ACCOUNTING AND FINANCE DEPARTMENT

GRADUATE THESIS

<<Clothing Companies in Katerini over the years>>

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PREAMBLE

This graduate thesis is the climax of my studies at the ATEI Thessaloniki, Accounting and Finance Department.

It is a work of research and recording, which analytically describes the garment industry in Katerini. It is a thesis, which intends to demonstrate the course of the clothing companies in Katerini.

In Chapter 1, I concisely describe what is garment, its evolution, and how it breaks into the daily routine of Katerini.

In Chapter 2, I comprehensively describe three of the largest clothing companies in Katerini.

In part three of this work, being the paper exercise, we investigate the data acquired, from the financial statements of Pioneer London S.A. for a series of years, using ratios, in order to have a clear picture of this company's course.

ACKNOWLEDGMENTS

I need to point out my infinite gratitude to my parents, for everything they have offered to me during my graduate years and their unreserved support for every choice I made.

Special thanks go to my father for the valuable information he gave me in writing this thesis. It would have been impossible to write it, without his contribution.

Finally, I would like to thank my supervisor Theodoros Giouris for his trust in me, and for dedicating his valuable time in order to complete this thesis.

Chapter 1

1.1 What is garment- apparel

By the term apparel, we mean the entirety of “garments” forming the outward appearance of men and women, while the term “garment” covers every object made of any material, processed or not, if it satisfies the reasons for which it is used. Apparel or clothing engulfs every modification in the appearance of a person, starting from the clothes and accessories, to the make-up, hair-styling, jewelry, attitude, underwear, shoulder pads, even surgical change.

Garment is anything which covers the human body, while apparel is the entirety of garments. In general, the term apparel includes not only clothing but their ancillaries as well (ornaments), such as shoes, bags, hats, gloves etc. The term also includes the jewels, make-up, even hair-styling.

Apparel is the entirety of the various objects that men and women wear in any given moment in their lives, for protection, comfort, convenience, exploitation and aesthetic quality.

Apparel exists in various ways, takes many forms and dimensions and receives the greatest changes. It is an integral, closely familiar and absolutely necessary element for man, giving him constant rejuvenation, safety and confidence. Through apparel, man creates his own personality and becomes a unique and special entity in his living environment.

Apparel constitutes a factor of “identity”, recognition and becomes a benchmark for people, a way of attractiveness and charm, repugnance and intimidation, a symbol, a semiotic code, and transmitter and receiver of messages.

Apparel is a dynamic form of civilization with a historical, social, industrial, psychological and economic dimension and it is a piece of self-awareness of the people which created it. The merging of old with new aesthetic values can lead to the evolution of traditional art forms to modern ones. The historical evolution of apparels underlines its prominence in human life. In every stage of apparel’s evolution, we come across various sartorial techniques and trends, inextricably linked to the prevailing historic, social, economic and cultural circumstances. Moreover, in many cases, apparel was used to aid people to encapsulate the aesthetics of their time.

1.2 Types of clothing

From its inception, clothing is distinguished in five types:

- The "**pleated or undulating garment"** which is a thin fabric or leather wrapping the body (Greek attire).
- The "**spend garment"** which is a seamless fabric standing on the shoulders, with a hole for the head.
- The "**tailored and closed garment**" which constitutes of many pieces of fabric sewn together and it has sleeves.
- The "**tailored and open garment**" which constitutes of many pieces of fabric sewn together, it is front-crossing and it is worn over other clothes (jacket, coat).
- The "**tight garment**", which fits on the body and the various body parts (especially trousers).

1.3 Garment evolution

The evolution of the civilizations determined the evolution of garment as well, depending on the character, rhythm and the way of life. The first humans wore animal leathers, instead of proper clothing. Later, they used tree barks. As far back as the Neolithic era, humans started weaving fabrics. Ancient Greeks and Romans wore light garments. In ancient Greece, peasants and shepherds wore animal leathers, as well as mythological figures (Hercules, Amazons etc..). In Mycenae and Knossos, men wore a short garment and women a long dress, wide over the chest and tight around the waist. During the Homeric period, garments were not tailored and they were standing on the shoulders, pinned with beautiful clasps (buckles).

After the French Revolution, men's apparel changed dramatically. Trousers prevailed, hair were not powdered like they used to and hats became simpler. On the contrary, women's dressing became complex (huge slouch hats, pleated dresses long enough to wipe the streets etc..). From this period of time and on, women fashion took the most unlikely forms. In Greece, since the 17th century, the Greek kilt prevailed (in Roumeli, Peloponnisos, Epirus etc) and the knickerbockers- "vraka" on the islands for men, while the women wore the "seggouni" and "kontogouni" with wide skirts.

But the proliferation of small industries, the commercial growth and new inventions especially in transportations, created new living conditions and offered uniformity and practicality, especially in everyday clothing. Thus, folk apparel was used only in traditional and national holidays. There are also, the priests' garments (vestments), the military garments (uniform) and the theatrical attire.

In the early 18th century, there were efforts to link the clothing to the activity, the era and the role. The appearance of realism led to the quest for detail and precision, in order to correlate the clothing accurately.

Today, clothing conforms to hygiene as well. The fabric must be light, with pores in order to allow the fresh air to reach the skin, and to help with drying the sweat as well as the ghost transpiration (breathing of the skin pores). However, we must pay attention to the colors in garments, because some of them are harmful for the human body, especially the ones which contain chemical substances.

1.4 Processing

Processing is part of the secondary industry, which deals with the exploitation of the goods of primary production, into new forms of products. Depending on the means used and the applicable methods of processing raw materials, we have the following industry branches:

- *Handicraft* (production based only on handwork)
- *Small industry* (handwork production assisted by machines) and
- *Industry* (production, entirely by modern machinery, characterized by mass production, where new systems are constantly developed).

Processing commences in Pieria Prefecture, in the early 1970's. In this field, many small apparel industries started producing garments for men, women, underwear, and various accessories. Thus, processing experiences major growth in Pieria Prefecture. Among many others, some small apparel industries were and, indeed, remain one of the leading names of processing in Greece.

Some of these distinguished companies which we will analyze in Pieria Prefecture are: KATERINA LTD (german)/ Rollman, Domna S.A, Pioneer London S.A.

Chapter 2

2.1 KATERINA LTD/ROLLMAN

One of the largest apparel industries in Katerini was KATERINA LTD. The company was named after the city of Katerini. It was founded in the early 1970's and employed more than 600 people. KATERINA LTD was the largest apparel industry in this geographical area and they were creating garments for some of the greatest names in apparel business. Boss and Artisti Italiani is a couple of those names. The employees worked in 2 eight-hour shifts. However, in 1999, after more than 30 years of continuous presence, the company made the first 150 job redundancies, until the final announcement in 2001, which stated that the company shut down the factory in Katerini and relocated it in Bulgaria. The history of this company is big, and we can easily look and find its meteoric growth from day one, until the factory shutdown in Katerini.

Starting from the early 1970's, the company was creating garments for some really great ones. In 1992, it is renamed from KATERINA LTD to ROLLMAN. The same year the company creates an outlet, right next to the factory, which still exists. A year later, in 1993, the company continues to flourish and they open another store in the city of Larisa. That year, the company starts garment wholesale in Greece, Bulgaria, Russia, Czech Republic, Germany, Cyprus and even goes transatlantic to Canada. In 1995, Rollman opens a new store, in Thessaloniki this time.

However, after more than 20 years, the company decides to shutdown the factory in Katerini and relocates it in Bulgaria, where they have, today, more than 2000 employees.

Since the relocation in Bulgaria, the company has not stopped opening stores in Greece, and granting sponsorships.

2.2 DOMNA S.A

DOMNA S.A. is a family business, which operates in the field of vertical production since 1993 under the name "VERO by Aslanis'. However, the experience of its major shareholder and chairman, Ilias Chatzichristodoulou, spans for over 30 years. The company's basic principle is the competitive pricing of top quality products. In 1998, DOMNA S.A. signed an exclusive contract with the famous fashion designer Michalis Aslanis, in underwear design. This partnership harmoniously tied the company's experience in quality production, with the designer's innovative ideas and talent, and the success is evident. Today, DOMNA S.A. is based on 4.500 s.m. of privately owned facilities in Katerini, with full mechanical and operational equipment throughout the production line. It is, also, important to mention that the company is one of the few in the garment industry, to maintain its basic production activity in our country. Its client's list numbers about 2100 wholesale customers in Greece and abroad, while in recent years the company has opened 15 franchise stores, with constantly growing annual turnover.

2.2.1 Special characteristics and exclusivity of the company

The success of the VERO by Aslanis franchise stores is based on the company's philosophy, which is defined by the quintuple: Strong Brand Name-Top Quality-Wide Variety of Products- Competitive Prices- Innovative ways of service. But what do they mean?

Strong Brand Name: All the products bear the "VERO by Aslanis" sign, which harmoniously and dynamically ties the experience and quality of the company, with the inspiring designs of the famous Michalis Aslanis.

Top Quality: DOMNA S.A. has not only the experience, but the facilities and the mechanical equipment, as well. Starting from the threads, the company knits the fabrics in its own knitting factory, thus it can guarantee the top quality of its products.

Wide Variety of Products: VERO by Aslanis series covers a wide range of garments for every family member and for every kind of use.

Competitive Prices: VERO by Aslanis series is available for sale in unbeatable prices, taking, always, into account the high quality standards of the company.

Innovative ways of service: VERO by Aslanis stores have been designed in such a way, that they provide an ardent and highly aesthetic welcome for all the family, while at the same time, the stores are functional in product promotion in the best possible way.

The VERO by Aslanis franchise stores, are based on direct cooperation and collaboration between the partners. The company pays particular attention in supporting the franchise in the beginning, and even more during the collaboration. In Greece, today, there are 20 VERO by Aslanis stores in the following cities: Katerini, Karditsa, Komotini, Trikala, Rhodes, Samos, Iraklion- Crete, Volos, Giannitsa, Xanthi, Ptolemaida, Kos, Mytilene, Kallithea Chalkidiki, Kozani, Ioannina and Pafos (Cyprus).

2.2.2 Production process

DOMNA S.A.'s production process begins at the privately owned and technologically advanced knitting factory of the company's facilities, where more than 80% of the fabrics, are fabricated using threads from well-known Greek thread- makers. The garments are produced through an integrated production process and systems design. The company follows the ISO 9001:2000 certified quality standards and the products are distinguished for implementing all international safety standards, with authentication from L.G.A. Quality Test.

2.2.3 Reasons for developing the franchise

DOMNA S.A. decided to start its own franchise network, after noting the ability of the operating structures for the efficiency of its own franchising network, and the will to respond to its long-term business customers' desire to identify with its strong brand name. The spectacular growth of DOMNA S.A.'s franchise and its big profitability, confirms the success of the franchising.

2.3 PIONEER LONDON S.A.

One of the greatest companies in men's apparel in Katerini is Pioneer London S.A. It was created by six individuals working as salesmen, in various men's apparel and garments stores in Katerini. In the beginning, they opened a store and named it "SILECT", which still exists today downtown Katerini. "SILECT" was selling men's and women's garments, which they obtained from industries outside Katerini. Due to the high demand for the garments, they decided to chase their dream. So, six men without higher education, but equipped with experience in the garment field, make the big step and create their own readymade garments industry, in 1970, called Pioneer London S.A.

2.3.1 Production process

Production started by tailoring trousers only, which, afterwards, were sold by their own store in Katerini. The store's income was used directly for one purpose, namely to increase factory production. At that point, the staff slightly exceeded 10 employees. After they created the factory, the six shareholders bring on an expert in the field of apparel, one of the best in his time. After signing him, the company obtained style and fame and surpassed their standards by starting tailoring shirts, jackets and suits.

The addition of new garment patterns, made it clear that the company needed more hands in order to increase the productivity. So, they hired new employees, and in 1985, in the company's heyday, 150 people were working at the factory. Moreover, 15 to 20 people were employed in the warehouse and their job was the assortment, the storing, packaging and finally the shipping of the garments.

Besides the production unit and the warehouse, there was a team of 10 people, charged with the toughest, albeit the most important task, namely sampling. They were responsible for segregating the fabrics at their hands, after their arrival from the best factories of Italy, France, Spain, Germany and England, until their final choice. Their purpose, afterwards, was to create information tabs. Every collection had its own tab, approximately 600, which specified the color, the quality, the model, the fabric's dimensions and the pricelist. Finally, the team created 3 more copies of the tabs, which handed them out to the company's distributors (representatives).

2.3.2 The distributors (representatives)

Beside their own store, the company traded their garments to, approximately, 200 stores in Greece. The company had 3 distributors: one in Crete burdened with sampling in Dodecanese as well, one in Athens, sampling Central Greece, Epirus and Peloponnisos, and another in Thessaloniki sampling in Macedonia. Each distributor, depending on the area, visited the retailers and sampled the garments. The orders were placed by the retailers themselves, after checking the tabs and eventually choosing the quantity, the quality, the color and model of the trousers. The same procedure was repeated for the rest of the garments. The distributors, then, sent the orders to the company by fax every noon, and the sampling team updated the tabs for the next day.

2.3.3 PIONEER LONDON S.A. stores

The rapid growth of the company and the huge demand for their products, forced the company to create a series of stores by the name “Pioneer London”. Starting in 1990 in Katerini, the company branched out to Serres, Kavala, Karditsa, Thessaloniki, Chania, Rethymno, Iraklion with 2 stores, and finally to Athens with four stores. The stores are standing out for their impeccable decoration which remains timeless for 25 years. Finally, the company even exported their garments in places such as New York, Dubai, Serbia and Russia.

2.3.4 The jobbing factor

The increase in product demand, forced the company to seek solution in the form of jobbing (buying in quantities and reselling), in order to cover the needs of their own stores. These products were shirts, ties, socks, belts, shoes and other leather goods.

2.3.5 The company's economics through the years

Since its creation in 1970 and up until 1998, Pioneer London S.A. was a lucrative business. Beside their own stores, they were trading their products in many other stores all over Greece. However, wholesale customers (the retailers) could not cope with their liabilities to the company, leaving bad checks and unpaid promissory notes. At the same time, the company's liabilities were quite a few, since they had to cover the astronomic, for the time, figure of 300.000.000 drachmas, which was the cost of creating their stores, as well as their liabilities towards their suppliers. So, after the year 2000 started the company's decay, leading them to partially dismiss employees. Moreover, the company's stores could not survive any longer, because the company could not cover them in any way. Finally, the company managed to survive and get back to its feet, by implementing a strict economic policy, thus still existing in the field of men's apparel.

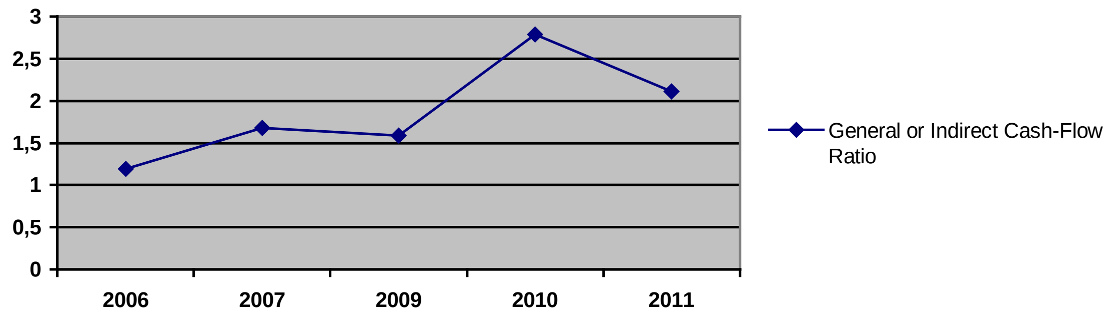
Today, after all this ordeal, the company continues production at the brand new privately owned premises (2000 s.m.), where the entire collection is launched, as well. Additionally, 3 more company stores are open. One in Katerini downtown, another in Thessaloniki downtown, and a third one, privately owned, in Serres downtown. As a final note, the company exports a big part of their products in Russia and other places of the Eastern bloc.

Chapter 3

3.1 Analysis of balance sheets using ratios

3.1.1 General or Indirect Cash-Flow Ratio

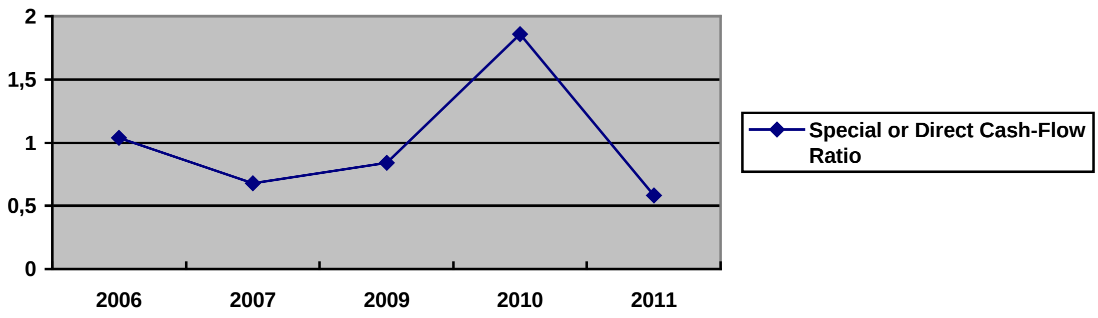
2006	2007	2009	2010	2011
3184416,18 2685098,72	3579282,44 2133374,27	2552876,18 1610578,89	3170330,37 1136736,52	1854798,2 877761,82
1,19	1,68	1,59	2,79	2,11



This ratio shows how many times the company's short-term liabilities are covered by the current assets. We observe, in particular, a temporary insufficiency of cash-flow during 2006, which is marginally over the unit, as we can see. This happens because of the company's unorthodox funding of its fixed costs, through short-term loaning. On the contrary, in the next years (2007-2011) there is a constant rise, which shows that the company maintains excellent general cash-flow.

3.1.2 Special or Direct Cash-Flow Ratio

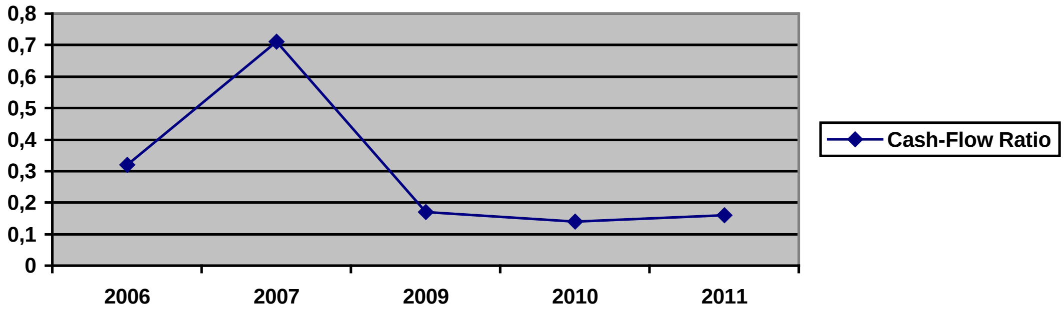
2006	2007	2009	2010	2011
2791385,99 2685098,72	1445908,17 2133374,27	2552876,18 1610578,89	2116484,71 1136736,52	506528,34 877761,82
1,04	0,68	0,84	1,86	0,58



This ratio shows how many times the company's quick liquid assets can cover its short-term liabilities. Here, if we leave the year 2010 out during which the ratio is over the unit, we can see a satisfying level of cash-flow, capable of covering the company's direct and urgent short-term liabilities. The rest of the years the ratio stands marginally over the unit like 2006, or below the unit meaning that the company cannot cover its direct and urgent short-term liabilities.

3.1.3 Cash-Flow Ratio

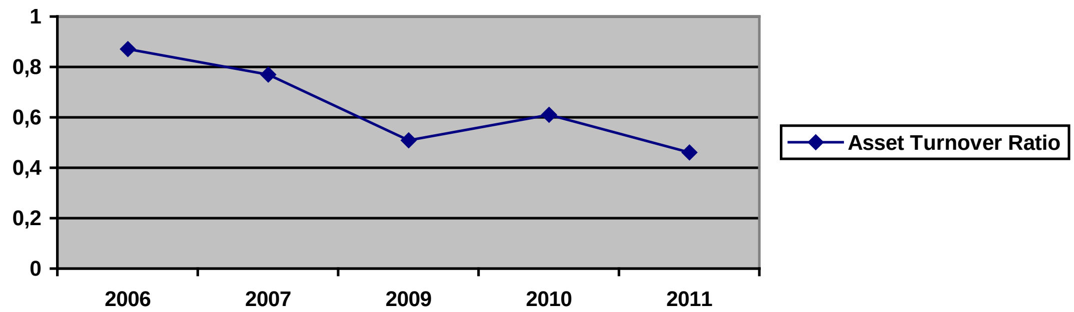
2006	2007	2009	2010	2011
850749,74 2685098,72	1523669,11 2133374,27	270190,29 1610578,89	160769,33 1136736,52	136519,08 877761,82
0,32	0,71	0,17	0,14	0,16



This ratio shows how many times a company's dispensable property assets cover its liabilities due. Our company, in particular, during the first two years (2006-2007) maintains good Cash-Flow, capable of covering its needs in cash. On the contrary, in the next years there is a downward trend (as we can see on the chart) and in 2009 it marginally passes 0.10.

3.1.4 Asset Turnover Ratio

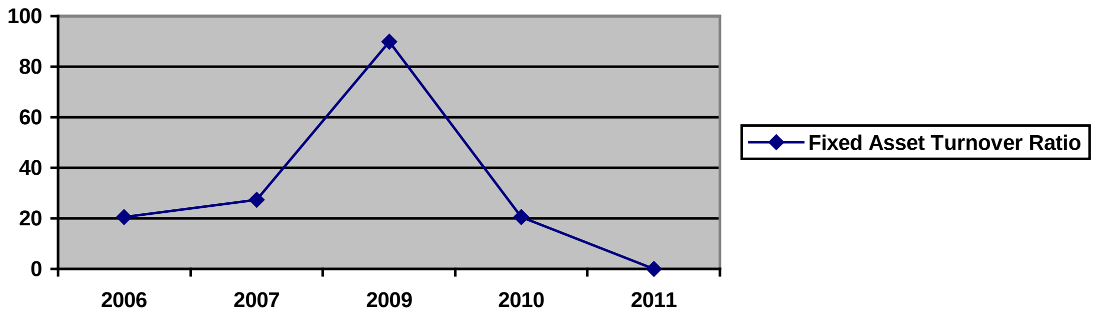
2006	2007	2009	2010	2011
<u>2862581,35</u> 3292240,54	<u>2763760,19</u> 3579282,44	<u>1563501,47</u> 3038975,49	<u>1588722,44</u> 2591443,92	<u>1059054,28</u> 2322805,09
0,87 times	0,77 times	0,51 times	0,61 times	0,46 times



Till the third year in the chart, we see a constant decrease of this ratio, which means that the company did not use its assets intensively. But in the next year we observe an increase of it. This means that the company intensively used its assets, or there was an increase of sales, or there was a larger increase of sales compared to the asset increase. In the last year we see again a decrease of the ratio. In this case, it would be advisable for the company to better exploit its assets, or liquidize some of the assets since it is highly likely that these are not used in a productive way.

3.1.5 Fixed Asset Turnover Ratio

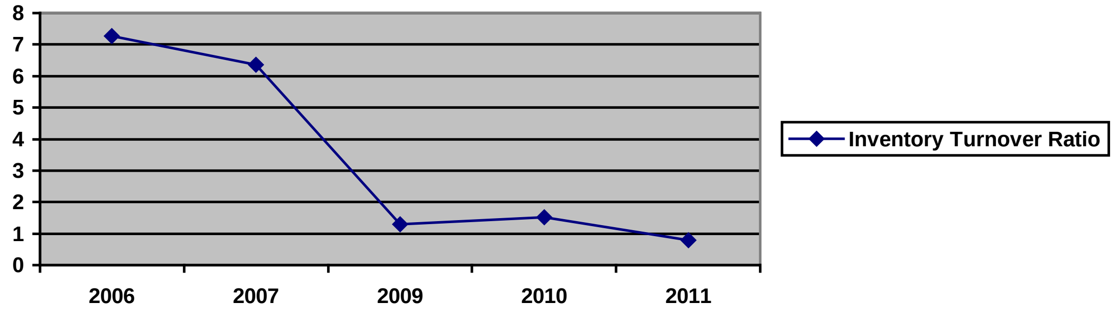
2006	2007	2009	2010	2011
2862581,35 90864,17	2763760,19 246098,28	1563501,47 259742,33	1588722,44 474958,21	1059054,28 468006,89
31,5 times	11,2 times	6,02 times	3,34 times	2,26 times



This ratio constantly decreases in all five years, making it clear for us that the company did not use its fixed assets relative to its sales (movement). The course of this ratio is clearly not desired since it depicts a descent trend for the company.

3.1.6 Inventory Turnover Ratio

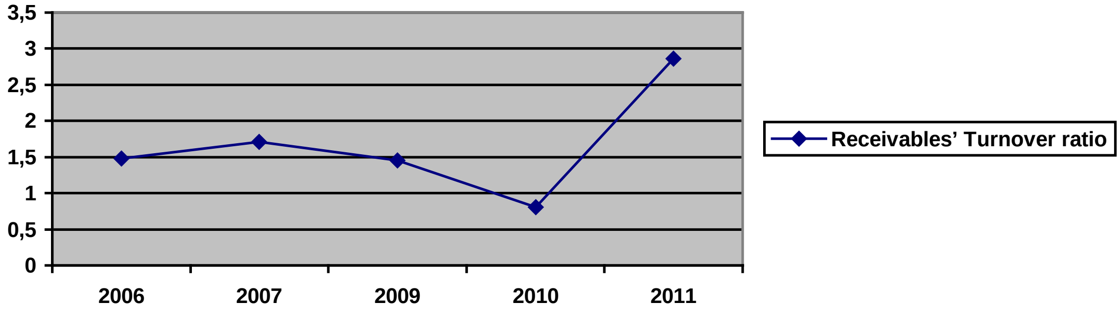
2006	2007	2009	2010	2011
2862581,35 393030,19	2763760,19 435037,29	1563501,47 1206840,39	1588722,44 1053845,66	1059054,28 1348269,86
7,28 times	6,35 times	1,3 times	1,51 times	0,79 times



The higher this ratio is, the better the company runs, since there is a decrease in storage expenses and reduction of unsold stock due to deterioration, destruction or customer change of preference. Therefore, in the first two years in our chart, the company runs efficiently and the ratio stays in satisfactory heights. However, this efficiency proves to be temporary, since in the next three years, we see a rapid decline of the ratio.

3.1.7 Receivables' Turnover ratio

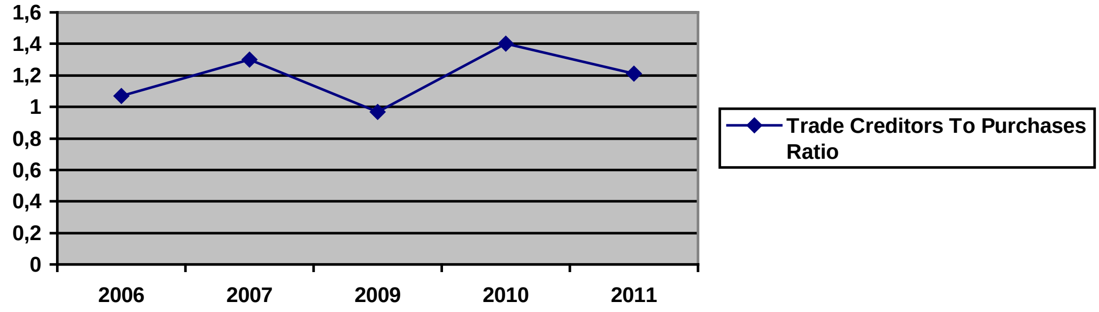
2006	2007	2009	2010	2011
2862581,35 1940636,25	2763760,19 1620576,04	1563501,47 1075845,5	1588722,44 1955715,38	1059054,28 370009,26
1,48 times	1,71 times	1,45 times	0,81 times	2,86 times



Claims are collected one and a half times on average, during the first three years. This ratio does not present a steady course, because in the fourth year there is a temporary decline, while the next year we can see a rapid increase. Generally speaking, the ratio's rates are not satisfactory. The low rates inform us, that there is a big time gap between the company's collections, which probably means that the company had to borrow in order to settle up its liabilities.

3.1.8 Trade Creditors To Purchases Ratio

2006	2007	2009	2010	2011
2862581,35 2685098,72	2763760,19 2133374,27	1563501,47 1610578,89	1588722,44 1136736,52	1059054,28 877761,82
1,07	1,30	0,97	1,40	1,21

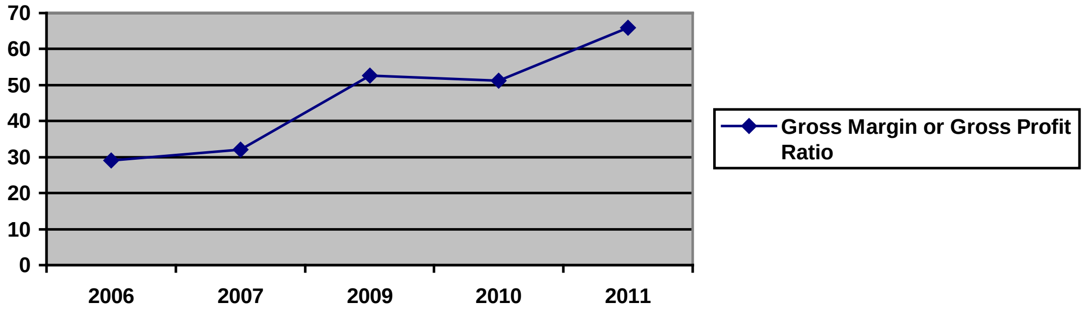


The course of this ratio, just like the previous one, is constantly fluctuating, therefore being unstable. One year increases and the next decreases. The important thing for the company, though, after comparing these last two ratios, would be a result of: Receivables' Turnover ratio > Trade Creditors To Purchases Ratio.

This would mean that the liabilities are paid slower than the receivables are collected. We can see that the above statement was true in the first three years, and the company did not have any problems since it was funded by its creditors. There could be a problem solely in the fourth year, because the receivables' turnover time gap was longer than the payment of liabilities gap. To rectify this and avoid loaning, the company should make sure that its receivable checks expired sooner, and should prolong the payment of its liabilities as much as possible.

3.1.9 Gross Margin or Gross Profit Ratio

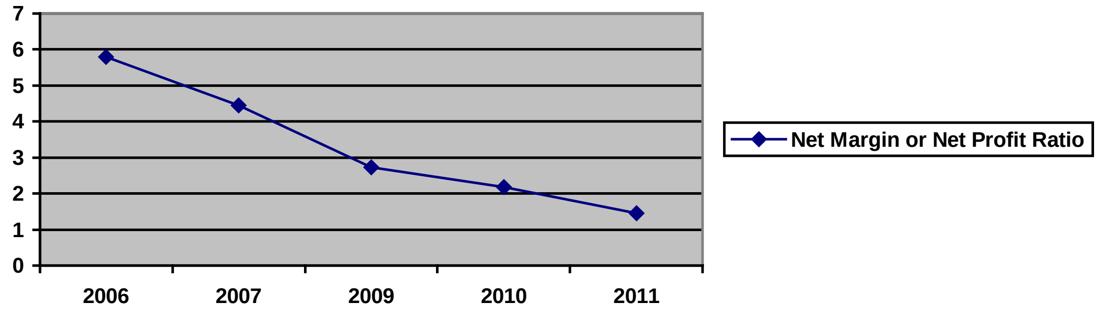
2006	2007	2009	2010	2011
833515,79 2862581,35	884573,39 2763760,19	824149,21 1563501,47	815040,76 1588722,44	698485,24 1059054,28
29,1	32,0	52,7	51,3	66,0



Gross Margin Ratio shows how profitable a company is, from its products' sales. It is obvious that there is an upward trend through all the years. This means that the company's board of directors has the ability to purchase with low prices and sell in higher prices. But this upward trend had a glitch in the fourth year, when there was a small decline of the ratio, which showed an unsuccessful policy in the field of purchasing and sales, from the board of directors. This could lead to sales stagnation, meaning an inability of large quantity purchases which could have been achieved with low prices.

3.1.10 Net Margin or Net Profit Ratio

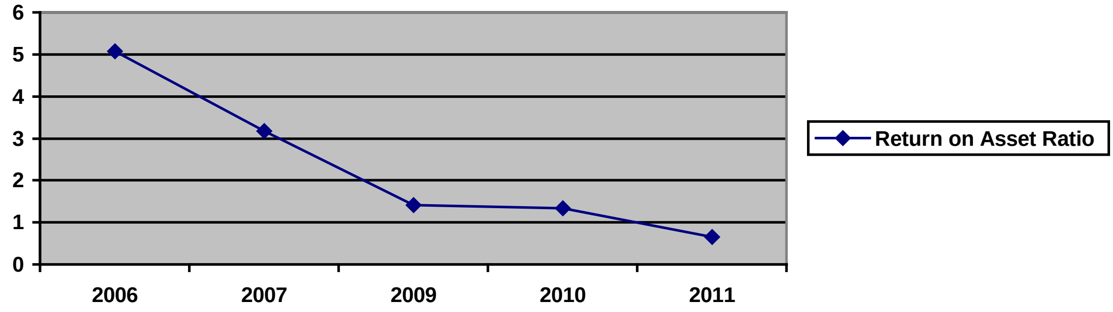
2006	2007	2009	2010	2011
166880,36 2862581,35	122576,12 2763760,19	42746,56 1563501,47	34619,47 1588722,44	15440,89 1059054,28
5,80	4,44	2,73	2,18	1,46



This ratio shows the profit achieved, by the company's operating activities (sales). Therefore, the bigger the ratio, the more profitable the company is. By looking at the chart, we can see that the company's profits are constantly and significantly reduced.

3.1.11 Return on Asset Ratio (R.O.A.)

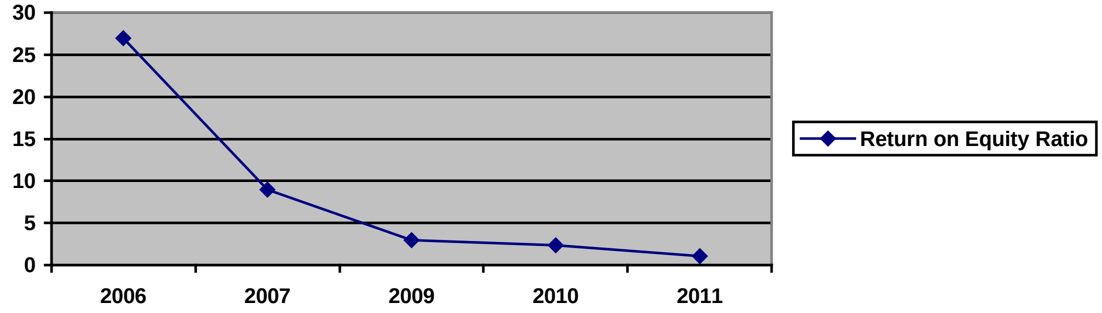
2006	2007	2009	2010	2011
166880,36 3292240,54	122576,12 3855402,12	42746,56 3038975,49	34619,47 2591443,92	15440,89 2322805,09
5,07	3,18	1,41	1,34	0,66



This ratio is a way of evaluating and controlling the company's board of directors, since it counts the return on the company's total assets. Therefore, the bigger the ratio is the better for the company. As we can see, in the first two years in our chart, the company had satisfactory return on Assets, but in the following years there is a constant decline of the ratio, which is a negative evolution for the company.

3.1.12 Return on Equity Ratio

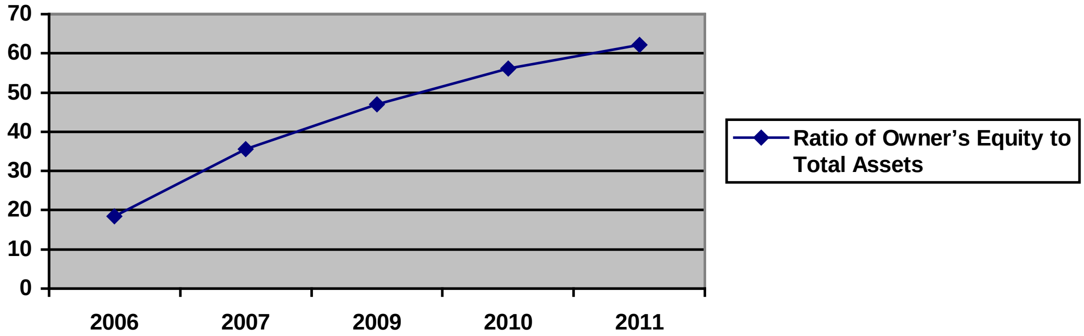
2006	2007	2009	2010	2011
166880,36 607141,82	122576,12 1372027,85	42746,56 1428396,6	34619,47 1454707,4	15440,89 1445043,27
27	8,93	2,99	2,38	1,07



We observe here, that the ratio is constantly decreasing, which means that the company's equities are not being put in good use or barely used, so the company's profitability decreases. Thus, the company should locate the ailing sector and take the appropriate measures.

3.1.13 Ratio of Owner's Equity to Total Assets

2006	2007	2009	2010	2011
$\frac{607141,82}{3292240,54}$	$\frac{1372027,85}{3855402,12}$	$\frac{1428396,6}{3036975,49}$	$\frac{1454707,4}{2591443,92}$	$\frac{1445043,27}{2322805,09}$
18,4	35,6	47,0	56,1	62,2



This ratio presents to us, how many of the company's assets have been funded by its body, namely its shareholders. The company utilized its own equity at a rate of 18,4% in 2006, 35,6% in 2007, 47,0% in 2009, 56,1% in 2010 and 62,2% in 2011. While the owner's equity to total assets rate is relatively small at the beginning, we, then, observe a large scale upward trend, which means that there is an owner's equity turnover.

REFERENCE

BALANCE SHEET

AS AT DECEMBER 31, 2006 (JANUARY 1 - DECEMBER 31, 2006)

PIONEER LONDON (S.A.)

Amount in Euro

ASSETS	2006 Acquisition cost	2006 Depreciation	2006 Net book value	2005 Acquisition cost	2005 Depreciation	2005 Net book value
B. FORMATION EXPENSES						
1. Preliminary expenses	27,442,81	13.028,40	14,414,41	27.442,41	13.028,40	14.414,41
C. FIXED ASSETS						
II.Tangible Assets						
3.Buildings and technical works	45.325,23	14.988,32	30.336,91	45.325,23	11.362,32	33.962,91
5. Transportation equipment	11.400,00	0,00	11.400,00	11.400,00	0,00	11.400,00
6.Furniture and fixtures	245.419,09	199.167,84	46.251,25	241.726,73	197.834,84	43.891,89
Total Tangible Assets (CII)	302.144,32	214.156,16	87.988,16	298.451,96	209.197,16	89.254,80
III. Financial Assets						
7.Other long-term receivables	2.876,01	0,00	2.876,01			2.876,01
Total Fixed Assets (CII+CIII)	332.463,14	227.184,56	90.864,17			92.130,81
D. CURRENT ASSETS						
I. Stocks						
1. Merchandise			393.030,19			672.652,34
II. Receivables						
1. Trade debtors			1.227.195,08			1.638.404,63
2.Notes receivable			164.485,00			0,00
3.Cheques receivable (postdated)			230.937,32			153.318,98
11.Sundry debtors			318.018,85			486.771,21
			1.940.636,25			2.278.494,82
IV.Cash at bank and in hand						
1.Cash in hand			843.570,02			1.019.685,33
3.Current and time deposits			7.179,72			25.035,49
			850.749,74			1.044.720,82
Total Current Assets (DII + DIV)			3.184.416,18			3.995.867,98
E. PREPAYMENTS AND ACCRUED INCOME						
1. Prepaid expenses			2.545,78			2.545,78
GRAND TOTAL ASSETS (B + C + D + E)			3.292.240,54			4.102.413,20

LIABILITIES	2006	2005
A. CAPITAL AND RESERVES		
I.Share Capital		
1.Paid-up capital	300.000,00	300.000,00
IV.Reserves		
1.Legal reserve	19.624,00	11.279,00
V.Results carried forward		
Prior period profit carried forward	0.00	143.161,99
Period's profit carried forward	287.517,82	34.215,77
	287.517,82	177.377,76
Total Capital and Reserves (AI + AIV +AV)	607.141,82	488.656,76
C. CREDITORS		
II.Current Liabilities		
1.Suppliers	600.177,75	969.700,95
2.Notes payable	35.483,73	44.630,79
2a.Cheques payable	1.067.615,04	1.048.698,38
3.Banks	772.793,14	1.071.476,03
5.Taxes - Duties	128.634,35	90.042,43
6.Social security	15.369,19	11.508,93
11.Sundry creditors	65.025,52	375.203,87
Total Creditors (CII)	2.685.098,72	3.611.261,38
D. ACCRUALS AND DEFERRED INCOME		
2. Accrued expenses	0,00	2.495,06
GRAND TOTAL LIABILITIES (A +C)	3.292.240,54	4.102.413,20

PROFIT AND LOSS ACCOUNT

At December 31, 2006 (January 1 - December 31, 2006)

	2006		2005	
I. Operating Results				
Net turnover (Sales)		2.862.581,35		4.256.653,22
Less: Cost of sales		2.029.065,56		3.568.087,73
Gross operating results (profit)		833.515,79		688.565,49
Plus: Other operating income		2.876,76		3.791,90
Total		836.392,55		692.357,39
LESS: 1.Administation expenses	141.289,74		115.855,33	
3.Distribution costs	445.230,74	586.520,48	465.099,37	580.954,70
Sub-total (profit)		249.872,07		111.402,69
Less: 3.Debit interest and similar expenses		80.371,77		46.000,97
Total operating results (profit)		169.500,30		65.401,72
II. PLUS: Extraordinary results				
PLUS 2.Extraordinary profit		1.347,13		0,00
LESS 2.Extraordinary losses		3.967,07		0,00
NET RESULTS (PROFIT) FOR THE YEAR before taxes		166.880,36		65.401,72

APPROPRIATION ACCOUNT

	2006	2005
Net results (profit) for the year	168.880,36	65.401,72
Profit for disposal	166.880,36	65.401,72
Appropriated as under:		
1. Legal reserve	8.345,00	3.270,97
Apllicable income tax (29% x 166.880,36)	48.395,30	20.928,55
8.Profit carried forward	110.140,06	41.202,23
	166.880,36	65.401,72

KATERINI , 30/04/2007

BALANCE SHEET

AS AT DECEMBER 31, 2007 (JANUARY 1 - DECEMBER 31, 2007)

PIONEER LONDON (S.A.)

Amount in Euro

ASSETS	2007 Acquisition cost	2007 Depreciation	2007 Net book value	2006 Acquisition cost	2006 Depreciation	2006 Net book value
A.OUTSTANDING CHAPTER	50.000,00	0,00	50.000,00	0,00	0,00	0,00
B. FORMATION EXPENSES						
1. Preliminary expenses	163.591,26	40.198,09	123.393,17	27.442,41	13.028,40	14.414,41
C. FIXED ASSETS						
II.Tangible Assets						
3.Buildings and technical works	1.020.229,53	1.019.439,23	790,30	45.325,23	14.988,32	30.336,91
5. Transportation equipment	11.400,00	0,00	11.400,00	11.400,00	0,00	11.400,00
6.Furniture and fixtures	256.156,64	198.517,07	57.638,80	245.419,09	199.167,84	46.251,25
Total Tangible Assets (CII)	1.287.786,17	1.217.957,07	69.829,10	302.144,32	214.156,16	87.988,16
III. Financial Assets						
6. Investments held as fixed assets	2.876,01	0,00	2.876,01	0,00	0,00	0,00
7.Other long-term receivables	0,00	0,00	0,00	2.876,01	0,00	2.876,01
	2.876,01	0,00	2.876,01	2.876,01	0,00	2.876,01
Total Fixed Assets (CII+CIII)	1.504.253,44	1.258.155,16	246.098,28	332.463,14	227.184,56	90.864,17
D. CURRENT ASSETS						
I. Stocks						
1. Merchandise			435.037,29			393.030,19
II. Receivables						
1. Trade debtors			883.524,10			1.227.195,08
2.Notes receivable			154.685,00			164.485,00
3.Cheques receivable (postdated)			246.532,35			230.937,32
11.Sundry debtors			335.834,59			318.018,85
			1.620.576,04			1.940.636,25
IV.Cash at bank and in hand						
1.Cash in hand			1.409.699,61			843.570,02
3.Current and time deposits			113.969,50			7.179,72
			1.523.669,11			850.749,74
Total Current Assets (DII + DIV)			3.579.282,44			3.184.416,18
E. PREPAYMENTS AND ACCRUED INCOME						
1. Prepaid expenses			30.021,40			2.545,78
GRAND TOTAL ASSETS (B + C + D + E)			3.855.402,12			3.292.240,54

LIABILITIES	2007	2006
A. CAPITAL AND RESERVES		
I.Share Capital		
1.Paid-up capital	300.000,00	300.000,00
2.Outstanding chapter	50.000,00	0,00
	350.000,00	300.000,00
IV.Reserves		
1.Legal reserve	25.752,80	19.624,00
2.Charter reserves	974.114,00	0,00
	999.866,80	19.624,00
V.Results carried forward		
Prior period profit carried forward	287.517,82	0,00
Period's profit carried forward	84.643,23	287.517,82
	372.161,05	287.517,82
Total Capital and Reserves (AI + AIV +AV)	1.372.027,85	607.141,82
C. CREDITORS		
II.Current Liabilities		
1.Suppliers	561.664,64	600.177,75
2.Notes payable	79.819,28	35.483,73
2a.Cheques payable	1.340.087,36	1.067.615,04
3.Banks	0,00	772.793,14
5.Taxes - Duties	68.933,47	128.634,35
6.Social security	19.374,16	15.369,19
11.Sundry creditors	63.495,36	65.025,52
Total Creditors (CII)	2.133.374,27	2.685.098,72
GRAND TOTAL LIABILITIES (A +C)	3.855.402,12	3.292.240,54

PROFIT AND LOSS ACCOUNT

At December 31, 2007 (January 1 - December 31, 2007)

	2007	2007	2006	2006
I. Operating Results				
Net turnover (Sales)		2.763.760,19		2.862.581,35
Less: Cost of sales		1.879.186,80		2.029.065,56
Gross operating results (profit)		884.573,39		833.515,79
Plus: Other operating income		1.841,30		2.876,76
Total		886.414,69		836.392,55
LESS: 1.Administation expenses	67.886,28		141.289,74	
3.Distribution costs	618.118,00	686.004,28	445.230,74	586.520,48
Sub-total (profit)		200.410,41		249.872,07
Less: 3.Debit interest and similar expenses		73.080,98		80.371,77
Total operating results (profit)		127.329,43		169.500,30
II. PLUS: Extraordinary results				
PLUS 2.Extraordinary profit		0,00		1.347,13
LESS 2.Extraordinary losses		4.753,31		3.967,07
NET RESULTS (PROFIT) FOR THE YEAR before taxes		122.576,12		166.880,36

APPROPRIATION ACCOUNT

	2007	2006
Net results (profit) for the year	122.576,12	166.880,36
Profit for disposal	122.576,12	166.880,36
Appropriated as under:		
1. Legal reserve	6.128,80	8.345,00
Apllicable income tax	31.804,09	48.395,30
8.Profit carried forward	84.643,23	110.140,06
	122.576,12	166.880,36

KATERINI , 30/04/2008

BALANCE SHEET

AS AT DECEMBER 31, 2010 (JANUARY 1 - DECEMBER 31, 2010)

PIONEER LONDON (S.A.)

Amount in Euro

ASSETS	2010 Acquisition cost	2010 Depreciation	2010 Net book value	2009 Acquisition cost	2009 Depreciation	2009 Net book value
B. FORMATION EXPENSES						
1. Preliminary expenses	270.022,05	47.385,72	222.635,33	268.132,03	53.443,52	214.688,51
C. FIXED ASSETS						
II.Tangible Assets						
3.Buildings and technical works	165.228,79	18.307,85	146.920,94	163.478,79	14.723,00	148.755,79
5. Transportation equipment	11.400,00	2.200,00	9.200,00	11.400,00	1.200,00	10.200,00
6.Furniture and fixtures	280.640,64	220.932,12	59.708,52	277.760,38	209.917,12	67.843,26
Fixed assets of branches	12.409,41	0,00	12.409,41	9.213,31	0,00	9.213,31
Total Tangible Assets (CII)	469.678,84	241.439,97	228.238,87	468.582,48	225.840,12	236.012,36
III. Financial Assets						
7.Other long-term receivables	24.064,01	0,00	24.064,01	23.730,01	0,00	23.730,01
Total Fixed Assets (CII+CIII)	763.784,90	288.826,69	474.958,21	485.582,49	225.840,12	259.742,33
D. CURRENT ASSETS						
I. Stocks						
1. Merchandise			1.053.845,66			1.206.840,39
II. Receivables						
1. Trade debtors			859.635,95			863.486,99
2.Notes receivable			0,00			154.685,00
11.Sundry debtors			38.668,73			43.673,51
Management advances			3.666,04			14.000,00
			1.955.715,38			1.075.845,50
IV.Cash at bank and in hand						
1.Cash in hand			143.563,00			106.170,63
3.Current and time deposits			17.206,33			164.019,66
			160.769,33			270.190,29
Total Current Assets (DII + DIV)			3.170.330,37			2.552.876,18
E. PREPAYMENTS AND ACCRUED INCOME						
1. Prepaid expenses			0,00			11.668,43
GRAND TOTAL ASSETS (B + C + D + E)			2.591.443,92			3.038.975,49

LIABILITIES	2010	2009
A. CAPITAL AND RESERVES		
I.Share Capital		
1.Paid-up capital	380.000,00	380.000,00
IV.Reserves		
1.Legal reserve	29.118,01	28.988,13
2.Charter reserves	0,00	974.114,00
5. Tax-free reserves under special laws	974.114,00	0,00
	1.003.232,01	1.003.102,13
V.Results carried forward		
Profit balance	71.475,39	45.294,47
Total Capital and Reserves (AI + AIV +AV)	1.454.707,40	1.428.396,60
C. CREDITORS		
II.Current Liabilities		
1.Suppliers	73.154,18	224.790,17
2.Notes payable	0,00	35.483,73
2a.Cheques payable	543.363,91	902.256,73
3.Banks	179.797,39	207.203,95
5.Taxes - Duties	192.507,41	82.777,43
6.Social security	13.276,71	19.142,79
11.Sundry creditors	34.634,92	138.924,09
Total Creditors (CII)	1.136.736,52	1.610.578,89
GRAND TOTAL LIABILITIES (A +C)	2.591.443,92	3.038.975,49

PROFIT AND LOSS ACCOUNT

At December 31, 2010 (January 1 - December 31, 2010)

	2010		2009	
I. Operating Results				
Net turnover (Sales)		1.588.722,44		1.563.501,47
Less: Cost of sales		773.681,68		739.352,26
Gross operating results (profit)		815.040,76		824.149,21
Plus: Other operating income		3.222,78		77.948,36
Total		818.263,54		902.097,57
LESS: 1.Administation expenses	104.071,44		110.005,00	
3.Distribution costs	690.745,24	794.816,68	730.310,40	840.315,40
Sub-total (profit)		23.446,86		61.782,17
Plus : 4.Credit interest and similar income	4,70		101,42	
Less: 3.Debit interest and similar expenses	18.062,63	18.057,93	19.137,03	19.035,61
Total operating results (profit)		5.388,93		42.746,56
II. PLUS: Extraordinary results				
PLUS 2.Extraordinary profit		606,87		0,00
LESS 2.Extraordinary losses		3.398,12		0,00
NET RESULTS (PROFIT) FOR THE YEAR before taxes		2.597,68		42.746,56
Reform		32.021,79		0,00
		34.619,47		42.746,56

APPROPRIATION ACCOUNT

	2010	2009
Net results (profit) for the year	34.619,47	42.746,56
Profit for disposal	34.619,47	42.746,56
Appropriated as under:		
1. Legal reserve	129,88	2.137,33
Apllicable income tax (24% x 34.619,47)	8.308,67	10.686,64
8.Profit carried forward	26.180,92	29.922,59
	34.619,47	42.746,56

BALANCE SHEET

AS AT DECEMBER 31, 2011 (JANUARY 1 - DECEMBER 31, 2011)

PIONEER LONDON (S.A.)

Amount in Euro

ASSETS	2011 Acquisition cost	2011 Depreciation	2011 Net book value	2010 Acquisition cost	2010 Depreciation	2010 Net book value
B. FORMATION EXPENSES						
1. Preliminary expenses	271.778,07	48.447,40	223.330,67	270.022,05	47.386,72	222.635,33
C. FIXED ASSETS						
II. Tangible Assets						
3. Buildings and technical works	165.228,79	22.672,79	142.556,00	165.228,79	18.307,85	146.920,94
5. Transportation equipment	11.400,00	3.400,00	8.000,00	11.400,00	2.200,00	9.200,00
6. Furniture and fixtures	285.187,67	226.187,46	59.000,21	280.640,64	220.932,12	59.708,52
12. Fixed assets of branches	12.409,41	1.373,41	11.036,00	12.409,41	0,00	12.409,41
Total Tangible Assets (CII)	474.225,87	253.633,66	220.592,21	469.678,84	241.439,97	228.238,87
III. Financial Assets						
7. Other long-term receivables	24.084,01	0,00	24.084,01	24.084,01	0,00	24.084,01
Total Fixed Assets (CII+CIII)	770.087,95	302.081,06	468.006,89	763.784,90	288.826,69	474.958,21
D. CURRENT ASSETS						
I. Stocks						
1. Merchandise			1.348.269,86			1.053.845,66
II. Receivables						
1. Trade debtors			330.045,06			859.635,95
5. Down payments for stocks			1.295,47			0,00
11. Sundry debtors			38.668,73			38.668,73
Management advances			0,00			3.566,04
			370.009,26			1.955.715,38
IV. Cash at bank and in hand						
1. Cash in hand			84.259,50			143.563,00
3. Current and time deposits			52.259,58			17.206,33
			136.519,08			160.769,33
Total Current Assets (DII + DIV)			1.854.798,20			3.170.330,37
GRAND TOTAL ASSETS (B + C + D)			2.322.805,09			2.591.443,92

LIABILITIES	2011	2010
A. CAPITAL AND RESERVES		
I. Share Capital		
1. Paid-up capital	380.000,00	380.000,00
IV. Reserves		
1. Legal reserve	29.118,01	29.118,01
2. Charter reserves	974.114,00	0,00
5. Tax-free reserves under special laws	0,00	974.114,00
	1.003.232,01	1.003.232,01
V. Results carried forward		
Prior period profit carried forward	71.475,39	0,00
Period's loss carried	-9.664,13	71.475,39
	61.811,26	71.475,39
Total Capital and Reserves (AI + AIV + AV)	1.445.043,27	1.454.707,40
C. CREDITORS		
II. Current Liabilities		
1. Suppliers	19.799,43	173.154,18
2a. Cheques payable	579.335,69	543.363,91
3. Banks	128.256,37	179.797,39
4. Advances from trade debtors	12.087,80	0,00
5. Taxes - Duties	39.701,09	195.843,47
6. Social security	21.015,73	13.278,71
11. Sundry creditors	77.565,71	31.298,86
Total Creditors (CII)	877.761,82	1.136.736,52
GRAND TOTAL LIABILITIES (A + C)	2.322.805,09	2.591.443,92

PROFIT AND LOSS ACCOUNT

At December 31, 2011 (January 1 - December 31, 2011)

	2011	2011	2010	2010
I. Operating Results				
Net turnover (Sales)		1.059.054,28		1.588.722,44
Less: Cost of sales		360.569,04		773.681,68
Gross operating results (profit)		698.485,24		815.040,76
Plus: Other operating income		12.592,67		3.222,78
Total		711.077,91		818.263,54
LESS: 1. Administation expenses	89.733,67		104.071,44	
3. Distribution costs	613.793,03	703.526,70	690.745,24	794.816,68
Sub-total (profit)		7.551,21		23.446,86
Plus: 4. Credit interest and similar income	0,00		4,70	
Less: 3. Debit interest and similar expenses	16.558,12	16.558,12	18.062,63	18.057,93
Total operating results (profit)		9.006,91		5.388,93
II. PLUS: Extraordinary results				
PLUS 2. Extraordinary profit		0,00		606,87
LESS 2. Extraordinary losses		657,22		3.398,12
NET RESULTS (LOSS) FOR THE YEAR before taxes		9.664,13		2.597,68
Reform		25.105,02		32.021,79
		15.440,89		34.619,47

APPROPRIATION ACCOUNT

	2011	2010
Net results (profit) for the year		34.619,47
Profit for disposal		34.619,47
Appropriated as under:		
1. Legal reserve		129,88
Apllicable income tax (24% x 34.619,47)		8.308,67
8. Profit carried forward		26.180,92
		34.619,47

KATERINI 31/03/2012

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