



# **ALUMINIUM DE GRECE S.A.**

**Annual Financial Statements  
for the period from  
1st January to 31st December 2005**

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## **1. Board of Directors Management Report**

### **A. GENERAL REVIEW**

#### **BUSINESS ENVIRONMENT**

##### **THE ALUMINA MARKET**

The world alumina market remains tight and deficit, while the alumina global spot prices reached the highest historical levels (>500\$/t). However, it is estimated that this price is vulnerable due to the expected important increase of the worldwide production during the second semester of the fiscal year 2006.

The year 2005 ended with a considerably low alumina stock for sale.

##### **THE ALUMINIUM MARKET**

Aluminium price in LME increases for 4 consecutive months. This has resulted in the price increase from the level of 1750-1800\$/t to the level of 2300-2350\$/t. The €/t progress is even more impressive: LME operates in the level of 1900-1950\$/t, having increased the €/t, approximately by 40%, from the middle of September 2005. It is widely believed that the current aluminium exchange market is materially affected by investment funds, as also happens with most of the other metals and industry raw materials, in general. Although, the short-term trend remains increasing, the rough boost has dramatically increased the market fluctuations as well as the possibility of a rough decrease. However, the recent analysis of the global primary aluminium market is significantly more positive than the previous ones (6-12 months earlier) and the year 2006 is expected to be a deficit year.

##### **ALUMINIUM DE GRECE S.A. in 2005**

The fiscal year 2005 was an important year for ALUMINIUM DE GRECE S.A. while Mytilineos Group took over the company from Alcan Group and at the same time the Group initiated a very important investment for the construction of electricity and steam.

This takeover signifies a new period for ALUMINIUM DE GRECE Group. The Group will play leading role in its new ownership, releasing its entire dynamic while it is the only one vertically organized producer of primary Aluminium in Greece and one of the few producers in Europe.

Our connection with Mytilineos Group is an important step that boosts the present and indicates an even better future. This can be directly seen by the progress of the important investment in the sector of energy production through the electricity and steam station.

The results of the company's positive progress are depicted in the company's stock price, which has significantly increased in 2005 (287,55%).

The positive progress of the higher alumina prices and the London Metal Exchange (LME) as well as the continuous improvement of the costing elements and the satisfying technical and operating performance of the factory is depicted in the company's 2005 financial statements. The fiscal year 2005, was a very good year for the Group, while there was an increase in sales by 7,2%, in earnings before taxes by 30% and also an important increase in earnings after taxes and minority interest by 58% in relation to 2004.

The hydrated alumina amounted to 782 kt in 2005 compared to 786 kt in 2004, while the primary aluminium amounted to 165,3 kt compared to 166,6 kt in 2004.

The calcined alumina production amounted to 455,4 kt compared to 464,5 kt in 2004, while the aluminium products sales amount:

- 107,6 kt in billets (2004: 111,2 kt tones)
- 52,0 kt in slab (2004: 52,3 kt tones)
- 3,5 tones in ingot (2004: 4,4 kt tones)

## **B. PERSPECTIVES FOR THE NEW YEAR**

The 2006 is expected to be a very good year for ALUMINIUM DE GRECE Group as according to indications prices of aluminum and alumina seem to retain high levels and at the same time euro is not expected to be revaluated significantly as compared to dollar. The above should be considered along with the counterbalancing strategy which is being implemented by the Group. Based on that strategy a significant part of annual production in 2006 has been sold according to contracts, which will be fulfilled in the future, at current price levels.

Dear Shareholders, ALUMINIUM DE GRECE Group in 2005 being strongly devoted to attain financial, operational and technical goals enhanced its dynamic fully exploiting favorable conditions in the market. Effective actions and persistence are demanded in order to achieve our targets' success in 2006.

## **C. FACTORS CREATING VALUE AND MEASURING PERFORMANCE**

ALUMINIUM DE GRECE Group monitors performance by analyzing specific financial, technical and operational indices.

It is the Group's policy to assess results and performance on a monthly basis thus identifying timely and effectively any deviations from its goals in order to take the respective corrective measures.

### Key performance indices:

#### A. Financial

- ROCE: Return on Capital Employed: the index divides profits before taxes and financial results by total employed capital of the Group which is the aggregate of net equity, total loans and long term provisions.
- ROE: Return on Equity: the index divides profits after taxes by the company's net equity.
- EVA: Economic Value Added: this index is calculated by multiplying total employed capital by the difference (ROCE – cost of capital) and it constitutes the amount by which the company's financial value increases.

The above indices for 2005 as compared to 2004 were as follows:

31/12/2005	31/12/2004
<b>ROCE 12,65%</b>	<b>9,12%</b>
<b>ROE 11,22%</b>	<b>7,54%</b>
<b>EVA 905 th.€</b>	<b>-15.103 th.€</b>

#### B. Operational and technical indices

*Index measuring interruption of employment:* in 2005 the index was 3,88 as opposed to 0,95 in 2004.

*Index measuring frequency of accidents:* in 2005 the index was 4,86 as opposed to 1,9 in 2004.

% of operation of wash basin: 99,4 in 2005 compared to 99,2 in 2004

#### **D. CORPORATE GOVERNANCE**

The Company has adopted the Corporate Governance Principles, according to the Greek Law and the International Practices. The Corporate Governance is the sum rules, principles and controls, which is the basis of the company's management and organization and aims to provide transparency to the investors as well as to secure the shareholder's interests.

The General Shareholders Meeting is the depository of the Corporate Governance Principles. Today, it is represented by 2 non-independent and 11 independent members. The independent members fulfill 3 preconditions, according to the law 3016/2002 for the Corporate Governance, are called "Independent".

The Audit Committee is represented by non-independent members of the Board of Directors and aims to conduct independent internal and external controls as well as the effective communication between the control participants and the Board of Directors. It is responsible for the compliance with the Corporate Governance rules and the indemnity of the correct operation of the Internal Control System and the supervising of the Internal Control Department operation.

The Internal control constitutes the basic and necessary condition of the Corporate Governance. The ALUMINIUM DE GRECE Internal Control Department consists an independent organized unit which is reported in the company's Board of Directors. Its



responsibilities include the measurement and improvement of the Risk Management Systems and Internal Control, as well as the verification of the compliance with the legislative policies and procedures, as they are determined by the company's Internal Control Operation, the current law and normative terms.

ALUMINIUM DE GRECE S.A. has 01/02/2002 Internal Control Department. Head of this department is Mr. Ioannis Nikolaidis having full and exclusive employment.

#### **E. DIVIDEND POLICY**

As far as it concerns the dividend policy, the company's management takes into consideration the effectiveness, the prospects and the investors' plans and proposes dividend distribution of 1,20 € compared to 1€ in 2004.

## **2. Auditor's Report**

### **AUDITORS' REPORT**

To the Shareholders of **ALUMINIUM DE GRECE**

We have audited the accompanying financial statements as well as the consolidated financial statements of **ALUMINIUM DE GRECE**, as of and for the year ended **31 December 2005**. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company and that of the Group (of which this Company is the holding company), as of **31 December 2005**, and of the results of its operations and those of the Group and their cash flows and changes in shareholders' equity, for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Athens, 23 February 2006

Auditor

Vasilis Kazas

A.M. S.O.E.L. 13281

**Grant Thornton** 

Vassileos Konstantinou 44

116 35 Athens

A.M. S.O.E.L. 127

### **3. Balance sheet at 31<sup>st</sup> December 2005**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
<b>ASSETS</b>				
Property, plant and equipment	324.507.217	274.910.762	320.759.655	270.730.061
Intangible assets	5.100.627	4.381.977	920.403	133.445
Investments in subsidiaries	-	-	19.213.937	19.213.937
Deferred tax asset	1.316.854	1.440.274	-	-
Available-for-sale financial assets	11.236.326	5.469.676	11.236.326	5.469.676
Other non current assets	392.769	122.551	323.562	107.641
<b>Non-Current Assets</b>	<b><u>342.553.793</u></b>	<b><u>286.325.240</u></b>	<b><u>352.453.883</u></b>	<b><u>295.654.761</u></b>
Inventories	62.705.339	47.601.770	60.763.704	45.380.806
Trade and other receivables	68.042.303	56.019.144	68.030.055	56.019.144
Other receivables	62.042.392	54.086.556	60.439.061	50.654.286
Cash and cash equivalents	41.187.551	114.030.364	38.931.752	113.272.315
<b>Current Assets</b>	<b><u>233.977.585</u></b>	<b><u>271.737.835</u></b>	<b><u>228.164.572</u></b>	<b><u>265.326.551</u></b>
<b>Total Assets</b>	<b><u>576.531.378</u></b>	<b><u>558.063.075</u></b>	<b><u>580.618.455</u></b>	<b><u>560.981.312</u></b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	210.585.182	228.295.663	210.585.182	228.295.663
Share premium	230.489	230.489	230.489	230.489
Fair value reserves	5.720.962	-	5.720.962	-
Other reserves	46.221.001	42.501.624	53.287.725	49.568.349
Retained earnings	185.258.291	158.498.050	184.658.067	158.976.190
<b>Equity attributable to shareholders</b>	<b><u>448.015.925</u></b>	<b><u>429.525.827</u></b>	<b><u>454.482.426</u></b>	<b><u>437.070.691</u></b>
Minority interests	2.941	2.691	-	-
<b>Total Equity</b>	<b><u>448.018.866</u></b>	<b><u>429.528.518</u></b>	<b><u>454.482.426</u></b>	<b><u>437.070.691</u></b>
<b>LIABILITIES</b>				
<b>Long-Term Liabilities</b>				
Deferred tax liability	7.288.047	3.403.920	7.288.047	3.403.920
Pension plans	30.259.536	38.179.875	28.525.352	36.495.808
Other long-term liabilities	4.806.142	4.849.353	4.806.142	4.849.353
Provisions	11.895.325	17.574.815	9.474.814	15.081.629
<b>Total Long-Term Liabilities</b>	<b><u>54.249.050</u></b>	<b><u>64.007.963</u></b>	<b><u>50.094.355</u></b>	<b><u>59.830.710</u></b>
<b>Short-Term Liabilities</b>				
Trade and other payables	35.843.702	17.839.927	38.160.457	18.873.729
Tax payable	21.960.235	31.246.560	21.802.198	30.456.952
Derivatives	564.730	-	564.730	-
Other payables	15.894.795	15.440.106	15.514.289	14.749.230
<b>Total Short-Term Liabilities</b>	<b><u>74.263.463</u></b>	<b><u>64.526.593</u></b>	<b><u>76.041.674</u></b>	<b><u>64.079.912</u></b>
<b>Total Liabilities</b>	<b><u>128.512.512</u></b>	<b><u>128.534.557</u></b>	<b><u>126.136.029</u></b>	<b><u>123.910.622</u></b>
<b>Total Equity and Liabilities</b>	<b><u>576.531.378</u></b>	<b><u>558.063.075</u></b>	<b><u>580.618.455</u></b>	<b><u>560.981.312</u></b>

#### 4. Income Statement

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>
Sales	382.158.471	356.487.833	382.139.177	356.487.833
Cost of sales	(316.702.517)	(296.460.867)	(320.884.788)	(299.644.100)
<b>Gross profit</b>	<b>65.455.954</b>	<b>60.026.966</b>	<b>61.254.390</b>	<b>56.843.734</b>
Other operating income	17.064.218	11.383.450	16.856.323	11.232.590
Distribution expenses	(1.226.558)	(1.523.303)	(1.123.032)	(1.414.841)
Administrative expenses	(6.133.597)	(5.021.285)	(4.830.186)	(4.183.950)
Other expenses	(9.083.045)	(18.667.716)	(8.796.760)	(18.633.146)
<b>Profit before tax, borrowings and investments results</b>	<b>66.076.973</b>	<b>46.198.111</b>	<b>63.360.734</b>	<b>43.844.387</b>
Financial Income	2.310.877	2.033.207	2.285.404	2.027.908
Financial Expenses	(164.120)	(147.249)	(161.637)	(61.969)
Other financial results	7.255.701	184.971	8.555.408	1.984.566
<b>Profit before Tax</b>	<b>75.479.431</b>	<b>48.269.040</b>	<b>74.039.909</b>	<b>47.794.891</b>
Income tax expense	(23.421.231)	(15.237.487)	(23.060.614)	(14.844.699)
<b>Fiscal Year Net Operating Profit</b>	<b>52.058.200</b>	<b>33.031.553</b>	<b>50.979.294</b>	<b>32.950.193</b>
<b><u>Distributed at :</u></b>				
Equity holders of the parent	52.057.657	33.031.094	50.979.294	32.950.193
Minority interest	543	459		
Basic earnings per share	2,45	1,53	2,40	1,53

## 5. Consolidated Statement of changes in Equity

	Attributable to equity holders of the parent						Total	Minority interest	Total Equity	
	Share capital	Share premium	Fair value reserves	Hedging Reserves	Other reserves	Consolidation differences				Retained earnings
<b>Balance at 1 January 2004 according to previous GAAP</b>	228.295.663	230.489	-	-	42.912.793	1.896.167	-	273.335.112	2.819	273.337.931
<i>Transition adjustments to IFRS</i>	-	-	-	-	(411.169)	(1.896.167)	103.563.643	101.256.307	(181.19)	101.256.126
<b>Balance at 1 January 2004 according to IFRS</b>	<b>228.295.663</b>	<b>230.489</b>	<b>-</b>	<b>-</b>	<b>42.501.624</b>	<b>-</b>	<b>103.563.643</b>	<b>374.591.419</b>	<b>2.638</b>	<b>374.594.057</b>
<i>Changes in equity for the period 1/1 - 31/12/2004</i>										
Net Profit/Losses directly recognised in equity							28.376.726	28.376.726		28.376.726
<b>Period Results 1.1 - 31.12.2004</b>	-	-	-	-	-	-	33.031.094	33.031.094	459	33.031.553
<b>Total recognized income and expense for the period</b>	-	-	-	-	-	-	<b>61.407.820</b>	<b>61.407.820</b>	<b>459</b>	<b>61.408.278</b>
- Dividends	-	-	-	-	-	-	(6.473.412)	(6.473.412)	(405)	(6.473.817)
<b>Balance at 31st December 2004 carried forward</b>	<b>228.295.663</b>	<b>230.489</b>	<b>-</b>	<b>-</b>	<b>42.501.624</b>	<b>-</b>	<b>158.498.051</b>	<b>429.525.827</b>	<b>2.691</b>	<b>429.528.518</b>

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	Attributable to equity holders of the parent						Total	Minority interest	Total Equity	
	Share capital	Share premium	Fair value reserves	Hedging Reserves	Other reserves	Consolidation differences				Retained earnings
<b>Balance at 1 January 2005 according to previous GAAP</b>	228.295.663	230.489	-	-	138.695.450	3.222.505	-	370.444.108	3.232	370.447.340
<i>Transition adjustments to IFRS</i>	-	-	-	-	(96.193.826)	(3.222.505)	158.498.050	59.081.719	(541)	59.081.178
<b>Balance at 1 January 2005 according to IFRS</b>	<b>228.295.663</b>	<b>230.489</b>	<b>-</b>	<b>-</b>	<b>42.501.624</b>	<b>-</b>	<b>158.498.050</b>	<b>429.525.827</b>	<b>2.691</b>	<b>429.528.518</b>
<i>Changes in equity for the period 1/1 - 31/12/2005</i>										
<b>Net Profit/Losses directly booked in Equity</b>	-	-	-	-	-	-	-	-	-	-
<i>Reserves from hedging instruments measurement</i>	-	-	-	(400.959)	-	-	-	(400.959)	-	(400.959)
Reserves from Available-for-Sale Assets measurement at fair value	-	-	6.121.921	-	-	-	-	6.121.921	-	6.121.921
<b>Period Results</b>	-	-	-	-	-	-	52.057.657	52.057.657	543	52.058.200
<b>Συνολικό Αναγνωριζόμενο Κέρδος/ζημιά Περιόδου</b>	-	-	<b>6.121.921</b>	<b>(400.959)</b>	-	-	<b>52.057.657</b>	<b>57.778.619</b>	<b>543</b>	<b>57.779.162</b>
- Dividends	-	-	-	-	-	-	(21.578.040)	(21.578.040)	(293)	(21.578.333)
- Profit distribution for the period 2005	-	-	-	-	3.719.376	-	(3.719.376)	-	-	-
- Own Shares	(17.710.481)	-	-	-	-	-	-	(17.710.481)	-	(17.710.481)
<b>Balance at 31st December 2005 carried forward</b>	<b>210.585.182</b>	<b>230.489</b>	<b>6.121.921</b>	<b>(400.959)</b>	<b>46.221.001</b>	<b>-</b>	<b>185.258.291</b>	<b>448.015.925</b>	<b>2.941</b>	<b>448.018.866</b>

## 6. Company Statement of changes in equity

	Share capital	Share premium	Fair value reserves	Hedging Reserves	Other reserves	Retained earnings	Total Equity
<b>Balance at 1 January 2004 according to previous GAAP</b>	228.295.663	230.489	-	-	42.912.793	-	271.438.946
<i>Transition adjustments to IFRS</i>					6.655.556	104.271.734	110.927.290
<b>Balance at 1 January 2004 according to IFRS</b>	<b>228.295.663</b>	<b>230.489</b>	<b>-</b>		<b>49.568.349</b>	<b>104.271.734</b>	<b>382.366.236</b>
<i>Changes in equity for the period 1/1 - 31/12/2004</i>						28.227.675	
Net Profit/Losses directly recognised in equity						28.227.675	
<b>Period Results 1.1 - 31.12.2004</b>	-	-	-	-	-	32.950.193	32.950.193
<b>Total recognized income and expense for the period</b>	-	-	-	-	-	61.177.867	61.177.867
- Dividends						(6.473.412)	(6.473.412)
- Profit distribution for the period 2004							
<b>Balance at 31st December 2004 carried forward</b>	<b>228.295.663</b>	<b>230.489</b>	<b>-</b>		<b>49.568.349</b>	<b>158.976.190</b>	<b>437.070.691</b>

	Share capital	Share premium	Fair value reserves	Hedging Reserves	Other reserves	Retained earnings	Total Equity
<b>Balance at 1 January 2005 according to previous GAAP</b>	228.295.663	230.489	-		138.695.450	-	367.221.603
<i>Transition adjustments to IFRS</i>	-	-	-		(89.127.101)	158.976.190	69.849.088
<b>Balance at 1 January 2005 according to IFRS</b>	<b>228.295.663</b>	<b>230.489</b>	<b>-</b>		<b>49.568.349</b>	<b>158.976.190</b>	<b>437.070.691</b>
<i>Changes in equity for the period 1/1 - 31/12/2005</i>							-
<i>Reserves from hedging instruments measurement</i>	-	-	-	(400.959)	-	-	(400.959)
Reserves from Available-for-Sale Assets measurement at fair value	-	-	6.121.921	-	-	-	6.121.921
<b>Period Results 1.1 - 31.12.2005</b>	-	-	-	-	-	50.979.294	50.979.294
<b>Total recognized income and expense for the period</b>	-	-	<b>6.121.921</b>	<b>(400.959)</b>	-	<b>50.979.294</b>	<b>56.700.256</b>
- Dividends						(21.578.040)	(21.578.040)
- Profit distribution for the period 2005					3.719.376	(3.719.376)	-
- Own Shares	(17.710.481)						(17.710.481)
<b>Balance at 31st December 2005 carried forward</b>	<b>210.585.182</b>	<b>230.489</b>	<b>6.121.921</b>	<b>(400.959)</b>	<b>53.287.725</b>	<b>184.658.067</b>	<b>454.482.426</b>

## 7. Cash Flow Statement

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>
<b>Cash flows from operating activities</b>	54.517.896	75.460.733	48.695.688	68.622.399
Interest Paid	(164.120)	(63.078)	(161.637)	(61.969)
Income Tax	(34.000.845)	(10.222.866)	(33.400.531)	(9.306.046)
<b>Net Cash flows from Operating activities</b>	<b>20.352.931</b>	<b>65.174.790</b>	<b>15.133.520</b>	<b>59.254.383</b>
<b>Cash flows from Investing activities</b>				
Purchases of tangible assets	(61.037.998)	(16.950.806)	(60.657.093)	(16.278.133)
Purchases of intangible assets	(2.933.017)	(3.015.097)	(857.684)	(25.573)
Sales of tangible assets	184.150	144.408	120.750	-
Dividends received	153.540	184.971	1.453.247	1.984.566
Sales of financial assets at fair value through profit and losses	7.457.432	-	7.457.432	
Interest Received	2.302.862	1.768.538	2.277.389	1.763.239
Grants Received	185.282	3.851.798	185.282	3.851.798
Increase in the Long-Term Receivables	(270.218)	(74.940)	(215.921)	(73.440)
<b>Net Cash flows from Investing activities</b>	<b>(53.957.967)</b>	<b>(14.091.129)</b>	<b>(50.236.599)</b>	<b>(8.777.542)</b>
<b>Cash flows from Financing activities</b>				
Acquisition of own shares	(17.710.481)	-	(17.710.481)	-
Dividends paid to parent's shareholders	(21.527.296)	(6.525.473)	(21.527.003)	(6.525.473)
<b>Net Cash flows from Financing activities</b>	<b>(39.237.777)</b>	<b>(6.525.473)</b>	<b>(39.237.484)</b>	<b>(6.525.473)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(72.842.813)</b>	<b>44.558.188</b>	<b>(74.340.563)</b>	<b>43.951.367</b>
Cash and cash equivalents at beginning of year	114.030.364	69.472.176	113.272.315	69.320.947
Cash and cash equivalents at end of year	<b>41.187.551</b>	<b>114.030.364</b>	<b>38.931.752</b>	<b>113.272.315</b>

## 8. Reconciliation between Greek GAAP AND IFRS

### Basic reconciliation principles

The Group's Financial Statements for the fiscal year 2005 will be the first to adopt IFRS. The financial statements have been compiled as described in Note 8.2. The Group implements the IFRS1 in the consolidated financial statements.

	<b>Group</b>		<b>Company</b>	
	<b>31-Δεκ-04</b>	<b>31-Δεκ-03</b>	<b>31-Δεκ-04</b>	<b>31-Δεκ-03</b>
<b>Equity according to Greek GAAP</b>	<b>370.447.340</b>	<b>273.337.931</b>	<b>367.221.603</b>	<b>271.438.946</b>
Derecognition of revaluation of Property, Plant and Equipment according to tax requirements	(91.930.859)		(88.211.483)	
Derecognition of Previously recognised negative goodwill	(3.222.505)	(1.896.167)		
Reclassification of grants from equity to non current liabilities	(4.262.967)	(411.169)	(4.262.967)	(411.169)
Measurement of investments in subsidiaries at cost	-	-	7.066.725	7.066.725
<b>Retained Earnings</b>				
Impact from the revaluation of intangible assets according to IFRS	816.924	969.383	15.070	167.529
Impact from the revaluation of property, plant and equipment according to IFRS	143.562.909	140.474.000	143.562.909	140.474.000
Impact from derecognition of tax revaluation of property, plant and equipment	(1.652.129)	(1.737.500)		
Recognition of dividends at the period are approved by the General Assembly	22.878.040	8.273.412	21.578.040	6.473.412
Valuation of Available for sale financial assets at fair value	(161.492)	(161.492)	(161.492)	(161.492)
Recognition of accrued employee benefits (Pension Plan)	(12.971.994)	(13.714.571)	(12.655.323)	(13.459.110)
Recognition of deferred tax	(1.963.647)	(37.895.356)	(3.403.920)	(38.975.209)
Impact from income recognition	-	(427.000)	-	(427.000)
Business Combination Adjustment entry	441.178	96.167	-	-
Recognition of reserves at the period are approved by the General Assembly	3.719.376	-	-	-
Impact from grants amortization	(586.387)	(728.312)	(586.387)	(728.312)
Reversal of provisions	13.235.895	13.235.895	13.235.895	13.235.895
Recognition of accrued employee benefits	(2.327.978)	(2.327.978)	(2.327.978)	(2.327.978)
Provision for environment restoration	(6.493.186)	(2.493.186)	(4.000.000)	-
<b>Σύνολο προσαρμογών</b>	<b>59.081.178</b>	<b>101.256.126</b>	<b>69.849.088</b>	<b>110.927.290</b>
<b>Equity according to International Financial Reporting Standards</b>	<b>429.528.518</b>	<b>374.594.057</b>	<b>437.070.691</b>	<b>382.366.236</b>

	<b>Group</b>	<b>Company</b>
	<b>31-Δεκ-04</b>	<b>31-Δεκ-04</b>
<b>Profit and Loss Account according to Greek GAAP</b>	<b>25.013.280</b>	<b>25.297.416</b>
Impact from change in useful life of Intangible Assets,	(152.459)	(152.459)
Impact from change in useful life of Property, Plant and Equipment	3.088.908	3.088.908
Impact from derecognition of revaluation of property, plant and equipment	66.287	-
Recognition of accrued employee benefits (Pension Plan)	742.577	803.787
Recognition of deffered tax	7.704.035	7.343.614
Impact from income recognition	427.000	427.000
Impact from grants amortization	141.925	141.925
Recognition of Provisions	(4.000.000)	(4.000.000)
<b>Total</b>	<b>8.018.273</b>	<b>7.652.776</b>
<b>Profit and Loss Account according to International Financial Reporting Standards</b>	<b>33.031.553</b>	<b>32.950.193</b>

**(i) – Impact from the revaluation of property, plant and equipment**

Property, plant and most of machinery were revalued on transition date to IFRS (1/1/2004) at deemed cost according to IFRS 1. The deemed cost is the fair value of the asset on transition date which was defined by an independent real estate’s appraisal.

The rest of tangible assets (such as equipment and vehicles) were valued at historic cost less accumulated depreciation. The depreciation of these assets was redefined based on their true useful life.

	<b>THE GROUP</b>	<b>THE COMPANY</b>
Tangible assets valued at deemed cost		
Fair value as deemed cost according to IFRS	163.861.645	163.861.645
Value on transition date according to Greek Gaap	78.461.997	78.461.997
<b>Adjustment</b>	<b>85.399.647</b>	<b>85.399.647</b>
Tangible assets valued at historic cost less accumulated depreciation		
Value on transition date according to IFRS (adjusted useful life)	105.760.117	101.335.932
Value on transition date according to Greek Gaap	52.423.264	46.261.580
<b>Adjustment</b>	<b>53.336.853</b>	<b>55.074.353</b>
<b>Total adjustments</b>	<b>138.736.500</b>	<b>140.474.000</b>

**(i i) - Dividend distribution**

Dividend distribution to the Company’s shareholders is recognized as a liability in the Group’s financial statements in the period in which the dividends are approved by the General Assembly.

**(iii) –Recognition of accrued employee benefits**

According to International Accounting Standards the Group recognizes as liability the present value of its obligation for a payment to the employees because of the Defined Benefit Plan. The above mentioned liability on transition date for the Group, amounted to € 13.459k, which was estimated by actuarial study. The liability booked in the balance sheet for Defined Benefit Plans is the present value of the commitment for the Defined Benefit Plan minus the program’s fixed assets fair value and the changes that derive from the non-recognized actuarial profits and losses and the cost of the previous employment. The Defined Benefit Plan commitment is annually estimated from independent actuary with the projected unit credit method.

## **9. Financial information by sector**

### **Primary information sector – Business segments**

On December 2005, the Group is active in two business segments:

- (1) Alumina production and shipments.
- (2) Aluminium production and shipments.

The Group's results for each Business segment for the twelve months ending on **December 31st 2005** were the following:

#### **1/1-31/12/2005**

The results for every sector for the twelve months until 31 December 2005 were the following:

	<b>Alumina</b>	<b>Aluminium</b>	<b>Others</b>	<b>Non allocated</b>	<b>Total</b>
Total gross sales per sector	99.397.569	282.626.000	134.902	-	382.158.471
Operating profit	7.467.973	58.609.000	-	-	66.076.973
Financing income	-	-	-	2.310.877	2.310.877
Financing expenses	-	-	-	(164.120)	(164.120)
Other Financing Results	-	-	-	7.255.701	7.255.701
<b>Profit before taxes</b>	<b>7.467.973</b>	<b>58.609.000</b>	<b>-</b>	<b>9.402.458</b>	<b>75.479.431</b>
Tax income	-	-	-	(23.421.231)	(23.421.231)
<b>Net profit</b>	<b>7.467.973</b>	<b>58.609.000</b>	<b>-</b>	<b>(14.018.773)</b>	<b>52.058.200</b>

The allocation of consolidated assets and liabilities per Business segment is analyzed as follows:

#### **1/1-31/12/2005**

	<b>Alumina</b>	<b>Aluminium</b>	<b>Others</b>	<b>Non allocated</b>	<b>Total</b>
<i>Segments Assets</i>	218.326.924	285.998.000			<b>504.324.924</b>
Non allocated elements of Asset				72.206.455	<b>72.206.455</b>
<b>Consolidated Asset</b>	<b>218.326.924</b>	<b>285.998.000</b>	<b>-</b>	<b>72.206.455</b>	<b>576.531.378</b>
<i>Segments liabilities</i>	47.423.484	64.982.000	-	-	<b>112.405.484</b>
Non allocated elements of Liabilit	-	-	-	16.107.029	<b>16.107.029</b>
<b>Consolidated Liabilities</b>	<b>47.423.484</b>	<b>64.982.000</b>	<b>-</b>	<b>16.107.029</b>	<b>128.512.512</b>

## Secondary information sector – Geographic segments

The Group's domicile is Greece. The activity areas of the company are Greece, the Eurozone countries and the third countries.

The Group's sales by Geographic segment are analyzed as follows:

	<u>1/1 - 31/12/2005</u>	<u>1/1 - 31/12/2004</u>
Greece	170.799.239	163.081.293
European zone	182.002.533	159.656.694
Other countries	29.356.699	33.749.847
<b>Total</b>	<b>382.158.471</b>	<b>356.487.833</b>

Follows, the Group's sales analysis by item:

	<u>1/1 - 31/12/2005</u>	<u>1/1 - 31/12/2004</u>
Commodity of sales	25.130	47.825
Sales of goods	377.733.514	353.903.417
Sales of other inventories	825.777	1.005.121
Sales of services	3.574.050	1.531.471
<b>Total</b>	<b>382.158.471</b>	<b>356.487.833</b>

## **10. Additional Information and explanations**

### **10.1 General Information**

ALUMINIUM DE GRECE S.A. was established in 1960 by Legislative Decree 4110/8-9 Oct. 1960.

The Company's head offices are in the municipality of Athens (1, Sekeri Street, Athens 106 71).

The Company is registered with the Ministry of Development, General Secretariat of Trade, Department of Societes Anonymes and Credit, S.A. Registration Number: 6045/06/B/86/102.

The Company's aims, according to Article 2 of the Articles of Association, are the following: "To produce and manufacture alumina and aluminium in Greece and to market these products in other countries".

The Company may also perform research, extraction and processing of any other mineral materials and metals in Greece and market them in other countries.

The Company's shares have been traded on the Athens Stock Exchange since January 2, 1974.

ALUMINIUM DE GRECE S.A. holds equity of 99.98% of Delphes & Distomon S.A.M., which operates in bauxite production. The Group operates both in Greece and other countries.

The company's web page is [www.alhellas.gr](http://www.alhellas.gr)

The financial statements for the period ending on December 31st 2005 (including the comparative data for the period ending December 31st 2004) were approved by the Board of Directors of the company ALUMINIUM DE GRECE S.A. on 23/02/2006.

### **10.2 Basis for preparation of the financial statements**

The consolidated financial statements of ALUMINIUM DE GRECE S.A. as of December 31st, 2005 (the date of transition is January 1st, 2004) covering the period up to December 31st, 2005 have been compiled based on the historic cost principle as this is amended by the readjustment of specific asset and liability items into market values, the going concern principle and are in accordance with the International Financial Reporting Standards (IFRS) that have been issued by the International Accounting Standards Board (IASB) and their interpretations that have been issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

The IASB has issued a series of standards that are referred to as the "IFRS Stable Platform 2005". The Group uses the IFRS Stable Platform 2005 from January 1st, 2005 onwards. The aforementioned standards are as follows:

IAS. 1      Presentation of financial statements

IAS 2      Inventories

IAS 7      Cash Flow Statements

IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 26	Accounting and Reporting by Retirement Benefit Plans
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 31	Interests in Joint Ventures

IAS 32	Financial Instruments: Disclosure and Presentation
IAS 33	Earnings per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture
IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS. 2	Share-based Payment
IFRS. 3	Business Combinations
IFRS. 4	Insurance Contracts
IFRS. 5	Non-current Assets Held for Sale and Discontinued Operations

The financial statements fall under IFRS 1 “First-Time adoption of IFRS” since they constitute the first financial statements, which are prepared and published on such a basis.

The policies mentioned below have been consistently applied throughout all the periods presented.

The compilation of financial statements according to the IFRS requires the use of estimates and judgments during the application of the Company’s accounting principles. Important assumptions made by the management for the application of the company’s accounting methods have been appropriately highlighted whenever this has been deemed necessary.

## Consolidation

### (a) Subsidiaries

Subsidiaries are the companies that are managed or controlled, directly or indirectly, by another company (parent) either through the holding of majority voting rights in the undertaking or through its dependence on the know-how provided from the Group. That is to say that subsidiaries are companies in which control is exercised by the parent. ALUMINIUM DE GRECE S.A. acquires and exercises control through voting rights. The existence of potential voting rights that are exercisable at the time the financial statements are compiled is taken into account in order to determine whether the parent exercises control over the subsidiaries. Subsidiaries are consolidated completely (full consolidation) with the purchase method from the date that control over them is acquired and cease to be consolidated from the date that this control no longer exists.

The acquisition of a subsidiary by the Group is accounted for using the purchase method. The acquisition cost of a subsidiary is the fair value of the assets given as consideration, the shares issued and the liabilities undertaken on the date of the acquisition plus any costs directly associated with the transaction. The individual assets, liabilities and contingent liabilities that are acquired during a business combination are valued during the acquisition at their fair values regardless of the participation percentage. The acquisition cost over and above the fair value of the individual assets acquired is booked as goodwill. If the total cost of the acquisition is lower than the fair value of the individual assets acquired, the difference is immediately booked to the results.

Inter-company transactions, balances and unrealized profits from transactions between Group companies are written-off. Unrealized losses are also written-off except if the transaction provides indication of impairment of the transferred asset. The accounting principles of the subsidiaries have been amended so as to conform to the ones adopted by the Group.

## Segment reporting

A business segment is defined as a group of assets and activities that provide goods and services, that are subject to different risks and returns than other business segments. A geographical segment is defined as a geographical region in which goods and services are provided and which is subject to different risks and returns than other regions.

## Foreign currency conversion

### (a) Operating Currency and Reporting Currency.

The measurement of the items in the financial statements of the Group's companies is based on the currency of the primary economic environment in which the Group operates (operating currency). The consolidated financial statements are reported in euros, which is the operating currency and the reporting currency of the parent Company and all its subsidiaries.

### (b) Transactions

Transactions in foreign currencies are converted to the operating currency using the rates in effect at the date of the transactions. Profits and losses from foreign exchange differences that result from the settlement of such transactions during the period and from the conversion of monetary items denominated in foreign currency using the rate in effect at the balance sheet date are posted to the results. Foreign exchange differences from non-monetary items that are valued at their fair value are considered as part of their fair value and are thus treated similarly to fair value differences.

## Tangible Assets

Fixed assets are reported in the financial statements at acquisition cost or implied cost, as such were determined based on fair values as at the transition dates, less accumulated depreciations and any impairment suffered by the assets. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.

Subsequent expenditure is added to the carrying value of the tangible fixed assets or is booked as a separate fixed asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately measured. The repair and maintenance cost is booked in the results when such is realized.

Depreciation of tangible fixed assets (other than plots which are not depreciated) is calculated using the straight line method over their useful lives, as follows:

- Buildings	30-40	years
- Machineries	8-20	years
- Vehicles	4-5	years
- Other Equipment	4-10	years

The residual values and useful economic lives of tangible fixed assets are subject to reassessment at each balance sheet date.

When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately booked as an expense in the results.

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value are booked as profit or loss to the results.

Self-constructed tangible fixed assets constitute an addition to the acquisition cost of tangible assets at a value that includes the direct cost of employee's salaries (including the relevant employer's contributions), the cost of materials used and other general costs.

## Intangible Assets

### (a) Signals and Licences

Signals and Licences are valued at their acquisition cost less depreciation. Depreciations are conducted with the straight line method over their useful lives

### (b) Software Programs

The Software licences are valued at their acquisition cost less depreciation. Depreciations are conducted with the straight line method over their useful lives, which range from 3 to 5 years.

### (c) Research and Development Expenses

Research and Development expenditures are recognised as expenses when they are realised. The expenses which arise from the developing programs (related to the design and the test of new or improved products) are capitalized if it is possible to produced future economic benefit. The other development expenditures are booked as an expense in the results when they are realised. Previous years' development expenditures recognised as expenses, can not be capitalized in the future fiscal years. The

capitalized development expenses are depreciated from the beginning of the product's economic life using the straight line method during the period of the product's future economic benefits. The Group's depreciation period doesn't exceed the 5 years.

### **Impairment of Assets**

Assets with an indefinite useful life are not depreciated and are subject to an impairment review annually and when some events suggest that the book value may not be recoverable any resulting difference is charged to the period's results. Assets that are depreciated are subject to an impairment review when there is evidence that their value will not be recoverable. The recoverable value is the greater of the net sales value and the value in use. An impairment loss is recognized by the company when the book value of these assets (or cash flow generating unit) is greater than its recoverable amount.

Net sales value is the amount received from the sale of an asset at an arm's length transaction in which participating parties have full knowledge and participate voluntarily, after deducting any additional direct cost for the sale of the asset, while value in use is the present value of estimated future cash flows that are expected to flow into the company from the use of the asset and from its disposal at the end of its estimated useful life.

### **Investments**

#### **From 1<sup>st</sup> of January to 31<sup>st</sup> of December 2004**

Financial assets include investments in companies which are not subsidiaries or associated, financial liabilities or equity instruments in another. The financial assets are recognized at the acquisition cost, including direct costs.

#### **From 1<sup>st</sup> of January 2005**

The Group's investments are classified in the following categories according to the substance of the contract and the purpose for which they were purchased. The management defines the classification at the initial recognition and re-examines the classification every time the Group publishes the financial statements.

(α) Financial instruments valued at fair value through the income statement

These comprise assets that satisfy any of the following conditions:

- Financial assets that are held for trading purposes (including derivatives, except those that are designated and effective hedging instruments, those that are acquired or incurred for the purpose of sale or repurchase and, finally, those that are part of a portfolio of designated financial instruments).

- Upon initial recognition it is designated by the company as an instrument valued at fair value, with any changes recognized through the Income Statement.

(b) Loans and receivables

They include non-derivative financial assets with fixed or predefined payments which are not traded in active markets. The following are not included in this category (loans and receivables):

a) Receivables from down payments for the purchase of goods or services.

b) Receivables relating to tax transactions, which have been legislatively imposed by the state.

c) Any receivable not covered by a contract which gives the company the right to receive cash or other financial fixed assets.

Loans and receivables are included in current assets, except those with a maturity date that is farther than 12 months from the balance sheet date. The latter are included in the non-current assets.

(c) Investments held to maturity

These include non derivative financial assets with fixed or defined payments and specific maturity and which the Group intends to hold until their maturity.

iv) Financial assets available for sale

These include non derivative financial assets that are either designated as such or cannot be included in any of the previous categories.

Following, the financial assets available for sale are valued at fair value and the relevant profit or loss is booked in equity reserves until such assets are sold or considered as impaired.

During the sale, or when they are considered as impaired, the profit or loss is transferred to the results. Impairment losses that have been booked to the results are not reversed through the results.

The purchases and sales of investments are recognized during the transaction date, which is also the date the Group commits to purchase or sell the item. Investments are initially recognized at fair value plus the directly related to the transaction costs. The costs directly related to the transaction are not added for items that are valued at fair value with changes in the results. Investments are written-off when the right on cash flows from investments mature or is transferred and the Group has essentially transferred all the risks and rewards implied by the ownership.

The loans and receivables are recognized in the net book value based on the real interest rate method.

The realized and unrealized profit or losses that arise from changes in the fair value of financial assets valued at fair value with changes in the results, are recognized in the results of the period they result in.

The fair values of financial assets that are traded in active markets, are defined by the current ask prices. For non-traded assets, fair values are defined with the use of valuation techniques such as analysis of recent transactions, comparative items that are traded and discounted cash flows. The securities that are not traded in an active market have been classified in the category. Financial assets available for sale, and whose fair value cannot be determined with credibility, are valued at their acquisition cost.

At each balance sheet date the Group assesses whether there are objective indications that lead to the conclusion that financial assets have been impaired. For company shares that have been classified as financial assets available for sale, such an indication consists of a significant or extended decline in the fair value compared to the acquisition cost. If impairment is established, the accumulated loss in equity, which is the difference between acquisition cost and fair value, is transferred to the results.

## **Inventories**

At the balance sheet date, inventories are valued at the lower of acquisition cost and net realizable value. The cost is estimated with the weighted average method. The products cost or semi finished products cost includes the material cost, the direct labour cost and the proportional general production cost. The cost of inventories does not include financial expenses. Net realizable value is the estimated sales price during the normal course of the company's business less any relevant sales expenses.

### **Trade receivables**

Receivables from customers are initially booked at their fair value and are subsequently valued at their net book cost using the method of the effective interest rate, less the provision for impairment. In the event that the net book value or the cost of a financial asset exceeds the present value, then this asset is valued at its recoverable amount, i.e. at the present value of the future cash flows of the asset, which is calculated using the real initial interest rate. The relevant loss is immediately transferred to the period's results. The impairment losses, i.e. when there is objective evidence that the Group is unable to collect all the amounts owed based on the contractual terms, are recognized in the income statement.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in the bank and in hand as well as, up to 3 months, short term highly liquid and low risk investments.

### **Share capital**

The share capital consists of common shares. Expenses incurred for the issuance of shares reduce, after deducting the relevant income tax, the proceeds from the issue. Expenses related to the issuance of shares for the purchase of companies are included in the acquisition cost of the company acquired.

During the acquisition of own-shares, the cost incurred, including the relevant expenses, is booked by charging the equity (reserve above par).

### **Income tax & deferred tax**

The period charge for income tax comprises current tax and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but have been assessed by the tax authorities in different periods. Income tax is recognized in the income statement of the period, except for the tax relating to transactions that have been booked directly to equity, in which case it is, accordingly, booked directly to equity.

Current income taxes include the short-term liabilities or receivables from the fiscal authorities that relate to taxes payable on the taxable income of the period and any additional income taxes from previous periods (tax audit differences).

Current taxes are measured according to the tax rates and tax laws in effect during the financial years to which they relate, based on the taxable profit for the year. All changes to the short-term tax assets or liabilities are recognized as part of the tax expense in the income statement.

Deferred income tax is determined according to the liability method which results from the temporary differences between the book value and the tax base of assets or liabilities. Deferred tax is not booked if it results from the initial recognition of an asset or liability in a transaction, except for a business combination, which when it occurred did not affect neither the accounting nor the tax profit or loss. Deferred income tax is determined to the tax rates that are essentially in effect up until the balance sheet date.

Deferred tax assets are recognized to the extent that there will be a future tax profit to be set against the temporary difference that creates the deferred tax asset.

Deferred income tax is recognized for the temporary differences that result from investments in subsidiaries and associates, except for the case where the reversal of the temporary differences is controlled by the Group and it is possible that the temporary differences will not be reversed in the foreseeable future.

## Employee benefits

**Short-term benefits:** Short-term employee benefits (except post-employment benefits) monetary and in kind are recognized as an expense when they accrue. Any unpaid amount is booked as a liability, while in the case where the amount paid exceeds the amount of services rendered, the company recognizes the excess amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future payments or to reimbursement.

**Post-employment benefits:** Post-employment benefits comprise pensions or other benefits (life insurance and medical insurance) the company provides after retirement as an exchange for the employees' service with the company. Thus, such benefits include defined contribution schemes as well as defined benefits schemes. The accrued cost of defined contribution schemes is booked as an expense in the period it refers to.

### • Defined contribution scheme

According to the defined contributions scheme, the (legal or implied) obligation of the company is limited to the amount that it has been agreed that it will contribute to the entity (i.e. pension fund) that manages the contributions and provides the benefits. Thus the amount of benefits the employee will receive depends on the amount the company will pay (or even the employee) and from the paid investments of such contributions. The payable contribution from the company to a defined contribution scheme, is either recognized as a liability after the deduction of the paid contribution, or as an expense.

### • Defined benefits scheme

The liability that is reported in the balance sheet with respect to this scheme is the present value of the liability for the defined benefit less the fair value of the scheme's assets (if there are such) and the changes that arise from any actuarial profit or loss and the service cost. The commitment of the defined benefit is calculated annually by an independent actuary with the use of the projected unit credit method. The yield of long-term Greek Government Bonds is used as a discount rate.

The actuarial profit and losses are liability items for the company's benefits and for the expense that will be recognized in the results. Such that emerge from adjustments based on historical data and are over or under the 10% margin of the accumulated liability, are booked in the results in the expected average insurance time of the scheme's participants. The cost for the service time with the company is directly recognized in the results except for the case where the scheme's changes depend on the employees' remaining service with the company. In such a case the service cost is registered in the results with the straight line method with in the maturity period.

**Benefits for employment termination:** The benefits due to termination of the employment relationship are paid when employees depart before their retirement date. The Group books these benefits when it is committed, either when it terminates the employment of existing employees according to a detailed program for which there is no departure possibility, or when it provides such benefits as an incentive for voluntary departure. When such benefits are deemed payable in periods that exceed twelve months from the Balance Sheet date, then they must be discounted based on the yields of investment grade corporate or government bonds.

In the case of an offer that is made to encourage voluntary departure, the valuation of benefits for employment termination must be based on the number of employees that are expected to accept the offer.

In the case of employment termination where there is an inability to assess the number of employees that will use such benefits, they are not accounting for but are disclosed as a contingent liability.

## Grants

The Group recognizes the government grants that cumulatively satisfy the following criteria:

- a) There is reasonable certainty that the company has complied or will comply to the conditions of the grant and
- b) It is probable that the amount of the grant will be received. They are booked at fair value and are systematically recognized as revenue according to the principle of matching the grants with the corresponding costs that they are subsidizing.

Grants that relate to assets are included in long-term liabilities as deferred income and are recognized systematically and rationally as revenue over the useful life of the fixed asset.

## Provisions

Provisions for environmental retrieval, restructure expenses and compensations are recognized when:

- 1) The Group has present obligations as a result of past events.
- 2) Their settlement through an outflow of resources is probable.
- 3) The exact amount of the obligation can be reliably estimated.

For similar liabilities, the possibility that the outflow will be claimed is estimated for the sum of each group of liabilities. Provisions are recognised even if the outflow probability, of a certain element that is included in the same group of liabilities, is small.

### (α) Vacancy Right

The annual vacancy right and the employees' long-term service right are recognized at the time they result. The provision is recognized for the estimated liabilities of the annual vacancy right and the long-term service right, as a result of the services provided up to the financial statements date.

## Income Recognition

Income includes the fair value of goods and services sold, net of Value Added Tax, discounts and returns. Intercompany revenue within the Group is eliminated completely. The recognition of revenue is done as follows:

### (α) Sale of goods

Sales of goods are recognized when the Group transfers goods to customers, the goods are accepted by them and the collection of the resulting receivable is reasonably assured.

### (b) Income Interest

Interest income is recognized on a time proportion basis using the effective interest rate. When there is impairment of assets, their book value is reduced to their recoverable amount which is the present value of the expected future cash flows discounted using the initial real interest rate. Interest is then booked using the same interest rate calculated on the impaired (new book) value.

(c) Dividends

Dividends are accounted for as revenue with the payment.

### **Expenses Recognition**

Expenses are recognized in the results on an accrued basis. The payments made for operating leases are transferred to the results as an expense, during the time the lease is used. Interest expenses are recognized on an accrued basis.

### **Leases**

(a) Lease agreements where the lessor transfers the right of use of an asset for an agreed period of time, without transferring, however, the risks and rewards of ownership of the fixed asset are classified as operating leases. Payments made with respect to operating leases (net of any incentives offered by the lessor) are recognised in the income statement proportionately throughout the term of the lease.

(b) Leases of fixed assets with which all the risks and benefits related with ownership of an asset are transferred to the Group, regardless of whether the title of ownership of the asset is eventually transferred or not, are finance leases. These leases are capitalized at the inception of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments. Each lease payment is apportioned between the reduction of the liability and the finance charge so that a fixed interest rate on the remaining financial liability is achieved. The relevant liabilities from leases, net of finance charges, are reported as liabilities. The part of the finance charge that relates to finance leases is recognized in the income statement during the term of the lease. Fixed assets acquired through finance leases are depreciated over the shorter of their useful lives and the lease term.

### **Dividend distribution**

The distribution of dividends to the shareholders of the parent company is recognized as a liability in the financial statements at the date on which the distribution is approved by the General Meeting of the shareholders.

### **New accounting principles and interpretations of IFRIC**

The International Accounting Standards Board and the Interpretations Committee have already issued a series of new accounting standards and interpretation that are not included in the “IFRS Stable Platform 2005”. The IFRS and IFRIC are mandatory for the accounting periods beginning from January 1st 2006.

(a) IFRS 6. Exploration and evaluation of mineral resources

(b) IFRIC 3. Emission Rights

As of the 1<sup>st</sup> of January 2005 ALUMINIUM DE GRECE S.A. is aware of its allocation according to the “Greek National Allocation Plan for CO2 Emissions”. IFRIC 3 is implemented on an annual basis that begins on the 1<sup>st</sup> of January 2006.

(c) IFRIC 4. Determination of whether a receivable includes a lease

(d) IFRIC 5. Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds

### 10.3 Financial Risk Management

#### Financial Risk Factors

The Group is exposed to several financial risks such as market risks ( exchanges in foreign exchange rates, market prices), credit risks, liquidity risks, cash flows risks and fair value risks from interest rates fluctuations. The Group's risk management program focuses on the financial markets unpredictability and intends to minimize any possible negative effect on the Group's financial performance. The Group makes use of derivatives such as futures, forwards and commodities with the intention to offset its exposure to certain risks.

The risk management is implemented by the Treasury Department which operates with certain rules that have already being approved by the Board of Directors. The Treasury department estimates and hedges the financial risks in cooperation with the departments that face these risks. The Board of Directors provides written instructions and guidelines for the risk management as well as special instruction for the risk management of certain risks such as foreign exchange risks and credit risks.

(a) Market Risk

(1) Foreign Exchange Risk

The Group operates in the market of Alumina and Aluminium and therefore its exposure to foreign exchange rates fluctuations derives from the US Dollar. This risk rises mainly due to the future commercial transactions, receivables and liabilities in foreign currencies.

ALUMINIUM DE GRECE S.A. uses futures contracts in order to manage the foreign exchange risk.

(2) Price Risk

ALUMINIUM DE GRECE S.A. is exposed to the share prices fluctuations which are held either for trading or reserves. It is also exposed to the aluminium and other commodities prices which operate in commodities exchange. The Group uses futures to management these risks.

(b) Credit Risk

The Group has low credit risk. The sales are made mainly to customers with high credibility and simultaneously the Group insurances these credits.

(c) Liquidity Risk

The liquidity risk remains in low levels, maintaining adequate reserves and marketable shares

(d) Cash Flows Risk and Fair Value Change Risk due to interest rates fluctuation

The Group's revenues and cash flows are materially independent to the interest rates fluctuations. The Group has several important interest-bearing assets, placed in low risk investments. The Group has neither long-term nor short-term loans and therefore it is not subject to interest rates risks.

### **Accounting for derivate financial instruments and hedging activities.**

The derivatives, initially and afterwards are recognized at their fair value. The method for the profit and losses recognition depends on whether the derivatives are considered as hedging instruments or held for trade. The derivatives are considered the day of the transaction either as hedging or fair value receivables, liabilities or commitments (fair value hedging), or very possible transaction provisions (cash flows hedging), or an investment in a foreign company hedging. At the time of the transactions, the Group records the relationship between hedging instruments and the hedged instruments as well as the management strategy for this risk. At the beginning of the contract and on a permanent basis, the estimation related to the high effectiveness of hedging is recorded for both the fair value hedging and the cash flow hedging.

#### **(a) Fair Value Hedging**

The derivatives fair value changes are considered as fair value changes of hedged elements are recorded in profits and losses as well as the changes in the fair value of the hedged elements, which are attributed to the hedged risk.

#### **(b) Cash Flows Hedging**

The effective proportion of derivatives fair value change, which is considered as cash flows hedging instruments, is booked in the equity reserves. The profits or losses of a non effective proportion are booked in the results. The amount which is booked in equity reserves is transferred to the period's results where the hedged element affects the profits or losses. In the cases of the future transactions forecast hedging, which results in the recognition of a non monetary element (e.g. inventory) or liability, the profits or losses which were booked in equity, are transferred to the acquisition cost of the non financial assets. When a hedging instrument expires or it is sold or the offset relationship doesn't accomplish the accounting hedging criteria, then the equity accumulated profits or losses remain in the reserves and they are transferred in the results when the hedging element affects the profits or losses. In the case of a future transaction forecast hedging, which is expected to be realized, the accumulated equity profits or losses are transferred in the results.

#### **(c) Investment Hedging**

The investment hedging in a company abroad is handled in the same way with the cash flows hedging.

The profits or losses of the mean hedging, which are related with hedging results, are recognized in the equity reserves. The profit or losses, which are related with the non result hedging part, are recognized in the results.

The accumulated profits and losses in equity are transferred to the results at time of the business sell.

#### **(d) Derivatives which are not recognized as hedging instruments**

The changes in the derivatives fair value are booked in the results.



### **Fair Value determination**

The financial instruments fair value trade in active market (e.g. derivatives, shares, bonds, mutual funds) and it is determined by the published prices at the balance sheet date. The bid price is used for the financial assets and the ask price is used of the financial liabilities.

The fair value of the financial instruments that don't trade in active markets is determined with the use of valuation methods and assertions which are based on market conditions at the balance sheet date. The nominal price less the bad debt liabilities provisions is estimated to approaches their fair value. The financial liabilities fair value, in order to be published, are estimated with the present value of the future cash flows based on certain contracts and using the Group's current interest rate for similar financial instruments.

### **10.4 The Group Structure and the Consolidation Method**

The companies which are included in the consolidated financial statements are the following:

<b>COMPANY</b>	<b>PERCENTAGE</b>
ALUMINIUM DE GRECE SA - Athens	Parent
DELPHESS - DISTOMON S.A.M. - Athens	99,98% (1)

Notes :

(1) Companies held directly - Full Consolidation Method

On March 15<sup>th</sup>, 2005, Mytilineos S.A. completed the takeover of 46% of the company ALUMINIUM DE GRECE S.A. through the Athens Stock Exchange.

The financial statements of ALUMINIUM DE GRECE S.A. - Group of Companies are included in the consolidated financial statements of MYTILINEOS HOLDINGS S.A., a Group of Companies, with registered offices in Greece and a 43,92% holding in the ALUMINIUM DE GRECE SA - Group of Companies.

## 10.5 Tangible Assets

The Group's tangible assets are analyzed as follows:

	Plots & Buildings	Vehicles & Mechanical Equipment	Furniture & Other Equipment	Tangible Assets under construction	Total
Gross Book Value	177.352.955	467.799.698	12.686.517	11.823.220	669.662.389
Accumulated depreciation and value impairment	(12.287.132)	(371.284.246)	(11.180.249)	-	(394.751.627)
<b>Book Value as at 31 December 2004</b>	<b>165.065.823</b>	<b>96.515.452</b>	<b>1.506.268</b>	<b>11.823.220</b>	<b>274.910.762</b>
Gross Book Value	177.681.827	478.581.618	12.950.411	60.208.949	729.422.804
Accumulated depreciation and value impairment	(14.038.423)	(379.361.786)	(11.515.378)	-	(404.915.587)
<b>Book Value as at 31 December 2005</b>	<b>163.643.404</b>	<b>99.219.832</b>	<b>1.435.033</b>	<b>60.208.949</b>	<b>324.507.217</b>

	Plots & Buildings	Vehicles & Mechanical Equipment	Furniture & Other Equipment	Tangible Assets under construction	Total
<b>Book Value as at 31 December 2004</b>	<b>165.065.823</b>	<b>96.515.452</b>	<b>1.506.268</b>	<b>11.823.220</b>	<b>274.910.762</b>
Additions	336.588	12.051.787	263.894	48.385.729	61.037.998
Depreciations	(1.756.924)	(9.347.407)	(335.129)	-	(11.439.460)
Sales / Reductions	(7.716)	(1.269.867)	-	-	(1.277.583)
Sales / Depreciation Reductions	5.633	1.269.867	-	-	1.275.500
<b>Book Value as at 31 December 2005</b>	<b>163.643.404</b>	<b>99.219.832</b>	<b>1.435.033</b>	<b>60.208.949</b>	<b>324.507.217</b>

The Company's tangible assets are analyzed as follows:

	Plots & Buildings	Vehicles & Mechanical Equipment	Furniture & Other Equipment	Tangible Assets under construction	Total
Gross Book Value	172.501.649	457.125.518	11.980.694	11.664.266	653.272.128
Accumulated depreciation and value impairment	(9.480.920)	(362.471.648)	(10.589.499)	-	(382.542.066)
<b>Book Value as at 31 December 2004</b>	<b>163.020.729</b>	<b>94.653.871</b>	<b>1.391.195</b>	<b>11.664.266</b>	<b>270.730.061</b>
Gross Book Value	172.806.270	467.442.814	12.212.422	60.197.848	712.659.354
Accumulated depreciation and value impairment	(11.071.779)	(369.950.254)	(10.877.666)	-	(391.899.699)
<b>Book Value as at 31 December 2005</b>	<b>161.734.492</b>	<b>97.492.559</b>	<b>1.334.756</b>	<b>60.197.848</b>	<b>320.759.655</b>

	Plots & Buildings	Vehicles & Mechanical Equipment	Furniture & Other Equipment	Tangible Assets under construction	Total
<b>Book Value as at 31 December 2004</b>	<b>163.020.729</b>	<b>94.653.871</b>	<b>1.391.195</b>	<b>11.664.266</b>	<b>270.730.061</b>
Additions	304.622	11.587.162	231.728	48.533.581	60.657.093
Depreciations	(1.590.859)	(8.748.474)	(288.167)	-	(10.627.499)
Sales / Reductions	-	(1.269.867)	-	-	(1.269.867)
Sales / Depreciation Reductions	-	1.269.867	-	-	1.269.867
<b>Book Value as at 31 December 2005</b>	<b>161.734.492</b>	<b>97.492.559</b>	<b>1.334.756</b>	<b>60.197.848</b>	<b>320.759.655</b>

## 10.6 Collateral on the fixed assets

The plots and the buildings were valued as at the transition date to IFRS (01/01/2004) at their implied cost according to the provisions of IFRS 1. The “implied” cost is considered as the fair value of the fixed assets as at the transition date to IFRS, which was defined after a study by an independent evaluator. The other tangible assets (machinery, other equipment) are recognized at the transition date at their acquisition cost minus accumulated depreciations.

There are no mortgages or collateral on the fixed assets for borrowing.

## 10.7 Intangible Assets

The Group’s intangible assets are analyzed as follows:

	Software	Formation expenses	Other intangible assets	Total
Gross Book Value	5.288.175	247.696	51.573.088	57.108.960
Accumulated depreciation and value impairment	(5.134.165)	(247.696)	(47.345.122)	(52.726.984)
<b>Book Value as at 31 December 2004</b>	<b>154.010</b>	<b>-</b>	<b>4.227.967</b>	<b>4.381.977</b>
Gross Book Value	6.160.585	247.696	53.633.696	60.041.978
Accumulated depreciation and value impairment	(5.218.408)	(247.696)	(49.475.246)	(54.941.351)
<b>Book Value as at 31 December 2005</b>	<b>942.177</b>	<b>-</b>	<b>4.158.450</b>	<b>5.100.627</b>

	Software	Formation expenses	Other intangible assets	Total
<b>Book Value as at 31 December 2004</b>	<b>154.010</b>		<b>4.227.967</b>	<b>4.381.977</b>
Additions	872.409	-	2.060.608	2.933.017
Depreciations	(84.243)	-	(1.857.448)	(1.941.691)
Sales / Reductions	-	-	(272.676)	(272.676)
Sales / Depreciation Reductions	-	-	-	-
<b>Book Value as at 31 December 2005</b>	<b>942.177</b>	<b>-</b>	<b>4.158.450</b>	<b>5.100.627</b>

The Company's intangible assets are analyzed as follows:

	Software	Internal Generated	Total
Gross Book Value	5.033.120	-	5.033.120
Accumulated depreciation and value impairment	(4.899.675)	-	(4.899.675)
<b>Book Value as at 31 December 2004</b>	<b>133.445</b>	-	<b>133.445</b>
Gross Book Value	5.890.805	-	5.890.805
Accumulated depreciation and value impairment	(4.970.402)	-	(4.970.402)
<b>Book Value as at 31 December 2005</b>	<b>920.403</b>	-	<b>920.403</b>

	Software	Εσωτερικός Δημιουργούμενα	Total
<b>Book Value as at 31 December 2004</b>	<b>133.445</b>	-	<b>133.445</b>
Additions	857.684	-	857.684
Depreciations	(70.727)	-	(70.727)
Sales / Reductions	-	-	-
Sales / Depreciation Reductions	-	-	-
<b>Book Value as at 31 December 2005</b>	<b>920.403</b>	-	<b>920.403</b>

### 10.8 Investments on subsidiaries

Investments on subsidiaries are valued at their acquisition cost.

	<u>31/12/2005</u>	<u>31/12/2004</u>
<b>Period beginning</b>	<b>19.213.937</b>	<b>19.213.937</b>
Exchange differences	-	-
Additions	-	-
Sales / cancelations	-	-
Other equity Changes	-	-
<b>Period Ending</b>	<b>19.213.937</b>	<b>19.213.937</b>

#### General Information for Subsidiaries

Name	Country	Total Shares	% Participation 31/12/2005	% Participation 31/12/2004
Delphes - Distomon S.A.M.	Greece	3.099.000	99,9%	99,9%

## 10.9 Financial Assets available for sale

	<b>Group</b>		<b>Company</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
<b>Balance at the beginning of the period</b>	5.469.676	5.469.676	5.469.676	5.469.676
Sales / cancelations	-	-	(7.819.104)	-
- Sale of participation	(7.819.104)	-	-	-
Revaluation at fair value	13.585.753	-	13.585.753	-
<b>Balance at the end of the period</b>	<b><u>11.236.326</u></b>	<b><u>5.469.676</u></b>	<b><u>11.236.326</u></b>	<b><u>5.469.676</u></b>
Non-current Assets	11.236.326	5.469.676	11.236.326	5.469.676
Current Assets	-	-	-	-
	<b><u>11.236.326</u></b>	<b><u>5.469.676</u></b>	<b><u>11.236.326</u></b>	<b><u>5.469.676</u></b>

The financial assets portfolio of shares available for sale includes shares with long-term strategic character. The financial assets for sales include the following:

	<b>Group</b>		<b>Company</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
Quoted Shares				
Shares - Greece	11.236.326	5.469.676	11.236.326	5.469.676
	<b><u>11.236.326</u></b>	<b><u>5.469.676</u></b>	<b><u>11.236.326</u></b>	<b><u>5.469.676</u></b>

## 10.10 Deferred tax

The deferred tax receivables and liabilities estimation takes place for each company of the Group and in cases where receivables or liabilities appear, they offset each other.

The offset of deferred tax receivables and liabilities takes place when there is an applicable legal right to offset the current tax receivables with the current tax liabilities and when the deferred income taxes refer to the same tax authority.

The Group's offset amount is analyzed as follows:

	<u>31/12/2005</u>		<u>31/12/2004</u>	
	D.T. Receivable	D.T. Liability	D.T. Receivable	D.T. Liability
<b>Non-Current Assets</b>				
Intangible Assets		8.472		4.822
Propertu, plant and equipment	890.736	17.005.915	1.002.706	17.712.456
Available-for-sale financial assets	33.545		51.678	
<b>Current Assets</b>				
Inventories				
Receivables				
Available-for-sale financial assets				
<b>Long-Term Liabilities</b>				
Employee Benefits	6.072.018		7.410.538	
Investment Grants	145.135		187.644	
Other Non-Current Liabilities	2.747.696		4.826.121	
<b>Short-Term Liabilities</b>				
Provisions				
Contingent Liabilities				
Employee Benefits	990.292		2.274.945	
Other Current Liabilities				
Derivatives	163.772			
<b>Offset</b>	<b>(9.726.340)</b>	<b>(9.726.340)</b>	<b>(14.313.358)</b>	<b>(14.313.358)</b>
<b>Total D.T. Assets</b>	<b>1.316.854</b>	<b>7.288.047</b>	<b>1.440.274</b>	<b>3.403.920</b>

The Company's offset amount is analyzed as follows:

	<u>31/12/2005</u>		<u>31/12/2004</u>	
	D.T. Receivable	D.T. Liability	D.T. Receivable	D.T. Liability
<b>Non-Current Assets</b>				
Intangible Assets		8.472		4.822
Propertu, plant and equipment		17.005.915		17.712.456
Available-for-sale financial assets	33.545		51.678	
<b>Current Assets</b>				
Inventories				
Receivables				
Available-for-sale financial assets				
<b>Long-Term Liabilities</b>				
Employee Benefits	5.645.900		7.410.538	
Investment Grants	145.135		187.644	
Other Non-Current Liabilities	2.747.696		4.826.121	
<b>Short-Term Liabilities</b>				
Provisions				
Contingent Liabilities				
Employee Benefits	990.292		1.837.378	
Other Current Liabilities				
Derivatives	163.772			
<b>Offset</b>	<b>(9.726.340)</b>	<b>(9.726.340)</b>	<b>(14.313.358)</b>	<b>(14.313.358)</b>
<b>Total D.T. Assets</b>	<b>-</b>	<b>7.288.047</b>	<b>-</b>	<b>3.403.920</b>

### 10.11 Inventories fair value

The Group's and the Company's inventories are analyzed as follows:

	<b>Group</b>		<b>Company</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
Raw Material	8.573.574	7.589.863	8.760.681	7.746.046
Semi-finished Products	25.642.593	17.659.461	25.642.593	17.659.461
Finished Products	9.972.182	10.973.803	9.068.503	9.691.691
Other	19.687.879	12.549.532	18.462.815	11.454.497
<b>Σύνολο</b>	<b><u>63.876.227</u></b>	<b><u>48.772.659</u></b>	<b><u>61.934.592</u></b>	<b><u>46.551.695</u></b>
Minus: Provisions for useless, belated and destroyed inventories.				
Raw Material	-	-	-	-
Semi-finished Products	-	-	-	-
Finished Products	-	-	-	-
Other	(1.170.888)	(1.170.888)	(1.170.888)	(1.170.888)
	<b><u>(1.170.888)</u></b>	<b><u>(1.170.888)</u></b>	<b><u>(1.170.888)</u></b>	<b><u>(1.170.888)</u></b>
<b>Total net liquidation value</b>	<b><u>62.705.339</u></b>	<b><u>47.601.770</u></b>	<b><u>60.763.704</u></b>	<b><u>45.380.806</u></b>

### 10.12 Customers and other trade receivables

The Group's and the Company's customers and other trade receivables are analyzed as follows:

	<b>Group</b>		<b>Company</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
Customers	66.372.237	55.270.541	66.359.989	55.270.541
Notes Receivable	-	-	-	-
Checks Receivable	1.670.066	748.603	1.670.066	748.603
Minus: Impairment Provisions	-	-	-	-
<b>Net Trade Receivables</b>	<b><u>68.042.303</u></b>	<b><u>56.019.144</u></b>	<b><u>68.030.055</u></b>	<b><u>56.019.144</u></b>
Prepaid Inventory Purchases	-	-	-	-
<b>Total</b>	<b><u>68.042.303</u></b>	<b><u>56.019.144</u></b>	<b><u>68.030.055</u></b>	<b><u>56.019.144</u></b>
Non-Current Assets	-	-	-	-
Current Assets	68.042.303	56.019.144	68.030.055	56.019.144
	<b><u>68.042.303</u></b>	<b><u>56.019.144</u></b>	<b><u>68.030.055</u></b>	<b><u>56.019.144</u></b>

The Fair Value Receivables are the following

	<b>Group</b>		<b>Company</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
Customers	66.372.237	55.270.541	66.359.989	55.270.541
Notes Receivable	-	-	-	-
Checks Receivable	1.670.066	748.603	1.670.066	748.603
Prepaid Inventory Purchases	-	-	-	-
	<b><u>68.042.303</u></b>	<b><u>56.019.144</u></b>	<b><u>68.030.055</u></b>	<b><u>56.019.144</u></b>

### 10.13 Other Receivables

The Group's and the Company's other receivables are analyzed as follows:

	<b>Group</b>		<b>Company</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
Sundry Debtors	1.216.394	952.729	1.159.101	853.583
Receivables from the Greek State	53.782.765	30.689.019	52.275.803	27.437.844
Other receivables	7.457.496	2.471.419	7.332.660	2.364.585
Disputed Debtors	-	20.117.434	-	20.117.434
Receivables from associated parties	-	-	16.553	9.975
Loans to associated parties	-	-	-	-
Minus: Bad debtors Provision	(21.494)	(21.494)	(21.494)	(21.494)
<b>Net Debtors Receivables</b>	<b><u>62.435.161</u></b>	<b><u>54.209.107</u></b>	<b><u>60.762.624</u></b>	<b><u>50.761.927</u></b>
Non- current Assets	392.769	122.551	323.562	107.641
Current Assets	62.042.392	54.086.556	60.439.061	50.654.286
	<b><u>62.435.161</u></b>	<b><u>54.209.107</u></b>	<b><u>60.762.624</u></b>	<b><u>50.761.927</u></b>

The Fair Value Receivables are the following

	<b>Group</b>		<b>Company</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
Sundry Debtors	1.194.900	931.235	1.137.607	832.089
Receivables from the Greek State	53.782.765	30.689.019	52.275.803	27.437.844
Other receivables	7.457.496	2.471.419	7.332.660	2.364.585
Bad Debtors	-	20.117.434	-	20.117.434
Receivables from associated parties	-	-	16.553	9.975
Loans to associated parties	-	-	-	-
	<b><u>62.435.161</u></b>	<b><u>54.209.107</u></b>	<b><u>60.762.624</u></b>	<b><u>50.761.927</u></b>

## 10.14 Cash and Cash Equivalents

The Group's and the Company's cash and cash equivalents include the following:

	Group		Company	
	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
Cash in hand	13.187.551	8.988.234	10.931.752	8.230.185
Short-term bank deposits	28.000.000	105.042.130	28.000.000	105.042.130
<b>Total</b>	<b>41.187.551</b>	<b>114.030.364</b>	<b>38.931.752</b>	<b>113.272.315</b>

The cash in hand and the bank over-withdrawals for the purposes of the cash flow statement, include the following:

	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
Cash and Cash Equivalents	41.187.551	114.030.364	38.931.752	113.272.315
Bank over-withdrawals	-	-	-	-
<b>Total</b>	<b>41.187.551</b>	<b>114.030.364</b>	<b>38.931.752</b>	<b>113.272.315</b>

## 10.15 Fair Value Reserves

The Group's and the Company's fair value reserves are analyzed as follows:

	Assets Revaluation	Hedging Reserves	Financial Instruments available for sale	Foreign exchange differences reserves	Total
<b>Balance at 31 December 2004</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Revaluation:					
Carrying amount		-564.730	13.585.753		13.184.795
Minus Tax		163.772			0
Sales Profits transferred to the results			-7.463.833		-7.463.833
<b>Balance at 31 December 2005</b>	<b>0</b>	<b>-400.959</b>	<b>6.121.921</b>	<b>0</b>	<b>5.720.962</b>

### 10.16 Other Long-Term Liabilities and Grants

	<b>Group</b>		<b>Company</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
<b>Grants</b>				
Balance at the beginning of the period	4.849.353	1.139.481	4.849.353	1.139.481
Additions	185.282	3.851.798	185.282	3.851.798
Transfer to results	(228.493)	(141.925)	(228.493)	(141.925)
Other				
Additions	-	-	-	-
Transfer to results	-	-	-	-
<b>Balance at the end of the period</b>	<b><u>4.806.142</u></b>	<b><u>4.849.353</u></b>	<b><u>4.806.142</u></b>	<b><u>4.849.353</u></b>

### 10.17 Suppliers

The analysis of the Group's and the Company's Suppliers and other liabilities balance is as follows:

	<b>Group</b>		<b>Company</b>	
	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>	<b><u>31/12/2005</u></b>	<b><u>31/12/2004</u></b>
Suppliers	35.843.702	17.839.927	38.160.457	18.873.729
Notes Payable	-	-	-	-
Checks Payable	-	-	-	-
<b>Total</b>	<b><u>35.843.702</u></b>	<b><u>17.839.927</u></b>	<b><u>38.160.457</u></b>	<b><u>18.873.729</u></b>

## 10.18 Current Tax Liabilities

The balances of the current tax liabilities of the Group and the Company are analyzed as follows:

	<b>Group</b>		<b>Company</b>	
	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>
Tax for the current period	12.907.572	29.408.680	12.907.572	28.809.260
Tax control differences Liabilities	5.876.470	-	5.876.470	-
Other Tax Liabilities	3.176.193	1.837.881	3.018.156	1.647.692
<b>Total</b>	<b>21.960.235</b>	<b>31.246.560</b>	<b>21.802.198</b>	<b>30.456.952</b>

## 10.19 Derivatives

Derivatives purchases are associated with IAS 39 «Financial Instruments: Recognition and Measurement» and they are related with Future Indexes which are contracts for sale or purchase of certain items on a specific index in a future date, in London Metal Exchange (LME). These contracts are standardized, with predefined duration, daily negotiation and settlement. Income is considered to be the received difference at the date of the contract expiration and it is estimated from the difference between the current level and the agreed level, multiplied by each item's price. The final result is determined at the expiration dated.

According to IAS 39 definitions the derivatives purchases mentioned above can be considered either:

- a) Financial Instruments which are estimated at their fair value through results or
- b) Hedging Instruments

The company recognized the specific derivatives purchases as hedging instruments and specifically as Cash flow hedging. That is the coverage of specific dangers related to the cash flows change that derives from an asset element or a liability or a future transaction and this change will affect the fiscal year's results. Therefore, according to the accounting treatment of accounting hedging to a certain part of profits or losses that come from the hedging instrument that is effective (derivatives), is directly transferred to the company's equity, while part that concerns the non effective hedging is transferred to the results.

At the beginning of hedging there was an official explanation of the hedging relationship of the company's purposes related to the risk management and the hedging strategy. The hedging is expected to be totally effective regarding the fair value changes hedging or the cash flow hedging that derive from the hedged danger, according to the explained risk management strategy for the certain hedged relationship.

start date	end date	pay date	USD / MT Fixed	USD / MT Floating	Change	Quantity	MTM	MTMPV
03/01/06	31/01/06	02/02/06	2.257,50	2.283,58	-26,08	5.000,00	-130.400,00	129.860,02
01/02/06	28/02/06	02/03/06	2.257,50	2.284,31	-26,81	5.000,00	-134.050,00	133.023,49
01/03/06	31/03/06	04/04/06	2.252,50	2.279,88	-27,38	5.000,00	-136.900,00	135.278,78
03/04/06	28/04/06	03/05/06	2.237,50	2.271,34	-33,84	5.000,00	-169.200,00	166.568,13
<b>Σύνολο</b>							<b>-570.550,00</b>	<b>564.730,42</b>

## 10.20 Other Short-Term Liabilities

The analysis of the Group's and the Company's other short-term liabilities balance is as follows:

	<b>Group</b>		<b>Company</b>	
	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
Accrued Expenses	5.008.033	7.345.392	5.008.033	7.345.392
Insurance organizations and other taxes	2.808.072	2.497.717	2.533.574	2.241.103
Other Liabilities	8.078.690	5.596.997	7.972.682	5.162.735
<b>Total</b>	<b>15.894.795</b>	<b>15.440.106</b>	<b>15.514.289</b>	<b>14.749.230</b>

## 10.21 Provisions

The Group's provisions are analyzed as follows:

	<b>Enviromental</b>			
	<b>retrieval</b>	<b>Tax Liabilities</b>	<b>Other</b>	<b>Total</b>
<b>31 December 2004</b>	<b>6.493.186</b>	<b>7.836.815</b>	<b>3.244.814</b>	<b>17.574.815</b>
Fiscal Year Additional Provisions	1.260.000	200.000	1.550.000	<b>3.010.000</b>
Reversed non-used provisions	-	-	(1.580.000)	<b>(1.580.000)</b>
Foreign exchange differences	-	-	-	-
Period's provisions	(272.675)	(6.836.815)	-	<b>(7.109.490)</b>
<b>31 December 2005</b>	<b>7.480.511</b>	<b>1.200.000</b>	<b>3.214.814</b>	<b>11.895.325</b>

The Company's provisions are analyzed as follows:

	<b>Enviromental</b>	<b>Tax</b>	<b>Other</b>	<b>Total</b>
	<b>retrieval</b>	<b>Liabilities</b>		
<b>31 December 2004</b>	<b>4.000.000</b>	<b>7.836.815</b>	<b>3.244.814</b>	<b>15.081.629</b>
Fiscal Year Additional Provisions	1.260.000	-	1.550.000	<b>2.810.000</b>
Reversed non-used provisions	-	-	(1.580.000)	<b>(1.580.000)</b>
Foreign exchange differences	-	-	-	-
Period's provisions	-	(6.836.815)	-	<b>(6.836.815)</b>
<b>31 December 2005</b>	<b>5.260.000</b>	<b>1.000.000</b>	<b>3.214.814</b>	<b>9.474.814</b>

## 10.22 Expenses per category

The Group's expenses per category are as analyzed as follows:

	Group 1/1-31/12/2005				Group 1/1-31/12/2004			
	Cost of Sales	Distribution Expenses	Administrative Expenses	Total	Cost of Sales	Distribution Expenses	Administrative Expenses	Total
Pension Benefits	4.736.991	528	2.021	<b>4.739.540</b>	8.247.324			<b>8.247.324</b>
Other employee benefits	71.206.258	602.689	1.060.007	<b>72.868.954</b>	65.743.130	626.194	1.031.000	<b>67.400.323</b>
Cost of inventories recognised as an expense	118.988.570			<b>118.988.570</b>	109.439.841			<b>109.439.841</b>
<i>Tangible Assets Depreciation</i>				-				
-Owned Assets	11.314.375		125.085	<b>11.439.460</b>	11.500.146			<b>11.500.146</b>
Intangible assets depreciations	1.899.470	42.221		<b>1.941.691</b>	3.230.909			<b>3.230.909</b>
Third party remuneration and expenses	4.230.778	275.248	2.879.227	<b>7.385.253</b>	6.828.958	647.678	1.590.424	<b>9.067.060</b>
Third party benefits	94.691.816	110.903	834.327	<b>95.637.046</b>	78.116.499	55.087	598.778	<b>78.770.364</b>
Other	9.634.259	194.968	1.232.930	<b>11.062.158</b>	13.354.061	194.344	1.801.084	<b>15.349.489</b>
<b>Total</b>	<b>316.702.517</b>	<b>1.226.558</b>	<b>6.133.597</b>	<b>324.062.672</b>	<b>296.460.867</b>	<b>1.523.303</b>	<b>5.021.285</b>	<b>303.005.455</b>

The Company's expenses per category are as analyzed as follows:

	Company 1/1-31/12/2005				Company 1/1-31/12/2004			
	Cost of Sales	Distribution Expenses	Administrative Expenses	Total	Cost of Sales	Distribution Expenses	Administrative Expenses	Total
Pension Benefits	4.481.409			<b>4.481.409</b>	7.811.513			<b>7.811.513</b>
Other employee benefits	66.197.469	587.266	931.373	<b>67.716.107</b>	60.662.572	591.461	956.671	<b>62.210.703</b>
Cost of inventories recognised as an expense	136.868.985			<b>136.868.985</b>	127.120.021			<b>127.120.021</b>
<i>Tangible Assets Depreciation</i>								
-Owned Assets	10.509.271		118.229	<b>10.627.499</b>	10.603.724			<b>10.603.724</b>
Intangible assets depreciations	28.505	42.221		<b>70.727</b>	202.570			<b>202.570</b>
Third party remuneration and expenses	2.317.083	246.500	2.064.732	<b>4.628.315</b>	4.311.841	627.206	1.497.354	<b>6.436.401</b>
Third party benefits	94.088.894	66.901	783.569	<b>94.939.364</b>	78.116.499	55.087	598.778	<b>78.770.364</b>
Other	6.393.172	180.145	932.285	<b>7.505.601</b>	10.815.361	141.087	1.131.147	<b>12.087.595</b>
<b>Total</b>	<b>320.884.788</b>	<b>1.123.032</b>	<b>4.830.186</b>	<b>326.838.007</b>	<b>299.644.100</b>	<b>1.414.841</b>	<b>4.183.950</b>	<b>305.242.891</b>

## 10.23 Employee Benefits

	Group		Company	
	1/1-31/12/2005	1/1-31/12/2004	1/1-31/12/2005	1/1-31/12/2004
Wages and Salaries including pension benefit plans	48.962.152	54.344.934	45.050.460	50.472.947
Social Security Expenses	11.394.286	11.107.361	10.237.835	9.941.014
Other employee benefits	12.231.684	1.797.816	12.146.980	1.646.532
Defined pension benefit plan payments	280.832	150.211	280.832	150.211
Defined pension benefit plan	4.739.540	8.247.324	4.481.409	7.811.513
<b>Total</b>	<b>77.608.494</b>	<b>75.647.647</b>	<b>72.197.516</b>	<b>70.022.216</b>

## 10.24 Financial Cost – Net

	<b>Group</b>		<b>Company</b>	
	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>
<b>Interest Revenue</b>				
-Banks	2.310.877	2.033.207	<b>2.285.404</b>	<b>2.027.908</b>
-Available-for-Sale Investments	-	-	-	-
-Investments kept until expire	-	-	-	-
	<b>2.310.877</b>	<b>2.033.207</b>	<b>2.285.404</b>	<b>2.027.908</b>
<b>Interest Expenses</b>				
- Discounted Benefit Liabilities due to retirement.	-	(84.171)	-	-
-Bank Loans	-	-	-	-
- Over-withdrawals	-	-	-	-
- Letters of Guarantees commissions	(47.384)	(33.448)	(44.900)	(32.339)
- Financial Leasing	-	-	-	-
- Other Bank Expenses	(116.736)	(29.630)	(116.736)	(29.630)
	<b>(164.120)</b>	<b>(147.249)</b>	<b>(161.637)</b>	<b>(61.969)</b>

## 10.25 Other Operating Income – Expenses

	<b>Group</b>		<b>Company</b>	
	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>
Fair Value Profits for Fixed Assets investments	-	-	-	-
Received Grants depreciation	-	-	-	-
Grants Income	18.312	210.470	18.312	210.470
Insurance compensation	3.405	-	3.405	-
Profit from foreign exchange differences	2.933.663	968.700	2.933.663	968.700
Income from concessions	1.566.880	1.406.182	1.566.880	1.379.995
Income from non-used provisions	8.741.107	5.238.038	8.638.745	5.238.038
Other	3.680.101	3.435.386	3.574.567	3.435.386
Profit from sale of fixed assets	120.750	124.673	120.750	-
<b>Total</b>	<b>17.064.218</b>	<b>11.383.450</b>	<b>16.856.323</b>	<b>11.232.590</b>
	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>
Fair Value Losses for Fixed Assets investments	-	-	-	-
Losses from foreign exchange differences	1.208.593	1.426.393	1.208.593	1.426.393
Pension Benefit provisions	4.496.854	9.250.182	4.266.881	9.250.182
Other provisions	2.810.000	7.044.814	2.810.000	7.044.814
Losses from sale of fixed assets	-	-	-	-
Other	567.597	946.327	511.286	911.757
Cmpensations	-	-	-	-
<b>Total</b>	<b>9.083.045</b>	<b>18.667.716</b>	<b>8.796.760</b>	<b>18.633.146</b>

## 10.26 Contingent Receivables – Liabilities

There are no disputed or liable to litigation differences of judicial or arbitration bodies that may have a significant effect on the Group's financial status or operation.

## 10.27 Tax Authorities Control

ALUMINIUM DE GRECE S.A. has not been controlled by the tax authorities control for fiscal year 2004 and 2005. Delfoi-Distomon has not been controlled for the fiscal year 2002 up to fiscal year 2005.

The current fiscal year, the tax authorities finalised the previous years' related tax obligations. The total amount of this obligation is 10.616 (in 000€) and it is fully booked in the 1/1/-31/12/05 results. Part of the above difference, 6.837 (in 000 €), is covered from the reverse of the provisions for the uncontrolled future years.

There is the possibility of additional tax implementation for the non-controlled fiscal year when the authorities complete their control. The Group has made provisions for the non-controlled fiscal years to the amount of 1.200 (in 000 €).

## 10.28 Accounting estimations changes

There was not change in the Group's accounting policies or accounting estimations.

## 10.29 Own Shares Purchase

The company purchased 1.000.000 items, of its own shares. The total value of this transaction was 17.710.481 €.

	Number of shares	Common shares	Above par	Own shares	Total
<b>31 December 2004</b>	<b>21.578.040</b>	<b>228.295.663</b>	<b>230.489</b>	-	<b>228.526.152</b>
Purchase of parent's shares (Own Shares)	(1.000.000)			(17.710.481)	(17.710.481)
<b>31 December 2005</b>	<b>20.578.040</b>	<b>228.295.663</b>	<b>230.489</b>	<b>(17.710.481)</b>	<b>210.815.671</b>

This year, the weighted average number of the company's shares is 21.273.873 items.

### 10.30 Number of Working Employees

The number of working employees in the Group and the Company for the fiscal years 2004 – 2005 is:

The Group		The Company	
31/12/2005	31/12/2004	31/12/2005	31/12/2004
1.190	1.1274	1.061	1.139

### 10.31 Inter-Company Transactions

#### 1/1 – 31/12/2005

The Company' transactions with related parties (according to IAS 24) as of the 31/12/05 for Purchases are: € 20.880 (in € 000).

The balance of the company's receivables with its related parties (according to IAS 24) is respectively € 3.245 (in € 000). Group's transactions with related parties (according to IAS 24) as of 31/12/05 are as follows: Sales 79.345 (in € 000) - Purchases 10.637 (in € 000) - Receivable 10.416 (in € 000) - Payable 6.842 (in € 000).

The amount of € 33.468 (in € 000) has been given to a related company as a deposit for the acquisition of a fixed asset according to IAS 24.

#### INTER-COMPANY RECEIVABLES - LIABILITIES 31/12/2005 LIABILITY

	ALUMINIUM DE GRECE	DELPHES DISTOMON	ELECTRICITY PRODUCTION GROUP	METKA S.A.	3KP	EKME	MYTILINEOS FINANCE	TOTAL
ALUMINIUM DE GRECE			7.213,35	33.468.000,00			10.408.402,45	43.883.615,80
DELPHES DISTOMON	3.245.046,04							3.245.046,04
ELECTRICITY PRODUCTION GROUP								0,00
METKA S.A.	4.332.535,52							4.332.535,52
3KP	389.104,00							389.104,00
EKME	46.335,50							46.335,50
MYTILINEOS FINANCE	2.073.652,87							2.073.652,87
TOTAL	10.086.673,93	0,00	7.213,35	33.468.000,00	0,00	0,00	10.408.402,45	53.970.289,73

**INTERCOMPANIES SALES - PURCHASES 1/1 - 31/12/2005**  
**PURCHASER**

	<b>SELLER</b>							<b>TOTAL</b>
	ALUMINIUM DE GRECE	DELPHES DISTOMON	ELECTRICITY PRODUCTION GROUP	METKA S.A.	3KP	EKME	MYTILINEOS FINANCE	
ALUMINIUM DE GRECE			7.213,35				79.338.156,22	79.345.369,57
DELPHES DISTOMON	20.879.880,10							20.879.880,10
ELECTRICITY PRODUCTION GROUP								0,00
METKA S.A.								0,00
3KP								0,00
EKME								0,00
MYTILINEOS FINANCE	10.637.303,68							10.637.303,68
<b>TOTAL</b>	<b>31.517.183,78</b>	<b>0,00</b>	<b>7.213,35</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>79.338.156,22</b>	<b>110.862.553,35</b>

**1/1 – 30/9/2004**

The company's aggregate purchases, from Delphes Distomon, for the fiscal year 2004 are € 19.997 (in € 000).

The company's liabilities balance, to Delphes Distomon S.A.M at the end of the previous is € 2.050 (in €000).

The above amounts are not included in the consolidated financial statements.

**INTER-COMPANY RECEIVABLES - LIABILITIES 31/12/2005**  
**LIABILITY**

	<b>RECEIVABLE</b>					<b>TOTAL</b>
	ALUMINIUM DE GRECE	DELPHES DISTOMON	ELECTRICITY PRODUCTION GROUP	METKA S.A.	MYTILINEOS FINANCE	
ALUMINIUM DE GRECE						0,00
DELPHES DISTOMON	2.049.848,95					2.049.848,95
<b>TOTAL</b>	<b>2.049.848,95</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>2.049.848,95</b>

**INTERCOMPANIES SALES - PURCHASES 1/1 - 31/12/2005**  
**PURCHASER**

	<b>PURCHASER</b>					<b>TOTAL</b>
	ALUMINIUM DE GRECE	DELPHES DISTOMON	ELECTRICITY PRODUCTION GROUP	METKA S.A.	MYTILINEOS FINANCE	
<b>SELLER</b> ALUMINIUM DE GRECE						0,00
DELPHES DISTOMON	19.996.981,66					19.996.981,66
<b>TOTAL</b>	<b>19.996.981,66</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>19.996.981,66</b>

### 10.32 Income Tax

The income tax for the fiscal year 2005 includes previous years related tax obligations counting 10.616 (in 000 €). Part of the above difference, 6.837 (in 000 €), is covered from the reverse of the provisions for the uncontrolled future years

	<b>Group</b>		<b>Company</b>	
	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>
Fiscal Year Tax	15.270.833	22.941.522	15.233.635	22.188.313
Previous years tax differences	3.979.080	-	3.779.080	-
Deffered Tax	4.171.318	(7.704.035)	4.047.899	(7.343.614)
<b>Total</b>	<b>23.421.231</b>	<b>15.237.487</b>	<b>23.060.614</b>	<b>14.844.699</b>

Tax implemented on profit before taxes differentiates from the theoretical amount that would derive from the use of each country's weighted average tax factor, as follows:

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>
<b>Accounting profit</b>	75.479.430,57	48.269.039,89	74.039.908,56	47.794.891,20
tax rate	32%	35%	32%	35%
<b>prospective tax expense</b>	<b>24.153.418</b>	<b>16.894.164</b>	<b>23.692.771</b>	<b>16.728.212</b>
Adjustments at tax rate				
Tax effect of income that are not added in determining taxable profit				
- Tax free Income	-8.720.107	-2.154.815	-8.720.107	-1.293.055
- Tax free Reserves	-5.042.146	-876.348	-4.248.885	-761.632
- Other	-7.282.201	-13.659.311	-7.596.559	-14.343.833
Tax effect of expenses that are not deductible in determining taxable profit				
- Goodwill Impairment				
- Expenses that are not deductible in determining taxable profit	16.333.187	15.033.798	16.154.314	14.515.006
- Prior Year Audit Tax Differences	3.979.080		3.779.080	
<b>Tax expense</b>	<b>23.421.231</b>	<b>15.237.487</b>	<b>23.060.614</b>	<b>14.844.699</b>

### 10.33 Earnings per Share

The earnings per share were estimated using the earning distribution based on weighted average number of shares

	Group		Company	
	1/1 - 31/12/2005	1/1 - 31/12/2004	1/1 - 31/12/2005	1/1 - 31/12/2004
Earnings that correspond to the parent's shareholders	52.057.656,90	33.031.094,08	50.979.294,28	32.950.192,56
Weighted average number of shares	21.273.873,00	21.578.040,00	21.273.873,00	21.578.040,00
Basic earnings per share (Euro per share)	2,45	1,53	2,40	1,53

### 10.34 Cash Flows from Operating activities

	Group		Company	
	1/1-31/12/2005	1/1-31/12/2004	1/1-31/12/2005	1/1-31/12/2004
<b>Earnings for the period</b>	<b>52.058.200</b>	<b>33.031.553</b>	<b>50.979.294</b>	<b>32.950.193</b>
<i>Adjustments for</i>				
Tax	23.421.231	15.237.487	23.060.614	14.844.699
Depreciations of tangible fixed assets	11.439.460	11.642.071	10.627.499	10.745.649
Depreciations of intangible assets	1.941.691	3.230.909	70.727	202.570
Profit/loss from sale of tangible assets	(182.067)	(124.673)	(120.750)	-
Interest income	(2.310.877)	(2.033.207)	(2.285.404)	(2.027.908)
Interest expenses	164.120	147.249	161.637	61.969
Dividend income - Financial items sales	(7.255.701)	(184.971)	(8.555.408)	(1.984.566)
Depreciation of grants	(228.493)	(141.925)	(228.493)	(141.925)
Foreign exchange profit/(loss) from evaluation	(205.682)	215.853	(205.682)	215.853
Other	-	64.475	-	-
	<b>78.841.881</b>	<b>61.084.820</b>	<b>73.504.034</b>	<b>54.866.533</b>
<b>Changes in Working capital</b>				
Increase/(decrease) of inventories	(15.103.569)	6.854.318	(15.382.897)	7.150.303
Increase/(decrease) of receivables	(19.765.298)	(11.732.432)	(21.581.989)	(11.193.845)
Increase/(decrease) of liabilities	17.235.220	8.920.046	18.896.996	7.546.238
Fiscal year provisions	(6.690.339)	7.044.814	(6.740.456)	7.044.814
Outflow of liability for employee benefits for retirement	-	3.289.168	-	3.208.356
	<b>(24.323.985)</b>	<b>14.375.913</b>	<b>(24.808.346)</b>	<b>13.755.866</b>
<b>Net cash flows from operating activities</b>	<b>54.517.896</b>	<b>75.460.733</b>	<b>48.695.688</b>	<b>68.622.399</b>



### **10.35 Events after the balance sheet date**

The tax audit for the company DELPHES - DISTOMON S.A.M. has been completed for the years 2002 up to 2004.

The extraordinary General Shareholders Meeting completed in the 9<sup>th</sup> of February 2006 decided: a) Share capital increase of the company ALUMINIUM DE GRECE S.A. through reserves capitalization and b) Decrease of the company's share nominal price with a simultaneous issuance of 21.578.040 new common shares, which resulted in the issuance of one new share for each and every old one. As a result, the dividend per share will be determined after taking into consideration the above (b) extraordinary General Shareholders Meeting decision.

The extraordinary General Shareholders Meeting completed in the 31<sup>st</sup> of January 2006 decided the extension of the Company's aims and changed the Article 2 of the Articles of Association, adding the following phrase: "To produce and market every type of energy". After this change, Article 2 of the Articles of Association will be as follows: "To produce and manufacture alumina and aluminium in Greece and to market these products in other countries as well as to produce and market every type of energy".