

SPIDER

Reuters : SPIr.AT Bloomberg : SPID GA

Sector: Metal Products

Ownership Structure (28 March 2007):

Petsios Family	46.4%
Aspis Pronoia AEGA	10.0%
Free Float	43.6%

Stock Data

Price (09/07/2007)	€ 1.31
Shares (in million)	29.06
Mkt Cap (in million)	38.07

Stock Ratios

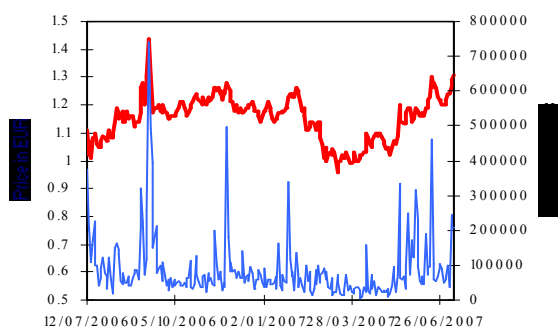
	2005	2006	2007 E	2008 E
P / E	369.1x	28.52x	434x	29.44x
P / BV	1.41x	1.35x	1.35x	1.31x
EV / EBITDA	23.98x	40.95x	23.01x	15.27x
Div. Yield	1.15%	1.76%	0.06%	0.85%
ROE	0.38%	4.84%	0.31%	4.51%
ROIC	0.20%	2.43%	0.15%	2.16%
Net Debt/Equity	0.90	1.01	1.07	1.03

Summary Financials

P&L (in € 000s)	2005	2006	2007 E	2008 E
Turnover	29,048	33,838	40,050	44,664
Gross Profit	9,283	8,667	10,033	11,854
OPEX	6,748	7,226	7,450	7,689
EBITDA	2,598	1,620	2,833	4,365
Finan. Results	-1,130	1,723	-1,590	-1,567
Depreciations	913	951	1,026	1,097
EBT	555	2,392	351	1,800
EATAM	103	1,335	87.8	1,293

Source: Company Data & VRS Projections

Stock Graph (52 weeks)
Min: € 0.96 Max: € 1.44



KEY INVESTMENT POINTS

- Spider is a leading company in metal products in Greece, with activities in three different business sectors. The Company holds a large market share in shop-fitting and waste collection products, while secondarily enjoys a privileged contract with the Greek Army for the production of defence material.
- Spider faces limited competition in the domestic market in all sectors of activity as it has the comparative advantage of promoting a wide-range of specialised solutions in contrast to competitors.
- Spider's expertise and know-how in waste management products assists the Company to target international markets, especially the Balkans, where the demand for such products is about to increase.
- The most significant drivers for future growth are:
 - a) Geographic expansion,
 - b) the exploitation of opportunities arising in waste management sector,
 - c) the increased demand for shop-fitting products,
 - d) the sustainability of privileged contracts.
- By applying our forecasts for the coming 5-years in the DCF model, we derive a fair price of € 1.44 per share, implying a neutral rating. Our time horizon for this rating is approximately 12 months.

Relative Performance versus G.I. (52 weeks)
Stock Return: 18.02% - G.I. Return: 36.15%

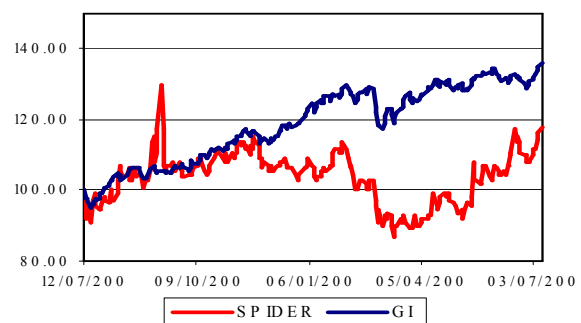


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INVESTMENT CASE

Spider is a well established brand name in metal products market in Greece, specializing in and leading three unrelated sectors: a) Shop and storage equipment and fitting, b) Waste collection products, c) Sub-construction of defense material.

This diversification of activities reduces corporate risk while at the same time produces streams of income from various sources, especially from the first two business sectors.

Spider is based in North-west part of Greece, **holding a strategic position** for servicing the demand of neighboring countries. Spider has recently completed a large scale investment program, increasing production capacity in order to meet increased demand in shop and storage fitting and waste collection products.

At the end of 2006, total turnover of the Group reached € 33.8 million, up by 16.5% compared to 2005, reversing the small decline observed a year earlier. The growth rate in the following years is expected to remain at these double digit figures, leading **total turnover to approach € 53.6 million by the end of the fiscal 2011, with CAGR for the next 5-years standing at 9.64%. To the best of our view, the growth of the Group in coming years would be based on:**

1. Meeting the increased demand for shop fitting products expected to arise from:
 - a. the new multi-store chains that initiate activity in the Greek market and,
 - b. the renovation of existing stores in an attempt to withstand the increased competition.
2. Exploiting the opportunities that arise from the stronger environmental consciousness worldwide, becoming a pioneer in the Greek as well as neighboring countries via complete waste management solutions.
3. Strategic collaborations with international partners.
4. And to a lesser extend from the maintenance of privileged contracts with the army.

☞ **Shop and storage fitting products**

Turnover from the sector of shop and storage fitting products mostly arises from domestic activities and contributes about 41% to total Group turnover.

The competitive advantage for the Company is the provision of a wide range of specialized products as other firms in the sector offer similar products in limited variation as a small part of their multiple activities. This has made Spider a sector leader. The demand for such products depends heavily on retail trade developments that follow general economic conditions and the growth drivers are expected to be:

- **The entrance of large retail chains in Greece.** The post-Olympics era in Greek retail trade is characterized by the increased number of large foreign players. The development of new modern commercial centers in large metropolitan areas is expected to attract the interest of additional companies raising the demand for shop and storage fitting products.
- **The consolidation of retail shops and the need for modernization.** The aforementioned developments intensify competition by increasing the demand for larger scale shops, while at the same time the need for modernization of older shops becomes a necessity for customer attraction.
- The strengthening of the “**shop within a shop**” policy. The large scale investments in commercial centers, especially in the areas of Attica and Thessalonica, and the prospective creation of numerous similar investments has increased the number of stores that decide to distribute their products through the policy of establishing a “shop within a shop”. The leading position of the Company in the sector is expected to attract most of the increased demand.
- **Improved international opportunities.** Although the majority of current turnover in the sector is attributed to domestic activities, Spider has established links with foreign markets aiming to expand activities at an accelerating pace. The completion of the investment program has increased production capacity in shop fitting products and the continuously improving economic conditions in Balkan countries may create a significant number of new businesses. At the same time, Spider has initiated a pilot expansion in Western Europe starting with a contract of € 630,000 for providing shop fitting products to the well known chain of companies for electrical appliances UniEuro that is active in Italy and is part of Dixons Group of Companies.

☞ **Waste collection and management solutions**

The sector of waste collection and management, that accounts for approximately 43% of total Group turnover (with the 3/5 of turnover coming from foreign activities), is expected to rise in the next 5-year period at a double digit pace CAGR₂₀₀₇₋₂₀₁₁ of 12%, representing at the end of fiscal 2011 about 47% of total Group turnover, supported also by complete waste management solutions. Future growth will mostly derive from:

- **The higher environmental consciousness.** An increased interest is observed globally for developing an ecological culture and behavior related to waste management. Addressing this issue, governments across the globe have increased their budgets in an attempt to make people aware of the significance of the issue. Therefore, investment for products related to waste collection and management will increase. Currently, Spider is active in the waste collection business and follows the international trend according to which the **metal container market share is predicted to increase at the expense of the plastic, thus offering environmental friendly products.** In addition, the Company is expected to benefit from the further unification of Greek municipalities, as a result of the ‘Kapodistria Plan’, as well as from the increased demand for containers of larger capacity in Greece and abroad. The Company has already entered the Serbian market completing a project of € 365,000.
- **The absence of complete waste management solutions.** The largest turnover increase is expected to realize along the transition phase from waste collection to **complete waste management solutions.** This activity would attempt to face the serious problem of waste storage that is currently emerging in Greece. Spider, **understanding the ecological implications** of the issue and **knowing that waste management solutions are absent** in the Greek as well as in the markets of Balkan countries, established a specialized subsidiary dealing with waste management solutions, **pioneering** in Greece and in neighboring Balkan countries. It is noted that Spider is the only company in Greece offering the solution of side-load waste collection, a beneficial choice for waste collection in city-areas, a

service currently offered only in other countries. In addition, the Company has initiated a research program in co-operation with University of Patras for developing specialized vehicles that would be custom made.

- **Maintenance of high quality production standards.** Spider has proven its focus in producing high quality products as it is the first Greek company to produce waste containers under the quality assurance ISO 9001 that is certified by Bureau Veritas International Quality (BVQI) and granted by UKAS. This policy has helped Spider to build up a strong brand name providing a competitive advantage against potential competition.

☞ **Sub-contracting**

Spider enjoys a privileged contract with the Greek State in the manufacturing of sub-construction defense material co-operating with a number of large Greek companies. Turnover from this sector contributes about 11% of total turnover. The growth from domestic activities is not expected to be impressive. Potential growth appears however in the Balkans, since the Company could utilize its exceptional know-how in the business producing high quality defense materials for a wide-range of products such as metal parts for military vehicles', tank parts and ammunition.

☞ **Investment plan**

During this period, the Company completed a large-scale investment plan that increased the production and storage capacity for the shop-fitting products. At the same time, the Company transferred the biggest part of its production line from Kardamitsia and opposite airport plants to the industrial area of Ioannina.

SECTOR'S OUTLOOK AND COMPANY'S POSITIONING

As already mentioned, Spider S.A. is active in three different business sectors, holding leading position in all three and facing limited competition.

A. Shop and Storage Fitting

The Greek shop and storage fitting sector is served by a small number of companies that are representatives of foreign groups or small local manufacturers offering limited solutions to specific market segments.

Domestic and International Competitors

Domestic (Representations)	International
VOGIATZOGLOY SYSTEMS S.A.	TEGOMETALL GROUP - GERMANY
GIOUNTICAR HELLAS SA "AR-CON HELLAS"	YUDIGAR GROUP - SPAIN
M. VASILEIADOU - CHR. KONSTANTINIDIS AND SONS S.A.	SIDAC-ROSS GROUP - ITALY
FERESTIADIS PERIKLIS "PERFER"	CEFLA GROUP - ITALY
	WANZL GROUP - GERMANY
	ZAF GROUP – ITALY
	ARNEG GROUP - ITALY
	ALSER GROUP - FRANCE
Domestic (Local Manufacturers)	
KONAMR A.B.E.	
TH. DIMITROULAKOS A.B.E.E.	
SOUEL STORES S.A. / SOUEL L.L.C	
VIEMET G. TITOPOULOS A.E.B.E.	
INTERSHOP EQUIP S.A.	

Source: Market surveys.

The size of the sector is difficult to be measured as competitors have multiple activities and do not usually disclosure turnover per business activity. Although domestic growth slowed down last year, the market is expected to grow at a low double digit rate in the coming years. This is mainly due to the expansion and refurbishment needs of large chain companies and supermarkets as well as to the increased demand that is expected for library and filing systems.

The difficulty in measuring the size of the sector underestimates the relative position of Spider. However, we believe that as far as the particular activity is concerned, the Company is classified among the leading suppliers of the domestic market with strong demand for its products, while it benefits from the continuous reduction of production cost. Regarding international activities, the Company is considered a small player; however it has already taken the first steps for stronger expansion. To this direction, the Company initially targets the Spanish market, collaborating with local representatives having an excellent knowledge and experience in the business.

B. Waste Collection and Management Products

This sector is expected to produce significant growth opportunities as, despite the enormous growth and specialization observed in foreign markets, is newly developed in Greece and the need for waste collection and management solutions is seen to increase substantially. It is estimated that supply competition for the account of local Greek authorities, public organizations etc., cover 75% of total demand, so they are indicative of the whole market. In this sector, we expect that Spider, utilizing its expertise, the variety of products and its competitive pricing, captures 60% of the Greek market in terms of waste container supplies to Greek local authorities. The metal containers that Spider produces fit to the Greek climate as their plastic substitutes are negatively affected by warm weather conditions. Thus, the longer life of metal waste containers increases their demand. Furthermore, Spider offers the choice of plastic wheeled containers following a collaboration with Creamer (Kliko) and Plastic Omnium, enjoying today a 40% market share in the business.

Regarding waste carriages, the Company's management estimates that market demand has been satisfied to a percentage of 50% leaving significant room for expansion. The domestic competition in metal and plastic containers is limited coming from a handful of companies for metal, namely Viokado AEBE and Viomet S.A. and three representatives of foreign companies for plastic, namely Environmental A.T.E.B.E, Tsandopoioli LLC and Envitech LLC. In the international markets, from which SPIDER receives 72% of its total turnover as far as this business activity is concerned, the competition comes from two large groups, OTTO in Germany and TAYLOR in Great Britain, as well as from smaller producers in their local markets.

Taking into account the increased awareness of the global protection for the environment, we expect significant growth in the specific sector, especially for the containers of larger capacity in waste collection segment and to activities in waste management segment that is still at its infancy in Greece and the Balkans.

C. Sub Construction – Defense Material Sector

Due to the nature of the business, the size of the sector can not be estimated neither may a direct or comparable competition in this field be considered as, following a political decision, the Greek Army must be supplied with products made by Greek producers. Spider, has established a strong and reliable relationship with the Greek State utilizing a high level of competence and know-how. However, the growth in this sector is expected to lag behind the other two sectors as demand for defense material is relatively stable, increasing by single digit figures.

CORPORATE PROFILE

Founded in 1946 by Nikolaos Petsios, the business started as a sole trading company manufacturing templates. In 1972, the family business changed its name to SPIDER METAL COMPANY N. PETSIOS ANS SONS S.A. In 1995, Spider opened its first international subsidiary in Italy, SPIDER ITALIA which handles all products relating to waste containers. In 1998, a second subsidiary was opened in the United Kingdom, SPIDER UK LTD further promoting a wide range of products associated with waste management. In December 1999, Spider floated its shares on the Athens Stock Exchange Market raising around € 15.3 million. In November 2000, in order to further consolidate its presence in the stores equipment's market, Spider acquired 58% of EPIPLOTECHNIKI S.A., a company specializing in wood and crystal furnishing. This enables Spider to offer and combine different material such as metal, wood, aluminum and crystal furnishings to the retail market.

Today, Spider Metal Industry N. Petsios & Sons own three production facilities. The first one operates in Kardamitsa in the neighbourhood of Vounopaglia, Ioannina. This is also home to the headquarters, set in an area of 27,919 sq.m. The second production unit is opposite Ioannina's Airport in an area of 7,000 sq.m. and the third one is located in the industrial zone of Ioannina with a total area of 102,556 sq.m. Other operations include 3,500 sq.m. offices and display area in Moshato, Athens. There is also a technical support unit and warehousing in Tavros as well as a full scale representation throughout Greece and abroad. **Spider mainly engages in the production and trade of shop furnishing products, waste management and environmental products and secondarily acts as a sub-contractor for the manufacturing of defense material for the Greek Army.** Its shop furnishing products include shop windows, cashier furniture, entrance systems and special constructions of metal and wood. It also offers a complete line of storage systems such as shelves, pallets, lofts and archiving systems. The Company's waste management systems include metal wheel-driven containers of various sizes and capacities, and various types of waste container lifting and tipping hydraulic mechanisms, as well as hyper constructions for special vehicles such as fire appliances and garbage trucks. In the defense field, it manufactures packing boxes and ammunition parts, such as loading dispensers and clips, grenade cones, vehicle parts and materials for war tanks, such as tracks and ground wheels.

Spider Product Range**1) Shop-fitting**

- equipment for sale areas (supermarket shelves, DIY stores, beauty and presents shops, newsagents / cigarettes, electrical / electronic goods, Clothes, mobile telephony, wooden shelves, CD/DVD)
- equipment for storage areas (pallet storage, simple load storage, work benches)
- Mobile shelving systems
- Special products (product stands, checkouts)

2) Waste management

- Waste containers (wheeled and static)
- Litter bins (steel post-mounted, cast iron ground, wooden ground)

3) Vehicle superstructures (Refuse collection vehicles, bin washing vehicles)

- Obstructing vehicles, cherry pickers, snow-plough, street cleansing vehicles, commercial vehicles, multi purpose vehicles)

4) Sub-contracting (Vehicles' metal parts, tank parts, ammunition parts)

Source: The Company.

During 2006, the Company maintained its contract with the Ministry of Defense, and expanded its international activities via a pilot co-operation with the Italian chain-stores Uni-euro, and the Municipality of Belgrade.

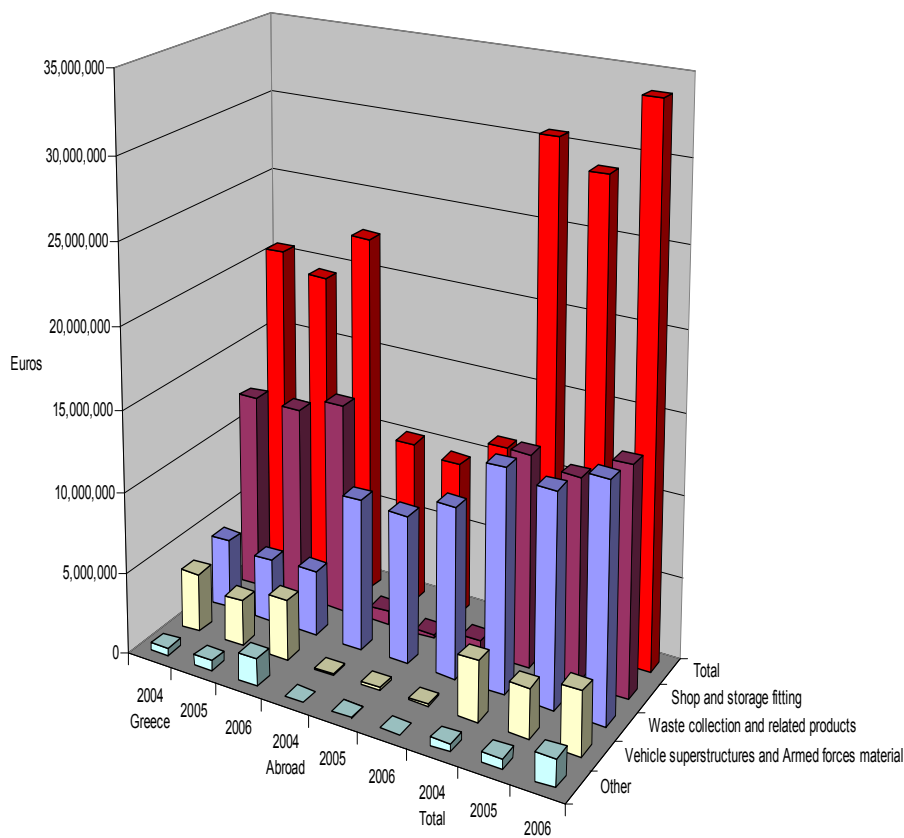
The shareholders structure of the Company is as follows:

Shareholder	Percentage
Petsios Family	46.4%
Aspis Pronoia AEGA	10.0%
Other & Free float	43.6%
Total	100.00%

Source: The Company

Regarding Spiders' turnover, activities in the Greek market account for about 3/5 of total turnover, with the Company strengthening its foreign presence, especially in waste management products, with activities in 23 countries.

Turnover Breakdown per Product and Geographic Region



Source: The Company

TURNOVER FORECASTS

The successful completion of the investment plan that increased production and storage capacity and the entrance of Spider into the Balkan markets would drive the turnover developments. Waste collection and management and shop-fitting would be the main sources of revenues. The following table presents our projections regarding the breakdown of turnover. All projections for domestic operations are directly linked with the assumption of successful penetration in foreign markets and increasing market share in all product categories, presuming higher production capacity.

For the period under consideration, 2007-2011, we expect a turnover **CAGR of 10.1%**. More specifically:

1. Merchandise

We expect that merchandise turnover **abroad** would grow at a **CAGR of 17.8%**, while **in Greece by 7.1%**. The majority of sales abroad is expected to derive by the sector of waste collection and management since the Company has already penetrated the markets in Balkans offering solutions that are not yet available domestically. The majority of domestic turnover is expected by the shop-fitting sector, an activity though that is forecasted to grow at a CAGR of 17.5% abroad.

2. Finished and semi-finished goods

Most sales in this category are expected to occur domestically, with shop-fitting activity being the largest part, followed by vehicle superstructures and waste collection solutions. **Total domestic CAGR** in this category is expected at around **7%**. **Foreign activities**, being 1/3 of total activities in this segment, are expected to grow at a **CAGR of 12.2%**.

3. Services and other

This source of turnover that constitutes a rather small percentage of total and is expected to grow at a **CAGR of 11%**.

(in € ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Merchandise turnover							
Systems for environmental products (Greece)	285	331	370	407	444	479	503
Shop fitting (Greece)	6,354	7,008	7,849	8,477	9,070	9,524	9,905
Vehicle superstructures (Greece)	292	495	554	609	664	717	753
Merchandise turnover (Greece)	6,931	7,833	8,773	9,493	10,178	10,721	11,161
y-o-y Change %		13.0%	12.0%	8.2%	7.2%	5.3%	4.1%
% of Total	23.9%	23.1%	21.9%	21.3%	20.9%	20.8%	20.8%
Systems for environmental products (Abroad)	5,460	8,131	11,383	13,660	15,709	16,965	17,814
Shop fitting (Abroad)	195	472	637	796	915	1,007	1,057
Merchandise turnover (Abroad)	5,655	8,602	12,020	14,456	16,624	17,972	18,871
y-o-y Change %		52.1%	39.7%	20.3%	15.0%	8.1%	5.0%
% of Total	19.5%	25.4%	30.0%	32.4%	34.1%	34.9%	35.2%
Turnover of finished and semi-finished goods							
Systems for environmental products (Greece)	3,593	3,663	3,736	3,811	3,887	3,964	4,044
Shop fitting (Greece)	5,292	5,620	6,070	6,434	6,755	6,958	7,097
Vehicle superstructures (Greece)	2,475	3,173	3,902	4,488	4,892	5,185	5,444
Finished and semi-finished turnover (Greece)	11,360	12,455	13,708	14,732	15,534	16,108	16,585
y-o-y Change %		9.6%	10.1%	7.5%	5.4%	3.7%	3.0%
% of Total	39.1%	36.8%	34.2%	33.0%	31.9%	31.2%	30.9%
Systems for environmental products (Abroad)	3,640	2,277	2,550	2,678	2,785	2,868	2,926
Shop fitting (Abroad)	81	330	429	537	644	741	815
Vehicle superstructures (Abroad)	203	130	133	134	135	137	138
Finished and semi-finished turnover (Abroad)	3,924	2,738	3,112	3,349	3,564	3,746	3,879
y-o-y Change %		-30.2%	13.7%	7.6%	6.4%	5.1%	3.5%
% of Total	13.5%	8.1%	7.8%	7.5%	7.3%	7.3%	7.2%
Total services (Greece)	523	536	564	595	626	654	676
y-o-y Change %		2.5%	5.3%	5.3%	5.3%	4.4%	3.5%
% of Total	1.8%	1.6%	1.4%	1.3%	1.3%	1.3%	1.3%
Total services (Abroad)	0.0	2.0	2.2	2.4	2.7	3.0	3.2
y-o-y Change %			10.0%	10.0%	10.0%	10.0%	10.0%
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	656	1,671	1,871	2,038	2,198	2,350	2,443
y-o-y Change %		154.9%	11.9%	8.9%	7.9%	6.9%	4.0%
% of Total	2.3%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%
TOTAL TURNOVER	29,048	33,838	40,050	44,664	48,727	51,553	53,619
y-o-y Change %		16.5%	18.4%	11.5%	9.1%	5.8%	4.0%

Source: The Company, VRS projections.

GROSS PROFIT MARGIN EVOLUTION

Profit margins are generally expected to follow an upward trend, as the Company is expected to control costs, increasing at the same time revenues in all sectors by utilizing its expertise and unique products. Gross profit margin is expected to show a moderate increase reaching 29% at the end of 2011 compared to 25.6% at the end of 2006. EBITDA is forecasted to reach € 7.3 million at the end of 2011 from € 1.6 million at the end of 2006, resulting to an EBITDA margin of 13.7% (2006: 4.79%) and a net profit margin of 6.6% from 3.95%.

The following factors are expected to drive the aforementioned performance:

1. The stable increase of revenues both in domestic and foreign markets in diversified activities.
2. The cost efficiencies resulting from the utilization of the new infrastructure that was installed at the end of 2006 and the production of high quality products.
3. The close monitoring of distribution and advertising costs and the careful steps in the expansion process would positively affect margins.
4. Healthy balance sheet structure.

	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Profit Margin Ratios						
Gross Margin	25.61%	25.38%	26.76%	27.75%	28.47%	29.08%
EBITDA Margin	4.79%	7.41%	9.99%	11.81%	12.88%	13.69%
EBIT Margin	1.98%	4.85%	7.54%	9.36%	10.42%	11.20%
Pre-tax profit margin	7.07%	0.88%	4.03%	6.28%	7.85%	8.94%
Net Profit margin	3.95%	0.22%	2.90%	4.59%	5.77%	6.59%

Source: Historic Data & VRS Estimates

BALANCE SHEET ANALYSIS

Spider is characterized by a healthy balance sheet, while leverage is expected to present a constant decline following the completion of the investment program.

The different product mix and the diversified activities of the Company would result to the stability of inventory, debtors' and creditor's days, with the cash cycle improved to 289 days.

It is noted that the negative financial results for the first quarter of 2007 are not representative of the whole year's performance as they include the extraordinary items related with the relocation of Company's infrastructure in Ioannina.

Excluding this development, the 2006 year-end results provide a good historic basis for our projections.

	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Activity						
Stock Days	172	168	165	163	160	160
Debtors Days	242	220	210	210	210	210
Creditors Days	91	91	91	91	91	91
Operating Cycle	414	388	375	373	370	370
Cash Cycle	322	297	284	282	279	279
Capital Structure						
Total Liab. / Total Equity	1.44	1.53	1.51	1.45	1.33	1.19
Bank Debt / Equity Ratio	1.03	1.08	1.05	0.99	0.88	0.76

Source: Company Accounts and VRS Estimates

VALUATION & SENSITIVITY ANALYSIS

Based on our forecasts for the next 5-years (explicit period) and the long-term assumptions (terminal value), the application of the discounted free cash flow methodology leads to a fair price of € 1.44 for the Spider stock (total value of € 41.75 million) implying a neutral rating.

	2007 E	2008 E	2009 E	2010 E	2011 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	18.4%	11.5%	9.1%	5.8%	4.0%	2.2%
EBIT Margin	4.8%	7.5%	9.4%	10.4%	11.2%	12.2%
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Working Capital (% of sales)	5.9%	3.8%	5.1%	3.1%	2.4%	1.2%
Capex (% of sales)	0.9%	0.5%	0.5%	0.4%	0.4%	1.0%
Cost of Capital	6.7%	6.7%	6.8%	7.0%	7.2%	7.1%
Depreciation (% of sales)	2.6%	2.5%	2.5%	2.5%	2.5%	1.0%
CASH FLOW STATEMENT						
Turnover	40,050.5	44,664.1	48,727.4	51,552.7	53,618.7	54,798.3
EBIT	1,940.6	3,366.4	4,558.5	5,370.6	6,004.9	6,685.4
Less: Adjusted Tax	485.1	841.6	1,139.6	1,342.6	1,501.2	1,671.3
Adjusted Operating Profit	1,455.4	2,524.8	3,418.8	4,027.9	4,503.7	5,014.0
Plus: Depreciation	1,026.1	1,097.1	1,195.1	1,268.5	1,338.1	548.0
Operating Cash Flow	2,481.5	3,622.0	4,613.9	5,296.4	5,841.8	5,562.0
Less: Change in Working Capital	2,381.5	1,692.4	2,490.3	1,576.0	1,268.9	657.6
Less: Capex	375.0	225.0	225.0	225.0	225.0	548.0
Cash Flow to the Firm (FCFF)	-275.0	1,704.6	1,898.6	3,495.4	4,347.9	4,356.5
Discount Factor	0.94	0.88	0.82	0.76	0.71	0.71
Present Value of Cash Flows	-257.75	1,496.63	1,558.70	2,670.87	3,077.88	
Accumulated Present Value	-257.75	1,238.88	2,797.58	5,468.45	8,546.33	
Residual Value						89,249.0
Present Value of Residual Value						63,392.2

VALUATION

Enterprise Value	71,939
% Residual Value of Total	88.1%
Less: Net Debt	30,186

Value of firm (in € ,000)	41,752
Outstanding # of shares (000)	29,060,950
Value of share (in €)	1.44

WACC CALCULATION

Risk Free Rate	4.5%
Beta Factor	1.0
Market risk Premium	5.0%
Cost of Equity	9.5%
Debt / Debt + Equity	45.0%
Cost of Debt	5.5%
Tax Rate	25.0%

Weighted Average Cost of Capital	7.1%
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Source: VRS Estimates

We have applied the following major assumptions in our model:

- Weighted average cost of capital at 7.1%, affected by both the cost of equity and the cost of debt;
- We have estimated sustained growth in all activities during the examined period and infinity sales growth of 2.2%;

- Infinite EBIT margin of 12.2%.

The realization of the aforementioned growth and valuation scenarios requires:

- The maintenance of profit margins;
- The successful expansion abroad;
- The introduction of new products and services in the Greek market;
- The maintenance of the privileged contracts with local authorities and the ministry of defense.

Applying a sensitivity analysis to the above DCF model, based on different growth rates and different values for weighted average cost of capital (WACC), we end up with the following table:

		WACC				
		5.1%	6.1%	7.1%	8.1%	9.1%
GROWTH	1.45%	2.17	1.65	1.13	0.78	0.52
	1.95%	2.68	1.95	1.33	0.91	0.61
	2.20%	3.32	2.13	1.44	0.98	0.67
	2.70%	4.20	2.57	1.70	1.15	0.78
	3.20%	5.54	3.17	2.03	1.36	0.92

Source: VRS Estimates

STOCK DATA & VALUATION RATIOS

Stock Data & Valuation Ratios (historic & projected figures)

	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Price (in €) (09/07/2007)	€ 1.31					
Shares Outstanding	29,060,950					
Market Capitalization (in €)	38,069,845					
EPS (in €)	0.05	0.00	0.04	0.08	0.10	0.12
Book Value / Share (x)	1.0	1.0	1.0	1.1	1.1	1.2
EV (in € mn)	66,334	68,256	68,147	68,020	66,343	63,861
P/E (a.t.& m.i.)	28.52x	433.52x	29.44x	17.02x	12.79x	10.77x
P/BV	1.35x	1.35x	1.31x	1.24x	1.15x	1.07x
EV/EBITDA	40.95x	23.01x	15.27x	11.82x	9.99x	8.70x
EV/Sales	1.96x	1.70x	1.53x	1.40x	1.29x	1.19x
Dividend / Share (in €)	0.02	0.00	0.01	0.02	0.03	0.03
Dividend Yield	1.8%	0.1%	0.8%	1.5%	2.0%	2.3%

Source: Company Data & VRS Projections

RISK FACTORS

	Investment Risks / Concerns	Mitigating Factors / Important Notes
1	The demand for shop fitting products is highly sensitive to economic conditions, therefore a recession would stagnate profits from this sector.	Economic conditions in Greece remain positive. Also, the Company is planning to diversify its income sources by expanding activities in neighboring countries where business conditions in the shop fitting sector are expected to grow at considerable rates.
2	The demand for waste collection and management products is highly dependent on the budgets and bureaucracy of Greek local authorities.	The Company maintains a long history of co-operation with local authorities, developing also waste management solutions. It is also expected that such solutions would be enforced in Greece by EU. Diversification of activities in foreign markets is already in play.
3	Loss of sub-construction contract with the Greek Armed Forces.	The Company has developed a unique know-how in producing high quality defense material. At the moment there is no competitor in the Greek market, taking also into account the political decision according to which parts for armed forces must be constructed and assembled in Greece.
4	Increased cost of raw materials may damage profit margins.	The Company has completed an investment plan that results in diminishing production cost.



Source: Company Data, VRS Research Department.

Historic & Projected Profit & Loss Account

(in € ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Turnover	29,048	33,838	40,050	44,664	48,727	51,553	53,619
y-o-y Change. %		16.49%	18.36%	11.52%	9.10%	5.80%	4.01%
Cost of Sales	19,765	25,171	29,884	32,711	35,207	36,877	38,028
% of Turnover	68.04%	74.39%	74.62%	73.24%	72.25%	71.53%	70.92%
y-o-y Change. %		27.35%	18.73%	9.46%	7.63%	4.74%	3.12%
Other operating income / expense	551	586	650	600	550	500	500
Operating Expenses	6,748	7,226	7,450	7,689	7,917	8,136	8,347
% of Turnover	23.23%	21.35%	18.60%	17.22%	16.25%	15.78%	15.57%
y-o-y Change. %		7.08%	3.10%	3.21%	2.96%	2.77%	2.59%
EBITDA	2,598	1,620	2,967	4,464	5,754	6,639	7,343
EBITDA Margin	8.94%	4.79%	7.41%	9.99%	11.81%	12.88%	13.69%
y-o-y Change. %		-37.66%	83.16%	50.46%	28.90%	15.39%	10.60%
Depreciation	913	951	1,026	1,097	1,195	1,268	1,338
% of Turnover	3.14%	2.81%	2.56%	2.46%	2.45%	2.46%	2.50%
EBIT	1,685	669	1,941	3,366	4,558	5,371	6,005
% of Turnover	5.80%	1.98%	4.85%	7.54%	9.36%	10.42%	11.20%
y-o-y Change. %		-60.31%	190.18%	73.48%	35.41%	17.82%	11.81%
Net Financial Results	-1,130	1,723	-1,590	-1,567	-1,499	-1,323	-1,212
Net Results Before Taxes	555	2,392	351	1,800	3,059	4,047	4,793
EBT Margin	1.91%	7.07%	0.88%	4.03%	6.28%	7.85%	8.94%
y-o-y Change. %		330.66%	-85.33%	412.79%	69.99%	32.28%	18.42%
Income Tax & Deferred Taxes	361	1,000	208	450	765	1,012	1,198
Effective Tax Rate	64.96%	41.82%	59.19%	25.00%	25.00%	25.00%	25.00%
Net Results After Taxes	195	1,391	143	1,350	2,295	3,035	3,595
EAT Margin	0.67%	4.11%	0.36%	3.02%	4.71%	5.89%	6.70%
y-o-y Change. %		615.03%	-89.71%	842.37%	69.99%	32.28%	18.42%
Proportion of Minority rights	91	57	55	57	58	60	61
Net Results (a.t.&m.i.)	103	1,335	88	1,293	2,236	2,976	3,533
Net Margin	0.36%	3.95%	0.22%	2.90%	4.59%	5.77%	6.59%
y-o-y Change. %		1194%	-93.42%	1372.49%	72.95%	33.06%	18.74%

Source: Company Data & VRS Projections

Historic & Projected Balance Sheet

(in € ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Assets							
Net Intangible Assets	700	700	700	700	700	700	700
Net Tangible Assets	28,903	31,328	30,677	29,804	28,834	27,791	26,678
Participations	138	13	13	13	13	13	13
Other L-term assets	95	100	100	100	100	100	100
Total Non-Current Assets	29,836	32,141	31,490	30,618	29,648	28,604	27,491
% Total Assets	46.87%	45.97%	43.32%	41.12%	38.56%	36.58%	34.67%
Inventories	12,625	11,872	13,755	14,787	15,674	16,165	16,670
Trade Receivables	18,928	22,390	24,140	25,697	28,035	29,660	30,849
Other Receivables	1,376	2,368	2,321	2,275	2,320	2,367	2,414
Cash in bank and at hand	892	1,142	979	1,089	1,215	1,393	1,874
Total Current Assets	33,820	37,772	41,195	43,848	47,245	49,585	51,807
% Total Assets	53.13%	54.03%	56.68%	58.88%	61.44%	63.42%	65.33%
Total Assets	63,656	69,913	72,685	74,465	76,892	78,189	79,298
Equity & Liabilities							
Shareholder's Equity	27,022	28,100	28,166	29,136	30,813	33,045	35,695
Minority Rights	547	567	567	567	567	567	567
Total Equity	27,569	28,667	28,733	29,703	31,380	33,612	36,262
% Total Equity & Liabilities	43.31%	41.00%	39.53%	39.89%	40.81%	42.99%	45.73%
L-Term Bank Loans	13,975	18,398	20,000	20,000	20,000	20,000	20,000
Provisions for Staff Retirement	566	625	660	696	734	775	817
Deferred Tax Liabilities	590	856	771	694	624	562	506
Other long term debts	389	1,207	1,000	1,000	1,000	1,000	1,000
Total L-Term Liabilities	15,519,405	21,086,522	22,430,451	22,389,673	22,358,597	22,336,562	22,322,992
Suppliers	6,817	6,309	7,451	8,155	8,778	9,194	9,481
Banks	8,843	8,342	8,500	8,500	8,500	7,000	5,000
Taxes-duties	361	1,000	1,100	1,210	1,331	1,465	1,611
Other Payables	2,240	1,835	1,799	1,835	1,871	1,909	1,947
Total Current Liabilities	20,568	20,159	21,522	22,373	23,154	22,241	20,713
Total Liabilities	36,088	41,246	43,952	44,763	45,512	44,578	43,036
% Total Equity & Liabilities	56.69%	59.00%	60.47%	60.11%	59.19%	57.01%	54.27%
Total Equity & Liabilities	63,656	69,913	72,685	74,465	76,892	78,189	79,298

Source: Company Data & VRS Projections

Historic & Projected Cash Flow

(in € ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Profit after tax	195	1,391	143	1,350	2,295	3,035	3,595
Plus: Change of Depreciation	821	222	1,026	1,097	1,195	1,268	1,338
Gross Cash Flow	1,028	1,623	1,169	2,447	3,490	4,304	4,933
<u>Change in:</u>							
(-) Trade Debtors	1,899	3,462	1,750	1,557	2,338	1,626	1,189
(-) Inventory	1,827	-753	1,883	1,033	887	491	505
(-) Other Receivables	-1,016	993	-47	-46	45	46	47
(+) Trade Creditors	1,391	-507	1,141	705	622	416	287
(+) Liabilities for taxes	-762	640	100	110	121	133	146
(+) Other Short - term liabilities	1,290	-405	-37	36	37	37	38
Change in Working Capital	-789	-3,974	-2,381	-1,692	-2,490	-1,576	-1,269
Operating Cash Flow	239	-2,352	-1,212	755	999	2,728	3,664
<u>Change in:</u>							
(-) Intangible Assets	0	0	0	0	0	0	0
(-) Tangible Assets	5,417	2,646	375	225	225	225	225
(-) Other long - term receivables	33	-120	0	0	0	0	0
(+) Other Long - term liabilities	-186	1,143	-258	-41	-31	-22	-14
(+) Cons. diff./ Minority Interests	80	20	0	0	0	0	0
Cash Flow from Investment	-5,556	-1,364	-633	-266	-256	-247	-239
Net C.F. Before Financing Activities	-5,317	-3,715	-1,845	489	743	2,481	3,425
Increase in Share Capital	-455	0	0	0	0	0	0
Increase in Share Premium Account	-333	0	0	0	0	0	0
Net Change in Reserves	1,125	403	0	0	0	0	0
Change in Long - Term Debt	3,373	4,424	1,602	0	0	0	0
Change in Short - Term Debt	1,258	-137	158	0	0	-1,500	-2,000
Dividends	436	668	21	323	559	743	883
Minority Interests on Profit	91	57	55	57	58	60	61
Net Cash Flow from Financing	4,441	3,965	1,683	-380	-617	-2,303	-2,944
Cash at Beginning	1,768	892	1,142	979	1,089	1,215	1,393
Change in Cash	-876	250	-162	109	127	178	481
Cash at End	892	1,142	979	1,089	1,215	1,393	1,874

Source: Company Data & VRS Projections

NOTES

NOTES

Dynamic Securities Rating System

Rating	Ratings Breakdown	Definition of Rating System
Outperformed	83.33%	Expected to Outperform the Index by more than 10%
Neutral	22.22%	Expected to perform relative to the Index by +/- 5%
Underperform	0%	Expected to Underperform the Index by more than 10%

Notes: 1/ Ratings refer to a 12-month period.
 2/ Benchmark Index: ASE General Index.
 3/ Stock Universe: 40 Companies.
 4/ Current Stocks Covered: 9 Companies.

Ratings History

Company	Date	Rating	Target Price
SARANTIS	27/07/2006	Outperform	€ 9.10
INTRALOT	31/10/2006	Outperform	€ 25.55
THRACE PLASTICS	18/12/2006	Outperform	€ 2.72
OPAP	10/01/2007	Neutral	€ 29.86
F.H.L. KIRIAKIDIS	01/02/2007	Outperform	€ 2.93
KRI KRI	28/03/2007	Outperform	€ 4.47
NIREUS GROUP	18/05/2007	Outperform	€ 5.91
AGRICULTURAL SPIROU	06/06/2007	Outperform	€ 3.64
SPIDER	09/07/2007	Neutral	€ 1.44

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