha Bank now ranks among the 10 largest companies on the ASE based on market capitalization, which amounts to over 10 billion Euros."

Overseas expansion delivering immediate rewards

Alpha Bank has a branch network in Greece consisting of 367 branches. The bank's customers, including both retail and corporate, maintain approximately 3.5 million accounts. Although Alpha Bank's core is still in Greece, it has been steadily establishing itself in the international banking market, with a presence in New York, London, Jersey (Channel Islands), Albania, Bulgaria, Cyprus, The Former Yugoslav Republic of Macedonia (FYROM), Montenegro, Romania, and Serbia.

Alpha Bank's overseas activities helped to boost its balance sheet in 2006, when domestic activity was not as vigorous as anticipated. The bank's net profits in 2006 reached 626 million Euros, a significant 24.6 percent increase over 2005's results. Assets totaled 49.4 billion Euros, a 13.2 percent increase year-on-year, while loans totaled 32.2 billion Euros.

As its growth rates in its mortgage and consumer lending slowed, Alpha Bank's net group loans were nevertheless up 17 percent year-on-year to 32 billion Euros. Meanwhile, although the movement of its stock essentially mirrored that of the Athens Stock Exchange (ASE) as a whole, its share price consistently remained above average throughout 2006.

Operating within a shareholder structure is business as usual

Founded in 1879 and listed on the ASE since 1925, Alpha Bank now ranks among the 10 largest companies on the ASE based on market capitalization, which amounts to over 10 billion Euros. Since 2004, the bank has also been included on the Financial Times Stock Exchange (FTSE) Eurofirst 300 index, which reflects a ranking of Europe's 300 largest companies. Nearly 50 percent of Alpha Bank's shareholders are institutional investors, about 25 percent of them are Greek, and the other 75 percent are foreign. In addition to being listed on the ASE, the bank is also listed on the London Stock Exchange (LSE) in the form of Global Depository Receipts (GDRs) and on the New York Stock Exchange (NYSE) as American Depository Receipts (ADRs).

The bank's dual-pronged strategy for the next four years is to concentrate on retail banking in Greece, with a particular focus on small business loans and loans to individuals, and to continue its expansion in Southeastern Europe. Alpha Bank's goal is to maximize its strong growth prospects and infrastructure to create an even stronger and more efficient banking institution than it is now. If the bank achieves its goals by 2010, the benefits to shareholders will be noteworthy.

Growing commercially without leaving the agricultural sector behind

ATEbank S.A.

When a bank has been operating for 76 years almost exclusively in service of the agricultural sector, then suddenly and dramatically revamps its approach and repositions itself in the banking world, one would expect the public's image of the bank to take a long time in catching up. Not so with ATEbank, formerly known as the Agricultural Bank of Greece. Between 2004 and 2006, ATEbank made a concerted effort to strengthen its position in both the Greek banking sector and the international banking world; the results are impressive.

Successful lending leading the charge

Recent calculations show that ATEbank has nearly four million active accounts amounting to an excess of 17 billion Euros, with approximately 500 branches and more than 800 ATMs to provide easy access for all the bank's customers. Reaching out to its customers and offering competitive loan packages in 2006 brought about an impressive increase in ATEbank's household loan portfolio, which reached 4.5 billion Euros during the first nine months of 2006, an astounding 46 percent increase from 3.1 billion Euros in the same time period of 2005 and significantly higher than overall market growth during that year. Simultaneously, average mortgage lending new disbursements rose 135 percent year-on-year, bringing total loans before provisions to 13.4 billion Euros at the end of the first nine months of 2006, an increase of 10.7 percent year-on-year.
ATEbank has already experienced excellent growth in Greece in the 16 years since becoming an Société Anonyme (SA) and transitioning into a bank serving not only the agricultural sector but the commercial banking arena as a whole. Broadening the spectrum of products and services it makes available, ATEbank has also expanded its offerings through its subsidiaries, providing an array of options in insurance, leasing, funds, bank cards, securities, and car rental services through the various companies in its ATEbank Group.
Expanding its offerings has in many ways, not least of all financially, benefited ATEbank and its shareholders. In the first nine months of 2006, ATEbank achieved growth of 24.6 percent in consolidated profits after taxes, reaching 113 million Euros in comparison to 2005's nine-month total of 90.7 million Euros. This growth occurred despite the fact that ATEbank's results were negatively impacted by a tax liability incurred and by a recent European Union (EU) decision regarding sugar production that resulted in one of ATEbank's subsidiaries, the Hellenic Sugar Company, fairing poorly. Thanks to the scope of ATEbank's activities, the group's overall outcome was still in the black.

Expanding its repertoire both at home and abroad

Like many Greek banks, ATEbank is using Greece's geographic placement and cordial relationship with neighboring countries, along with its own extensive experience in banking, to assist in expansion through and beyond the Balkan region. ATEbank's first step along this path came in August 2006 when it acquired a controlling stake in Romania's MindBank. ATEbank quickly followed this acquisition with a purchase in October 2006 of a share in Serbia's AIK Banka. It has also shown interest in acquiring the majority stake in the American Bank of Albania which, if successful, would give ATEbank a piece of one of the most rapidly-growing markets in the region.
Now, in addition to expanding in the Balkan region, ATEbank is attempting to penetrate the small and medium enterprise (SME) market. Thanks to strides in this area beginning to reap great rewards, ATEbank's total non-performing loan (NPL) ratio dropped from 18.8 percent in September 2005 to 13.9 percent in September 2006. Simultaneously, ATEbank's provision coverage ratio increased from 80 percent to 84.7 percent year-on-year. That is the kind of movement the entire Greek banking sector wants to see.

"ATEbank's total non-performing loan (NPL) ratio dropped from 18.8 percent in September 2005 to 13.9 percent in September 2006."

Demonstrating banking industry leadership with global vision

Emporiki Bank

> **"In 2000, a strategic alliance was formed with French bank Crédit Agricole, giving Crédit Agricole possession of a six percent share of Emporiki Bank; that share has since reached nearly 72 percent."**

Although Emporiki Bank has recently been undergoing massive structural and personnel changes, its forward-looking approach to banking is not new. In 1923, 37 years after the bank was established by founder Grigoris Empedoklis, branch offices were opened in London and Istanbul. Even then, 83 years ago, the bank's managers recognized that diversity and reaching out to meet a broad group of people's needs was good policy.

In 2000, a strategic alliance was formed with French bank Crédit Agricole, giving Crédit Agricole possession of a six percent share of Emporiki Bank; that share has since reached nearly 72 percent. Completion of the acquisition of Emporiki Bank by Crédit Agricole was announced 9th August 2006, marking not only the largest foreign direct investment (FDI) so far in Greece but also the largest strategic move towards privatization. With 67,000 shareholders and nearly a century of being listed on the Athens Stock Exchange (ASE), Emporiki Bank is well-accustomed to meeting the needs of the public as opposed to a government or a small, private company and has adeptly moved into the multinational arena in partnership with Crédit Agricole.

Expansion of products and services

The alliance of Emporiki Bank and Crédit Agricole does not simply represent a shift in shareholding but rather a cooperation intended to benefit both banks and their customers through an exchange of ideas, skills, and expertise. The activities of Emporiki Bank Group include not only banking services but asset management, securities portfolio management, insurance, venture capital, leasing, and property development, reaching out to meet the financial requirements of individuals and businesses.

In August 2006, after the completion of Emporiki Bank's acquisition by Crédit Agricole, Standard & Poor's (S&P) rating service raised Emporiki Bank's long- and short-term counterparty credit ratings to "A" and "A-1," respectively. According to S&P, "the higher rating reflects the benefits of Emporiki becoming a member of a financially stronger banking institution, its attractive position in the Greek market, and sound balance sheet liquidity."

Customer care orientation

Emporiki Bank is not only making swift progress in the technological side of the banking industry, it is also emerging as a leader in the loan market. Offering a range of loans that includes more than a dozen home loans alone, Emporiki Bank recognizes that the needs and requirements of those applying for loans run the same gamut as the applicants themselves. Emporiki Bank's loan agents do not approach loan services from the old school perspective of, "We will fit you into one of our loan packages" but instead approach them from the progressive, customer-oriented perspective of, "Let us see what your needs are and then find or create a loan to meet your particular needs."

This is one of the secrets of Emporiki Bank's success: researching what the customers' needs are and endeavoring to fill those needs in ways that work for the customers, the shareholders, and the bank.

Risk management & cost control

Much recent economic expansion has taken place in the real estate market rather than in terms of actual earnings, leaving many individuals to whom banks have extended credit without increased liquid cash flow and unable to consistently repay their loans. Furthermore, because extensive access to credit is relatively new, there is not adequate historical credit information to accurately profile the borrowers most likely to repay their loans. In the absence of this credit information, and in an attempt to meet European Union (EU) banking requirements, Emporiki Bank has established two credit risk assessment methodologies: assessing and managing both the counterparty risk – the borrower's probable ability to repay the loan – and the concentration risk, controlling excessive loan exposure in specific sectors, regions, and markets.

Likewise, Emporiki Bank has been experiencing great success with loans to small and medium size enterprises (SMEs). The bank's loans to SMEs increased by 11.4 percent in the first half of 2006 when compared to the same time period in 2005. Its net income in 2006 also spiked to 988.5 million Euros, up 19.6 percent from 2005's net income of 826.3 million Euros.

Eurobank EFG Group

EFG Eurobank Ergasias S.A. (Eurobank EFG Group) is an international banking organization that employs over 19,000 people and offers its products and services both through its network of 1,300 branches and points of sale and through alternative distribution channels. Eurobank EFG is a member of EFG Bank European Financial Group, a Geneva-based banking group of Latsis family interests.

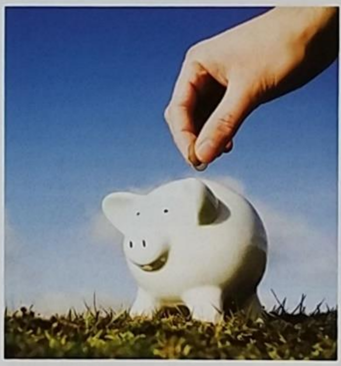
In the wider area of Southeastern and Central Europe, Eurobank EFG Group ranks among the top banking groups in the countries where it has an established presence: Greece, Bulgaria, Romania, and Serbia. In 2006, the group also entered the markets of Poland, Turkey, and Ukraine. Eurobank EFG Group has received high marks from the most reputable international rating agencies (Standard & Poor's, Fitch and Moody's), not only for its financial strength, but also for its client focus, high level of services, heavy investment in modern technologies, and professional and dynamic management and personnel.

Revealing strength in numbers

During 2006, Eurobank EFG Group grew to 1,300 branches and sales points, including 790 in six countries outside Greece. Net profit rose 28.6 percent to 644.5 million Euros, significantly higher than the group's target of 615 million Euros. The group's total assets increased by 21 percent year-on-year, reaching 53.8 billion Euros by the end of 2006, compared to 44.5 billion in 2005. The notable growth was largely due to a 27.4 percent expansion of the group's loan portfolio to 34.9 billion Euros. Household lending, consisting of consumer and mortgage loans, increased by 28 percent to 16.7 billion Euros, while business lending rose by 26.9 percent to 18.2 billon Euros.

Leading force in the region of "New Europe"

Eurobank EFG Group is well positioned in the markets of Southeastern and Central Europe – commonly referred to these days as New Europe – and can compete with major international players. With approximately seven billion Euros in total assets at the end of 2006, the group ranks number seven in the banking sector in the countries where it is present. In the first wave countries, namely Bulgaria, Romania, and Serbia, the group aims to become the number three or four player in the near future. In the larger second wave countries of Poland, Turkey, and Ukraine, Eurobank EFG Group can profitably expand and target one of the top 10 positions. What the bank has established in the region so far was predominantly built in the last two years through an investment of approximately one billion Euros.



"Eurobank EFG Group is in the process of building a second growth engine in New Europe, which is based on prudent acquisitions, organic growth, and the replication of its successful Greek business model."

Nicholas Nanopoulos,
CEO of Eurobank EFG

Eurobank EFG Group's 2009 targets in New Europe include doubling its number of branches to exceed 1,400 branches in the region and increasing the number of business centers to more than 120, from 20 operating today. Based on these and other targets, by 2009 total loans could reach more than 19 billion Euros. For 2007, net loan additions are on target to reach 3.5 billion Euros, representing approximately 70 percent of what was added in 2004 and revealing that in a matter of three years a second growth engine has been created for the group.

During March 2007's Capital Markets Day held in London, Eurobank EFG's CEO Nicholas Nanopoulos said, "Eurobank EFG Group is in the process of building a second growth engine in New Europe, which is based on prudent acquisitions, organic growth, and the replication of its successful Greek business model. Following a period of restructuring and important investments in the six markets of New Europe in which it is present, the group now enters a new phase of superior profitability and strong value creation for its shareholders. Its strategy and targets for network expansion and strong and accelerating profitability are ambitious but achievable. Our dynamic and entrepreneurial management team, as well as the successful Eurobank model, are key advantages to achieving this."

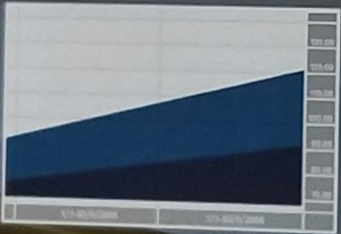
Expansive modernization scheme brings new life to historic bank

Greek Postal Savings Bank S.A.

The Greek Postal Savings Bank (GPSB), historically one of the great public banks of Greece, operates a network of 136 branches in 64 cities. An exclusive 10-year agreement GPSB signed with the Hellenic Post (ELTA) in 2001 means that it has access to the postal service's 820 offices as well. Through this partnership GPSB could potentially gain access to virtually every Greek citizen, having the opportunity to market its products and services to them in an easy-access approach distinct from that of any other bank. Over the long-term, GPSB could reach areas of Greece where the banking competition is non-existent and the population is underserved.

An already large customer base consisting of over 4,500,000 accounts valuing in excess of 10.2 billion Euros and one billion Euros in equity capital contribute to making GPSB's foundation as it prepares to compete in the private sector just like the Rock of Gibraltar: solid. With high liquidity and a reputation for being the most popular bank among public servants, GPSB is set to increase its currently small market share, aiming in particular to boost sales with the "ordinary man." Mortgages have so far proven to be one of GPSB's most successful products and, buoyed by that success, GPSB is now exploring other loan products and services to see what will best serve its clients and new shareholders.

Amount in thousand Euro



Profit before tax

1/1-30/9/2005	120,809.28
1/1-30/9/2006	92,476.70

Net Profit

1/1-30/9/2005	91,802.61
1/1-30/9/2006	75,558.59

Total Operating Income

1/1-30/9/2005	290,218.28
1/1-30/9/2006	192,967.98

Total Assets

30/9/2006	13,273,128.44
31/12/2005	11,564,594.86

Making bold moves while playing catch up

Taking into account the interests of shareholders is still a new endeavor for the leadership of GPSB, as GPSB was listed for the first time on the Athens Stock Exchange (ASE) in 2006. So far, shareholders who took advantage of GPSB's IPO and bought shares for $12.50 each should be pleased, as GPSB has gone on to outperform the market, gaining 31.2 percent since the IPO. Previously, the Greek State had been GPSB's sole shareholder, but through the IPO the state sold 34 percent of its shares. Now, foreign investors hold an 18.52 percent stake in GPSB and a secondary public offering is planned for this year.

Founded in 1900 on the island of Crete before its unification with mainland Greece, GPSB has over a century's experience in the banking business. While GPSB's new leaders, brought to the helm in 2004, recognize and respect that their customers value GPSB's history and tradition, they also recognize that in order to best serve these loyal customers they must balance traditional values with modernization. As a result, 2004-2006 brought a major overhaul of GPSB's operations and steps into the private sector. After spending two years modernizing its infrastructure, resources, and systems – human, structural and technological – GPSB is ready to play with the big boys.

"Through its exclusive 10-year agreement with the Hellenic Post, GPSB could potentially gain access to virtually every Greek citizen."

Greek Leaders speaks with

Panagiotis Tsoupidis, President of Greek Postal Savings Bank

You have been in the position of president with Greek Postal Savings Bank (GPSB) since 2004, when you made a commitment to modernizing the bank. One of the first steps you have taken since then was listing on the Athens Stock Exchange (ASE), which has turned out to be a very successful move. What were some of the main driving forces behind the transformation that has taken place in the bank the past three years?
The most important change was the partial correction of the public-owned bank model under which the bank was operating all these years. I started working here in 1984, when this bank had 32 percent of all deposits in Greece, being second after the National Bank. In 2004 it had fallen down to 2.4 percent. In the 1980s, the bank was dealing only with deposits and housing loans, deposits being 90 percent of its activities. The first thing we had to do was identify our situation. What we found was that everything was invested in retail and deposits, 13-14 percent of our business was in loans, and the salary structure was based on seniority. One of our major problems as a public-owned bank was that of overtime. We spent about a year discussing this and other personnel issues with the union before we felt we could move forward with differentiating our products and services. We had a detailed analysis of our position in the market which showed us that our customers maintained emotional bonds with us and were keeping their family deposits here, but they were not doing any business with us. So we started off with an aggressive promotional campaign and started giving loans reaching 50 percent of our customers, which is a huge step forward. I believe that we can reach 80 percent, which would be a very good percentage for us since our deposits are increasing.

"Constant training of our people and continuing the process of replacing treasure investments with loan investments are the most important considerations for our future."

What modernization of your technological infrastructure has been implemented?
We sped up the implementation of the integrated computer system, a very important tool for a modern bank. The new integrated system uses software that two other banks and the post office also use. The system began being implemented two to four years before we actually joined in the agreement to have it implemented in 2001 and its cost was around 130 million Euros. We hired 130 university graduates in the fields of economics, computers, and other related fields to help us speed up changes, since our older employees have little or no knowledge of computers. The new system is CRN-based and it is used for customer profiling and collecting information about them. Before 2004, there was a separate data base for deposits, savings, and various types of loans. I think that people will have become familiar with the new system by the end of this year. Constant training of our people and continuing the process of replacing treasure investments with loan investments are the most important considerations for our future. We are now a player in the market.

One of your competitive advantages is that you have an agreement with the Hellenic Post, which helps you increase your network. What about this partnership provides value for GPSB as an investment opportunity?
We have a close relationship with the post office, which has about 820 outlets, so by selling through them we can generate substantial sales. The second good aspect is cross-selling. With our system becoming well-organized and the profiling being done, we should be able to proceed with cross-selling soon. We have the great advantage of having 3.5 million accounts, most of them small, around 3000 Euros. We have achieved much, in terms of changing the balance sheet and modernizing our operations, and in the next two to three years, we are hoping to see an 80 percent returning income and very low trade risk.

What changes do you anticipate will take place when the government's ownership of GPSB falls below 50 percent?
The first thing will involve employing people, because currently that takes too long. Candidates have to go through this pan-Hellenic selection process. The second problem is procurements, as every expense we want to make that exceeds one million Euros has to go first through a state board that inspects whether we follow the proper legal procedures. It is a very transparent procedure but it slows things down considerably. I believe that recent developments will liberalize things a bit more. This is a good example of a state organization increasing its value for its shareholders and employees while improving its image. GPSB was considered for many years as the lowest of the low in the sector, but now it is recognized as a competitive and aggressive player.

Encouraging Greek businesspeople to operate in the international arena while protecting their assets at home

Export Credit Insurance Organization

In Greece, a small country where companies do lots of business not only with neighboring countries in the Balkan region but throughout the world, having insurance to protect against the risk of non-payment due to commercial, political, and catastrophic reasons can be essential. It is Export Credit Insurance Organization (ECIO), a non-profit organization established in 1988 and supervised by the Ministry of Economy and Finance, that protects Greek businesspeople. With State-guaranteed capital in excess of 1.47 billion Euros, ECIO is a strong, stable resource for Greek exporters and entrepreneurs alike.

Playing on an international stage

ECIO is active in taking steps that will best serve all its clients and the Greek economy as a whole. Nearly a decade ago, in December 1997, the members of the Organisation for Economic Co-operation and Development (OECD) signed the Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions, which was ratified by the Greek State in 1998. In keeping with the agreements made in this convention, ECIO requires that all applicants requesting ECIO's support must sign a declaration stating that "neither they nor anyone acting on their behalf have been engaged or will engage in bribery cases."

ECIO also adopted the OECD Guidelines for Multinational Enterprises, a series of recommendations for multinational enterprises. These recommendations provide suggestions for how to ensure business practices are conducted ethically and legally, and their aim is to support international business in being a unifying and strengthening force between individuals, businesses, and countries.

In keeping with the aforementioned convention and guidelines, ECIO offers a number of products and services to best serve Greek exporters. Among these are

- short-term export credit insurance,
- medium- to long-term export credit insurance,
- construction works insurance,
- overseas investment insurance, and
- buyer's credit insurance.

Adapting products and services to meet changing needs

The new buyer's credit insurance scheme is one of ECIO's attempts to encourage increased participation in the global market. Christina Sakellaridis, President and Managing Director of Export Credit Insurance Organization, says we must not forget that "Greece is surrounded by countries that have just come out of a closed economic system, where consumer goods are now in great need. These markets prefer to work with Greece due to our proximity, cultural similarities, and traditionally good relations. Furthermore, they do not fear us as they do not see us as conquerors but as allies. Our exports have increased tremendously in those countries in recent years."

According to Sakellaridis, agricultural products continue to be Greece's most widely-recognized exports, but positive changes are happening even in the way these particular products are being managed. "Some of them are exported to Italy and there they are branded, packed, and re-sold. This is one of the things we are beginning to change. Nevertheless, we are seeing a big increase in petroleum products as we import crude oil and refine it, process it, and export it. I believe that there is still a lot to be done in developing our export potential, which is currently a national goal."

"Greece is surrounded by countries that have just come out of a closed economic system, where consumer goods are now in great need. These markets prefer to work with Greece due to our proximity, cultural similarities, and traditionally good relations."

Christina Sakellaridis,
President and Managing Director of the Export Credit Insurance Organization

Export Credit Insurance Organization has an important task in an ever-changing global marketplace, giving Greek exporters and their customers alike a sense of security and mutual protection. Paying attention to international trends without forgetting the tenets of its foundation, Export Credit Insurance Organization has, as Sakellaridis says, "managed to articulate a voice that is respected amongst Greek exporters, whilst proposing programs that promote our common interests as well as the Greek economy in general."

A young, strong sprinter in the race to lead international banking

Marfin Popular Bank

Due to its merger with Egnatia Bank and Laiki Hellas Bank, Marfin Popular Bank is now one of the leading players in the Greek banking sector with significantly enhanced growth prospects. The merger revealed to the world that those managing Marfin Popular Bank are confident, visionary leaders ready to take calculated risks in order to play a bigger game and reap larger rewards for their shareholders.
In December 2004, Marfin Popular Bank had assets of just under a billion Euros. Now, thanks in large part to the merger, the bank enjoys assets of 24.2 billion Euros. In the same time period, the bank's share price skyrocketed from 6.1 Euros to 47 Euros per share.

Explosive expansion

For a bank that declared to its investors in January 2007 that two of its medium-term goals are "to become an international banking group with presence in high markets" and "to achieve high growth and profitability through optimal capital allocation and superior performance," Marfin Popular Bank is not doing too shabbily. Prior to the merger, the bank was only to be found in Greece; the merger significantly improved the bank's geographic exposure. Now, the bank boasts 144 branches in Greece, 114 in Cyprus, and 54 others in Australia, Estonia, Romania, Serbia, and the United Kingdom (UK). Earlier this year, Marfin Popular Bank announced plans to open 38 branches in Romania and 65 in Serbia by 2009, along with entering the Ukraine and Bulgaria. The bank also plans to institute itself in Dubai, obtain a banking license in Russia, and establish an investment banking office in London.

Taking care of home

Closer to home, Marfin Popular Bank is working on expanding its existing branch network in Greece and leveraging its asset-driven revenue growth. It is also devising ways to improve cost efficiency and streamline its infrastructure both in Greece and in Cyprus, a country enjoying renewed status as an international business center.
Marfin Popular Bank is still eighth among Greek banks in terms of market share for loans and deposits with three and four percent of the market share respectively. Nevertheless, in Cyprus it is second only to the Bank of Cyprus in these areas, with 14 percent of the market share in loans and 16 percent in deposits. When it comes to investment banking, however, Marfin Popular Bank is a clear leader in Greece and Cyprus. In 2006, when compared with its competitors on the Athens Stock Exchange (ASE), the bank held third position in the securities business, with a 10.2 percent market share. On the Cyprus Stock Exchange (CSE), it held first place in 2006, with 26 percent of the market share.

It was a good year

The bank's profits after tax attributable to shareholders reached 396.6 million Euros in 2006, an astounding 235 percent increase over 2005. Its lending volume simultaneously rose to 12 billion Euros, a 23 percent increase year-on-year, despite its NPL ratio dropping from 9.1 percent to 6.6 percent.
Dubai Financial, a subsidiary of the Dubai Investment Group, acquired a 36.1 percent stake in Marfin Financial Group, of which Marfin Popular Bank is a part. This purchase not only made Dubai Financial the majority shareholder in the Marfin Financial Group but also made new international investment opportunities available to Marfin Financial Group.
While speculation and debate about Marfin Popular Bank's future persist among naysayers and cynics, its position in the Greek and Cypriot banking sectors today seems to be growing stronger and more secure. One thing is for sure: it is a player to watch.

"Since December 2004, the bank's share price has skyrocketed from 6.1 Euros to 47 Euros per share."

A tradition of success carries on

National Bank of Greece

The National Bank of Greece (NBG) is the oldest and largest Greek bank. Boasting a dynamic international profile and the strongest financial group in all of Greece, the bank is building on its historical foundation of success to create a future about which shareholders can get excited.

"NBG's overall profits during the first nine months of 2006 contributed to the bank earning the highest return on capital of all Greek banks."

Evolving to exceed the demands of the market

Founded as a commercial bank in 1841, NBG has been listed on the Athens Stock Exchange (ASE) since 1880. Since October 1999, the bank has been listed on the New York Stock Exchange (NYSE), as well. Adapting to the ever-changing needs of both corporate and individual customers, NBG provides a full range of financial products and services, including investment banking services, brokerage, insurance, asset management, and leasing. Its customers hold more than nine million deposit and 1.5 million lending accounts.

Making access easier

Of all Greek banks, NBG comes closest to effectively covering the access needs of the entire country. Its 567 domestic branches are spread throughout Greece and its network of 1350 ATMs is the largest online network of any business in the country.

Rather than sit on its laurels, however, NBG is developing and expanding mobile and Internet access. This technological development will help the bank to improve its ability to meet the needs of all 11 million people in its current international customer base and reach more of its branches' 125 million potential customers. Abroad, the bank enjoys an even stronger presence than it does at home. With a particularly significant presence in Southeastern Europe and the Eastern Mediterranean regions, NBG has 732 offices outside of Greece. This strong foothold abroad gives the bank the opportunity to continue its international expansion while focusing its attention on further modernizing its operations to improve service to its customers.

Surpassing expectations

In the first nine months of 2006, the bank's profits attributable to its shareholders were 791.4 million Euros, up 48 percent from 534.5 Euros year-on-year. In fact, NBG's overall profits during that time period contributed to the bank earning the highest return on capital of all Greek banks.

Already a year ahead of its targets in many areas of its 2005-2007 business plan, NBG's cost-to-income is now under 50 percent, while its total income for 2006 was 3.15 billion Euros. Its gross loans totaled 43.4 billion Euros in 2006 and its gross non-performing loans (NPLs) rang in at 3.8 percent, much lower than the national average. Its provision coverage stands at a comfortable 78 percent.

Powerfully positioning itself in the region

NBG is well-positioned to continue its steady revenue growth, as it is consistently sustaining high returns and growth in Greece and its Southeastern platform is able to deliver growth rates far exceeding those of the bank's domestic business. The bank's recent acquisition of an 89.44 percent share of Turkey's Finansbank will also no doubt give NBG high growth in a fast-growing market.

Due to the strategic manner in which NBG has approached its expansion into markets beyond the Greek borders, its risk management has consistently strengthened as it has diversified its earnings sources. Projections are that by 2009, 45 percent of NBG's profits will be derived from the bank's international operations. Finansbank's results after being acquired by NBG actually surpassed NBG's expectations, confirming it to be a solid acquisition choice. But now that NBG has completed two major acquisitions in Turkey and Serbia, it has begun to reach what its chairman and CEO Takis Arapoglou calls "critical mass in the region," marking a competitive advantage for the bank.

Piraeus Bank

With an aim to double its revenues and achieve net profits of over one billion Euros in 2010, Piraeus Bank Group has this year embarked on an ambitious strategy to become an indomitable force in the Greek banking industry. The parent company of the group, Piraeus Bank, has grown by leaps and bounds in the last decade, becoming the fourth largest bank in Greece.

At the forefront of privatization

One of the most dynamic banks in Greece today, Piraeus Bank was privatized in 1991 and since then has grown both organically and through a series of strategic moves by the bank's management. By 1997-1998, the bank absorbed the activities of Chase Manhattan in Greece, claimed controlling interest in Macedonia-Thrace Bank, and acquired Credit Lyonnais Hellas bank. In 1999, Piraeus Bank went on to acquire Xiosbank and take over National Westminster Bank Plc's activities in Greece. A year later, the bank merged its three commercial banks in Greece (Piraeus, Macedonia-Thrace, and Xiosbank) into one, becoming a surprise competitor of the top two largest private sector banks in Greece.

Piraeus Bank was among the first banks in Greece to offer complete banking services through an electronic banking network. In 2000, the bank launched Winbank, providing its customers with services via the Internet, mobile phone, ATMs, and a call center. To this day, the Winbank e-banking service remains the only service of its kind certified with ISO 9001:2000, and has won numerous awards as well.

Building benefits for shareholders

In 2005, the Piraeus Bank Group began to implement its strategy for expansion throughout Southeastern Europe and the Eastern Mediterranean. First, it acquired Bulgarian Eurobank (now Piraeus Bank Bulgaria), then proceeded to enter the Serbian and Egyptian markets by acquiring Atlas Bank (now Piraeus Bank Beograd) and Egyptian Commercial Bank (now Piraeus Bank Egypt), respectively. Last year, the bank strengthened its presence in Bulgaria by merging its branches there with those of Eurobank. The group also has branches in London, New York (through Marathon Bank), Romania (through Piraeus Bank Romania) and Albania (through Tirana Bank). By December 2006, the Piraeus Bank Group had a network of 536 branches (235 of which are outside of Greece).

In the first quarter of 2007, Piraeus Bank sold its stake in the Bank of Cyprus and as a result realized net profit of 153 million Euros and began to restore a positive relationship with Marfin Popular Bank, with which it had experienced tension over an acquisition proposition earlier in the year.

Piraeus Bank Group's total net revenues for 2006 amounted to 1,224 million Euros, up from 901 million Euros in 2005. It also reported net profit after tax of 435 million Euros, up from 264 million Euros in 2005. The group's total assets amounted to nearly 31 billion Euros, up from 24 billion in 2005. Its balance sheet is strong, and with a well-designed plan for achieving its 2010 targets and smart moves to continue its international expansion, Piraeus Bank is a bank to continue to watch.

"Piraeus Bank Group's net profit for 2006 amounted to 435 million Euros, up from 264 million Euros in 2005."

Construction Materials and Services

Sector Overview:

The Ministry for the Environment, Physical Planning, and Public Works is now applying an integrated policy for sustainable development. "Applying" means that the very concept of sustainable development has been influencing the development policies of Greece under the current administration. While the country still has a great deal of work to do, this is an important step for Greece. The active participation and cooperation of other ministries and organizations has been achieved through a coordinated effort to infuse the idea of sustainable development into all of the government's actions and activities. As a result, sustainable practices have been incorporated into initiatives in the sectors of energy, transport, and agriculture, among others. This is hugely significant for Greece, as the country has in the past faced serious quality-of-life issues, ranging from atmospheric and water pollution to noise pollution and urban planning breakdowns, directly stemming from unregulated development.

Successful urban regeneration schemes

In recent years, major urban regeneration projects have been undertaken and so successfully completed throughout various districts of Athens that some of the neighborhoods tourists were advised to avoid at all costs a decade ago are now the hottest, hippest places to see and be seen. Among the most successful recent urban regeneration projects have been those undertaken in Psiri, Thisseio, and Gazi. Now, smart property developers are looking to other areas, including the oft-neglected Votanikos district. In October 2006, Babis Vovos (BVIC) signed an agreement to purchase the properties owned by ETMA S.A. and HELLATEX S.A. in Votanikos. As Babis Vovos is among Greece's leading property developers and managers, serving clients like Microsoft and Coca Cola, it is sure to partner with other strong international companies in undertaking urban regeneration and development projects in Votanikos.

Combined efforts yield lucrative results

Many Greek companies in the construction sector are seeing the value in combining their efforts with companies thriving in the booming energy sector and are uniting their forces. An excellent example of this is GEK S.A.'s partnership with TERNA S.A., which resulted in TERNA becoming the construction and energy company of the GEK Group. Today, GEK S.A. acts as the group's concessionaire, while TERNA S.A. operates as the group's constructor, and together they have been securing significant shares of the construction and commercial opportunities offered by the Greek State with regards to its new highway systems.

Olympic property development

A hot topic in the construction and development sector has been what would become of the properties built to meet the needs of the 2004 Summer Olympic Games hosted by Athens. Would they be sold, leased, used by the state? To the great joy of many in the sector, and fortunately for Greece's public coffers which were lean after the Olympics, many of the properties are being leased. In January of this year, Hellenic Olympic Properties signed a 30-year lease worth almost 130 million Euros with J&P Avax, GEK, and Vioter for the Canoe-Kayak facilities in Helliniko. The consortium plans to operate a year-round waterpark on the site, marketing it for both local and foreign visitors.

The Mall
November 2005 saw the inauguration of the first and only true shopping mall in Attica: The Mall Athens. Located in Maroussi, a northern suburb of Athens, The Mall Athens's 84,000 square meters of surface area distributed over four levels are chock full of more than 200 shopping and entertainment options to meet the needs of every Greek consumer. Despite being located outside the center of Athens, Athenians and Greeks from throughout Attica flock to The Mall Athens on a daily basis, bringing the market value of the property to 320 million Euros in 2006. ECE-LAMDA Hellas S.A. is currently managing the center. LAMDA Development S.A., a holding company, is listed on the Athens Stock Exchange (ASE) and in 2006 won the title of "Best Developer in Greece" in the Euromoney magazine Real Estate Survey.

Greece: simultaneously a contractor's fantasy and nightmare
As an ancient land, Greece poses unique challenges to developers. Both archaeologically and tectonically, the country is a sensitive site for a responsible developer to work. The development process can often be hindered or lengthened as a result of all the atypical considerations that must be managed. Nevertheless, despite its inherent challenges and the restrictions in developable land, Greece is an engineer's dream: a country in constant need of reconstruction. New building projects are incessantly being cultivated, and with dynamic companies from other European Union countries taking a rising interest in Greece, competition for the bids is becoming increasingly fierce.

AEGEK

One of the largest and oldest construction companies in Greece, AEGEK S.A., parent company of the AEGEK Group, has a history of developing the infrastructure of Greece. Yet the company's endurance lies in its willingness to exploit new opportunities and bear in mind a global picture: AEGEK currently offers its expertise in Romania, Jordan, and Cyprus.

The company has developed innovative strategies in the following areas:

- Construction Services: designing/building; mechanical and electrical; planning and consulting
- Construction Management: collaborative project solution, aimed at improving construction management
- Construction Contracts: wide range of Joint Contracts Tribunal (JCT) contracts for building work; Institution of Civil Engineers (ICE) contracts for civil engineering projects; homeowner contracts

A plethora of projects

Throughout its 50-year history, with origins in the reconstruction of Greece following WWII, AEGEK has completed large-scale infrastructure projects: dams, tunnels, hydroelectric and thermal power stations, large underground structures, transportation works (including the Athens Metro, railway works, and motorways), irrigation works, building works, and works for the management of water resources. Today, the group's main priority remains leading in the sector of public works.

Through this strong base in public-sector contracts, AEGEK developed expertise in the energy market, showing its adaptability in a competitive environment. One important project involved its participation, through associated company Elpet Valkaniki, in the construction and the operation of the Thessaloniki-Skopia fuel-oil pipeline, marking its willingness to move into the global market.

The AEGEK Group is also active in the real estate development sector. Its strong presence in this sector is exemplified through its outstanding and unique holdings, including 713,000 square meters on the famous white sands of Elafonissos in Crete and the Agrilia Estate of Mytikas in western Greece, where a proposed resort complex is currently under design.

"AEGEK S.A. is a leader in the Greek construction industry, finding new opportunities in Europe and further afield."

From Athens International Airport to the Wadi Al-Wala Dam

AEGEK collaborates with international players ABB, Hochtief, Campenon Berbard, and Dumez, working on energy, transportation, irrigation, and building works. The company is a leader in the Greek construction industry, finding new opportunities in Europe and further afield. For example, in 2003, AEGEK participated in the building of the 18-storey Millennium Centre in Bucharest, Romania and has current projects underway in Jordan and Cyprus.

Construction remains an important indicator of growth in the region. AEGEK's fifty current projects worldwide include contracts with the Public Power Corporation, the Ministry of the Environment, Physical Planning and Public Works, Greek Railways Organization Works, Athens Metro, Public Gas Corporation, and Olympic Airways domestically, as well as Jordan's Ministry of Waters and Irrigation and Cyprus's Ministry of Agriculture, Natural Resources and Environment.

Shareholder-pleasing performance

By the end of the first nine months of 2006, the consolidated turnover for AEGEK Group reached 141.43 million Euros. Gross profits of more than five million Euros were attained during that time, while the group's total assets for the period amounted to 645.7 million Euros.

Excluding the turnover of its subsidiaries, AEGEK's parent-level turnover reached 119.3 million Euros during the first nine months of 2006, as opposed to 45.6 million Euros during the same period of 2005. The company's total assets for those nine months increased by 67.6 percent to 505.8 million Euros, compared to 301.8 million Euros year-on-year.

Listed on the Athens Stock Exchange (ASE) since 1993, the company enjoys a wide shareholder base and is considered a strong and consistent financial performer. Pleasing its shareholders, AEGEK entered a new chapter in its history when it recently absorbed construction companies EFKLIDIS and METON. Currently, a shareholders' equity increase of 64,813,876.80 Euros is under way, with the capital raised intended to reduce AEGEK's bank loans by 50 million Euros and cover any working capital needs that may arise.

The total value of executed contracts corresponding to the group from projects in progress, excluding the self-financed ones, amounts to three billion Euros, with backlogs currently amounting to 700 million Euros. Impressively, all the projects that AEGEK has undertaken are being executed successfully and within the approved time-schedule.

With the maturation of its investment in subsidiary companies, newly acquired supreme and superior contracts, strategic expansion overseas including into the newly opened Balkans, and movement into energy markets, significant increases in profits for shareholders seem imminent.

Construction colossus builds strong future with vision, imagination, and respect

AKTOR S.A.

The oldest and largest construction company in Greece, AKTOR S.A. has a history of success. Nevertheless, AKTOR has learned that in order to remain competitive through political, social, and environmental changes, it must adapt its already-winning strategies. Inside of its commitment to quality ergonomic construction, AKTOR uses the most modern proven advances in technology to produce dazzling results. This consistent and impressive record has led AKTOR to be classified as a construction company of the "highest grade" according to the Greek national classification system.

Exceeding expectations under competitive conditions

AKTOR expands its relationships with existing clients while powerfully taking on large scale, co-financed projects in order to meet growing building needs both domestically and abroad. In the last six years, this approach has resulted in AKTOR being responsible for several of the most high-profile public and private construction projects in Greece, some in cooperation with other reputable construction companies.

One of the most famous projects completed by AKTOR in recent years is Athens's new Olympic Stadium. The roof of the stadium, 80 meters high, incorporates a striking arch of 304 meters. The arch itself is not only the world's largest single span arch but is also the signature image of the 2004 Olympics. In addition to being visually spectacular and an architectural achievement, the roof of the new Olympic Stadium was remarkably completed in just over a year, less than half the time allotted for the erection of the stadium in Sydney for the 2000 Olympics.

Collaborating on win-win construction contracts

One of the vital steps towards realizing international development was the merger of AKTOR Technical Co. S.A. with both Helliniki Technodomiki Tev S.A. and Trigono Commercial Industrial Tourist and Technical Co. As a result of this merger, though AKTOR had been active in the Athens Stock Exchange (ASE) for 12 years, on December 16, 2005 the trading of shares in AKTOR ceased and now Helliniki Technodomiki Tev S.A. holds 100 percent of the company's shares.

AKTOR has been using its wealth of effective experience to take calculated risks while branching out into the global construction market, initially focusing primarily on the European and Middle Eastern markets. An essential move in this direction has been partnering with one of the oldest and largest general contracting companies in Turkey, Enka Insaat ve Sanayi A.S. In 2005, AKTOR and Enka signed an agreement with Al Sawadi Investment and Tourism Co. (ASIT) to embark on an inspired joint venture to construct Phase One of Oman's Al Madina Al Zarqa, commonly known as Blue City.

Blue City's Phase One is expected to take a total of seven years to complete, and when it is finished in 2012 will include about 1,700,000 square meters of modern structure built on approximately 3.5 square kilometers of ancient land.

Blue City is intended to serve as home to 250,000 residents and accommodate in excess of two million tourists per year. Among its many buildings, Blue City will incorporate 5,200 residences, four five-star hotels, two PGA world-class golf courses, a shopping complex, an amphitheatre, a city hall, and the accompanying necessary contemporary city infrastructure.

"Now accountable for more than 20 percent of the Greek market's construction projects, AKTOR continues to take on challenging and influential projects on Greek soil while simultaneously expanding its works into other countries."

Securing a position in the international construction market

The completion of Blue City will be momentous in Oman, as it will be the first tourist resort of its kind in the country. Sultan Qaboos bin Said Al Said, ruler of Oman for the past 36 years, has remained dedicated to protecting Oman from what he calls "visual pollution." No doubt this commitment to retaining Oman's traditional visage while adapting to present-day demands is in part responsible for AKTOR and Enka winning the much-sought-after bid to work jointly on Phase One, as AKTOR is well-known for valuing and respecting both the natural environment and the culture of a place when planning and constructing a project.

Securing the contract to construct such a significant project in Oman is already having an impact on AKTOR's viability as a multinational player. In December 2006, AKTOR, in a joint venture with Athena S.A., won a bid to construct the biological purification facilities of Bucharest, Romania, beating out some of the largest European companies in the field of facilities construction and waste treatment. This project will be the largest environmental project ever implemented in Romania, and one of the largest in Europe, with the contract amounting to more than 83 million Euros.

The building of a construction empire

J&P-Avax S.A.

J&P-Avax S.A. is Greece's second largest contractor and concession operator. Rising to this position in a country widely known as one big construction site is no easy feat, as the competition is fierce. Nevertheless, J&P-Avax maintains this spot with seeming ease, all the while expanding its presence abroad.

Constructing a booming company

Formed in 2000 by the merging of three of Greece's largest construction companies, J&P-Avax is listed on the Athens Stock Exchange (ASE) and its strategic shareholder, the J&P Group, controls 47.7 percent of the company's equity. Meanwhile, the remaining shareholders consist of Greek institutional investors (9.2 percent), international institutional investors (9.6 percent), retail investors (10.2 percent), and private investors (23.3 percent).

In 2005, J&P-Avax earned net profits of 12.8 million Euros. In 2006, net profits reached 21 million Euros, a remarkable 64 percent increase year-on-year. Meanwhile, EBITDA went from 35.9 million Euros to 42 million Euros, a noteworthy 16 percent jump in one year's time. Prospects for 2007 suggest that the company may raise the bar yet again and generate 30 million Euros in net profits and 56 million Euros EBITDA.

J&P-Avax's concession portfolio accounts for approximately 75 percent of its market capitalization, which currently amounts to almost half a billion Euros. In an effort to generate turnover of 600 million Euros by 2010 from construction activities alone only, the company is shifting its efforts away from building and civil works projects, which seem to produce lower profit margins, and directing its attention to high-margin and growth activities like industrial projects. This shift in focus will also assist the company in more evenly balancing its revenue sources.

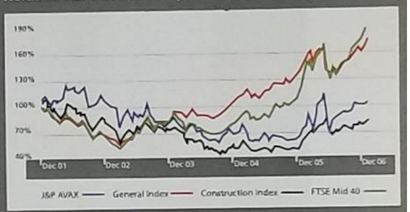
Building on international alliances

Active in 10 countries in Europe, Africa, and the Persian Gulf, J&P-Avax is a veteran player in the international arena. The

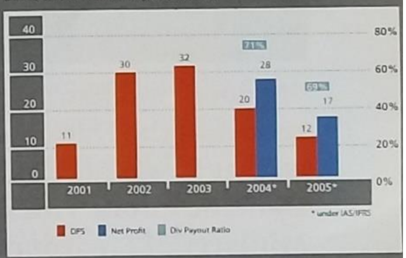
"J&P-Avax's concession portfolio accounts for approximately 75 percent of its market capitalization, which currently amounts to almost half a billion Euros."

company's proven participation internationally has been especially important the last three years, as activity in the Greek construction sector slowed down in 2005 and 2006. The Greek government shifted its attention away from public works after fueling an urgency and intensity in the construction sector in 2003 and 2004 due to preparations and projects for the 2004 Olympic Games held in Athens. Although Greece will remain J&P-Avax's main market at least through 2010, the company projects that by that time only 60 percent of total revenues will derive from projects in Greece, whereas in 2005 more than 80 percent of the company's revenues came from projects in Greece. Simultaneously, the company will narrow its scope in Europe, removing itself from two countries and increasing its overseas presence in Cyprus, Poland, and Romania.

Relative J&P AVAX Shareprice / Index Change



Dividend Per Share (in € cents)



J&P AVAX Closing Price / Volume

Construction company goes global with huge financial gain

Michaniki S.A.

"In 2006, Michaniki S.A. won the bid to renovate the National Theatre in Athens, as well as a 74.6 million Euro contract with the Hellenic Public Works Service division of the Ministry of Environment."

The Michaniki Group was one of the first Greek construction companies to implement a strategy of multifaceted activities achieving synergies and economies of scale. Its subsidiaries are active in both the public and private sectors, with construction being the group's focus. Other sectors in which the group is active include energy, real estate, marble production, wood processing, and pipe manufacturing. As a long-term goal, the Michaniki Group seeks to expand into new profitable markets complimentary to the construction sector, which will allow lower operating costs and economies of scale.
Leading the Michaniki Group in its successful endeavors is parent company Michaniki S.A., which has found pursuing contracts both at home and abroad to prove profitable for both the company and its shareholders. While Michaniki S.A.'s primary activities are the study and implementation of technical, public, and private construction, the company is also able to produce and distribute a variety of building materials. Such diversification allows the overhead costs to decrease and profit margins to widen.

Making its presence known internationally

Michaniki S.A. has branched out with public works projects in Albania, Bulgaria, Former Yugoslav Republic of Macedonia (FYROM), Kosovo, and the Ukraine. Representatives from Michaniki S.A. were on hand at the recent Moscow Real Estate Forum (MREF) in the autumn of 2006 to promote four large-scale projects. Two of the projects are being built in Odessa, Ukraine: the "Athena Commercial Centre" is a 30,000 square foot shopping plaza, while "Odessa's Dream" is a recreational and park complex located along the city's harbor by the Black Sea.
The third project, "Artemis," incorporates a shopping plaza, offices, two apartment towers, and a huge underground parking lot and will be built in Kiev, Ukraine. The fourth project, entitled "Chimki Gate," will be a prominently-located, multi-purpose building complex in Moscow, Russia.

A showcase of Greek construction capabilities

The quality and magnitude of projects delivered by Michaniki S.A. include some of Greece's most significant infrastructure works. The company's expertise was put to the test with the construction of both the Olympic Village and the Olympic Press Centre for the 2004 Games in Athens. The Papageorgiou General Hospital in Thessalonki and the Rhodes Casino are among its most prominent works in Greece. In 2006, Michaniki S.A. won the bid to renovate the National Theatre in Athens, as well as a 74.6 million Euro contract with the Hellenic Public Works Service division of the Ministry of Environment. Buildings, railway lines, tunnels, highway sections, dams, and hydraulic works are all within the capabilities of this much-diversified company.

Strong contracts build a bright future

Listed on the Athens Stock Exchange (ASE) since 1990, Michaniki S.A. has a free float greater than 60 percent with more than 60,000 shareholders. The bid to renovate the National Theatre was but one of a multitude of contracts the company signed in the year 2006, contributing to a net profit increase of 3.1 percent.
The company's EBITDA rose an astounding 60.2 percent to 26.9 million Euros in 2005 from 16.82 million Euros in 2004. Its net profits rose from 12.5 million Euros in 2005 to 12.8 million Euros in 2006. With contracts equaling 294.6 million Euros going in to 2007, Michaniki S.A. stands poised to be a construction force on the world market.

Paving the way for responsible, profitable, long-term growth

Titan S.A.

Titan S.A. is the sole Greek-owned company producing cement in Greece. After more than a century in business, it still does not have a single domestic competitor. The company does not limit itself to the Greek market, however, and has strategically sought successful alliances with other companies internationally.
With a market share of approximately 40 percent in Greece, Titan consistently ranks high among the country's 10 largest private companies. Listed on the Athens Stock Exchange (ASE) since 1912, the company's main objectives since it was founded have been to achieve and successfully maintain multiregional operations, become known as an independent force in the global construction materials market, and run its business efficiently and competitively with respect for individuals, society, and the environment. It would not be an exaggeration to say that Titan is accomplishing its goals.

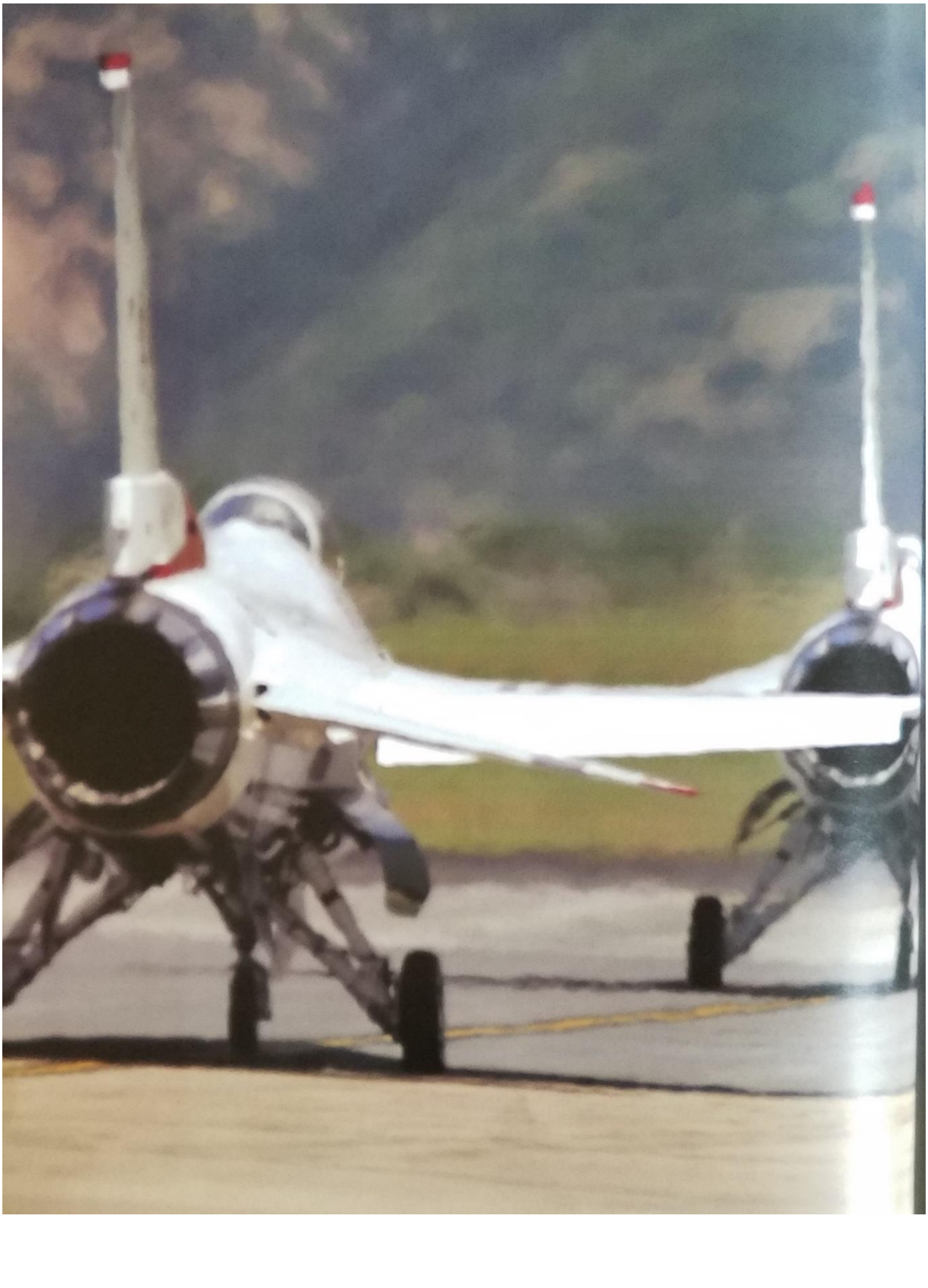
Engaging in multiple activities across multiple regions

Titan now owns and operates 11 cement production facilities in Greece, Bulgaria, Egypt, The Former Yugoslav Republic of Macedonia (FYROM), Serbia, and the United States (US). Together the units produce more than 15 million tons of cement per year, six million of those in Greece.
Along with the cement production facilities, Titan also owns seven cement distribution centers in Egypt, France, Italy, the United Kingdom (UK), and the US.
Titan made a decision a few years ago to buy fly ash processing plants on the East Coast of the US, finding this industry one that was both innovative and environmentally sound. Today, the company is the worldwide leader in carbon fly ash benefication technology.
When it comes to Corporate Social Responsibility (CSR), Titan's leaders do not simply talk the talk, they walk the walk.
In addition to finding ways to make protecting the environment profitable, as the company did with supporting the fly ash innovation, Titan has taken on a leadership role in other CSR endeavors. For example, Titan was the first Greek company to sign the United Nation's (UN's) Global Compact Initiative, is currently the only Greek member of the World Business Council for Sustainable Development, and was declared by Fortune magazine to be one of the "top 10 great companies to work for" in Europe.

Producing results even the mythical Titans would admire

Consistently delivering strong results, Titan has produced significant return for its shareholders. Between 1995 and 2000, shareholder annual compound return rose 845 percent, while between 2000 and 2005 it rose 85 percent. With dividends reinvested, shareholder return still increased 27 percent and 13 percent in those respective five-year timeframes. Titan has proven itself to be a good investment for the long term.
In 2006, Titan's turnover rose 18 percent from 2005 results to total 520 million Euros. Simultaneously, its EBITDA reached 173 million Euros, a 21 percent increase year-on-year. Net profits of 105 million Euros were actually slightly below those of 2005, due to an abrupt shift in the US housing market and lower demand for cement in that market. Nevertheless, full earnings-per-share of the company's stock in 2006 were 3.07 Euros, compared to 2.50 Euros in 2005.
Now Titan is preparing to meet the challenges of a still-slow housing market in the US by focusing its energies on its other investments. As one of the companies benefiting most from the real estate and construction boom in Southeastern Europe, the company is in a prime position to reap the benefits of diversification.

"Titan was declared by Fortune magazine to be one of the "top 10 great companies to work for" in Europe."



Defense and Security

Sector Overview:

The defense industry is one of the most dynamic and influential sectors in today's global economy. More and more we are seeing multinational companies expanding their production to previously untouched corners of the world, as well as building partnerships with local companies everywhere they do business. Greece's defense industry is a perfect example of this shift in the global defense sector. Through the transfer of technological expertise, offsets, and creative collaborations, Greece's domestic market is both contributing to and benefiting from the international defense industry boom. A concern, however, is that there are far too many small companies in the Greek market which are not able to compete in the international arena; the Ministry of Defense's (MOD's) response to this has been to promote consolidation within the sector.

A shift in production focus and spending

The MOD has allocated \$3.5 billion over the next decade to defense spending, a huge chunk of which will likely cover the costs of orders for new fighter jets. Thirty F-16s have been ordered from Lockheed Martin and are being co-produced by Hellenic Aerospace Industry (HAI), a company originally supported in being established by Lockheed Martin itself. Meanwhile, due to the absence of significant end-product capabilities, the Greek defense industry has shifted from procuring complete weapons systems to exploring the domains of new technologies like electronics, software, hardware, communications, and logistics for military applications.

Greek and European defense industry growth

There are currently approximately 150 companies, employing more than 18,000 people, active in the Hellenic defense sector. With limited growth available domestically, they are seeking other markets in which to expand, and are becoming more competitive in the international arena. Fortunately, the European annual rate of development in the defense sector presently hovers around 7.5 percent. With support from the MOD's new procurement law, which requires participation from the Greek defense industry in any new armament programs, Greek companies are also at least protected against a complete shut-out by longer-established multinationals. Indeed, the percentage of local companies' contribution to Greek armament programs has increased steadily from barely two percent about 15 years ago to more than 16 percent today.

Adaptation the key to winning the game

A primary objective for the MOD and all involved in the Greek defense sector is to adapt quickly to the ever-changing international defense and security environment by investing in new technologies, forming strategic partnerships, and reducing costs in order to remain competitive. Competition is not only with other European companies any longer, either; now, Greek companies must survive in an arena where they are bidding against long-established United States (US)-based companies. Small and medium sized enterprises (SMEs) have managed to survive thus far due to large orders from the Greek government and offsets with leading multinationals. What remains to be seen now is whether or not the industry will manage to thrive despite the significant challenges facing it both within and beyond Greek borders.

Defending Greece, enhancing regional stability

Ministry of National Defense

"The Ministry of National Defense (MOD) takes pride in promoting security in Greece and the region as a whole with confidence, optimism, faith, and determination."

For a country located smack dab at the crossroads between Europe, Asia, and Africa, Greece enjoys many advantages and manages many potential threats to its security simply due to its geographical position. As a result, although Greece's political leaders have built and actively nurture close, mutually-beneficial relationships with the leaders of most neighboring countries, Greece still relies on the maintenance of a modern and powerful military to safeguard the country's security in a historically unstable region. The Ministry of National Defense (MOD) is responsible for promoting security in Greece, and many rely on it to preserve relative harmony throughout the region as a whole.

Protecting the future of Southeastern Europe

Greece's geo-military positioning is widely recognized as an important factor for stability and security in the broader region. Hence, the MOD's primary objective is the management and development of Greece's armed forces into both a protector of national security and an effective might for preventing trouble in the region at large.

In July 2006, a Code of Conduct was introduced in the EU to specify defense procurements for each member country. The intention of the new code is to increase transparency and competition in Europe's defense armaments market with the ultimate aim of providing the European Union (EU) member countries' respective armed forces and taxpayers better value for money spent in this area.

Cooperating with international security organizations

Due to the MOD's cooperation with the European Defense Agency (EDA), medium-sized Greek defense companies have found conditions favorable for their success when competing with the larger, more established businesses of the European defense market. The MOD acts, therefore, as a connection between the Greek defense industry and the European defense market in terms of both the operational and industrial segments.

It also participates as an equal member in all the arms of the European Security and Defense Policy, and its contribution to the advancement of the European capabilities for crisis management – military and non-military alike – is substantial. In fact, Greece took a leadership role in encouraging the development of a European Security Strategy in 2003, which the EU thereafter established and which now guides the actions of the EU's security branches in facing possible threats.

Moving beyond "the Turkey problem"

The MOD's main intention is to develop and maintain a forward-looking national military strategy based on the most modern and useful technologies. This strategy incorporates rapid response techniques and is accomplished in conjunction with training programs within the armed forces. This has become more of a challenge, however, since defense spending decreased from 4.1 percent of GDP to 2.8 percent. Although this is already a significant decrease, Minister of Defense Evangelos Meimarakis aims to further reduce this percentage to a mere one percent of the country's budget.

In fact, one of the MOD's main priorities is to reduce expenditures while continuing to procure the most modern, technologically-advanced defense products. One way the MOD is doing this is through promoting offsets, reciprocal trade agreements that make it possible for Greece to increase its capabilities while simultaneously employing and training members of the domestic defense sector to develop expertise in the market. There is an added cost for the offsets built into the contracts, but the trade-off is worth it as the local industry benefits through knowledge transfer. Greece is not unique in this approach, either; the use of offsets has become the norm among defense-related trading partners worldwide.

The Minister of National Defense, Evangelos Meimarakis, has stated that in today's interdependent global environment, a threat against one is a threat against all, whereas security for one means security for all. Standing by this belief will require some major shifts in Greece's policy regarding Turkey, and if the MOD is successful in instigating these shifts, the entire region will benefit.

Hellenic Aerospace Industry

Founded in 1975, Hellenic Aerospace Industry (HAI) is now the largest state-owned aerospace and defense company in all of Greece. Determined to exploit the free-market practices promoted by the European Union (EU), HAI has contracted with numerous foreign companies in an effort to reduce its reliance on the Greek market. Today, HAI earns approximately 67 percent of its business from foreign customers.

"Hellenic Aerospace Industry's track record is validated by its significant presence in the global defense and aerospace industries both on the level of supplier and on the level of manufacuring partner."

Experience that counts

If the leadership of the EU ever buys into the argument that Europe cannot have more political weight in the global arena if it does not invest more in military might, companies like HAI will have an advantage in bidding wars. HAI has more than three decades of experience operating inside a country which has traditionally spent more of its budget on defense with relation to GDP than other European countries due to persistent tensions with Turkey.

As Greece gradually reduces its expenditures on defense, having established contracts in other markets and nurturing international partnerships will assist HAI in avoiding the usual pitfalls and losses associated with decreased national defense spending. After all, the company's track record is validated by its significant presence in the global defense and aerospace industries both on the level of supplier and on the level of manufacuring partner.

The benefits of synergistic progress

Lockheed Martin is among the international manufacturers that have invested in HAI's facility expansion. It has provided valuable assistance to HAI in developing technologies through the companies' F-16 co-production program. Additionally, Pratt and Whitney has partnered with HAI to found the company's First Source Aeroengines Services. This joint venture is intended to manage the maintenance, repair, and overhaul (MRO) of various components of commercial and military engines in operation worldwide.

Another of HAI's touted partnerships involves it operating one of the world's six T56 Engine Authorized Maintenance Centers (AMCs) under certification by Rolls-Royce. The company also operates AMCs for Lockheed Martin's C-130 aircraft, SNECMA's M53 engine, and Honeywell's T53 engine.

Today, HAI is expanding its efforts to form long-lasting strategic alliances and business ventures with leading international companies in the defense and aerospace industries. Its aim is to add value to global high-technology programs that will inspire long-term synergies. If the company continues to offer the reliable high-quality services and products for which it has earned a stellar reputation, achievement of this goal seems certain.

Unification of two industry leaders produces a giant

Hellenic Defense Systems S.A.

Hellenic Defense Systems S.A. (EAS) was established in 2004 by the merging of Hellenic Arms Industry S.A. (EBO) and Greek Powder and Cartridge Company S.A. (PYRKAL). A state-owned manufacturing group of companies, EAS boasts a state-of-the-art manufacturing system capable of producing a whole range of weapons systems.

A manufacturing machine

EBO owns and operates five plants in Greece, among which approximately 1300 people are employed. Producing an enormous range of products including small arms, mortars, cannons, weapon systems, missile systems, military garments, and body armor vests, the company has earned a reputation both domestically and abroad for high quality and reliability, two of the most important factors separating the winners from the losers in the defense industry.

In order to ensure conformance with international requirements and specifications, EBO has developed and actively maintains a strict quality system, complying with NATO standards AQAP-110 and international standard ISO 9001. The company's quality system itself has also been certified by the Hellenic Organization for Standardization (ELOT). With a well-organized infrastructure in place, it is now aggressively pursuing industrial collaborations with leading international companies.

A successful future built on a strong past

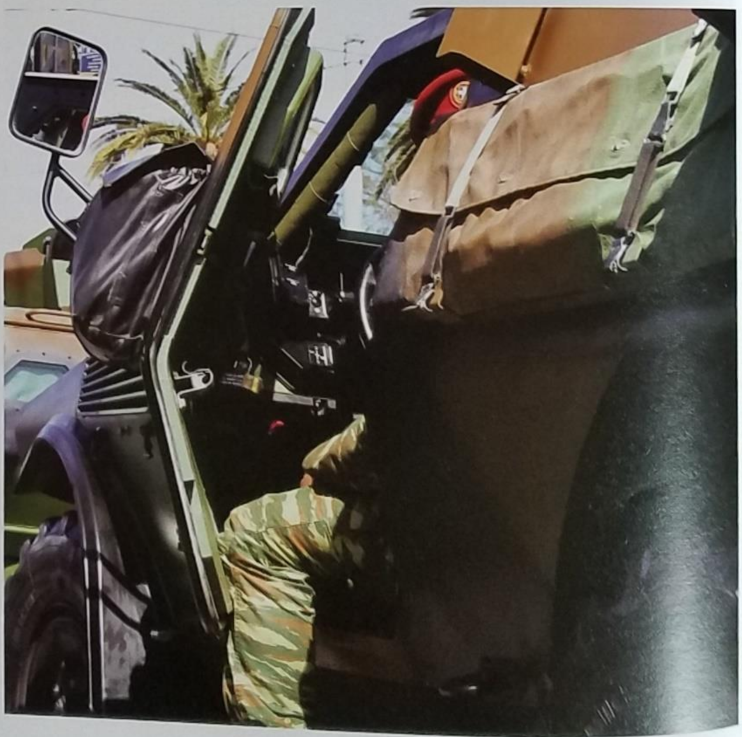
PYRKAL, the other branch of EAS, is the oldest company in Greece's defense industry. Founded in 1874, the company was originally designed to produce propellant powder, explosives, and small arms ammunition.

Since 1982 PYRKAL has been the Hellenic Armed Forces' exclusive Greek supplier of a wide range of conventional ammunition.

At the 2006 Defendory International exhibition, EAS participated in a manner that made it stand out from all the other companies exhibiting products. Its innovative products pertaining to renewable energy sources and hydrogen-based technologies drew discernible attention, especially an original hydrogen fuel cell power generator that was run throughout the entire five-day exhibition. Officers from Greece's various military branches showed particular interest in the generator, as it is noiseless and releases zero emissions.

Clearly, the unification of EBO and PYRKAL was a smart move on the part of the Greek government. The combination is explosive and will no doubt prove a challenge to competitors.

"A state-owned manufacturing group of companies, Hellenic Defense Systems boasts a state-of-the-art manufacturing system capable of producing a whole range of weapons systems."



Delivering dependable defense electronic systems to the international market

INTRACOM Defense Electronics

INTRACOM Defense Electronics is Greece's largest defense electronic systems provider and is a subsidiary of INTRACOM Holdings, one of the largest multinational technology groups in Southeastern Europe with 535 million Euros in sales and 5700 employees. The company designs, develops, and manufactures state-of-the-art military communication systems; encryption devices; command, control, and communication systems; missile electronic components; radars and simulators software; and test equipment, among other defense electronics products and applications. Furthermore, INTRACOM Defense Electronics provides full customer technical support as well as maintenance and support for manufactured and supplied products and systems.

Expanding presence abroad

Participating in various domestic and international research and development programs and engaging in co-production of defense electronic systems, INTRACOM Defense Electronics operates as one of NATO's vendors. The company designs its products and services applications to meet international requirements and specifications and currently has customers in Belgium, Cyprus, France, Germany, the Netherlands, Spain, Sweden, and the United States (US). In fact, more than half of the company's sales are made to companies outside Greece.

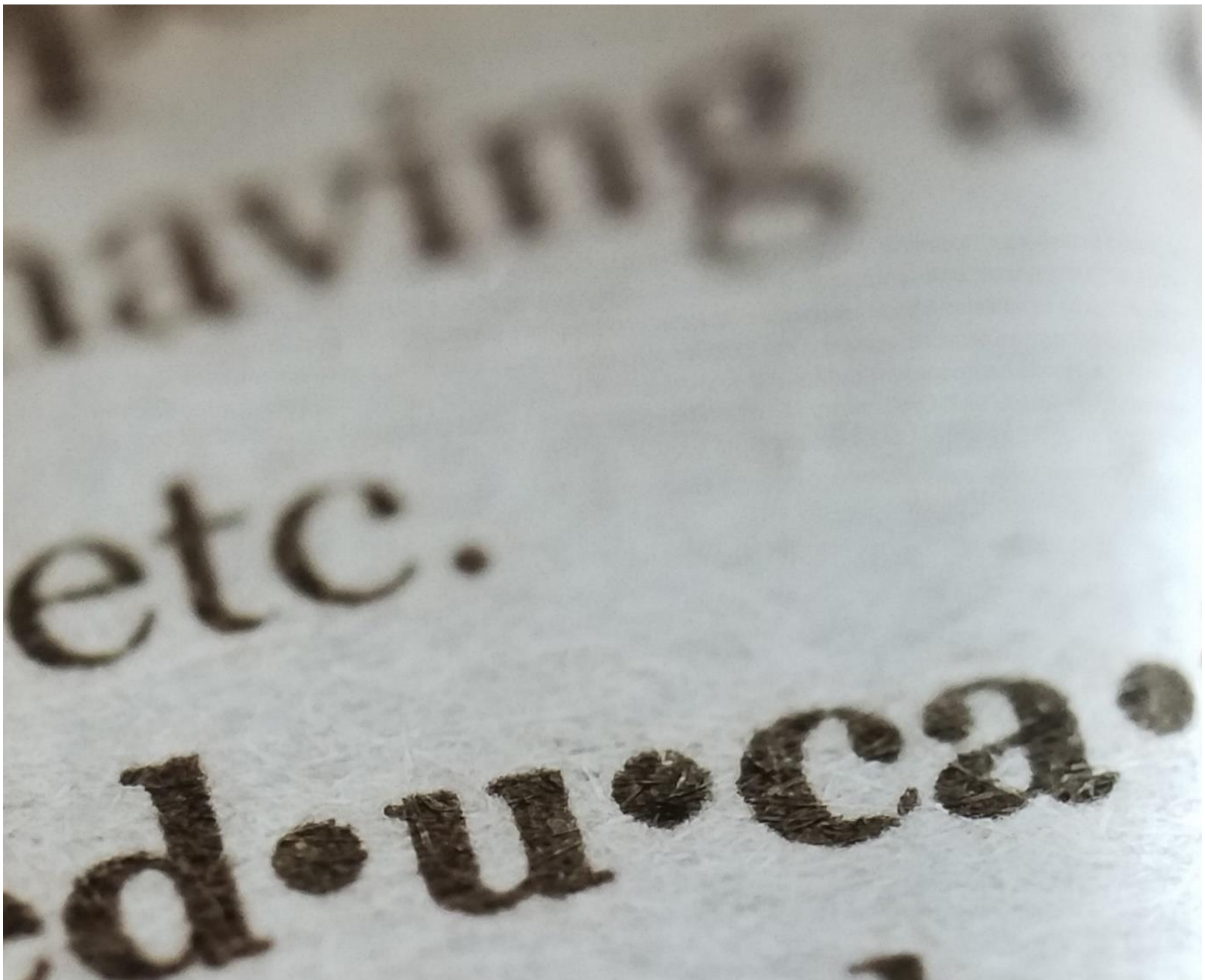
Among the company's most recent and significant developments is the signing of two new agreements with Northrop Grumman and Raytheon to manufacture aircraft radar and self-protection systems for use by the Hellenic Ministry of National Defense (MOD) and the international market. The company has also recently signed a three-year contract including an option for two more years with NATO Maintenance and Supply Agency (NAMSA) for the repair and support of the European and US Patriot missile systems located in Europe. An additional signing of a Basic Order Agreement with the NATO Consultation, Command and Control Agency (NC3A), places INTRACOM Defense Electronics among the preselected list of suppliers.

Taking care of the local market

As INTRACOM Defense Electronics confidently pursues additional collaborations and export opportunities with leading multinational defense companies, it continues to effectively utilize MOD procurements to capitalize on its expertise in the defense industry. In addition to being Greece's largest manufacturer of defense electronic products, systems, and applications the company supplies every branch of the Hellenic Armed Forces with its products and services, concentrating primarily on the MOD's armament needs.

"More than half of INTRACOM Defense Electronics' sales are made to companies outside Greece."

Over the course of 14 years of reliable and high-quality results produced both in Greece and abroad, INTRACOM Defense Electronics has established itself as a company willing to invest in excellence. Of its 600 personnel, 60 percent are scientists; hence, the company's investment in research and development is enormous. This strategy has clearly been paying off: annual revenues in 2006 surpassed 78 million Euros, with exports exceeding 67 percent.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