

SELONDA S.A.

[SELr.AT]

Capacity increases via acquisitions and price recovery are driving growth



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Greek Equities - August 30, 2006

SELONDA SA

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Company Description:

Selonda SA is a leader in the Greek aquaculture sector (hatchery and fish farming). The company's first hatchery, and one of the first hatcheries in Greece, was established in Selonda Bay in the Corinthia Prefecture in 1989 in order to produce fry for the on-growing units of the Group, and thus eschew any reliance on imports from abroad.

	2004	2005	2006 E
(in mil. €)			
Turnover	32.40	45.10	70.60
EBITDA	-1.40	7.78	12.99
Margin %	-4.33%	17.25%	18.40%
Net Income	-2.63	4.64	5.41
Margin %	-8.12%	10.28%	7.66%

Price (30/08/2006)	€2.55
Shares (outstanding)	29,281,594
MktCap (in mn €)	74.67

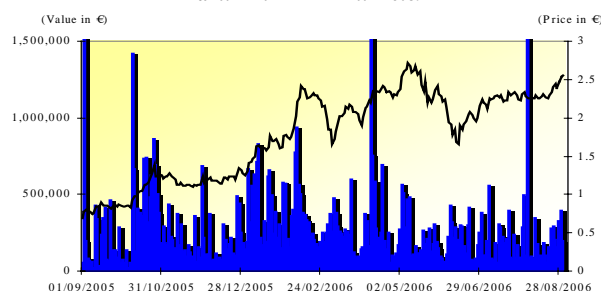
Beta (2Y)		1.98	
Dividend '05		€0.02	
Div. Yield		0.78%	
P/E	-28.38x	16.10x	13.81x
P/BV	1.32x	1.22x	1.15x
Debt / Eq.	0.52	0.63	0.80
ROE (avg)	-4.42%	7.25%	7.65%

Source: Company Data & VRS Projections

Key Investment Points

- ⊙ Selonda's growth drivers are the gradual capacity increases via mergers and acquisitions, stronger capacity utilization due to higher demand for aquaculture products, continuous investments, as well as a moderate recovery in prices.
- ⊙ The recent acquisition of subsidiaries Interfish and Koronis (will be consolidated for the first time with the Selonda Group in fiscal 2006) and the launch of 3 new units are expected to generate significant capacity additions (total of 12 mn fries and 12 mn kilos of fish gradually until the end of 2010). Thus, total Group production capacity is expected to settle at 38 mn fries and at 20 mn kilos of fish per year.
- ⊙ We expect further consolidation in the Greek aquaculture sector and we project an upward – although moderate – price trend for fish and fry products, with Selonda improving its profit margins and market shares.
- ⊙ Evaluating our projections on the DCF model, we end up on a fair value of €108.12 mn or €3.69 per share. The model's assumptions reflect growing market shares, continuing expansion of each division's revenues, ongoing profitability, and the Group's ability to finance its long-term investment program.

Share Price Graph (52 weeks)
Max.: €2.72 - Min.: €0.69



Please see important disclosure and disclaimer statements at the end of this report

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Growth Drivers

Selonda's growth drivers are the gradual capacity increases via mergers and acquisitions, stronger capacity utilization due to higher demand for aquaculture products, continuous investments, as well as a moderate recovery in prices.

Price Recovery and Favorable Sector Developments

After several years of price contraction of sea bass and sea bream products in the domestic market, the closure of many farms or the acquisition of other from the major aquaculture players led to a notable price recovery of aquaculture fish and fry products. **We expect further consolidation in the Greek sector and an upward – although moderate – price trend in the following years, with Selonda improving its profit margins and market shares.**

Our model's assumptions imply that average selling price for fry could advance from EUR 0.220 to EUR 0.271 per piece over the next 5-year period, whereas for the same time horizon, average selling price for farmed fish could reach EUR 5.59 versus EUR 4.50 per kilo last year.

Production Facilities / Investment Plan

Currently, the hatchery facilities of the Company are located at Selonda bay in Corinth, which is 118 km away from Athens, at the Managouli area in the prefecture of Fokida (formerly RIOPECA SA), 520 km away from Athens, at the Lorida Sagiadas area in the prefecture of Thesprotia and at Psachna in the prefecture of Evia. The fish-farming facilities are located at Selonda bay, Petros island, Ovrios Island (prefecture of Corinth), Vourlias bay (prefecture of Argolis), Ortholithi, Fouski and Kalamaki sites (prefecture of Arcadia), Kouramos and Pagania bays (prefecture of Thesprotia) and at Astakos in Etoloakarnania. Because of common farming with other producers, the Company has set-up farming facilities at Astakos in Etoloakarnania, at the island of Platia in the prefecture of Argolis, in Kalimnos and in Evia.

Selonda Group has initiated an investment plan aiming at modernization of production facilities and higher cost efficiency. In 2006, the Company is expected to invest approximately EUR 5 million for modernization of its hatchery and fish farming facilities, and another EUR 3.3 million to build a packaging factory for

the account of subsidiary Fish Filet. Then after, Selonda is planning to invest EUR 0.5-1 million annually for production facility enhancements, without including any potential acquisition targets. **Selonda's investment plan targets higher capacity and stronger operating margins in the next 5-year period.** Furthermore, the consolidation of production capacity within Selonda Group is expected to lead to significant synergies.

Major Acquisitions Drive Growth

The recent acquisition of subsidiaries **Interfish** and **Koronis** and their consolidation with the Selonda Group from 2006 is expected to generate significant capacity additions, of 13 million fries and about 7.8 million kilos of fish annually. Thus, total Group production capacity is expected increase at 38 million fries and at 15 – 16 million kilos of fish per year, establishing Selonda's position not only in the domestic Greek market but also in the broader Mediterranean sector.

Other Subsidiaries / Affiliated Companies

Selonda UK: This subsidiary will commence production of sea bass in the UK market by the end of 2006, reaching a maximum production capacity of 1 million kilos per annum in 2008.

Fish Filet: The subsidiary company is planning the construction of a packaging factory that will serve all Group subsidiaries and will commence operations at the end of 2006. The new plant will lead to significant cost benefits that will fully realize from 2007 onwards.

Bluewater Flatfish: The subsidiary produces 200 tons of turbot, which is distributed in the UK market. Production of fry is also expected to commence within 2006.

Elektrosan: The Turkey based subsidiary is expected to reach a production of 1 million kilos in 2007, allowing Selonda Group to capture market shares in the developing neighboring market.

Bluefin Tuna: Selonda participates with 25% in the second largest tuna producer of the Mediterranean region, which generates annual profitability of EUR 3.5 - 4 million. On annual basis, Selonda receives a dividend proportionally to its

participation in Bluefin Tuna, which is expected at EUR 375,000 for financial year 2006.

Selonda management has entered into an agreement with the shareholders of Selonda UK Ltd for a partnership in the Arab markets, that will provide Selonda with management fees at a first stage, however it will facilitate, at a later stage, the searching of business opportunities in the broader geographic region.

Group Historic & Projected Turnover Breakdown (in volume)

(all figures in ,000)	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
SELONDA							
Fry (pieces)	22,000	26,000	25,000	25,000	25,000	25,000	25,000
Group Farmed Fish (kilos ,000)	9,046	7,071	7,300	8,000	8,500	8,500	8,500
Other's Farmed Fish (kilos ,000)	86	1,394	800	1,200	1,300	1,400	1,500
INTERFISH (49%)							
Fry (pieces)			12,000	13,000	13,000	13,000	13,000
Group Farmed Fish (kilos ,000)			2,600	3,800	4,000	4,000	4,000
Other's Farmed Fish (kilos ,000)			300	300	500	500	500
KORONIS (75%)							
Group Farmed Fish (kilos ,000)			1,400	2,200	3,000	3,000	3,000
Other's Farmed Fish (kilos ,000)			300	300	300	300	300
SELANA (100%)							
Group Farmed Fish (kilos ,000)			200	800	950	1,000	1,000
PARKO PERDIKA (100%)							
Group Farmed Fish (kilos ,000)			150	700	850	1,000	1,000
STEFANO (100%)							
Group Farmed Fish (kilos ,000)			200	800	950	1,000	1,000
TOTAL GROUP PRODUCTION							
Fry (pieces)	22,000	26,000	37,000	38,000	38,000	38,000	38,000
Group Farmed Fish (kilos ,000)	9,046	7,071	11,850	16,300	18,250	18,500	18,500
Other's Farmed Fish (kilos ,000)	86	1,394	1,400	1,800	2,100	2,200	2,300

Source: Company Accounts and VRS Estimates

Historic & Projected Average Selling Prices

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Average Selling Price							
Fry (euro / piece)	0.21	0.22	0.23	0.24	0.25	0.26	0.271
y-o-y change		4.76%	2.50%	6.00%	5.00%	4.00%	4.00%
Group Farmed Fish (euro / kilo)	4.56	4.51	4.65	4.92	5.17	5.38	5.592
y-o-y change		-1.10%	3.00%	6.00%	5.00%	4.00%	4.00%

Group Historic & Projected Turnover Breakdown (in EUR thous.)

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Fry	4,884	5,806	8,344	9,083	9,537	9,919	10,316
y-o-y change		18.89%	43.70%	8.86%	5.00%	4.00%	4.00%
% of Total Sales	10.50%	13.24%	11.94%	9.25%	8.31%	8.18%	8.15%
Group Farmed Fish	41,250	31,891	55,047	80,261	94,356	99,475	103,454
y-o-y change		-22.69%	72.61%	45.81%	17.56%	5.42%	4.00%
% of Total Sales	88.70%	72.70%	78.76%	81.73%	82.23%	82.06%	81.70%
Other's Farmed Fish	370	6,167	6,503	8,863	10,857	11,829	12,862
y-o-y change		1566.8%	5.45%	36.29%	22.50%	8.95%	8.73%
% of Total Sales	0.80%	14.06%	9.30%	9.02%	9.46%	9.76%	10.16%
TOTAL FISH SALES	46,503	43,864	69,894	98,208	114,751	121,223	126,631
y-o-y change		-5.68%	59.34%	40.51%	16.85%	5.64%	4.46%
Adjustments							
Biological Asset at Beginning	54,898	44,172	56,071	60,575	64,702	67,911	70,627
Third Party Additions	3,619	11,065	4,000	4,000	3,000	3,000	2,000
Sales of Biological Assets	46,133	37,697	63,390	89,345	103,894	109,394	113,770
Biological Assets Value at End	44,172	56,071	60,575	64,702	67,911	70,627	72,557
Net Value	31,789	38,531	63,894	89,472	104,103	109,110	113,699
y-o-y change		21.21%	65.83%	40.03%	16.35%	4.81%	4.21%
Other Sales	370	6,167	6,503	8,863	10,857	11,829	12,862
y-o-y change		1566.8%	5.45%	36.29%	22.50%	8.95%	8.73%
TOTAL TURNOVER	32,159	44,698	70,398	98,335	114,960	120,940	126,561
y-o-y change		38.99%	57.50%	39.68%	16.91%	5.20%	4.65%

Source: Company Accounts and VRS Estimates

Financial Analysis

Strong Growth Rates – Solid Operating Profit Margins

Following the recent acquisitions of Interfish and Koronis aquaculture companies, we expect turnover to grow in line with capacity utilization, having assumed moderate increase in selling prices.

- For the period 2005-2010, we estimate Group turnover CAGR₂₀₀₅₋₂₀₁₀ of **23%**, with revenues related to group farmed fish sales representing about 81.70% of total turnover at end 2010. We also estimate volume of own farmed fish sales to grow by 26.5% CAGR₂₀₀₅₋₂₀₁₀.
- **EBITDA margin** accounted for approximately 17.25% at end fiscal 2005, a level that will increase to 21.35% at end fiscal 2010, **growing on a CAGR₂₀₀₅₋₂₀₁₀ of 28.33%**. The strong EBITDA increase is mostly attributed to the following:
 1. Lower raw material prices, while at the same time the Group is expected to preserve the same quality standards, as result of its high volume orders (economies of scale) and long-term relationship with suppliers.
 2. Increased productivity mainly due to synergies and efficiencies that arrive from production techniques followed by the experienced management of the Group.
 3. Tight cost control.

	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Profit Margins						
EBITDA Margin	17.25%	18.40%	19.65%	20.51%	20.97%	21.35%
EBIT Margin	12.58%	13.02%	15.43%	16.53%	16.79%	17.08%
Pre-Tax Profit Margin	12.23%	10.82%	13.28%	14.46%	14.66%	15.14%
Net Profit Margin	10.28%	7.66%	9.58%	10.50%	10.68%	11.06%
Cost Absorption & Sources						
Operating Expenses on Sales	75.51%	77.43%	77.67%	77.42%	77.27%	77.13%

Key Elements of Balance Sheet

For the next 5 year period (2006-2010) the Group is planning to invest **approximately €25 million**, for the further expansion and renovation of land and water facilities, equipment and transportation vehicles, seeking to improve production's procedures and efficiency.

With regard to **current assets** for the Group, inventory turnover ratio is expected to remain around 20 days. **Debtor's turnover ratio** is expected to increase at approximately 235 days from 213 during 2005, while **creditor's turnover ratio** will drop at approximately 292 days from 382 days according to our model. In addition, **long term biological assets** (fish in the fattening stage that is expected to be sold in more than a year), is expected to represent about 23.6% of fish sold at end 2010 from 53.2% at end 2005. **Short term biological assets** (fish in the fattening stage that will be sold in the year), is expected to represent about 40.9% of fish sold at end 2010 from 95.5% at end 2005.

At end 2005, Group's **long-term liabilities** accounted for €30.8 mn. We have assumed that the Group will increase its long-term debt to 20.6 mn in order to finance its capital needs for investments and working capital and retain the level of short-term bank loans stable. The Group's **working capital additions** are estimated to gradually drop to €5 mn from about €9 mn during 2005. The ratio '*bank debt / equity*' is expected remain below 1x, positively affected by the strong cash flow.

	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Activity						
Stock Days	25	20	20	20	20	20
Debtors Days	213	214	216	218	225	235
Creditors Days	382	300	298	296	294	292
Operating Cycle	237	234	236	238	245	255
Cash Cycle	-145	-66	-62	-58	-49	-37
Biological Asset Ratios						
L-Term Biological Assets on Sales	53.2%	35.8%	27.2%	23.9%	23.6%	23.6%
S-Term Biological Assets on Sales	95.5%	59.7%	45.3%	41.4%	40.9%	40.1%
Capital Structure						
Total Liabilities / Total Equity	1.24	1.44	1.48	1.40	1.23	1.07
Bank Loans/ Total Equity (D/E ratio)	0.63	0.80	0.75	0.69	0.59	0.48

DCF Methodology

Evaluating our projections on the DCF model, we end up on a fair value of € 108.12 million or €3.69 per share.

	2005 E	2006 E	2007 E	2008 E	2009 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	56.5%	39.6%	16.9%	5.2%	4.6%	2.2%
EBIT Margin	13.0%	15.4%	16.5%	16.8%	17.1%	17.0%
Tax Rate	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Working Capital (% of sales)	18.0%	8.2%	5.3%	4.5%	4.1%	4.3%
Capex (% of sales)	13.1%	4.5%	3.9%	4.1%	4.0%	4.5%
Cost of Capital	7.5%	7.8%	8.0%	8.3%	8.6%	8.6%
Depreciation (% of sales)	6.0%	6.0%	4.7%	4.4%	4.6%	4.5%
CASH FLOW STATEMENT						
Turnover	70,598	98,585	115,210	121,190	126,811	129,601
EBIT	9,189	15,212	19,049	20,351	21,656	22,068
Less: Adjusted Tax	1,528	2,619	3,331	3,554	3,840	3,913
Adjusted Operating Profit	7,661	12,593	15,718	16,797	17,816	18,155
Plus: Depreciation	3,804	4,159	4,580	5,058	5,418	5,832
Operating Cash Flow	11,465	16,752	20,298	21,855	23,234	23,987
Less: Change in Working Capital	12,726	8,047	6,128	5,439	5,138	5,534
Less: Capex	8,300	4,000	4,000	4,500	4,500	5,832
Cash Flow to the Firm (FCFF)	-9,561	4,705	10,170	11,916	13,596	12,621
Discount Factor	0.93	0.86	0.79	0.73	0.66	0.66
Present Value of Cash Flows	-8,892	4,049	8,071	8,657	9,010	
Accumulated Present Value	-8,892	-4,843	3,227	11,885	20,895	
Residual Value						197,948
Present Value of Residual Value						131,183
VALUATION						
Value of firm	152,078					
% Residual Value of Total	86.3%					
Less: Net Debt	43,958					
Value of firm	108,120					
Outstanding number of shares (000)	29,282					
Value of share	3.69					
WACC CALCULATION						
Risk Free Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Beta Factor	1.2	1.2	1.2	1.2	1.2	1.2
Market risk Premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Cost of Equity	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Debt / Debt + Equity	41.8%	40.2%	38.0%	34.5%	30.3%	30.3%
Cost of Debt	4.2%	4.7%	5.0%	5.2%	5.2%	5.2%
Tax Rate	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Weighted Average Cost of Capital	7.5%	7.8%	8.0%	8.3%	8.6%	8.6%

We have chosen to use the DCF methodology in order to calculate our fundamental valuation, since it better reflects the intrinsic value of Selonda Group, future net profit growth and strong cost control efforts on behalf of the Company's management. The model's assumptions reflect:

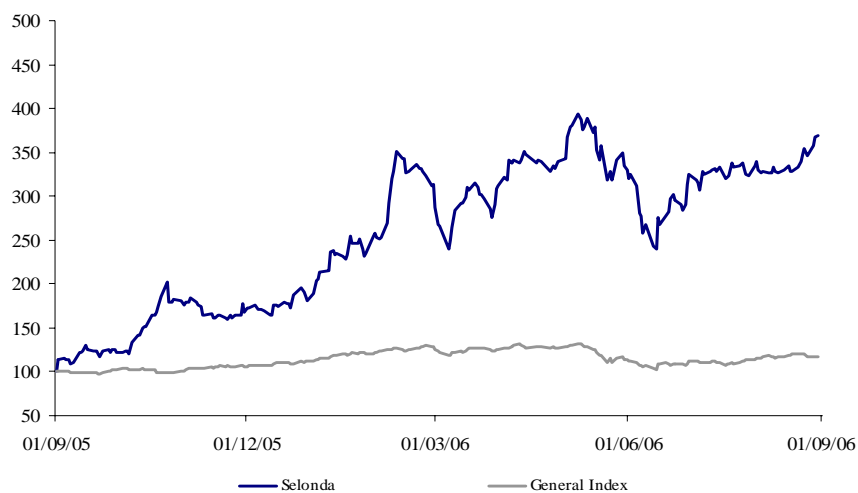
1. Growing market share,
2. Continuing expansion of each division's revenues,
3. Ongoing profitability of the Group, and
4. Ability to finance its long-term investment program.

Sensitivity Analysis for Fair Value

		WACC				
		6.5%	7.5%	8.5%	9.5%	10.5%
Growth	Parameters					
	0.40%	3.76	3.31	2.64	2.13	1.73
	1.20%	4.99	3.86	3.05	2.44	1.97
	2.20%	6.38	4.78	3.69	2.91	2.33
	2.70%	7.34	5.38	4.10	3.20	2.54
	3.20%	8.59	6.12	4.58	3.53	2.78

Source: VRS Projections

Share Price Performance vs. General Index (base=100)



Shareholders' Structure

The shareholders' structure of Selonda SA, the parent company listed on the Athens Exchange, is presented below:

Shareholder	Participation Stake (As of August 28 th '06)
Corinthos Holdings LTD	19.808%
Vassilios Stefanis	6.100%
Jazan Development Company SA	10.000%
Other Shareholders & Free Float	64.092%
Total	100%

Selonda Group

Company Profile

Selonda SA is a leader in the Greek aquaculture sector (hatchery and fish farming), controlling a broader group of companies, including Interfish and Koronis, which were recently acquired. Selonda's involvement in hatchery dates back to the time when Mediterranean Aquaculture was in its infancy. The company's first hatchery, and one of the first hatcheries in Greece, was established in Selonda Bay in the Corinthia Prefecture in 1989 in order to produce fry for the on-growing units of the Group, and thus eschew any reliance on imports from abroad. As of today, the hatchery segment of the Selonda Group is constantly modernized in order to offer fry of at least 10 different Mediterranean species in the market.

Activities

As of today, Selonda Group's activities and broader operations involve three main segments. The species mainly produced are Gilthead sea bream (*Sparus Auratus*) and seam bass (*Dicentrarchus Labrax*).

Hatchery

This segment is comprised of the hatcheries in various locations across the Greek coast. The fry produced is directed either to the Group's on-growing farms or to third party producers (customers).

On Growing

This segment concerns the production and sale of fresh fish, produced at the company's aquaculture units.

Commercial Activity

The company is the vehicle for distributing fish produced at its own hatcheries. Furthermore, it operates a distribution network handling fish from free-range fishing, imported, or produced from third parties facilities.

Recent Developments

Selonda SA purchased a stake of 49.83% of the listed Interfish SA at the end of

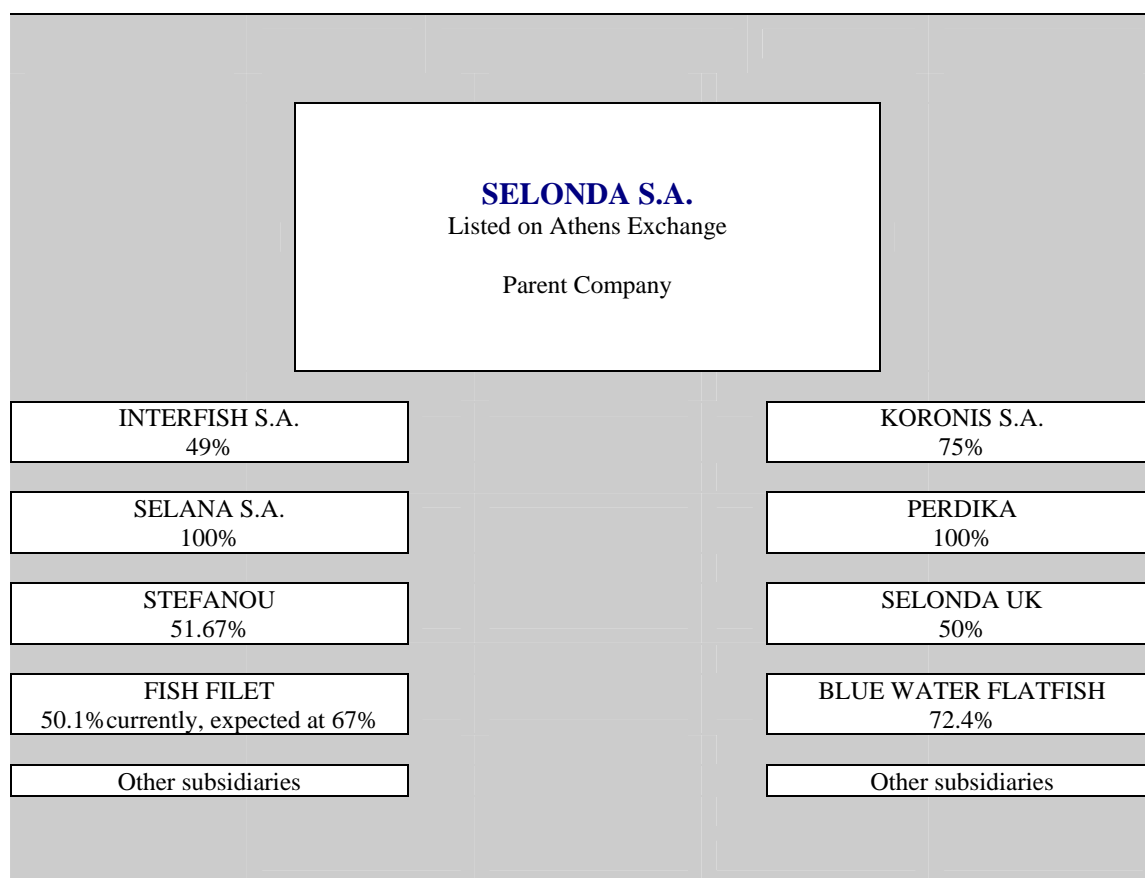
2005, for the amount of €2.2 million, and a stake of 75% of Koronis for € 750,000. The above acquisitions completed in the first two months of 2006. Both newly acquired companies will be consolidated with the parent company for the first time in 2006.

Investment Risks / Concerns

Fish Price Sensitivity

During the period 2000-2004, most of the Greek aquaculture firms suffered a significant contraction in their financial results due to increased competition and large number of small production firms, which used to offer products at especially low prices. Recent consolidation via mergers and acquisitions within the sector led to lower number of players and allowed prices to recover from their past lows.

Selonda Group Structure



Aquaculture Sector in Greece

Historic Review & Recent Developments

Looking back on historical basis, the sharp decline of prices since the early 90's provoked unfavorable developments in the Greek aquaculture sector. The conditions aggravated in the period 2001-2004, and the rationalization phase following the sharp decline in prices, saw closures of production units, mergers, acquisitions, as well as modernization of hatcheries. The rationalization has not ended yet, implying growth and investment opportunities within the sector.

During the past 2 years, the Greek aquaculture has entered a moderate recovery phase, which was characterized by price increases, declining competition and stronger demand.

With the recent recovery in prices, most of the sector's large-scale producers (a group of 67 companies) managed to return profitable. In addition, the recovery trend followed a period of intensive consolidation (mergers, acquisitions and closures of farms), which led the total number of Greek firms to less than 200 from nearly 500 in 2002. After the recent price recovery, the sector is currently experiencing a stable trend in prices, which may become upward in the future if the consolidation intensifies. Such a development if materialized would imply sustained growth for sector's leaders and solid financial performance.

Sector's Fundamentals

With natural fishing demonstrating weak trends across Mediterranean Sea, Greek aquaculture covers the needs of domestic and international demand. The Greek sector exports the great majority of its fish production (sea bass and sea bream) on annual basis, which is estimated at the range of 80 – 100 million kilos (dependent on market conditions), with total exports accounting for over 80%. On the other hand, the Greek hatchery production stands at 260 – 280 million (bass and bream) per annum.

Looking at the dynamics of the sector, a survey prepared by the University of Stirling indicated that production of sea bass and sea bream in Greece was expected to gradually reach 100,000 tons in 2008 from 88,000 tons in 2005.

Greek Sector (Historic Data)

Gilthead Sea Bream Production (Volume and Value)

37,944 tons

136.837 €million

Sea Bass Production (Volume and Value)

23,860 tons

94.877 €million

The sector presents the following characteristics:

- The two largest corporate groups command an aggregate 30%-40% share of the total market.
- Consistent turnover growth with significant export orientation.
- Sustained gross profit margin at the level of 10%, with the healthiest companies posting margins higher than 12%.
- Liquidity ratio above 1x, with improving inventory turnover ratio.
- Liabilities over equity at 60%.

If price trends remain stable or become more favorable, the financial performance of the sector will have room for further improvement.

Greek Aquaculture by Company Size

Production (tons p.a.)	<100t	100-500t	500-1,000t	1,000-5,000t	>5,000t
Companies (#)	13	91	35	23	4
% of Total Production	1%	19%	20%	25%	35%

Source: University of Stirling

Sector's Dynamics

	Sustained Profit Margins in the Sector
Fish Production & Sale	10.0%
Fry Production & Sale	50.0%

- As of end 2005, fish prices stood at EUR 4.3-5.0 per unit (depending on whether it was for primary product or end product).

- In 2005, prices stood at 0.22 EUR per fry, demonstrating a relatively stable trend over the period 2000 – 2005.

It is noted that a farming unit utilizes around 3,500,000 fries in order to produce 1,000,000 kilos of fish products. Furthermore, the average weight per fish ranges at 350 – 400 kilograms, implying that 1,000,000 kilos translates into 2.50 – 2.85 million fishes.

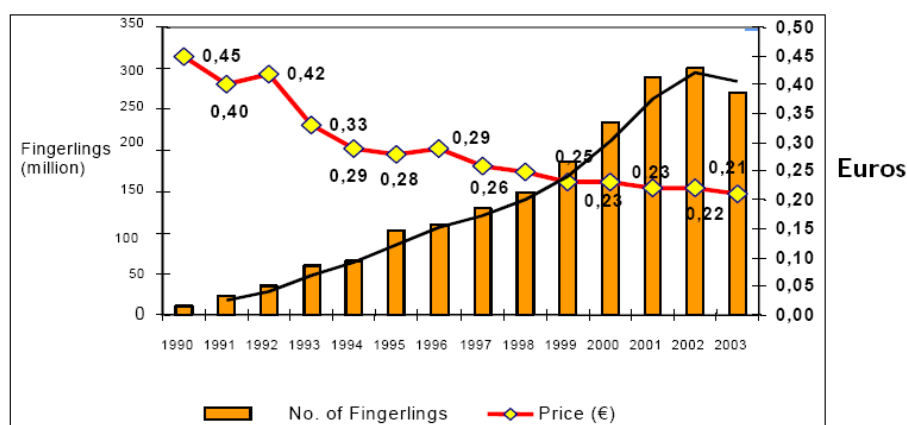


Figure 21. Production of seabass and seabream fingerlings in Greece and fry price trends Source: ICAP 2003

Estimate Average Selling Prices 2004 – 2006 (per unit)

In €	2004	2005	2006
Fry	0.217	0.221	0.231
Fish Product	4.360	4.349	4.299
Fish Product for Trade	5.116	5.011	5.011

Source: Market estimates.

Greece is a major fish producer in European aquaculture, accounting for approximately 45% - 50% of total production, as it is favored by a sheltered and extensive shoreline ideal for fish cage culture sites, and by excellent environmental conditions. The following table presents a SWOT analysis of the Greek aquaculture sector:

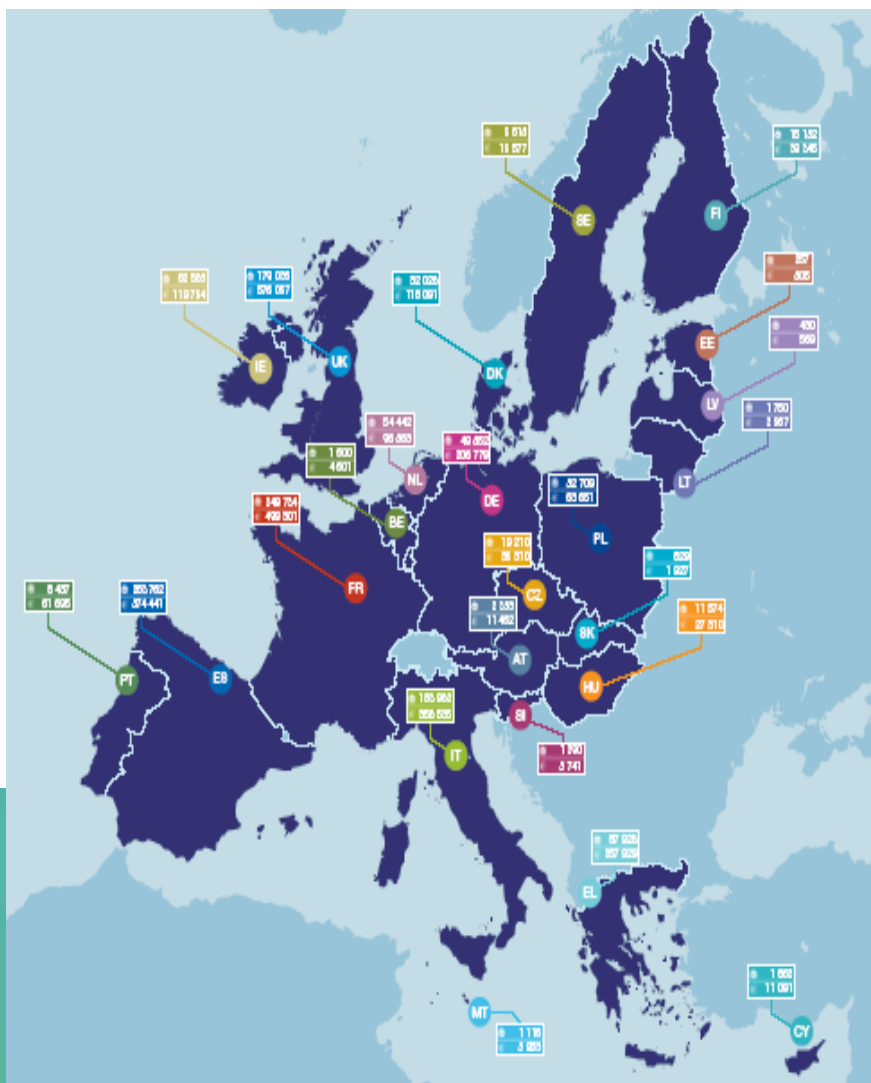
Greek Aquaculture: SWOT Analysis	
Strengths	Site availability Flexible and low production costs High production capacity
Weaknesses	Limited regulation in production Inefficient marketing No strategic planning
Opportunities	Improved promotion and production planning
Threats	Oversupply of markets Competition from low cost producers such in the Mediterranean coast

Greek Aquaculture Market in the European Union

Greece population:
10.6 million

All fish consumed:
25 kg per capita

Bass and Bream
consumed:
2.09 kg per capita or
8.3% of total



Aquaculture is an important source of fishery products in the European Union (EU) and plays a significant role in creating employment opportunities in rural and coastal communities. The aquaculture industry of the enlarged Union (EU-25) produces a total of 1.3 million tonnes of fishery products a year for a value of about € 3 billion. While blue mussel, rainbow trout and salmon are globally the most produced species in the EU in volume and value, other species such as carp and sea bream are also important in the aquaculture production of some countries.

The total Mediterranean production is estimated at around 600 million fry. With 280 - 300 million fries, or a market share of around 45% - 50%, Greece remains the largest producer of fry of Mediterranean species in Europe.

In the total production of fry in the Greek seas, we should add the approximately 30 million fry imported from neighboring countries.

Group Historic & Projected Profit & Loss Account

<i>EUR thous.</i>	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
TOTAL TURNOVER	32,404	45,099	70,598	98,585	115,210	121,190	126,811
y-o-y Change. %		39.18%	56.54%	39.64%	16.86%	5.19%	4.64%
Cost of Biological Asset Farming	15,834	19,181	32,075	44,825	52,104	54,555	56,850
% of Turnover	49.81%	49.78%	50.20%	50.10%	50.05%	50.00%	50.00%
Personnel Expenses	7,738	8,575	12,002	16,957	19,816	20,845	21,812
% of Turnover	23.88%	19.01%	17.00%	17.20%	17.20%	17.20%	17.20%
Third Party Fee Expenses	7,063	6,301	10,590	14,788	17,282	18,239	19,148
% of Turnover	21.80%	13.97%	15.00%	15.00%	15.00%	15.05%	15.10%
Other Operating Income	818	1,356	1,220	1,098	988	889	800
Other Operating Expenses	3,989	4,620	4,158	3,742	3,368	3,031	2,728
EBITDA	-1,404	7,778	12,993	19,371	23,629	25,409	27,074
EBITDA Margin	-4.33%	17.25%	18.40%	19.65%	20.51%	20.97%	21.35%
y-o-y Change. %		-654.12%	67.05%	49.08%	21.98%	7.53%	6.55%
Depreciation	1,729	2,105	3,804	4,159	4,580	5,058	5,418
% of Turnover	5.34%	4.67%	5.39%	4.22%	3.98%	4.17%	4.27%
EBIT	-3,133	5,673	9,189	15,212	19,049	20,351	21,656
EBIT Margin	-9.67%	12.58%	13.02%	15.43%	16.53%	16.79%	17.08%
y-o-y Change. %		-281.09%	61.97%	65.54%	25.22%	6.84%	6.41%
Net Financial Results	-1,461	-156	-1,549	-2,117	-2,394	-2,579	-2,458
Net Results Before Taxes	-4,594	5,518	7,641	13,095	16,655	17,772	19,199
EBT Margin	-14.18%	12.23%	10.82%	13.28%	14.46%	14.66%	15.14%
y-o-y Change. %		-220.11%	38.48%	71.39%	27.18%	6.71%	8.03%
Effective Tax Income	1,457	770	1,528	2,619	3,331	3,554	3,840
Effective Tax Rate	-31.71%	13.96%	20.00%	20.00%	20.00%	20.00%	20.00%
Deferred Taxes	3,380	-256	0	0	0	0	0
Net Results After Taxes	-2,670	4,492	6,113	10,476	13,324	14,218	15,359
EAT Margin	-8.12%	10.28%	7.66%	9.58%	10.50%	10.68%	11.06%
y-o-y Change. %		-268.21%	36.09%	71.39%	27.18%	6.71%	8.03%
Proportion of Minority rights	-40	-145	704	1,031	1,227	1,276	1,327
Consolidated Net Results (a.t.&m.i.)	-2,631	4,637	5,408	9,446	12,097	12,942	14,032
Net Margin	-5.70%	12.30%	8.53%	10.57%	11.64%	11.83%	12.33%
y-o-y Change. %		-276%	16.64%	74.65%	28.07%	6.99%	8.42%

Source: Company Accounts and VRS Estimates

Group Historic & Projected Balance Sheet (1)

<i>EUR thous.</i>	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Assets							
Biological Assets	18,219	20,064	22,716	24,263	24,869	25,864	26,898
Tangible Assets	39,571	42,422	50,722	54,722	58,722	63,222	67,722
Accumulated depreciation	2,302	2,647	6,451	10,610	15,190	20,248	25,666
Net Tangible Assets	37,269	39,775	44,271	44,112	43,531	42,974	42,056
Other Long Term Receivables	6,627	3,716	3,794	3,749	3,706	3,576	3,453
TOTAL NON-CURRENT ASSETS	62,115	63,555	70,780	72,124	72,106	72,413	72,407
% Total Assets	54.02%	44.09%	42.56%	39.77%	36.79%	35.11%	33.62%
Inventories	898	1,299	1,758	2,456	2,855	2,989	3,115
Biological Assets	25,953	36,007	37,859	40,438	43,042	44,764	45,659
Debtors	16,538	21,967	37,166	52,872	62,052	67,435	73,249
Other Receivables	7,057	9,016	10,369	10,576	10,788	10,896	11,004
Cash in bank and at hand	2,432	12,302	8,392	2,868	5,155	7,775	9,921
TOTAL CURRENT ASSETS	52,878	80,591	95,543	109,211	123,892	133,859	142,949
% Total Assets	46.0%	55.9%	57.4%	60.2%	63.2%	64.9%	66.4%
TOTAL ASSETS	114,993	144,146	166,323	181,335	195,998	206,271	215,356

Source: Company Accounts and VRS Estimates

Group Historic & Projected Balance Sheet (2)

<i>EUR thous.</i>	2004	2005 E	2006 E	2007 E	2008 E	2009 E	2009 E
Equity & Liabilities							
Share capital	29,282	29,282	29,282	29,282	29,282	29,282	29,282
Share premium account	54,052	17,174	17,174	17,174	17,174	17,174	17,174
Total Reserves	11,137	11,317	11,642	12,020	12,681	13,528	14,434
Profit carried forward	-37,988	3,232	6,958	11,231	18,598	28,034	38,128
Minority Rights	3,015	7,480	7,902	8,521	9,257	10,023	10,819
TOTAL CAPITAL & RESERVES	59,498	68,484	72,958	78,227	86,992	98,040	109,837
% Total Equity & Liabilities	51.74%	47.51%	43.87%	43.14%	44.38%	47.53%	51.00%
Long Term Liabilities							
L-Term Bank Loans	13,914	16,291	20,600	18,350	15,600	12,850	10,100
Provisions for Staff Retirement	274	321	385	500	600	720	865
Investment Grants	3,834	3,372	2,697	2,158	1,726	1,381	1,105
Other long term debts	8,192	10,889	9,087	7,859	7,073	6,366	5,729
Total L-Term Liabilities	26,214	30,873	32,769	28,867	25,000	21,317	17,798
Short Term Liabilities							
Suppliers	11,522	20,092	26,363	36,597	42,254	43,943	45,480
Banks	15,370	22,079	31,750	34,250	37,750	38,750	37,750
Taxes-duties	1,367.3	1,394	1,223	2,095	2,665	2,844	3,072
Sundry debtors	1,021	1,224	1,261	1,299	1,338	1,378	1,419
Total Current Liabilities	29,281	44,789	60,596	74,241	84,006	86,914	87,721
TOTAL LIABILITIES	55,495	75,662	93,365	103,108	109,006	108,232	105,519
% Total Equity & Liabilities	48.26%	52.49%	56.13%	56.86%	55.62%	52.47%	49.00%
TOTAL EQUITY & LIABILITIES	114,993	144,146	166,323	181,335	195,998	206,271	215,356

Source: Company Accounts and VRS Estimates

Notes

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Value Invest - www.valueinvest.gr Investment Research & Analysis Journal - www.iraj.gr

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