

Agricultural Spirou

Reuters : AGSr.AT Bloomberg : SPYR GA

Sector: Agricultural Technology

Ownership Structure:

G. Spirou 55.56%

Free Float 44.44%

Stock Data

Price (06/06/2007)	2.92
Shares (in million)	28.169
Mkt Cap (in million)	82.253

Stock Ratios

	2005	2006	2007 E	2008 E
P / E	-50.03	-54.60	151.75	57.10
P / BV	1.92	2.00	1.98	1.93
EV / EBITDA	1368	31.03	31.76	18.41
Div. Yield	0.68%	0.00%	0.20%	0.53%
ROE	-3.73%	-3.59%	1.31%	3.42%
ROIC	-2.81%	-2.53%	0.87%	2.19%
NetDebt / Equity	0.34	0.45	0.52	0.56

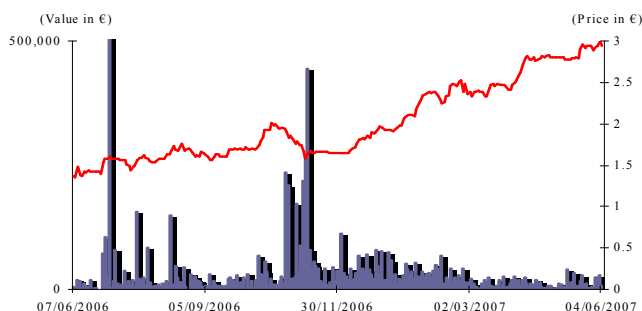
Summary Financials

P&L (in mil €)	2005	2006	2007 E	2008 E
Turnover	18.72	22.20	26.70	32.80
Gross Profit	5.52	7.92	10.05	13.01
OPEX	5.80	7.90	7.33	8.05
EBITDA	0.07	3.25	3.27	5.76
Fin. Results	-0.45	-0.96	-1.11	-1.62
Depreciation	1.19	1.16	1.43	2.22
EBT	-1.57	1.13	0.72	1.92
EAT & Minor.	-1.64	-1.51	0.54	1.44

Source: Company Data & VRS Projections

Stock Graph (52 weeks)

Min: € 1.36, Max: € 2.96



KEY INVESTMENT POINTS

- Agricultural Spirou is leader in the fields of agricultural technology (research & development, production and distribution of advanced technology varieties and hybrids of seeds and seedlings) in Greece, offering to professional farmers a wide range of vegetables seeds and field crop seeds. The competitive advantage of the Group is the high quality products and the customer support services.
- Future growth for the Group will mostly derive from: a) the promotion of existing products/hydrides (registered or under the registration process), b) the production, registration and promotion of new products/hydrides, and c) the expansion of sales to the Mediterranean region markets.
- The Company has so far developed several agronomic seeds and vegetable seed hybrids that are tailored to the Mediterranean farming markets and practices assuming 100% ownership of the intellectual property. These products represent a hidden value for the Group that is expected to boost future revenues.
- Spirou aims at the progressive deployment into 28 countries in the region, grouped in the Mediterranean, around the Black Sea and into the Middle East. By the end of the next 5-year period, the projected value of these markets will reach approximately € 1 billion, with Spirou capturing about 5% market share.
- By applying our forecasts for the coming 5-years in the DCF model, we extract a fair value for Spirou at € 3.64 per share implying an outperform rating. Our time horizon for this rating is approximately 12 months.

Relative performance with G.I. (52 weeks)

Stock Return: 113.14% - G.I. Return: 39.01%

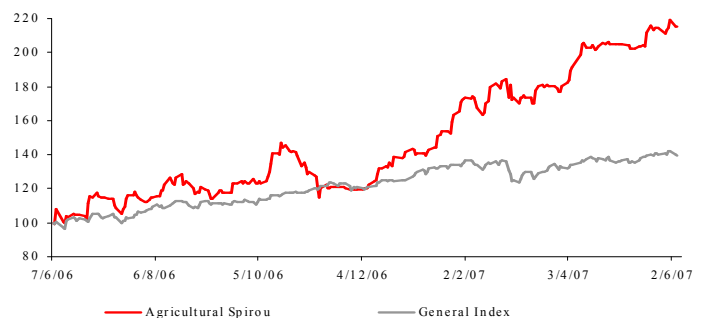


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INVESTMENT CASE SUMMARY

Agricultural Spirou is the leader in cotton crops and other agronomic & vegetable seeds in Greece and one of the pioneers in the fields of agricultural technology in the Mediterranean region. The Company has so far developed several agronomic seeds and vegetable seed hybrids that are tailored to the Mediterranean farming markets and practices. The registration of the new products represents a value for the Company that retains the intellectual property of the germ plasma (genetics).

Spirou is under a strong 5-year investment program of approximately € 20.7 million in order to expand its production capacity (~ €8 million) and explore opportunities in new products through an intense research and development program (~ €12 million).

Future growth for the Group will mostly derive from:

1. The promotion of existing products/hydrides (registered or under the registration process),
2. The production, registration and promotion of new products/hydrides
3. The expansion of sales to the Mediterranean markets.

Assuming the successful implementation of the licensing of new products, the investment program and the international expansion, we expect total turnover to reach € 50.96 million by the end of the fiscal 2011, with CAGR for the next 5-years standing at 18.08%. In line with profitability margin improvements, the EBITDA margin is estimated to reach 30.48% on average annually, with EBT margin settling at 20%.

INVESTMENT CASE

☞ The Development and Registration of Products Creates Value

Spirou has been built on the foundation of continuous development and ownership of germ plasma. The Company operates an R&D department supported by an international network of research institutes and cooperating breeders, spending approximately 7-10 years to develop a new seed variety or hybrid. The Group develops specific crops and cultivation practices that will maximize the productivity, as well as the capacity utilization of the regional fields. The final product (seed variety) is registered under the OECD, the EU (Community Plant Variety Office) and national offices.

Genetics, or the development of the seed, is the only technology offering significant improvements in crop productivity. Spirou has gained this technology after sustained investment in R&D during the last 7 years, raising a barrier to entry for competitors. **The hidden value of Spirou** is therefore the production of seeds tailored to the local market's environmental conditions, assuming 100% ownership of the Intellectual Property*.

Today, the Company holds over 400 agronomics and vegetable hybrids and varieties registered, with another 78 pending registration. **Many registered products are expected to launch production during the fiscal 2007, whereas additional products are expected in the coming years.**

	Registered Varieties in the National Catalogs & OECD		Pending Registration (2006-2009)	
	E.U.	3 rd Countries	E.U.	3 rd Countries
Field Corps	107	32	13	20
Vegetables	205	61	15	30

* **Intellectual Property (IP)** refers to the protection of seed material germ plasma in terms of its morphological, agronomic and technological characteristics, according to specific and detailed descriptions of the seed varieties. Such protection is obtained through registration procedure and international Plant Protection Acts in EU. Breeder's rights and methods of producing seed varieties can also be protected with patents for 20 years, giving the right to the breeder to object to any third party, who may be using this material without licence.

☞ Opportunities in Seedling Market

In 1997, Spirou expanded activities in seedling market (vegetable seed hybrids including tomato, pepper, eggplant, squash, cucumber, watermelon, melon, beans) by establishing the first large-scale production unit in South Greece. The seedling market in Greece is relatively new with about 5% penetration compared to more than 80% in Western European countries, implying an attractive opportunity for the Group.

The use of seedlings leads to significantly higher percent of land efficiency for farmers, even though they are more expensive from crops. The promotion of seedlings assumes however the testing of the product and the training of farmers, who do not have the experience to evaluate the benefits. The Company offers training and consulting services to farmers assuming a stake from their extra profit. Sales of seedlings target the Greek and the broader Mediterranean region.

This is a value added product for the Company resulting to high profit margins. For the next 5-year period, we expect revenues to exceed € 17 million by the end of the fiscal 2011, from € 7.8 million in fiscal 2006.

☞ Leader in Cotton Crops

The Group is the leader in cotton crops in Greece offering the highest quality (tenacious and efficient crops) on competitive prices. The Group benefits from European Union's (EU) directives offering to farmers the specified by the EU quality. Domestically, growth will derive from the higher application of directives from the Greek farmers, along with the Greek State's initiatives, and the introduction of value added products.

☞ Expansion of Operations Internationally

The Company's strategy is to distribute its own products to other countries in the broader Mediterranean market. The Company will take advantage of the fact that it is perfectly positioned in the Eastern end of the Mediterranean Sea, where Greece is accepted as valued partner in the Balkans, North Africa, the Middle East and the countries bordering the Black and Caspian Seas. Greece has bilateral agreements for agricultural development with many countries in this Region.

The most important expansion stages include:

1. Establishment of representative offices and technical sales teams;
2. Recording of the countries' needs and environmental conditions;
3. Introduction of specific products, tailored to the local market;
4. Registration of the product to the countries' catalogues (it takes about 4-7 years);
5. Production initiation with local farmers (collaborations).

The Company aims at expanding progressively into 28 countries in the region, grouped in the Mediterranean, around the Black Sea and into the Middle East. By the end of the next 10-year period, the projected value of these markets is expected to settle at approximately € 2 billion (current estimated value in the crops accounts for € 1 billion). The Company targets about 5% market share for the first 5 years and a total 10% market share by the end of the 10-year period.

Spirou has managed to establish a considerable lead in regional markets over the last four years through working with the local registration authorities and gaining acceptance in several of these countries, obtaining breeder's rights for cotton varieties and corn hybrids that are produced in these countries.

The competitive advantage of Spirou is the development of seeds focused on the specific environment of the Mediterranean markets, whereas its competitors are mainly developing genetics for the Central European area.

The Company is currently at the final stage of launching the production of seeds with local collaborations. Once Spirou enters to any of these markets we expect a

rapid increase thereafter, as these are all developing markets and in need of new genetics.

During the fiscal 2007, the Company plans to initiate commercial seeds sales in Spain, Italy, Turkey, Syria, Iraq, Saudi Arabia and Iran targeting to gradually expand in production, in collaboration with local farmer, and targeting a solid growth in the following years. Likewise, by the end of fiscal 2008, the Company plans to activate commercial seeds sales in Jordan, Egypt, Bulgaria and Romania. For the fiscal 2009, the Company intends to launch commercial activities in another 4 countries and in 7 more countries in 2010, seeking to a total of 28 countries by the end of the fiscal 2011.

We have estimated an average of approximately € 1 million revenue from each new country that the Company enters. With regard to field crops, we estimate a conservative 16.38% revenue increase for the fiscal 2007, and 21.3% for the fiscal 2008. **For the period 2006-2011, we have projected that field crops and vegetable market (including the domestic expansion in seedlings) will increase on a CAGR of 17.5%.** This cumulative average growth rate can be even higher if the Company manages to gain acceptance in more seed varieties in additional countries.

Group's Targeted Market



Source: Company.

☞ **Consultant Services and Royalty Revenues**

During the last 7 years the company has made significant progress in Mediterranean type seed production, gaining valuable know how and technological expertise. Spirou aims to be a consultant for upgrading the agronomic seed industry within the broader Mediterranean region in collaboration with local government authorities. Since 2000, the management has been working with governments of several Middle East countries to promote relations and offer assistance with development projects related to local farming practice. The business idea is for the Company to contribute for the improvement of local farming practices, gaining from consultancy fees.

In view of the above, **we expect the Company to be receiving about € 1 million from consulting fees annually, thus recording the income stream to the other income account.**

☞ **Diversification of Production & Research**

Agricultural Spirou has spread its seed production operations all over the world in order to be able to produce 12 months a year. The purpose is to ensure supply of product by using the southern and northern hemispheres to achieve year round optimum growing conditions. The Group has developed a global network of internal breeders, cooperative breeders and research institutes in order to ensure a wide genetic basin and wide adaptability of its products in various climatic conditions. The current production operations are located in North America, South America, South Africa, Europe, Turkey, Asia and Australia.

CORPORATE PROFILE

Agricultural Spirou was established in 1947 as a local dealer of seeds, agrochemicals and other farming material and equipment and was listed on the ATHEX in July 1997. Today, Spirou is an advanced agricultural technology company targeting the broader Mediterranean area. Its principal business is the breeding, research, development, production, marketing and distribution of agronomic seeds and of vegetable seed hybrids. In addition, the Company has a specialized organic fertilizer business and is also active in the hobby garden market.

Today, the Company is distributing the following product groups:

- Agronomic Seeds (cotton, corn, sunflower, alfalfa);
- Vegetable seeds (tomato, pepper, eggplant, watermelon, melon, cucumber, squash, bean bush, bean pole);
- Specialized organic fertilizers and growing substrates.

The Company's operations are spread all over Mediterranean in order to create products for a wide range of climatic requirements and support sales in the broader Mediterranean and Middle East regions.

RISK FACTORS

	Investment Risks / Concerns	Mitigating Factors / Important Notes
1	The agricultural sector is affected by the frequently non-predictable climatic conditions.	The Company has diversified its production and R&D operations in order to minimize this threat spreading the risk of a failure due to weather conditions.
2	There is a threat of delay with regard to the entrance in some markets, since sales depend upon receiving a registration license in each country. The process may last between 2-5 years.	In order to minimize this threat Spirou is simultaneously expanding activities in several markets, in an effort to open more markets each year than the estimated ones.
3	The farmers in Greece and other developing countries, which Spirou targets, have little knowledge on seedlings and avoid changing their routine.	The Company offers training and consulting services to farmers, assuming a stake from their additional profit due to productivity improvements of cultivations.

Source: Company Data, VRS Research Department

TURNOVER FORECASTS

For the period, 2006-2011, we expect Agricultural Spirou total turnover CAGR of 18%, which will emerge from the distribution of own products to other countries in the broader Mediterranean market.

1. **Vegetables.** The Group expands operations in vegetable seedlings where opportunities appear extremely attractive due to low penetration rates including Greece. For the period 2006-2011, we expect a cumulative average growth rate (CAGR) of 17.45%.
2. **Field Crops.** The international expansion of the Group is expected to boost sales of own field crop products. For the period 2006-2011, we expect a cumulative average growth rate (CAGR) of 17.5%.
3. **Other Sales.** The Group will utilise the geographic expansion of the own production sales, to distribute other products related to agricultural business like fertilizers & hobby market products. For the period 2006-2011, we expect a cumulative average growth rate (CAGR) of 28%.

Activity Turnover Breakdown (historic & projected figures)

(in € ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Vegetables	7,892	7,825	9,700	11,500	13,225	15,209	17,490
y-o-y Change. %		-0.85%	23.96%	18.56%	15.00%	15.00%	15.00%
% of Total	42.16%	35.25%	36.33%	35.06%	34.21%	34.26%	34.32%
Field Crops	9,648	13,318	15,500	18,800	22,560	25,944	29,836
y-o-y Change. %		38.04%	16.38%	21.29%	20.00%	15.00%	15.00%
% of Total	51.55%	59.99%	58.05%	57.32%	58.35%	58.45%	58.54%
Hobby Market Products	624	539	700	1,000	1,150	1,294	1,455
y-o-y Change. %		-13.62%	29.87%	42.86%	15.00%	12.50%	12.50%
% of Total	3.33%	2.43%	2.62%	3.05%	2.97%	2.91%	2.86%
Fertilizers	553	518	800	1,500	1,725	1,941	2,183
y-o-y Change. %		-6.33%	54.44%	87.50%	15.00%	12.50%	12.50%
% of Total	2.95%	2.33%	3.00%	4.57%	4.46%	4.37%	4.28%
Total Turnover	18,717	22,200	26,700	32,800	38,660	44,387	50,964
y-o-y change		18.61%	20.27%	22.85%	17.87%	14.81%	14.82%

GROSS PROFIT MARGIN EVOLUTION

According to our forecasts, EBITDA margin will follow an upward trend reaching 30.48% at the end of 2011 from 12.24% in fiscal 2007 and 14.65% in fiscal 2006. At the end of the fiscal 2011, total Group EBITDA will reach € 15.5 million from € 3.25 million in fiscal 2006, expanding on a CAGR of 36.72%.

This improvement is due to:

1. The launch of commercial operations initially and production in a later stage, in new countries, realising the results of the R&D expenses into revenues;
2. The gradual increase of seedlings that account for higher profit margin compared to the other products;
3. Higher efficiency and economies of scale in Group's operations;
4. Rising income from consulting services (the results of this activity are recorded to the other income account).

Historic & Projected Operating Margins for the Group

	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Profit Margin Ratios							
Gross Margin	29.52%	35.70%	37.65%	39.67%	41.16%	42.86%	44.99%
EBITDA Margin	0.38%	14.65%	12.24%	17.55%	22.28%	26.44%	30.48%
EBIT Margin	-5.97%	9.43%	6.88%	10.79%	14.67%	18.49%	22.58%
Pre-tax profit margin	-8.37%	5.10%	2.71%	5.86%	10.14%	15.20%	19.97%
Net Profit margin	-8.78%	-6.79%	2.03%	4.39%	7.60%	11.40%	14.98%

Source: Historic Data & VRS Estimates

BALANCE SHEET ANALYSIS

The Group has already agreed with Eurobank and Piraeus Bank for two different corporate bonds of a total € 10 million in order to finance its investment program, reduce short term bank debt and cover part of the working capital needs. Future cash inflows and tighter working capital management will improve bank debt / equity ratio from the fiscal 2009 and on.

Historic & Projected Ratios for the Group

	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Activity							
Stock Days	455	410	370	340	320	310	300
Debtors Days	302	361	340	315	300	290	280
Creditors Days	190	274	270	270	270	270	270
Operating Cycle	758	771	710	655	620	600	580
Cash Cycle	567	497	440	385	350	330	310
Capital Structure							
Total Debt/ Total Equity	0.57	0.86	0.95	1.05	1.14	1.06	0.97
Bank Loans/ Total Equity (D/E ratio)	0.36	0.48	0.54	0.58	0.63	0.53	0.43

Source: Company Accounts and VRS Estimates

DCF VALUATION

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 **€3.64 for the stock** (implying a total value of € 102.46 million). Assuming the fair price, **the stock will trade on premium (P/E₂₀₀₇=189.0x, P/E₂₀₀₈=71.1x, P/E₂₀₀₉=34.9x), which is justified by the potential expansion of the Group and the expected revenue growth rates in the coming 5 years.** We have applied the following major assumptions:

- Weighted average cost of capital at 7.82%, mainly affected by the cost of equity, as debt will account for 35% of total capital employed;
- We have estimated sustained growth in all activities during the examined period and infinity sales growth of 2.5%;
- Infinite EBIT margin of 25%.

	2007 E	2008 E	2009 E	2010 E	2011 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	20.27%	22.85%	17.87%	14.81%	14.82%	2.50%
EBIT Margin	6.88%	10.79%	14.67%	18.49%	22.58%	25.00%
Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Working Capital (% of sales)	9.59%	6.89%	5.61%	5.17%	4.88%	2.00%
Capex (% of sales)	7.96%	9.92%	13.00%	6.88%	8.58%	5.00%
Cost of Capital	7.82%	7.72%	7.61%	7.84%	8.10%	7.82%
Depreciation (% of sales)	5.36%	6.75%	7.61%	7.95%	7.90%	5.00%
CASH FLOW STATEMENT (in €mn)						
Turnover	26.7	32.8	38.7	44.4	51.0	52.2
EBIT	1.8	3.5	5.7	8.2	11.5	13.1
Less: Adjusted Tax	0.2	0.5	1.0	1.7	2.5	2.9
Adjusted Operating Profit	1.7	3.1	4.7	6.5	9.0	10.2
Plus: Depreciation	1.4	2.2	2.9	3.5	4.0	2.6
Operating Cash Flow	3.1	5.3	7.6	10.0	13.0	12.8
Less: Change in Working Capital	2.6	2.3	2.2	2.3	2.5	1.0
Less: Capex	2.1	3.3	5.0	3.1	4.4	2.6
Cash Flow to the Firm (FCFF)	-1.6	-0.2	0.4	4.7	6.1	9.1
Discount Factor	0.93	0.86	0.80	0.74	0.68	0.61
Present Value of Cash Flows	-1.48	-0.21	0.35	3.47	4.15	
Accumulated Present Value	-1.48	-1.69	-1.34	2.14	6.29	
Residual Value						171.53
Present Value of Residual Value						117.72

VALUATION

Enterprise Value	124.0
% Residual Value of Total	94.93%
Less: Net Debt	21.5
Less: Minorities	0.01

Value of firm	102.46
Outstanding # of shares (000)	28,169
Value of share	3.64

WACC CALCULATION

Risk Free Rate	4.75%
Beta Factor	1.0
Market Risk Premium	5.00%
Cost of Equity	9.75%
Debt / Debt + Equity	35.00%
Cost of Debt	5.65%
Tax Rate	25.00%

Weighted Average Cost of Capital	7.82%
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The realization of the aforementioned growth and valuation scenarios requires:

- The successful completion of investments related to capacity expansion and R&D expenses;
- The expansion of operations internationally;
- The development of new products;
- The acceptance of the products to the targeted countries.

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

		WACC				
		5.8%	6.8%	7.8%	8.8%	9.8%
GROWTH	1.00%	4.00	3.40	2.67	2.13	1.72
	2.00%	5.82	4.27	3.26	2.56	2.04
	2.50%	6.81	4.85	3.64	2.82	2.23
	3.00%	8.16	5.59	4.09	3.12	2.45
	3.50%	10.08	6.54	4.66	3.49	2.70

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 (as of 6 June 2007)	€ 2.92					
Shares Outstanding (in million)	28.169					
Market Cap (in € million)	82.253					
EPS (in €)	-0.05	0.02	0.05	0.10	0.18	0.27
Book Value / Share (x)	1.46	1.48	1.51	1.58	1.71	1.90
EV (in € million)	100,891	103,787	105,982	108,102	106,318	103,740
P/E (a.t.& m.i.)	-54.60	151.75	57.10	27.98	16.26	10.78
P/BV	2.00	1.98	1.93	1.84	1.71	1.54
EV/EBITDA	31.03	31.76	18.41	12.55	9.06	6.68
EV/Sales	4.54	3.89	3.23	2.80	2.40	2.04
Dividend / Share (in €)	0.00	0.01	0.02	0.03	0.05	0.08
Dividend Yield	0.00%	0.20%	0.53%	1.07%	1.85%	2.78%

Source: Company Data & VRS Projections

Historic & Projected Profit & Loss Account for the Group

		2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Turnover		18,718	22,200	26,700	32,800	38,660	44,387	50,964
	y-o-y Change %		18.60%	20.27%	22.85%	17.87%	14.81%	14.82%
Cost of Sales		13,193	14,275	16,647	19,787	22,748	25,363	28,035
	% of Turnover	70.48%	64.30%	62.35%	60.33%	58.84%	57.14%	55.01%
	y-o-y Change %		8.20%	16.61%	18.87%	14.96%	11.50%	10.54%
Other operating income / expense		344	3,231	546	797	1,174	1,457	1,811
Operating Expenses		5,798	7,905	7,331	8,055	8,475	8,746	9,208
	% of Turnover	30.98%	35.61%	27.46%	24.56%	21.92%	19.70%	18.07%
	y-o-y Change %		36.32%	-7.26%	9.87%	5.22%	3.20%	5.28%
EBITDA		71	3,252	3,268	5,755	8,612	11,735	15,532
EBITDA Margin		0.38%	14.65%	12.24%	17.55%	22.28%	26.44%	30.48%
	y-o-y Change %		4496%	0.50%	76.12%	49.63%	36.27%	32.36%
Depreciation		1,189	1,157	1,431	2,216	2,942	3,528	4,027
	% of Turnover	6.35%	5.21%	5.36%	6.75%	7.61%	7.95%	7.90%
EBIT		-1,118	2,094	1,837	3,540	5,670	8,207	11,505
	% of Turnover	-5.97%	9.43%	6.88%	10.79%	14.67%	18.49%	22.58%
	y-o-y Change %		n/c	-12.27%	92.67%	60.18%	44.75%	40.18%
Net Financial Results		-448	-962	-1,114	-1,618	-1,750	-1,462	-1,327
Net Results Before Taxes		-1,567	1,132	723	1,921	3,920	6,746	10,178
EBT Margin		-8.37%	5.10%	2.71%	5.86%	10.14%	15.20%	19.97%
	y-o-y Change %		n/c	-36.10%	165.63%	104.02%	72.09%	50.88%
Income Tax		80	2,638	181	480	980	1,686	2,544
	Effective Tax Rate	33.28%	35.96%	29.00%	25.00%	25.00%	25.00%	25.00%
Net Results After Taxes		-1,646	-1,506	542	1,441	2,940	5,059	7,633
EAT Margin		-8.79%	-6.78%	2.03%	4.39%	7.60%	11.40%	14.98%
	y-o-y Change %		-8.51%	n/c	165.63%	104.02%	72.09%	50.88%
Proportion of Minority rights		-1.9	0.4	0.4	0.5	0.5	0.5	0.5
Net Results (a.t.&m.i.)		-1,644	-1,506	542	1,440	2,939	5,059	7,633
Net Margin		-8.78%	-6.79%	2.03%	4.39%	7.60%	11.40%	14.98%
	y-o-y Change %		-8.38%	n/c	166%	104%	72.10%	50.89%

Source: Company Data & VRS Projections

Historic & Projected Balance Sheet for the Group

(in € ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Assets							
Net Intangible Assets	602	1,266	2,437	3,973	5,153	5,695	5,974
Net Tangible Assets	18,161	18,077	17,600	17,104	18,007	16,993	17,062
Investment in Property	8,878	11,925	11,925	11,925	11,925	11,925	11,925
Other L-term assets	2,720	1,425	1,397	1,327	1,261	1,198	1,138
Total Non-Current Assets	30,361	32,693	33,359	34,329	36,346	35,810	36,098
% Total Assets	45.0%	42.6%	41.2%	39.3%	38.0%	36.0%	34.3%
Inventories	16,451	16,041	16,875	18,432	19,943	21,541	23,043
Trade Receivables	15,508	21,975	24,871	28,307	31,775	35,266	39,096
Other Receivables	4,347	4,857	4,940	5,084	5,219	5,326	5,606
Cash in bank and at hand	794	1,162	933	1,109	2,362	1,518	1,394
Total Current Assets	37,100	44,036	47,619	52,932	59,299	63,652	69,139
% Total Assets	55.0%	57.4%	58.8%	60.7%	62.0%	64.0%	65.7%
TOTAL ASSETS	67,461	76,728	80,978	87,261	95,645	99,462	105,236
Equity & Liabilities							
Shareholder's Equity	42,831	41,176	41,555	42,564	44,621	48,162	53,505
Minority Rights	14	13	13	14	14	14	15
Total Equity	42,844	41,189	41,569	42,577	44,635	48,177	53,520
% Total Equity & Liabilities	63.5%	53.7%	51.3%	48.8%	46.7%	48.4%	50.9%
L-Term Bank Loans	3,997	5,666	13,838	11,211	8,583	5,880	4,650
Provisions for Staff Retirement	201	237	231	255	264	266	276
Government Grants	0	0	0	0	0	0	1
Other long term debts	1,294	2,101	2,059	2,059	2,059	2,059	2,059
Total L-Term Liabilities	5,492	8,004	16,128	13,524	10,906	8,205	6,985
Suppliers	6,878	10,725	12,314	14,637	16,827	18,762	20,739
Banks	11,330	14,134	8,628	13,628	19,628	19,703	18,230
Taxes-duties	11	760	136	360	735	1,265	1,908
Other Payables	906	1,916	2,203	2,534	2,914	3,351	3,854
Total Current Liabilities	19,125	27,536	23,281	31,159	40,104	43,081	44,731
Total Liabilities	24,617	35,539	39,409	44,684	51,009	51,285	51,716
% Total Equity & Liabilities	36.5%	46.3%	48.7%	51.2%	53.3%	51.6%	49.1%
TOTAL EQUITY & LIABILITIES	67,461	76,728	80,978	87,261	95,645	99,462	105,236

Source: Company Data & VRS Projections

Historic & Projected Cash Flow for the Group

(in € ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Profit After Tax	-1,646	-1,506	542	1,441	2,940	5,059	7,633
Plus: Change of Depreciation	1,091	1,567	1,431	2,216	2,942	3,528	4,027
Gross Cash Flow	-556	61	1,973	3,657	5,882	8,587	11,660
<u>Change in:</u>							
(-) Trade Debtors	4,924	6,467	2,896	3,436	3,468	3,491	3,829
(-) Inventory	-1,244	-410	834	1,557	1,511	1,598	1,501
(-) Other Receivables	981	510	83	145	135	107	280
(+) Trade Creditors	1,665	3,847	1,589	2,323	2,190	1,935	1,977
(+) Liabilities for taxes	-429	750	-625	225	375	530	644
(+) Other Short - term liabilities	-470	1,010	287	331	380	437	503
Change in Working Capital	-3,895	-960	-2,561	-2,259	-2,170	-2,295	-2,488
Operating Cash Flow	-4,450	-899	-588	1,398	3,712	6,292	9,173
<u>Change in:</u>							
(-) Intangible Assets	602	980	1,400	2,100	2,100	1,750	1,750
(-) Tangible Assets	-306	4,214	726	1,155	2,925	1,305	2,625
(-) Other long - term receivables	422	-1,295	-29	-70	-66	-63	-60
(+) Other Long - term liabilities	1,318	842	-48	24	9	2	11
(+) Cons. diff./ Minority Interests	-2	0	0	0	0	0	0
Cash Flow from Investment	600	-3,057	-2,145	-3,161	-4,949	-2,990	-4,304
Net C.F. Before Financing Activities	-3,851	-3,956	-2,733	-1,763	-1,238	3,302	4,869
Increase in Share Capital	-66	71	0	0	0	0	0
Increase in Share Premium Account	-441	144	0	0	0	0	0
Net Change in Reserves	-241	-363	0	0	0	0	0
Change in Long - Term Debt	-2,737	1,669	8,172	-2,628	-2,628	-2,703	-1,230
Change in Short - Term Debt	4,412	2,804	-5,506	5,000	6,000	75	-1,473
Dividends	0	0	163	432	882	1,518	2,290
Minority Interests on Profit	-2	0	0	0	0	1	1
Net Cash Flow from Financing	928	4,324	2,503	1,940	2,490	-4,146	-4,993
Cash at Beginning	3,716	794	1,162	933	1,109	2,362	1,518
Change in Cash	-2,922	369	-230	176	1,252	-844	-124
Cash at End	794	1,162	933	1,109	2,362	1,518	1,394

Source: Company Data & VRS Projections

NOTES

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Dynamic Securities Rating System

Rating	Ratings Breakdown	Definition of Rating System
Outperformed	75%	Expected to Outperform the Index by more than 10%
Neutral	25%	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: 8 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 GROUP	06/06/2007	Outperform	€ 3.64

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