



Transparency Report 2009

Ernst & Young Greece

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Country Managing Partner's letter

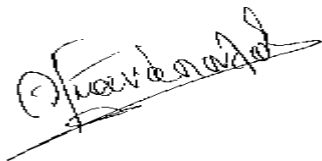
Investor confidence is fundamental to healthy economies and capital markets. A cornerstone of that confidence is transparency.

The audit profession plays a key role in promoting transparency and therefore helping to provide the investor confidence that drives economic growth. In recent years, the independent oversight and regulation that auditors have faced globally have helped to further the quality of our work, and auditors have become more transparent to our regulators around the world.

As part of this move toward greater transparency, the European Union's 8th Company Law Directive and Greek Law 3693/2008 require Greek statutory auditors of EU Public Interest Entities to publish annual transparency reports disclosing certain information.

This Ernst & Young Greece Transparency Report 2009 complies with the Directive and Greek Law 3693/2008. It covers the calendar year ending December 31, 2009.

We welcome the opportunity to be more transparent. We believe this increased transparency will make a positive difference, not just for our regulators, but for clients and other stakeholders.



Themistoklis Lianopoulos
Country Managing Partner
Ernst & Young Greece

Athens, 31 March 2010

Legal structure, ownership and governance

'Ernst & Young (Hellas) Certified Auditors Accountants Society Anonyme' with the distinctive title "Ernst & Young" was incorporated as a Greek Societe Anonyme on 07.12.1990. Its registered seat is located in Metamorfoosi Attica, address: 11th km National Road, Athens-Lamia.

Ernst & Young (Hellas) is registered in the registries of the Prefecture of Athens, Eastern Section under the registration number: 23013/01/B/90/394/02.

The company is registered in the Body of Certified Auditors Accountants of Greece with registration number 107.

'Ernst & Young (Hellas) Certified Auditors Accountants Societe Anonyme' is a member firm of Ernst & Young Global Limited (hereafter 'EYG or Global').

Apart from Ernst & Young Greece the following entities, which are also members of EYG, have been incorporated according to the provisions of Greek law and operate in Greece:

- 'Ernst & Young Societe Anonyme for the Provision of Advisory Services' with the distinctive title 'Ernst & Young Business Advisory Solutions',

- 'Ernst & Young Commercial Societe Anonyme for the Provision of Accounting Services and Advice' with the distinctive title 'Ernst & Young Services',

- 'Ernst & Young Regional Accounting Services Sole Member Limited Liability Company' with the distinctive title 'Ernst & Young Accounting Sole Member Ltd'.

The above entities are not affiliated to Ernst & Young (Hellas) Certified Auditors Accountants in the meaning of Art. 42e of Greek c.l. 2190/1920.

In this report we refer to above entities as 'Ernst & Young Greece', the "Firm" or "we" or "us".

Ernst & Young (Hellas) Certified Auditors Accountants has established a branch in Salonika, Greece. The branch's address is Polytexniou 4 & N. Limnou-Chapsa Street.

SHAREHOLDERS

The shares of Ernst & Young (Hellas) Certified Auditors Accountants are registered, undivided and restricted according to art. 6 of its Articles of Association. The restriction consists of the provision by the shareholders' meeting of the Firm of its approval prior to any transfer.

The current shareholders of Ernst & Young (Hellas) Certified Auditors Accountants are the following individuals:

1. Christos - Stergios Glavanis, son of Michail
2. Themistoklis Lianopoulos, son of Emmanouil
3. Sofia Kalomenidou, daughter of Georgios
4. Ioannis Evangelou, son of Evangelos
5. Loizos Kolokotronis, son of Evangelos
6. Christos Pelendridis, son of Anastasios
7. Christodoulos Seferis, son of Konstantinos
8. Dimitrios Constantinou, son of Christoforos
9. Stefanos Mitsios, son of Ilias
10. Panagiotis Papazoglou, son of Ioannis-Konstantinos
11. Theodosios Ignatidis, son of Ignatios
12. Ioannis Mistakidis, son of Giorgio's
13. Despoina Xenaki, daughter of Konstantinos
14. Nikolaos Argyrou, son of Antonios
15. Charalampos Kyrkos, son of Margaritis
16. Michail Rodakis, son of Nikolaos
17. Leonidas Chantzikonstantis, son of Panayiotis
18. Nikolaos Evangelopoulos, son of Athanasios
19. Christiana Panagidou, daughter of Kostakis
20. Andreas Chantzidamianou, son of Georgios
21. Eric Henri Paul Tourret, son of Roger

GOVERNANCE - BOARD OF DIRECTORS

Various partners at Ernst & Young Greece are charged with management functions for Ernst & Young Greece. These partners are responsible for all day to day management activity and for the application of global and area level policy at the country level. Details of the formal/legal governing bodies of Ernst & Young Greece are given below.

The Members of the Board of Directors of Ernst & Young (Hellas) Certified Auditors Accountants on 31.12.2009 and until present are the following:

1. Christos - Stergios Glavanis, son of Michail, Chairman
2. Themistoklis Lianopoulos, son of Emmanouil, Managing Director
3. Christodoulos Seferis, son of Konstantinos, Vice-Chairman
4. Yiannakis Theoklitou, son of Socrates - Member
5. Dimitrios Constantinou, son of Christoforos - Member.

The general management and representation of Ernst & Young (Hellas) Certified Auditors Accountants before public and private authorities in Greece and abroad is exercised either by the Chairman of the Board, Mr. Glavanis, who binds the company by his sole signature, or by the Firm's Managing Director, Mr. Lianopoulos, who also binds the Firm by his sole signature or by the Firm's Vice-Chairman, Mr. Seferis, who also binds the Firm by his sole signature.

The other two members of the Board, Mr. Theoklitou and Mr. Constantinou, also have some representation powers.

The following individuals who are not shareholders of Ernst & Young (Hellas) Certified Auditors Accountants have also powers to represent the Firm. More specifically, they have the authority, by their sole signature, to bind the Firm and sign on its behalf auditor's reports and auditor's certificates, invoices, engagement letters, contracts and audit expertise reports:

1. Yiannakis Theoklitou, son of Socrates
2. Vassileios Kaminaris, son of Georgios
3. Ioannis Psychountakis, son of Alkiviadis
4. Georgios Anastopoulos, son of Anastasios
5. Ioannis Pierros, son of Antonios
6. Shawn Frost, son of Bent Edward

Ernst & Young Greece has to comply with network requirements outlined in next section, but has the autonomy to adapt the Global policies in order to comply with applicable local professional standards, laws and regulations.

SCOPE OF ACTIVITIES OF ERNST & YOUNG GREECE

The basic activities of Ernst & Young (Hellas) Certified Auditors Accountants, according to its scope (art. 2 of its Articles of Association), are the following:

- the performance of financial and administrative audits and experts services according to the applicable law,
- the provision of advise and services on tax matters and management issues and restructuring of companies,
- the performance of any action which are necessary for the attainment of the above mentioned objects.

SUBSEQUENT EVENTS

No subsequent events exist after 31.12.2009 in legal structure, ownership and governance till the date of the issuance of this Transparency Report.

Network arrangements

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, 144,000 people in over 140 countries are united by shared values and an unwavering commitment to quality. Ernst & Young makes a difference by helping its people, clients and wider communities achieve their potential.

In this report, Ernst & Young refers collectively to the global organization of member firms of Ernst & Young Global Limited (EYG or Global), a UK company limited by guarantee. EYG is the central entity of the Ernst & Young network and coordinates the member firms and cooperation among them. EYG does not provide services to clients. Each member firm is a legally distinct entity. The member firms' obligations and responsibilities are governed by the regulations of EYG and various other agreements.

The member firms are grouped into five geographic Areas: Americas, EMEIA (Europe, Middle East, India and Africa), Far East, Japan, and Oceania. The Areas comprise a number of Sub-Areas, which are composed of member firms or sections of those firms.

Ernst & Young Greece belongs to EMEIA, which comprises member firms in 90 countries. Within the EMEIA Area, there are 12 Sub-Areas. Ernst & Young Greece is part of the Central and South East (CSE) Sub-Area.

The structure of the global organization is centred on two guiding principles: separating management and governance roles; and operating Ernst & Young as a global organization with one shared strategy.

EYG's principal global bodies include:

Global Advisory Council

The Global Advisory Council includes approximately 40 member-firm partner-level professionals (referred to as "partners") drawn from across the five Areas. These partners, who otherwise do not hold senior management roles, are elected by their peers. They advise EYG and Ernst & Young on policies and strategies. The approval of the Global Advisory Council is required for a number of significant matters that could affect Ernst & Young.

Global Executive

The Global Executive brings together the three dimensions of Ernst & Young - functions, services and geographies. It is chaired by the Chairman and Chief Executive Officer of EYG, and includes its Chief Operating Officer; the Area Managing Partners; the global functional leaders - the Global Managing Partners of People, Markets, Quality & Risk Management and

Operations and Finance; and the global Service Line Vice Chairs - Assurance, Advisory, Tax and Transaction Advisory Services.

The Global Executive approves a nominee for the Chairman and Chief Executive Officer of EYG before the Global Advisory Council considers the nominee.

Global Executive Committees

Chaired by members of the Global Executive and bringing together representatives from the five Areas, the Global Executive Committees are responsible for making recommendations to the Global Executive. There are committees for People, Quality & Risk Management, Markets, Operations and Finance, Assurance, Advisory, Tax, and Transaction Advisory Services.

Global Practice Group

This group brings together the members of the Global Executive, Global Executive Committees and Sub-Area leaders. The Global Practice Group seeks to ensure common understanding across member firms of Ernst & Young strategic objectives and consistency of execution across the organization.

All member firms are subject to specific requirements to maintain their member firm status, including the adoption of certain fundamental policies and processes. Member firms are subject to reviews that evaluate their adherence to EYG requirements and policies governing issues such as independence, quality and risk management, audit methodology, operations and human resources. As necessary, other special focus reviews are performed to address situations or concerns, as they arise. Member firms unable to meet the quality commitments and other EYG membership requirements are subject to separation from the Ernst & Young network.

Internal quality control system

Ernst & Young Greece's reputation for providing high quality professional audit services in an independent, objective and ethical manner is a key to our success as independent auditors.

At Ernst & Young Greece, our role as auditors is to provide assurance on the fair presentation of audit clients' financial reports. We bring together qualified teams to serve our clients, drawing on our expertise - across industry sectors and services. We are continually enhancing the consistency of our quality and risk management processes so that we can improve the quality of our client service.

We recognize that in today's environment - characterized by continuing globalization and the rapid movement of capital - the quality of our audit services has never been more important. Reflecting the strength of our commitment to delivering quality in everything we do, Ernst & Young has continued to invest heavily in building the audit methodology and tools to support quality service delivery. While the market continues to demand high-quality audits, it also demands increasingly efficient and effective delivery of audit services. Ernst & Young continues to seek ways to improve the effectiveness and the efficiency of the audit methodology and processes, while maintaining audit quality.

Effectiveness of quality control system

Ernst & Young has designed and implemented a comprehensive set of global audit quality control policies and practices, as described herein. These policies and practices meet the requirements of the International Standards on Quality Control issued by the International Auditing and Assurance Standards Board (IAASB). Ernst & Young Greece has adopted these global policies and procedures, and has supplemented them as necessary to comply with local laws and professional guidelines and to address specific business needs. We also execute the Ernst & Young Audit Quality Review (AQR) program and annually evaluate whether our system of audit quality control has operated effectively in a manner so as to provide reasonable assurance that Ernst & Young Greece and our personnel comply with applicable professional and Ernst & Young standards and regulatory requirements.

The results of the AQR program and external inspections are evaluated and communicated within Ernst & Young Greece to provide the basis for continuous improvement in audit quality, consistent with the highest standards in the profession.

The recent results of such monitoring, together with the recent feedback from independent regulatory inspection visits, provide Ernst & Young Greece with a basis to conclude that our internal control systems are designed appropriately and are operating effectively.

In this section, we describe the various components of our audit quality control system:

- ▶ Instilling professional values
- ▶ Performing audits
- ▶ Review and consultation
- ▶ Internal and external accountability
- ▶ Audit quality reviews

"We recognize that in today's environment the quality of our audit services has never been more important."

Theodosis Ignatides, Audit compliance partner, Greece

Instilling professional values

Tone at the top

Setting the right “tone at the top” is a key responsibility of our senior leadership team. We communicate to our people that quality and professional responsibility starts with them and is the most important thing they do every day. Our approach to ethics and integrity is embedded in training programs and internal communications. Our senior management regularly reinforces these expectations and the importance of performing quality work and complying with professional standards and our policies. Our culture strongly supports collaboration and consultation and places special emphasis on the importance of consultation in dealing with complex or subjective accounting, auditing, reporting, regulatory and independence matters. We also emphasize the importance of determining that an engagement team and client have correctly followed consultation advice when necessary. Our internal message consistently has been that no single client is more important than professional reputation – the reputation of Ernst & Young Greece and the reputation of each of our professionals. “Quality In Everything We Do” is a message that we continually reinforce to our people and clients.

Code of conduct

We promote a culture of integrity, as well as the performance of high-quality audits, among all professionals. Ernst & Young’s Global Code of Conduct provides a clear set of the standards and behaviours that guide our actions and our business conduct. It is organized into five categories containing principles that are to be followed by everyone within Ernst & Young Greece to guide behaviour across all areas of activity:

- ▶ Working with one another
- ▶ Working with clients and others
- ▶ Acting with professional integrity
- ▶ Maintaining our objectivity and independence
- ▶ Respecting intellectual capital

Through our procedures to monitor compliance with the Global Code of Conduct and through frequent communications, we strive to create an environment that encourages all personnel to act responsibly, including reporting misconduct without fear of retaliation.

We also have EY/Ethics, a global ethics hotline, to provide Ernst & Young Greece people, clients and others outside of the organization with a means to confidentially report activity that may involve unethical or improper behaviour that may be in violation of professional standards or otherwise inconsistent with the Global Code of Conduct. EY/Ethics is operated by independent external organizations that provide confidential and, if so desired, anonymous, hotline reporting services for companies worldwide.

In addition to the Global Code of Conduct we have specific anti-bribery and insider trading policies.

Our values

Who we are

People who demonstrate integrity, respect and teaming.

People with energy, enthusiasm and the courage to lead.

People who build relationships based on doing the right thing.

Performing audits

Audit methodology

The Ernst & Young Global Audit Methodology (EY GAM) provides a global framework for the application of consistent thought processes, judgments and audit procedures to all audit engagements. One of the cornerstones of the methodology is making (and reconsidering and modifying, when appropriate, throughout the audit) risk assessments and then determining the nature, timing and extent of audit procedures based on those risk assessments. EY GAM is based on International Standards on Auditing (ISAs) and is supplemented in Greece to comply with the local Greece auditing standards and regulatory or statutory requirements. Enhancements to the audit methodology are made on a regular basis as a result of new standards, emerging auditing issues, or implementation experiences.

Ernst & Young's audit methodology is organized into interdependent phases designed to focus on the client's business and financial statement risks and how those risks affect our audit of the financial statements. EY GAM reflects the typical flow of an audit's execution. The methodology and related guidance is presented in a three-layer format. The three parts of EY GAM consist of the GAM Framework, GAM Performance Guidance and GAM Enablers. The GAM Framework is a concise description of how Ernst & Young Greece performs an audit and provides links to the GAM Performance Guidance. The GAM Performance Guidance is organized in exhibits and provides more specific guidance on how and why we perform the procedures outlined in the methodology. The GAM Performance Guidance also describes parameters for making certain audit decisions. The GAM Enablers consist of templates, examples, checklists, and leading practice illustrations for performing and documenting audit procedures.

As part of Ernst & Young's audit methodology, there are procedures required to be completed to assess independence from the audit client.

Technology enablers

Numerous technology enablers are used by audit engagement teams to assist in executing and documenting the work performed in accordance with EY GAM. For example, GAMx is an audit support tool that drives uniform execution of EY GAM and appropriate audit documentation, strengthening our ability to deliver consistent, high-quality audits. It provides linked access to knowledge databases (audit guidance and interpretations), professional standards, documentation templates and other tools necessary to execute and document a risk-based audit effectively. GAMx provides a team-collaboration environment that facilitates sharing information and documents, as appropriate. GAMx also enables secure peer-to-peer communications so our people can work together as if they were in the same physical location. Audit engagement teams use other software applications, forms and templates during various phases of an audit to assist in making and documenting audit considerations and data acquisition and analysis functions.

Formation of audit engagement teams

Ernst & Young Greece policies require an annual review of partner assignments by our Assurance leadership and Professional Practice Director (PPD) to make sure that the professionals leading company audits possess the appropriate competencies, i.e., the knowledge, skills and abilities to fulfill their engagement responsibilities.

The assignment of people to audit engagement teams is also made under the direction of our Assurance leadership. Factors considered when assigning people to audit teams include: competence, engagement size and complexity, specialized industry knowledge and experience, timing of work, continuity and opportunities for on-the-job training. For more complex engagements, consideration is given to whether specialized or additional expertise is needed to supplement or enhance the audit engagement team.

In many situations, internal specialists assist the audit engagement team in performing audit procedures and obtaining appropriate audit evidence. We use these professionals in situations requiring special skills or knowledge, such as information systems, asset valuation and actuarial analysis. In those situations where internal specialists participate in the audit, they become part of the audit engagement team.

Review and consultation

Reviews of audit work

Ernst & Young policies describe the requirements for timely, direct executive participation on audits and various levels of reviews of the work performed. Members of the audit engagement team perform a detailed review of the audit documentation while engagement executives perform a second-level review. When appropriate, a tax representative reviews the significant tax and other relevant working papers. An independent review partner (described below) reviews certain working papers, as well as the listed company client's financial statements and our report. The nature, timing and extent of the reviews of the working papers that are appropriate in a given instance depend on many factors, including the materiality, subjectivity and complexity of the subject matter; the ability and experience of the audit team member preparing the audit documentation; the level of the reviewer's direct participation in the audit work and the extent of consultation employed.

These policies also describe the roles and responsibilities of each audit engagement team member and the requirements for documenting their work and conclusions.

Consultation requirements

Consultation requirements and related policies and procedures are designed to involve the right resources so that audit teams can reach appropriate conclusions on relevant accounting, auditing, reporting, and regulatory and independence matters. Consultation is a part of the decision-making process, not just a process to provide advice. For complex and sensitive matters, we require or encourage consultation outside of the audit engagement team with other personnel who have more experience or specialized knowledge, primarily Professional Practice and Independence personnel. We provide guidance on matters that require consultation.

Ernst & Young policies also describe our requirements for documenting consultations, including the requirement to obtain written approval of the documentation from the person consulted to demonstrate the consultant's understanding of the matter and its resolution.

Independent reviews

Independent review partner involvement is required on all our listed company audits. Independent reviewers are professionals with sufficient subject-matter knowledge, independent of the engagement team and able to provide a further objective evaluation of significant accounting, auditing and reporting matters. In no circumstances may the responsibility of the independent reviewer be delegated to another individual. The independent review is an activity that generally spans the entire engagement cycle and is not limited to a review of the financial statements at the time of issuance of our report. Policies and procedures for the independent reviewer role provide guidelines on the nature, timing and extent of the procedures which depend on various attributes and risk characteristics of the client. Our PPD reviews and approves all independent review assignments for listed companies.

Audit engagement team disagreement-resolution process

We have a collaborative culture and encourage our people to speak up if a professional disagreement arises or they are uncomfortable about a matter having to do with a client engagement. Policies and procedures are designed to empower our people by requiring members of an audit engagement team to raise any disagreements that are considered to be material or that may affect our opinion on the financial statements being audited. Such policies are introduced at the entry level and reinforced thereafter to instill in our people both the responsibility and authority to require a thorough hearing and vetting of differing viewpoints.

Differences of professional opinion that arise during an audit generally are resolved at the audit engagement team level. However, if any individual involved in the discussion of an issue is not satisfied with the decision, he or she has both the right and the obligation to see that the issue is referred to the next level of authority. If the independent reviewer makes recommendations that the engagement partner does not accept and the matter is not resolved to the reviewer's satisfaction, the report is not issued until the matter is resolved by following the appropriate procedures for resolution of professional differences. When a matter that goes beyond the audit engagement team is ultimately resolved, our policies require it to be documented in the same manner as described previously for consultations.

Document retention and data privacy

Ernst & Young Greece's record retention policy applies to all engagements and personnel. This policy emphasizes that all documents must be preserved whenever any person becomes aware of any actual or reasonably anticipated claim, litigation, investigation, subpoena or other government proceeding involving us or one of our clients that may relate to our work. The policy also addresses Greece legal requirements applicable to the creation and maintenance of working papers relevant to the work performed.

Ernst & Young has a global policy on data privacy that sets out the principles to be applied to the use and protection of personal data, including that relating to current, past and prospective personnel, clients, suppliers and business associates. It provides a foundation for maintaining the privacy of all personal data used by Ernst & Young Greece.

Statement from Assurance Country coordinator, Greece

I hereby state that as a result of our internal procedures on internal control system of Ernst & Young Greece, we consider this as effective.



Christodoulos Seferis

Assurance Country Coordinator, Greece

Internal and external accountability

Audit partner rotation

We comply with the audit partner rotation requirements of IFAC and Greece's standards. Ernst & Young Greece supports audit partner rotation because it provides a fresh perspective and promotes independence from company management.

For listed companies where rotation of the audit partner is not mandated by local independence regulation, or is less restrictive than the IFAC requirements, EYG's Global Independence Policy requires the lead engagement partner and the independent reviewer be rotated after seven years. For a newly listed audit client, the lead engagement partner and the independent reviewer may remain in place for an additional two years before rotating off the team, regardless of the time they served prior to the listing. Following rotation, the partner may not resume the lead or independent review role until a minimum of two years has elapsed.

To monitor requirements on partner rotation effectively, we have tools with which we track partner rotation. We also have implemented a process for partner rotation-planning and decision-making that involves consultation with and approvals by our Professional Practice and Independence professionals.

Client acceptance and continuance

Ernst & Young's client acceptance and continuance policy sets out principles to determine whether to accept a new client or a new engagement, or to continue a relationship with an existing client. These principles are fundamental to maintaining quality, managing risk, protecting our personnel and meeting regulatory requirements. The objectives of the policy are to:

- ▶ Establish a rigorous process for making decisions to accept/continue clients or engagements
- ▶ Meet applicable independence requirements
- ▶ Identify and deal appropriately with any conflicts of interest
- ▶ Identify and decline clients that pose excessive risk
- ▶ Require consultation with designated professionals to identify additional risk-management procedures for specific high-risk factors
- ▶ Comply with legal, regulatory and professional requirements.

In 2008, EYG member firms (including Ernst & Young Greece) began deployment of the Global Tool for Acceptance and Continuance (GTAC). GTAC is an intranet-based system for efficiently co-ordinating client and engagement acceptance and continuance activities in line with global, service line and member firm policies. GTAC takes users step-by-step through the acceptance and continuance requirements and connects to the resources and information needed to assess both business opportunities and associated risks.

The client acceptance process involves a careful consideration of the risk characteristics of a prospective client and several due-diligence procedures. Before we take on a new engagement or client, we determine if we can commit sufficient resources to deliver quality service, especially in highly technical areas, and that the services the client wants are appropriate for us to provide. The approval process is rigorous, and no new listed audit engagement may be accepted without the approval of our PPD.

In our annual client-continuance process, we review our service delivery and ability to continue to provide quality service and confirm that clients share Ernst & Young Greece's commitment to quality and transparency in financial reporting. The partner in charge of each audit, together with our Assurance leadership, annually reviews our relationship with the audit client to determine whether continuance is appropriate. As a result of this review, certain audit engagements are identified as requiring, and are then subjected to, additional oversight procedures during the audit, and some clients are discontinued. As with the client acceptance process, our PPD is involved in the client continuance process and must concur with the continuance decisions.

Both client acceptance and client continuance decisions depend on, among other things, the absence of any perception that a company's management pressures the audit engagement team to accept inappropriate accounting and reporting or uses financial pressures to undermine audit quality. Considerations and conclusions on the integrity of management are essential to acceptance and continuance decisions.

Audit quality reviews

Ernst & Young Greece executes the global Audit Quality Review (AQR) program. The global AQR program complies with guidelines in the International Standard on Quality Control No. 1, as amended (ISQC No.1) and is supplemented where necessary to comply with Greece professional standards and regulatory requirements. The primary goal of the global AQR program is to determine whether systems of quality controls, including those of Ernst & Young Greece, are appropriately designed and followed in the execution of audit engagements to provide reasonable assurance of compliance with applicable policies and procedures, professional standards and regulatory requirements. The AQR program also aids Ernst & Young Greece's continual efforts to identify areas where we can improve our performance or enhance our policies and procedures.

The engagements reviewed each year are selected on a risk-based approach emphasizing clients that are large, complex or of significant public interest, with the objective of covering engagements for approximately one-third of audit partners. The AQR program includes detailed, risk-focused file reviews covering a large sample of listed and non-listed audit engagements to measure compliance with internal policies and procedures, EY GAM requirements and relevant local professional standards and regulatory requirements. In addition, practice level reviews are performed to assess compliance with quality control policies and procedures in the functional areas set forth in ISQC No. 1. The AQR program complements external practice monitoring and inspection activities, such as regulatory inspection programs and external peer reviews.

The professionals who serve as AQR reviewers and team leaders are selected based on their skills and professional competence in both accounting and auditing as well as their industry specialization. Additionally, team leaders and reviewers frequently work in the AQR program over a period of several years and possess a high level of skill in the execution of the program. Team leaders and reviewers are assigned to inspections outside of their home location and are independent of the audit teams reviewed.

Results of the AQR program and external practice-monitoring and inspection activities are evaluated and communicated so that quality improvement actions can be taken at the appropriate level. Measures to resolve audit quality issues noted from the AQR program, regulatory inspections and peer reviews are addressed by our Assurance leadership and our PPD. The actions identified are monitored by the PPD. These programs provide important practice monitoring feedback for our continuing quality improvement efforts.



External quality assurance review

Ernst & Young Greece's audit practice and its registered statutory auditors are subject to annual inspection by the Hellenic Accounting and Auditing Standards Oversight Board (ELTE). As part of its inspections, ELTE evaluates the Firm's quality control systems and has planned to start reviews of selected engagements. The last quality assurance inspection by ELTE took place in 2009. This review covered only compliance with ISQC1 and did not include a review of audit engagements - this is expected to take place in 2010. The final report on the last inspection was issued on 10 February 2010.

Information on the above mentioned regulator can be found on its website <http://elte.org.gr>.

Independence practices

Ernst & Young independence policies and processes are designed to enable Ernst & Young Greece and our professionals to comply with the independence standards applicable to specific engagements, including, for example, independence standards under the International Federation of Accountants (IFAC) Code of Ethics and Ernst & Young Greece independence standards. All professionals and certain other employees are required to participate in annual independence learning, to help maintain our independence when performing services for audit clients. The goal is to help our people understand both their personal and Ernst & Young Greece's obligations to be free from interests that might be regarded as being incompatible with objectivity, integrity and impartiality in serving an audit client.

We consider and evaluate independence from several relevant perspectives including the financial relationships of both our Firm and covered persons (as defined by applicable professional standards), employment relationships, business relationships, the potential non-audit services we provide to audit clients, partner rotation, fee arrangements, Audit Committee pre-approval where applicable and partner remuneration and compensation.

A professional's failure to comply with applicable professional independence requirements will generally factor into promotion and compensation decisions, and may lead to other disciplinary measures.

We have implemented several Ernst & Young global applications, tools and processes to support us, our professionals and other employees in complying with independence policies.

Global Independence Policy

Ernst & Young's Global Independence Policy contains the independence requirements for member firms, professionals and other employees. It is a robust policy predicated on IFAC independence rules, with more stringent requirements where prescribed by a given regulator. The Global Independence Policy also contains helpful supplementary guidance on a wide range of topics to aid professionals and other employees in applying the complex independence rules. The Global Independence Policy is readily accessible through our intranet.

Global Independence System

Ernst & Young's Global Independence System (GIS) is an intranet-based tool that helps us, our professionals and other employees determine the listed entities from which independence is required and the independence restrictions that apply to each one. Most often these are listed audit clients and their affiliates, but they can be other types of attest or assurance clients. The tool includes family-tree data relating to affiliates of the listed audit client and is updated by client-serving engagement teams. The entity data includes notations that indicate the independence rules which apply to each entity so our professionals can readily see both the entity and the independence notations. GIS is frequently used by our professionals to determine the type of services that can be provided to the client based on the independence notations.

Global Monitoring System

Ernst & Young's Global Monitoring System (GMS) is another important global tool that assists us and our professionals in identifying proscribed securities and other financial interests that are not permissible to own. GMS requires professionals with certain seniority to report all securities held by them or their immediate families. It also permits annual and quarterly confirmation of compliance with Ernst & Young independence policies.

Independence Compliance Team

Ernst & Young's Global Independence Compliance Team (GICT) conducts an array of testing and member firm visits to assess compliance with several independence matters, including reviewing for non-audit services, business relationships with audit clients and financial relationships of member firms. The GICT also oversees a worldwide program of testing compliance of personal investments with independence requirements.

Ernst & Young Greece confirms that the GICT completed an internal review of independence compliance during 2008.

Statement from Assurance Country coordinator, Greece

I hereby state that all policies relating to independence described in this report have been followed and internal review procedures have been performed with respect to the independence compliance, for all statutory audit engagements.



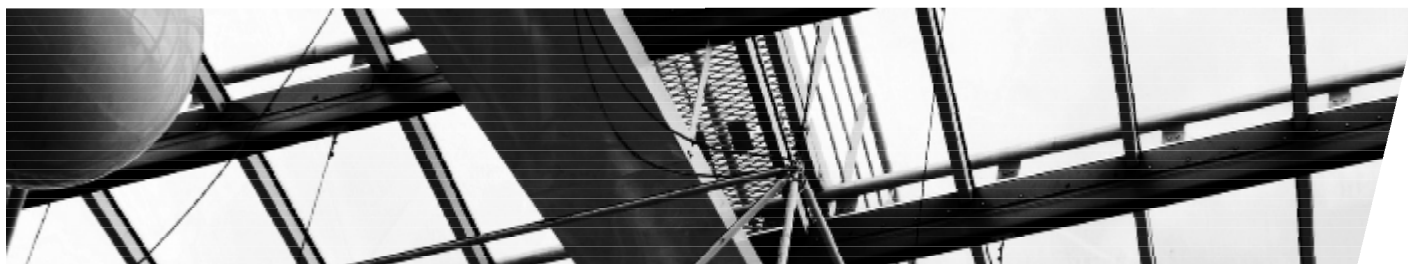
Christodoulos Seferis
Assurance Country Coordinator, Greece

Service Offering Reference Tool

We assess and monitor our portfolio of services on an ongoing basis, confirming that they are permitted by law and professional standards, and to make sure that we have the right methodologies, procedures and processes in place as we develop new service offerings. When appropriate, we exit or restrict services that could present independence or other risks. During 2008, Ernst & Young deployed the Service Offering Reference Tool (SORT) which provides our people with information about our service offerings. SORT includes guidance around which services can be delivered to audit and non-audit clients, and independence and other risk management issues.

Business relationship evaluation tool

We oversee compliance with business relationships independence requirements through our business relationships evaluation tool. Our Firm, our professionals and other employees are required to evaluate and obtain approval of potential business relationships with an audit client in advance so that our business relationships are consistent with applicable independence professional standards.



Continuing education

Recruitment and hiring

A strategic objective is to attract and build life-long relationships with talented audit professionals. Recruiting for the Assurance practice is performed primarily on university campuses and supplemented, when necessary, by hiring people with prior work experience.

Candidates are evaluated based on the following competencies:

- ▶ Technical skills and knowledge
- ▶ Intellectual competence
- ▶ Leadership skills
- ▶ Team/personal skills
- ▶ Motivation
- ▶ Communication skills
- ▶ Administrative skills

Professional development and performance management

This year marked the launch of EYU, Ernst & Young's globally consistent career development framework. Through EYU, we provide our people opportunities for the right experiences, learning and coaching to help them grow and achieve their potential. EYU also provides a structured learning curriculum that offers content to help our people develop their skills and accelerate their careers. EYU expands the commitment to coaching via various forms of counselling and mentoring, from the moment people are recruited through the various phases of their careers.

A comprehensive performance management process requires our people to set goals, have clear work expectations, receive feedback and talk about their performance. The Performance Management and Development Process (PMDP) is designed to help our people grow and succeed in their careers. Under the PMDP, periodic job performance reviews are combined with annual self-appraisal and annual reviews. As part of the annual review process, each professional, in conjunction with his or her counsellor (an assigned, more experienced professional), identifies opportunities for further development. Professionals and their counsellors are guided by a set of service line competencies that articulate the knowledge and skills that should be maintained and developed for the respective rank.

We offer an extensive array of formal learning programs for all levels of professionals. The core audit training courses are supplemented by learning programs that are developed in response to changes in accounting and reporting standards, independence and professional standards, and emerging practice issues. A comprehensive learning and development framework outlines the experiences, learning and coaching required for continuing education. We require our audit professionals to obtain at least 20 hours of continuing professional education each year and at least 120 hours over a three-year period. Of these hours, 40 % (eight hours each year and 48 hours over a three-year period) must cover technical subjects related to auditing and accounting.

In addition to formal learning, professional development occurs through coaching and experiences our professionals receive on the job. Coaching helps to transform knowledge and experience into practice. Experienced professionals are expected to coach and develop less experienced personnel to create a continual learning environment.

Financial information

The financial information presented below for Ernst & Young Greece refers to the financial year ended on June 30, 2009. Also, revenue amounts disclosed herein include revenues from both audit and non-audit clients.

2009 Services	Revenue	Percent
Statutory audit & other assurance	€ 21,120,000	48%
Tax advisory	7,284,000	16%
Bookkeeping	2,527,000	6%
Other non-audit	12,970,000	30%
Total	€43,901,000	100%

2008 Services	Revenue	Percent
Statutory audit & other assurance	€20,097,000	46%
Tax advisory	6,691,000	15%
Bookkeeping	2,031,000	5%
Other non-audit	15,236,000	34%
Total	€44,055,000	100%

Revenue is presented in the above table in accordance with Greek accounting principles.

Other Assurance Services revenue includes other attestation services. Other Non-Audit Services revenue includes transaction, valuation, performance improvement, restructuring, accounting advisory, risk related services such as internal controls, internal audits, technology and security, Sarbanes-Oxley (SOX) compliance, actuarial, fraud and forensics.

Partner remuneration

Quality is at the centre of our business strategy and a key component of our performance-management systems. Partners and other professionals are evaluated and compensated based on criteria that include specific quality and risk management indicators, covering both actions and results.

The Global Partner Performance Management (GPPM) process is a globally consistent evaluation process for all partners in Ernst & Young member firms around the world. It reinforces the global business agenda by linking their performance to wider goals and values. GPPM is an ongoing cyclical process that includes goal setting, personal development planning, performance review and recognition and reward. It is used as the cornerstone of the evaluation process to document our professionals' goals and performance.

Specific quality and risk management performance measures have been developed to take account of:

- ▶ Technical excellence
- ▶ Living our values as demonstrated by behaviours and attitude
- ▶ Demonstrating knowledge of and leadership in quality and risk management
- ▶ Compliance with policies and procedures
- ▶ Compliance with laws, regulations and professional duties
- ▶ Contributing to protecting and enhancing the Ernst & Young brand

Our partner compensation philosophy calls for meaningfully differentiated rewards based on a partner's level of performance, as measured by the GPPM process. To recognize different market values for different skills and roles, and to attract and retain high-performing individuals, the following factors are also considered when calculating total reward: stewardship, role and responsibility, long-term potential and mobility.

Instances of non-compliance with quality standards result in remedial actions, which may include compensation adjustment, additional training, additional supervision, or reassignment. A pattern of non-compliance or particularly serious non-compliance may result in actions that include separation from our Firm.

The sale of non-audit services by audit engagement partners, key partners involved in the audit (included specialists designated as such) to their audit clients is not a primary consideration for their evaluation and compensation.

"Quality is at the centre of our business strategy and a key component of our performance-management systems."

Christodoulos Seferis, Assurance country coordinator, Greece

Appendix: Public interest entity audit clients

Definition of public interest entities:

The definition of Public Interest Entities under Greek law is entities under a member-firm's law whose transferable titles are listed in stock market of any member-firm under article 4 paragraph 1 note 14 of EU directive 2004/39, the entities described in article 1 note 1 of EU Directive 2000/12 and Committee of March 20, 2000, and the entities that are covered by article 2 paragraph 1 of Directive 91/674.

In the financial year ended on 31 December 2009, Ernst & Young Greece performed statutory audits of the following public interest entities:

- ALUMIL MYLONAS ALUMINIUM INDUSTRY SA
(STATUTORY AUDIT 2008 AND 2009)
- BANK OF CYPRUS PUBLIC COMPANY LTD
(STATUTORY AUDIT 2008 AND 2009)
- BANK OF GREECE
(STATUTORY AUDIT 2008 AND 2009)
- BLACK SEA TRADE & DEVELOPMENT BANK
(STATUTORY AUDIT 2008 AND 2009)
- CH. ROKAS S.A.
(STATUTORY AUDIT 2008 AND 2009)
- ELGEKA S.A.
(STATUTORY AUDIT 2008 AND 2009)
- ELVAL - HELLENIC ALUMINIUM INDUSTRY S.A
(STATUTORY AUDIT 2008)
- EMPORIKI GENERAL INSURANCE COMPANY
(STATUTORY AUDIT 2008 AND 2009)
- ETEM S.A.
(STATUTORY AUDIT 2008)
- FORTHNET S.A.
(STATUTORY AUDIT 2008 AND 2009)
- GENERALI HELLAS
(STATUTORY AUDIT 2008 AND 2009)
- GENERALI LIFE INSURANCE COMPANY
(STATUTORY AUDIT 2008 AND 2009)
- HELLENIC CABLES S.A.
(STATUTORY AUDIT 2008)
- HELLENIC FABRICS S.A.
(STATUTORY AUDIT 2008)
- HELLENIC TELECOMMUNICATIONS ORGANIZATION
(STATUTORY AUDIT 2008 AND 2009)
- ING GENERAL INSURANCE COMPANY
(STATUTORY AUDIT 2008 AND 2009)
- ING GROUP & INDIVIDUAL LIFE S.A.
(STATUTORY AUDIT 2008 AND 2009)
- ING LIFE INSURANCE COMPANY
(STATUTORY AUDIT 2008 AND 2009)
- INTRACOM S.A. HOLDINGS
(STATUTORY AUDIT 2008)
- MOTORCYCLES AND MARINE ENGINE TRADE AND IMPORT
(STATUTORY AUDIT 2008 AND 2009)
- PUBLIC POWER CORPORATION S.A.
(STATUTORY AUDIT 2008 AND 2009)
- S & B INDUSTRIAL MINERALS S.A.
(STATUTORY AUDIT 2008 AND 2009)
- SATO OFFICE AND HOUSEWARE SUPPLIES S.A.
(STATUTORY AUDIT 2008)
- TITAN CEMENT COMPANY S.A.
(STATUTORY AUDIT 2008 AND 2009)