I. Country information

Greece is situated in the South-eastern part of Europe and borders Albania, Bulgaria and Macedonia to the North, Turkey to the East, and is surrounded by the Aegean, Ionian and Mediterranean Seas. Its area is 131,940 sq. m. and comprises the mainland and numerous islands throughout the Aegean Sea.

Greece has a population of 10.7 million. Athens is the capital with almost 4 million inhabitants. The landscape is mountainous and rugged with a highly indented and crenellated coast. The climate in the lowlands is hot and dry in the summer, and rainy in the winter. The mountain areas are much cooler. The official language is Greek, and English, French and German are widely spoken.

Natural resources: bauxite, lignite, magnesite, petroleum and marble.

II. Economic overview

2.1. General economic indicators

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. GDP, GDR bln</td>
<td>25,895</td>
<td>29,861</td>
<td>33,026</td>
<td>35,023</td>
<td>38,223</td>
<td></td>
</tr>
<tr>
<td>2. Real economic growth rate, %</td>
<td>2.1</td>
<td>2.7</td>
<td>3.5</td>
<td>3.5</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>3. Annual inflation rate, %</td>
<td>8.6</td>
<td>8.6</td>
<td>5.5</td>
<td>4.5</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>4. Annual unemployment rate, %</td>
<td>10.0</td>
<td>10.3</td>
<td>10.3</td>
<td>9.8</td>
<td>9.3</td>
<td></td>
</tr>
<tr>
<td>5. General government deficit as % of GDP</td>
<td>10.3</td>
<td>7.5</td>
<td>4.0</td>
<td>2.4</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>6. General government debt as % of GDP</td>
<td>110.1</td>
<td>111.6</td>
<td>106.6</td>
<td>107.8</td>
<td>105.8</td>
<td></td>
</tr>
<tr>
<td>7. Nominal long term interest rates</td>
<td>17.1</td>
<td>14.9</td>
<td>10.3</td>
<td>9.5</td>
<td>7.5</td>
<td></td>
</tr>
<tr>
<td>8. Investment as % of GDP</td>
<td>18.6</td>
<td>19.8</td>
<td>20.7</td>
<td>22.6</td>
<td>24.3</td>
<td></td>
</tr>
</tbody>
</table>

Sources: The Hellenic Center for Investment, Eurostat, and Hellenic Export Promotion Office

Monthly wages vary from USD 550 to USD 8,125 according to the qualification and the management position of the staff. Greece has the second lowest labour cost in the European Union at USD 8.9 per hour.

2.2. Foreign trade

2.2.1. Foreign trade regime

After becoming a member of the European Community (1981), Greece has adapted its foreign trade policy, and both import and export regimes are since then in line with EU regulations.

2.2.2. Exports and imports

Source: National Statistical Service of Greece

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports, USD bln</td>
<td>8.4</td>
<td>9.4</td>
<td>10.9</td>
<td>11.3</td>
<td>11.1</td>
<td>12.4</td>
</tr>
<tr>
<td>Imports, USD bln</td>
<td>22.0</td>
<td>21.5</td>
<td>25.6</td>
<td>27.1</td>
<td>27.1</td>
<td>27.7</td>
</tr>
</tbody>
</table>

The main export destination in 1998 has been the European Union (56%), the biggest partners being Germany (25%), Italy (11%), UK (8%) and France (6%). USA accounts for 16% of total exports.

The EU has again been the main import partner in 1998 (61% of total imports) - Italy (16%), Germany (16%), France (8%), UK (7%), Netherlands (5%). USA accounts for 11% of total imports.

2.2.3. Structure of foreign trade by commodities (imports and exports)
IV. Taxation

4.1. Taxes on Corporate Income

4.1.1. General
Corporations (SAs) and limited liability companies (EPEs) are taxed on total annual profits before distribution of dividends, profits to directors, and profits to employees/workers. Profits are taxed only at the company level. Group taxation is not permitted. There is no withholding tax on dividends or otherwise distributed and no income tax in the name of the EPE members. If total annual profits of SAs and EPEs include dividends or profits from participation in other companies, these profits are excluded from the taxable profits. If total annual profits include tax-free income or income taxed on the basis of special regulations with termination of the related tax liability, taxable profits are adjusted accordingly.

Domestic SAs and EPEs are subject to income tax at the following rates on total profits less allowable transfers to tax-free-reserves as follows: (i) for domestic corporations with registered or bearer shares not listed at their financial year-end on the Athens Stock Exchange, domestic banking corporations, and purely credit cooperatives - 40%; (ii) for domestic corporations listed at their financial year-end on the Athens Stock Exchange - 35%; (iii) for domestic EPEs\(^1\) - 35%. The above rates are reduced by 40% for profits of companies derived from activities carried out on islands with less than 3,100 inhabitants.

---

2.3. Privatisation
Privatisation takes the form of sale of shares or assets, listing on the Athens Stock Exchange, restructuring or merger. More than 100 state-owned companies have been privatised in the recent years. The structural reform in Greece is aimed to support the commitment to adopt the Euro, and is combined with deregulation in the public sector and utilities and accelerated privatisation.

2.4. Foreign investment
The cumulative value of FDI is estimated to be a little more than USD 13.0 billion as of 31 December 1998. The EU countries are the biggest investors (92% of the total). Other European countries have registered 5% of the total FDI inflows to Greece, USA - 2%, and Asian countries - 1%.

Among the EU countries the biggest investor is the Netherlands (32% of the total), 24% of the foreign investments have come through Luxembourg, France is third with 17%, followed by Germany (10%), UK (4%), etc.

**Government institutions in the field of foreign investment**

**ELKE - The Hellenic Center for Investment** - a one-stop-shop institution established in 1996, with main function to seek, promote and support foreign investment in Greece and international alliances with Greek companies. ELKE is funded jointly by the EU and the Greek Government.

ELKE promotes Greece as a favourable business location and presents the existing investment opportunities; it offers counseling services and provides up-to-date information on the local regulatory and institutional framework; supports the investors during the implementation stage of their projects - gives assistance with securing necessary licenses and supports during all stages of the administrative procedures.

ELKE is empowered to receive and handle cash grant applications for projects with total cost exceeding GRD 3 billion or GRD 1 billion if at least 50% of the equity is in foreign capital.

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III. Establishing business in Greece

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General partnership (OE)</td>
<td>Unlimited liability, no founding capital.</td>
</tr>
<tr>
<td>Limited partnership (EE)</td>
<td>General partners have unlimited liability while limited partners have unlimited liability; no founding capital.</td>
</tr>
<tr>
<td>Limited liability company (EPE)</td>
<td>One or more shareholders; minimum capital GRD 3,000,000; minimum contribution GRD 10,000; limited liability.</td>
</tr>
<tr>
<td>Joint-stock company (AE)</td>
<td>Two or more shareholders, minimum capital GRD 10,000,000 for companies incorporated simultaneously and GRD 100,000,000 for companies incorporated successively, nominal value of each share - at least GRD 100, but no more than GRD 30,000; 25% of the capital paid in before the registration, limited liability.</td>
</tr>
</tbody>
</table>

---

IV. Taxation

4.1. Taxes on Corporate Income

4.1.1. General
Corporations (SAs) and limited liability companies (EPEs) are taxed on total annual profits before distribution of dividends, profits to directors, and profits to employees/workers. Profits are taxed only at the company level. Group taxation is not permitted. There is no withholding tax on dividends or otherwise distributed and no income tax in the name of the EPE members. If total annual profits of SAs and EPEs include dividends or profits from participation in other companies, these profits are excluded from the taxable profits. If total annual profits include tax-free income or income taxed on the basis of special regulations with termination of the related tax liability, taxable profits are adjusted accordingly.

Domestic SAs and EPEs are subject to income tax at the following rates on total profits less allowable transfers to tax-free-reserves as follows: (i) for domestic corporations with registered or bearer shares not listed at their financial year-end on the Athens Stock Exchange, domestic banking corporations, and purely credit cooperatives - 40%; (ii) for domestic corporations listed at their financial year-end on the Athens Stock Exchange - 35%; (iii) for domestic EPEs\(^1\) - 35%. The above rates are reduced by 40% for profits of companies derived from activities carried out on islands with less than 3,100 inhabitants.

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In the image, the text contains information about tax regulations in Greece. Key points include:

- **Depreciation**: Calculated based on the straight-line or declining-balance method on acquisition value, increased by additions and improvements. Consistency is required.
- **Net Operating Losses**: Can be carried forward for five years. Carrybacks are not permitted.
- **Payments to Foreign Affiliates**: Royalties, interest, and service fees are deductible under certain conditions.
- **Deductible Expenses for Taxes**: Other than income and real estate tax, recognized as deductible only if supported by related tax returns.
- **Donations**: To government and religious organizations, deductible under specific conditions.

**4.1.3.2. Other Items Reflecting on the Income Determination**

- **Inventory Valuation**: Stated at the lower of cost or market (replacement value). LIFO, when permitted, is not used.
- **Capital Gains**: Derived from sales of any rights connected with operations of an enterprise (leasing or sublicensing, trademarks, and similar rights).

**4.1.4. Tax Incentives**

- **Inward Investment**: For promotion of national production or contributing to economic development, may obtain tax rate freezing.
- **Capital Investment**: For new investors in eligible companies (manufacturing, mining, agriculture, etc.), technology services, and tourist companies.

Goodwill realized through mergers of domestic companies made using incentive laws is not taxable.
ing eligible investments in certain areas, are entitled to 100%, 70% and 40% income tax exemption (tax-free reserve).

- Other incentives provided as follows:
  - From January 1, 1997 through December 31, 2001, exporting companies, companies making international transports and companies rendering services abroad are permitted to make a deduction from their taxable income within certain limits;
  - Commercial enterprises acting as agents of foreign companies that export Greek products in exchange for foreign products are entitled to reduce commission income by 3% in computing taxable income;
  - Manufacturing companies processing products for export on behalf of foreign companies may also reduce service fees by 3% in computing taxable income;
  - A percentage of the total nondistributed profits of eligible companies can be transferred to a tax-free reserve for participation in productive investments under certain conditions;
  - To meet promotion and advertising expenses, hotel enterprises, camping centers and general tourist offices are entitled to special deductions under certain conditions (related to income derived from foreign guest mainly). The location of the hotel or tourist office is immaterial, and it need not provide supporting documents;
  - The government provides income tax and certain other tax and customs duty exemptions to foreign enterprises established under Law 89/1967. The activities of these enterprises must be conducted outside Greece.
  - To protect the traditional local shipping industry, the government exempts Greek shipping enterprises from income tax.

4.2. Taxation on individuals

4.2.1. Territoriality and residence
Income tax is payable by all individuals earning income in Greece, regardless of citizenship or place of permanent residence. Permanent residents are taxed on their worldwide income. Individuals residing in Greece under certain circumstances indicating intent to remain permanently are considered permanent residents, but this intent must be apparent from objective evidence.

4.2.2. Employee’s gross income
Non-resident aliens are taxed on salary earned for work performed in Greece regardless of where payment is made and regardless of whether it is remitted. They are not taxed to the extent their compensation relates to services performed outside Greece. All fringe benefits are normally considered taxable income to the employee. However, company-provided housing and furniture given to executives could be considered in the tax courts as non-taxable income. Similarly, tuition for children could also be considered nontaxable income.

4.2.3. Capital gains and investment income
Capital gains derived from sales of any rights connected with the operations of a business (sole trader) such as the right of leasing or subleasing, trademarks or patents and similar rights, are subject to income tax at 30% (25% on any lump-sum collected by the lessor from the lessee over and above the rentals of land and buildings), and realized goodwill, including gains on a business (sole trader) sold as a whole, is subject to income tax at a 20% rate. Dividends paid to shareholders are not taxed in their names because the underlying profits have already been taxed in the name of the distributing corporation. Exemption is applicable to dividends from mutual funds and investment companies. Interest on deposits of any kind with local banks is subject to a 15% income tax withheld at source. Interest on government treasury bills and bonds issued after December 31, 1997 is subject to 10% income tax withheld at source (7.5% for those issued within the period from January 1 through December 31, 1997). Effective January 1, 1999, interest earned from Greek government bonds by non-residents of Greece is exempt from taxation (10%). Gains earned by private individuals and sole traders (not keeping double-entry accounting records) on the sale of shares listed on the Athens Stock Exchange are not taxable. Since January 1, 1999, gains from the sale of shares listed on a foreign stock exchange or other internationally recognized exchange, are also exempt from capital gains tax. Income earned from contracts or transactions on derivatives of financial products is subject to a withholding tax of 15%, provided the beneficiary is a resident of Greece and is not an entrepreneur that keeps double-entry accounting records. This withholding tax (7.5%, 10%, 15%, or 20%) terminates the income tax liability for such income.

4.2.4. Business and non-business deductions
As a general rule there are no business deductions allowable, because business-related expenses would be reimbursed by the employer.

The following main instances of non-business expenses are tax deductible within certain limits: medical and hospitalization expenses; annual main residence rentals; life and accident insurance premiums; the annual amount paid for private lessons at home or tutorial schools; accrued interest on mortgage housing loans from banks.
and certain other credit organizations for the purchase of a main residence; 30% of the total amount of annual family expenses for purchases of certain goods and services in general; social security payments; stamp tax payments; and, certain donations. Deductible non-business expenses must be supported by official invoices or receipts or by certificates.

4.2.5. Personal allowances
No allowances are available for individual taxation.

4.2.6. Tax credits
Income tax paid in a foreign country is deductible from Greek tax but only on reported income earned abroad and up to the applicable Greek income tax. For those taxpayers who have dependent children certain deductions are provided depending on the number of the children.

4.2.7. Tax rates
Income tax on individual net income and on the corresponding non-taxable amount is calculated according to the table below.
For taxpayers who earn income from salaries or pensions (or both), the amount of the first bracket increases by Dr 300,000 with an equal decrease in the amount of the second bracket of the scale. This provision results in a reduction of Dr 15,000 in the individual's income tax. For non-resident individuals (without a physical presence in Greece) who earn income from sources located in Greece, the tax computed on the basis of the above tax scale is increased by applying the 5% tax rate to the first Dr 2,000,000 of income. EU residents who derive more than 90% of their total income from Greece are eligible to the tax-free bracket.

In addition, for individuals who live permanently on islands with fewer than 3,100 inhabitants, tax rates are as follows:

4.2.7. Other taxes
- Social security taxes - in general, employee contributions to social security are computed at the rate of 15.9% on monthly gross salary, up to certain limits. Employee social security contributions are withheld by the employer.
- Stamp tax - stamp tax of 0.6% is imposed on gross salary. It is withheld by the employer and is a deductible expense for the taxpayer.
- Share transfer tax and mobile telephone subscribers duty - please refer to section 4.6. and section 4.7. below.
- Local taxes on income - no local taxes are imposed.

4.3. Indirect taxation - Value Added Tax
The standard rate is 18%. There is a reduced rate of 8% on basic necessities (4% on books, newspapers and periodicals). Supplies of goods and services to individuals and legal entities subject to VAT and established in European Union (EU) countries (intra-Union supplies) are exempt from VAT. Exports of goods and certain services to non-EU countries are also exempt.

4.4. Contribution tax on capital accumulation
A 1% tax contribution is imposed on capital accumulation (i.e., formation of business companies and joint ventures, capital increase, etc.) by (1) business companies and joint ventures; (2) cooperatives of all degrees and any other form of company, legal entity, or union of persons or society aiming to make profits; and (3) branches of foreign companies (unless of EU origin).

4.5. Special tax on banking activities
As from January 1, 1994 the rate of the special tax on gross revenues of banks (i.e., interest, commissions, discounts, currency or exchange differences, etc.) was reduced from 8% to 4%. Since 1 September, 1997 this rate has been further reduced to 3%.

4.6. Real estate tax
Since 1 January, 1997 a real property tax is assessed on all property owners except those owning certain categories of property, i.e., farming or stock farming expanses, mining rights, timber plantations, and buildings and machinery used in business operations, including hotels. New buildings are exempt for a maximum period of seven years. Hotels are exempt for one-half of their land's value. For legal entities the tax rate is 0.7% and is applicable to taxable value in excess of Dr 69 million.

4.6. Share transfer tax
A 5% transfer tax is levied when legal entities or individuals, resident or foreign, transfer shares not listed on the
Athens Stock Exchange. The tax is calculated on the real value of the shares transferred as this is defined by a decision of the Minister of Finance.

A tax at the rate of 0.3% (increased to 0.6% for sales of shares made since October 8, 1999) is imposed on sales of shares listed on the Athens Stock Exchange. This tax is calculated on the sales value of shares as shown in the table prepared by the brokerage company and is borne by the seller (individuals, corporations, other legal entities, and other groups regardless of citizenship, place of permanent residence or permanent establishment) of the shares. This transaction tax of 0.6% (0.3% up to October 7, 1999) is also imposed on the sales of shares listed on a foreign stock exchange or other internationally recognized exchange made by domestic companies, foreign companies having a permanent establishment in Greece or by Greek resident individuals.

4.7. Mobile telephone subscribers duty

Effective as from 1 February, 1998 a duty is charged to all subscribers (companies or individuals) of mobile telephone companies. This duty is calculated monthly and ranges from Dr 500 to Dr 2,000 per month, depending on the value of the subscriber’s account.

4.8. Withholding taxes and Tax treaties

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Dividends</th>
<th>Interest</th>
<th>Royalties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident individuals and companies:</td>
<td>(1)</td>
<td>20, 15 (2)</td>
<td>Nil</td>
</tr>
<tr>
<td>Nonresident individuals and companies:</td>
<td>(1)</td>
<td>40, 15 (2)</td>
<td>(3)</td>
</tr>
<tr>
<td>Non-treaty</td>
<td>(1)</td>
<td>40, 15 (2)</td>
<td>(3)</td>
</tr>
<tr>
<td>Treaty</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>(1)</td>
<td>Nil, 10 (4)</td>
<td>Nil, 10 (4)</td>
</tr>
<tr>
<td>Belgium</td>
<td>25 (5)</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>40 (5)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Cyprus</td>
<td>25 (5)</td>
<td>10</td>
<td>Nil, 5 (7)</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>(1)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Denmark</td>
<td>38 (5)</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Finland</td>
<td>47 (5)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>France</td>
<td>(1)</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Germany</td>
<td>25 (5)</td>
<td>10</td>
<td>Nil</td>
</tr>
<tr>
<td>Hungary</td>
<td>45 (5)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>India</td>
<td>(1)</td>
<td>35 (3)</td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>(1)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Italy</td>
<td>35 (5)</td>
<td>10</td>
<td>5 (9)</td>
</tr>
<tr>
<td>Korea, Rep. of (8)</td>
<td>15 (5), (10)</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>38 (5)</td>
<td>8</td>
<td>7 (11)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>35 (5)</td>
<td>10 (12)</td>
<td>7 (11)</td>
</tr>
<tr>
<td>Norway</td>
<td>40 (5)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Poland</td>
<td>(1)</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Notes:
The numbers in parentheses in the columns above refer to the notes below.

1. A corporation is taxed on its total annual profits before distributions. Consequently, the profits are taxed only at the company level, and there is no withholding tax on dividends and profits otherwise distributed.

2. Interest earned on deposits with banks operating in Greece, as well as on any kind of bonds and other interest-bearing securities issued by private enterprises, is subject to income tax at the rate of 15% withheld at source. Interest earned from bonds and treasury bills issued on January 1, 1997 and thereafter by the Greek state and interest earned from interest-bearing titles issued in Greece on January 1, 1997 and thereafter by the European Investment Bank, the International Financing Organization, the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, and the Asian Development Bank are subject to income tax at 7.5% (10% for those issued on January 1, 1998 and thereafter). Interest earned by nonresidents on Greek Government bonds after January 1, 1999 is exempt from income tax.

3. Tax withholding is 10% for either film rentals of fixed amounts or film rentals based on a percentage of receipts and 20% for all other payments of royalties and service fees.

4. The rate of 10% is applicable only to majority (over 50%) shareholders.

5. Effective for financial years ending June 30, 1992 and thereafter the withholding tax rates on dividends provided by the double taxation treaties do not apply because the internal law regulations provide for more favorable tax treatment than the double taxation treaties (i.e., no withholding tax on dividends).

6. The treaty is not yet in force.

7. The rate of 5% is applicable only to film rentals.

8. The treaty is effective for income earned as from January 1, 1999.

9. Exemption (nil rate) applies to payments of any kind received as a consideration for the use of or the right to use any copyright of literary, artistic or scientific work, including cinematograph films, or films and tapes for television or radio broadcasting.

10. A rate of 5% is applicable to shareholdings of 25% and above.

11. The rate is 5% if the royalties consist of payments of any kind received as a consideration for the use of or the right to use any copyright of literary, artistic or scientific work, including cinematograph films.

12. If interest is paid to a bank or another financial institution, the tax withholding rate should not exceed 8%.

13. The exemption (i.e., nil rate) applies to the extent the rate of interest does not exceed 9% per annum; the rate of 40% applies to the portion of interest exceeding 9%. In addition, the 40% rate applies to interest payable to an U.S. corporation holding more than 50% of the share capital of a Greek company.

14. The rate of 10% is applicable only to film rentals.

15. The treaty is effective for income earned as from January 1, 2000.
V. Audits and accounting

5.1. Accounting and audit legislation

The aforementioned laws include provisions with regard to:
- accounting principles;
- documentation for the transactions (books and records);
- current and closing valuation of assets and liabilities;
- annual financial statements;
- auditors and certified auditors-accountants;
- classification of companies and entrepreneurs regarding the nature of the services rendered and the annual turnover;
- articles of association.

There are three categories of accounting books and records in Greece: "A", "B", "C".

More specifically, Companies Limited by shares (SA's) and Companies Limited by parts, must maintain books of category C.

On the basis of their annual turnover, Greek companies should maintain A' B' or C' category books, as follows:

<table>
<thead>
<tr>
<th>Annual turnover (GRD)</th>
<th>Category of acc. books</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-25,000,000</td>
<td>A</td>
</tr>
<tr>
<td>25,000,001-300,000,000</td>
<td>B</td>
</tr>
<tr>
<td>300,000,001 and over</td>
<td>C</td>
</tr>
</tbody>
</table>

The maintenance of Category C' accounting books entails the "double entry bookkeeping method".

The remaining companies keep books of category B' (single entry system of bookkeeping).

The companies limited by shares are classified as "big" or "small", based on the following three criteria:
- a. the total amount of assets;
- b. the net annual turnover;
- c. the average number of personnel.

Depending on their classification, the companies' obligations as regards the audit and the publication of annual financial statements vary as follows:
- The audit of a "small" company is carried out by an auditor, holder of a University degree who is licensed to exercise the profession of an economist from the Economic Chamber of Greece.
- The "big" companies are audited by Certified Auditors-Accountants.
- The auditors:
  a. follow up the accounting and administrative position of the company during the financial year.
  b. make the necessary recommendations to the Board of Directors.
  c. advise the Supervising Authority of any violation of the provisions of the law or the Articles of Association.
  d. examine the Balance Sheet and the Profit and Loss Account.
  e. submit their audit report to the annual General Meeting of Shareholders.
  f. attend the General Meeting and provide all information with regard to the audit.

In discharging their duties the auditors shall be held responsible for any fault.

5.2. Accounting principles
The following main accounting principles should be followed:
- True and Fair View;
- Principle of Conservatism;
- Principle of Sincerity;
- Regulation Principle;
- Going Concern Assumption;
- Principle of Non-Compensation;
- Monetary Unit Assumption;
- Consistency Principle;
- Disclosure Principle;
- Valuation of the balance sheet items.

5.3. Valuation of the balance sheet items
1. The figures of the annual financial statements must derive from property assets, which have been valued in compliance with the prevailing rules. The valuation is effected on the basis of the principle or the acquisition value or the production cost and also on the basis of the following principles:
   a. The continuation of the activity of the Company is considered as given;
   b. The valuation methods are applied consistently without change from one financial year to the other;
   c. The principle of conservatism is applied constantly and in particular:
      - only the profits realised in its duration are included in every financial year;
      - all the likely risks and all the likely losses related to the closing financial year, or the previous years are taken into account, even if the relevant indications have begun to manifest themselves after the end of the closing year, but within the period...
of completion of the closing entries related to the balance sheet,
- the necessary depreciation and provisions are made irrespective of whether a net profit or loss derives from the financial year in question during the financial year;
d. Income and expenses occurring in the year are deemed to have been effected within this period irrespective of the time of their receipt or payment;
e. The property assets of the accounts related to assets and liabilities are evaluated separately and as specified in the following paragraphs;
f. The opening figures of the accounts related to the assets are in concordance with the closing balance sheet of the previous financial year.

2. Deviation from the principles of the previous paragraph 1 is permitted only in exceptional cases. Every such deviation shall be specified in the appendix and properly justified, where its effects on the property structure, the financial position and the profits and losses of the Company are specified.

3. a. Amounts related to installation expenses (many year depreciation) of the categories «establishment and first installation expenses» and «loan interest related to the construction period» as well as the amounts of the accounts entitled «expenses related to the capital increase and the floating of bond loans», «expenses for the acquisition of fixed assets», «reorganisation expenses», and «other expenses of many year amortisation», of the category entitled «other installation expenses», are depreciated, either once, or in instalments and in equal amounts within a five-year period.
b. Bonds issued by the Company appear in the liabilities at the price at which the Company must pay them off. The differences deriving from the sale of bonds at a lower price from their nominal one, are recorded in the account entitled «differences from the issuance and redemption of bonds», of the category entitled «other installation expenses». These differences are paid off in instalments of equal amounts after the maturity of redemption of the bond loan.
c. The foreign exchange differences deriving from the payment or the evaluation in GRD of liabilities from loans or credits in foreign currency, provided these loans or credits have been used exclusively for the acquisition of fixed property assets, are recorded in the account of the category installation expenses (of many years) entitled «foreign exchange differences for the acquisition of fixed assets» and are paid off in instalments depending on the remaining normal duration of the loan or credit.

The figures and the accounting treatment of the above foreign exchange differences related to the financial year shall be specified in the appendix.

d. Until the full amortisation of all the installation expenses (of many years) any distribution of profits is prohibited, except if the non amortised balance of these expenses is less than the total of the option-al reserves and the balance of profits carried forward.
e. The figures appearing in the installation expenses (of many years) related to the year in question shall be analytically broken down and explained in the appendix.

4. a. The provisions of cases a, d, and e of the previous paragraph, e also apply to research and development expenses of the accounts entitled «research expenses related to mines-ores- quarries» and «expenses of other research», as well as for the assignments and industrial property rights of the accounts «exploitation rights of mines-ores-quarries» and «other assignments», except if special legislative provisions provide otherwise.
b. The goodwill of the business deriving from the take-over or merger of an entire unit and which is equal to the difference between the full market price and the actual price of the partial assets thereof is recorded in the account «business's goodwill» of the intangible fixed assets and it is depreciated, either once or in instalments over more than one years, which can not exceed five years.

The figures appearing in the account entitled «business's goodwill» shall be analytically broken down and explained in the appendix.

c. The figures recorded in the account entitled «industrial property rights» of the category of intangible fixed assets «assignments and industrial property rights», shall be depreciated by means of annu-al instalments within the year of productive useful-ness of all intangible assets. In any case the amortisation must have been completed by the time the protection granted by law has lapsed, in cases where this protection has a limited duration.
d. The figures of the category «other intangible fixed assets», of the accounts «rights of use of tangible fixed assets» and «other rights» are depreciated by means of annual depreciation in equal amounts within the time which has been agreed upon contractually for the use of every intangible fixed asset.

5. a. Under the reservation of the provisions of case e stipulated hereinbelow and paragraph 9 of this article, the tangible fixed property assets are evaluated at their acquisition price value of the cost of their own construction. This value is increased by the addition and improvement expenditures and decreased by the depreciation specified in this article.

Land is not depreciated except land used for exploitation of natural resources.

b. The acquisition price is the value stated on the pur-chase invoice, which is increased by the special pur-chase expenses and reduced by the relevant discount-s. The expenses for the acquisition of fixed assets, such as the transfer taxes, the notarial and real estate agent's fees as well as the study offices fees and the lawyers fees, are not included in the acquisition price of these assets. These expenses are recorded in the account entitled «expenses for the acquisition of fixed assets» of the category «other insta-lation expenses».
c. Cost of production or own construction is the acqui-sition price of the raw materials but also of the various materials, used in the production of the particular products or own constructions. This price is increased by the proportion of general purchases expenses, as well as the production costs required in order for the relevant products or own constructions to reach the condi-tion they are at the time of their inventory.
d. The depreciation of each fixed asset is proportional to its annual depreciation, due to the use of this asset and the pas-sage of time and its resultant wear and tear. The depreciation of each asset is effected syste-matically and uniformly within the financial years of its conjectured duration for productive use thereof and in accordance with the special provisions of
6. For the evaluation of participation and securities the following apply:
   a) shares of Public Limited Companies, bonds and other securities as well as shares in mutual funds and participation in enterprises which do not operate in the form of a Public Limited Company are evaluated at the lower of acquisition price or current price per asset. These provisions shall be included in the profit and loss account or the appendix, should they be significant. The evaluation in the above lower price may not be con-tinued in cases where the reasons dictating the readjustment of the value have ceased to exist.
   b) The current price for the application of the present law is regarded as follows:
      ba) For securities listed on the Stock Exchange (shares, bonds, etc.), the average of their market stock-exchange price during the last month of the year.
      bb) For the mutual funds units the average of their net price during the last month of the year.
      bc) For the shares of Public Limited Companies, which are not listed on the Stock Exchange, participation in other (apart from PLC’s) enterprises and securities that consist of fixed assets of these other enterprises, which draw up financial statements in accordance with the provisions of this law or the internal book value of the shares or participation or the securities of these enterprises, as they derive from their last lawfully drawn up balance sheet.

   Should the said balance sheet of the above enterprises have been lawfully drawn up, on the basis of the data of which the current value of the unlisted shares or participation in other enterprises (apart from PLC’s) was determin- ed, a note shall be made in the balance sheet and the appendix stating that in the respective accounts of the assets shares of Public Limited Companies not listed on the Stock Exchange or participation in other (apart from PLC’s) are included with a specific acquisition value (or evaluation) respectively and that the balance sheet (or the balance sheets) on the basis of which the determination of the internal book value of these shares or participation was made, have not been audited by an auditor recognised by law.
   c) For fixed income securities (bonds, Greek treasury bonds, bank bonds and Greek Treasury bills the negotiation of which is carried out on the Stock Exchange at their net price without their accrued interest up to their purchase, their acquisition (value) price is the one record-ed in the particular calculations under the denomination «value for the acquisition of titles» subsumed in the accounts of any kind of fixed income securities.
   d) When the current price is lower than the acquisition price, the difference is charged to account 68.01 «Provisions for depreciation of participation and securities» of the General Accounting Plan of P.D. 1123/1980, by crediting the corresponding contra accounts of provisions per category of securities, created in accounts 18.00.99, 18.01.99 and 34.99 of the same PD.

   During the recalculation of the provisions made at the end of every following financial year, in accordance with the above the figures for provisions appearing in the above contra accounts are readjusted, on the basis of the data of the new year, either by debiting the sub-accounts of account 68 (formation of supplementary provisions), or by crediting the sub-accounts of account 84.00 entitled «income from the unused provisions of the previous financial years» of P.D. 1123/1980.

   e) For the determination of the current GRD value of the securities (securities and other titles) in foreign currency the provisions of P.D. 1123/1980, as currently in force apply.
   f) Securities of any kind and other titles, which are classified as time deposits and are not listed on the Stock Exchange are evaluated at their current value per category at the closing date of the balance sheet, which is defined on the basis of the annual interest rate of each security.

   7. a) Stocks, other than residue, by-products and defective products, are evaluated at the lower of acquisition price or cost of production and the price at which the enterprise may buy the same (replacement cost) and produce them (current reproduction price) at the closing date of the balance sheet.

   If the replacement cost or reproduction price is lower than the acquisition price or the historic production cost, but higher than the net liquidation value, then the evaluation is effected at the net liquidation value.

   Residue, by-products, defective products and jointly pro-duced goods, are evaluated on the basis of the prevailing provisions.

   b) The method of calculation of the acquisition price or the production cost of stock, as well as of the acquisition price of securities, is selected by the Company, from the methods specified in the law and it is to be applied consistently from one financial year to another. A change in the method is not permitted, except if a serious reason exists therefor, in which case the change of the method shall be specified and justified in the appendix together with the impact of the change in question on the formation of the profit and loss account.
   c) Should the value appearing on the balance sheet, as defined by the application of one of the methods of the previous case, differ significantly from the value deriving from the basis of the last known market price, in relation to the closing date of the balance sheet, this difference is noted in the appendix in total for every category of property assets.

   8. a) Uncollectable receivables shall be cancelled entirely, whereas doubtful receivables are depicted on the balance sheet with their likely recoverable value at the time of its drawing up.
   b) Claims and liabilities in foreign currency, as well as any liquid assets in foreign currency appear on the balance sheet in the
amount of GRD deriving from the conversion of each foreign currency on the basis of the official exchange rate on the closing date of the balance sheet.

9. Readjustment of the value of property assets of the fixed assets is not permitted, except if it is effected for the implementation of special legislation. For the application of this law, the readjusted value of these assets is deemed also as their acquisition value. Every such readjustment effected within the closing financial year shall be stated and justified in the appendix together with a full break-down of the operation of the relevant account included in «differences from readjustment».

10. The data of branches having their registered office abroad, which are expressed in foreign currency, are converted into GRD as follows:

a. Fixed assets items, with the exception of long-term claims and negotiable instruments (securities and other titles) are converted into GRD on the basis of the exchange rate of the foreign currency, on the day of the acquisition (purchase or own construction) of every item.
b. Stocks are converted into GRD on the basis of the exchange rate of the foreign currency on the day of their acquisition (purchase or production).
c. Available property assets as well as claims and liabilities are converted into GRD on the basis of the exchange rate of the foreign currency on the closing date of the balance sheet.
d. Expenses and income are converted into GRD on the basis of the average exchange rate of the foreign currency for the administrative period to which they refer. For the determination of the exchange rate in question the average exchange rates to purchase and sale of the foreign currency, in force at the commencement of the administrative period and the end of each month are added and the total is divided by the number of the months of the period, increased by one unit.

For the foreign exchange differences which may appear from the conversions of the previous cases a-d of this para-graph the following apply:

The foreign exchange differences deriving from the conversion into GRD of the data of the assets, with the exception of long-term claims as well as from the conversion of securities, stocks and available property assets and expenses and income are transferred to the account entitled «profit and loss», account.

11. In cases where no branch operates, for the conversion into GRD of the property assets of the Company which are located abroad and are expressed in foreign currency the provisions of the previous paragraph 10 shall apply accordingly.

5.4. Annual financial statements

1. Regarding the publication obligations in Companies fulfilling the requirements stipulated by L. 2190/1920 must publish a summary balance sheet. In such a case it must be stated in the publication that the published balance sheet is a summary one and also the Register of Public Limited Companies, wherein the financial statements of the Company have been registered or are to be registered must be stated.

2. The annual financial statements are subject to the publication procedures of pars. 1 and 5 herein in the form and with the content, on the basis of which the auditor or the auditors of the Company have drawn up their audit report. Should the auditors have remarks to make or refuse to express their opinion, then this fact must be stated in the published financial statements, except if this derives from the relevant published audit certificate. The annual financial statements, in addition to their publication in GRD, may also be published in EURO, on the basis of the exchange parity of GRD-EURO, in force at the closing date of the balance sheet. This exchange parity shall be stated in the appendix.

3. Copies of the annual financial statements, together with the relevant reports of the Board of Directors and the auditors are submitted to the Company to the Ministry of Commerce, at least twenty days prior to the General Meeting.

4. The balance sheet, the profit and loss account and the table of distribution of profits, together with the relevant audit certificate, in cases where the audit is performed by Chartered Accountants, are published as specified.

5. The Board of Directors of a Limited by Shares Company must have the documents mentioned in the preceding paragraph 4 published at least twenty (20) days prior to the session of the General Meeting:

a. in the Bulletin of Public Limited Companies and Limited Liability Companies.
b. at the discretion of the Board of Directors in a daily political newspaper, published in Athens and with a wider circulation throughout the country and in one daily financial newspaper.
c. in one daily or at least weekly newspaper of those published at the place of its registered office and should no newspaper be published in that area then in a daily or at least weekly newspaper of those published in the Capital City of the Prefecture where the Company has its registered office.

By way of exception if the Company has its registered office in a Municipality of the Commnunity of the Prefecture of Attica, apart from the Municipality of Athens, the documents stipulated in paragraph 4 must be published in one daily or at least weekly newspaper of those issued where the Company has its registered office or should no newspaper be published in that area then in a daily or at least weekly newspaper of those published where the Prefecture to which the Company is subject, has its registered office.

6. Within twenty days from the approval of the financial statements by the annual General Meeting together with the certified copy of its minutes, a copy of the approved financial statements is also submitted to the Ministry of Commerce.