



**METAL CONSTRUCTIONS OF GREECE S.A.**

**Financial Statements  
for the year ended  
the 31<sup>st</sup> of December 2005**

It is certified that the financial statements published hereby, are those that were approved by the Board of Directors of "Metal Constructions of Greece S.A." at 20/02/2006 and are disclosed to the Athens Stock Exchange, the Hellenic Capital Market Committee and the company website [www.metka.gr](http://www.metka.gr). It is noted that the published financial data aim at giving certain financial information to the readers but they do not fully depict the financial position and the results of the Company and the Group, according to the IFRS. It is also worth noting that there have been some rearrangements of certain accounts with the intention to simplify the published in press financial statements.

Evangelos Mytilineos  
President of the Board  
METAL CONSTRUCTIONS S.A.

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*Financial statements for the year ended the 31<sup>st</sup> of December 2005*

## ***TABLE OF CONTENTS***

Management Report	5
Auditors Report	8
Balance Sheet	9
Income Statement	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Cash Flow Statement	13
<b>1. INFORMATION FOR METKA S.A.</b>	
1.1 General Information	14
1.2 Background	15
<b>2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS</b>	16
<b>3. BASIC ACCOUNTING PRINCIPLES</b>	
3.1 Consolidation	18
3.2 Foreign Currency Conversion	20
3.3 Tangible Assets	21
3.4 Intangible Assets	22
3.5 Impairment of Assets	23
3.6 Financial Instruments	23
3.7 Inventories	25
3.8 Trade Receivables	25
3.9 Cash and Cash Equivalents	26
3.10 Share Capital	26
3.11 Income Tax and Deferred Tax	26
3.12 Employee Benefits	27
3.13 Grants	28
3.14 Provisions	28
3.15 Recognition of Income and Expenses	29
3.16 Leases	30
3.17 Construction Contracts	30
3.18 Dividend Distribution	31
3.19 Segment Reporting	31

3.20 New Accounting Principles and Interpretations of IFRIC	32
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#### **4. BUSINESS RISK MANAGEMENT**

4.1 Financial Risk Factors	32
4.2 Market Risk	33
4.3 Credit Risk	33
4.4 Liquidity Risk	33
4.5 Cash Flow Risk and Fair Value Risk due to Changes in Interest Rate	34

#### **5. NOTES ON THE FINANCIAL STATEMENTS**

5.1 Property, plant & equipment	34
5.2 Goodwil	37
5.3 Intangible Assets	39
5.4 Investments in Subsidiaries	40
5.5 Investments in Associates	40
5.6 Deferred Tax	40
5.7 Gains from the Sale of Financial Assets Available for Sale	41
5.8 Other long-term Receivables	42
5.9 Inventories	42
5.10 Customers and Other Trade Receivables	43
5.11 Other Receivables – Other Current Assets	43
5.12 Financial Assets Valued at Fair through the Income Statement	43
5.13 Cash and Cash Equivalents	44
5.14 Construction Contracts	44
5.15 Total Equity	44
5.16 Liabilities for pension plans	47
5.17 Other Long-term Liabilities	48
5.18 Trade and other payables	48
5.19 Tax Payables	48
5.20 Short-term debt	49
5.21 Other Short-term Liabilities	49
5.22 Current portion of non-current provisions	49
5.23 Sales turnover	50
5.24 Analysis of Expenses by their nature	50
5.25 Employee Benefits	51

5.26 Other Ordinary Income and Expense	52
5.27 Financial Income / Expense	53
5.28 Other Financial Results	53
5.29 Income Tax Expense	53
5.30 Analysis of Cash Flow Adjustments	54
5.31 Analysis of IFRS First Implementation Adjustments	55
5.32 Modification of the Beginning Balance Sheet and the Financial Statements for Previous Fiscal Year	60
5.33 Commitments	61
5.34 Contingent Assets and Contingent Liabilities	61
5.35 Related Party Transactions	63
5.36 Earnings per Share	64
5.37 Subsequent Events	64

## MANAGEMENT REPORT

Ladies and Gentlemen Shareholders,

Although 2005 was a year of post-Olympic recession for the construction sector, METKA Group achieved its most impressive results, in all aspects, since its establishment.

The project mix of the Group during the year, in all areas of activity (Energy, Defense, Infrastructure), ensured high levels of profitability, while at the same time strengthened its Cash position allowing a Capital return of € 70m (€1,35/share) to the shareholders of METKA S.A. in October 2005. It is worth noting that after this capital return the company remained debt free.

Our positive course and the success of our strategic planning were clearly reflected in our financial results of 2005. This fiscal year was an excellent one for the Group that increased its turnover by 29%, its EBITDA by 58% and its profit after Tax and minorities by 89% compared to 2004.

### Prospects for the forthcoming year (2006)

The positive results and the prospects for further development will also characterize the new year.

More specifically, in 2006 we expect momentous development in all areas of our activity:

- **In energy:** through the construction of the "Cogeneration Plant" for "Aluminum of Greece", the continuation of the project in SES Ag Dimitrios regarding the upgrading of the existing electrostatic precipitators, the completion of the major project in Lavrio, and the continuous assessment for strategic alliances with a view to expansion in new markets.
- **In Defense:** through the continuation of the Leopard Tank project.
- **In Infrastructure:** through the continuous activation in smaller but important projects where the Group has remarkable experience and expertise.

All the above are goals that make part of our strategic planning towards a continuous promotion and development of synergies among the group companies, as well as our expansion in new markets.

Ladies and Gentlemen shareholders, during 2005 MYTILINEOS GROUP increase its dynamics through its strategic choices, promoted its presence in the energy, defence and infrastructure projects.

Finally, both the significant financial performance of the Group for 2005 and the positive prospects for the forthcoming year of 2006 were reflected also in the share price that increased by 42,13% during the year (2005 average price: € 6,41 versus € 4,51 for 2004) .

## Factors of added value and performance evaluation

The group monitors its performance through the analysis of three (3) sectors of activity:

(1) The **Energy projects Sector**, where the projects of construction or/and maintenance of Thermoelectric and Hydroelectric Power Plants are classified.

(2) The **Defense projects Sector**, where the projects of metallic constructions for defense systems, carried at Volos factory, are classified and

(3) The **Infrastructure projects Sector**, where all other projects not qualifying for any of the above categories are classified.

The Group's policy is to monitor its performance on a month to month basis thus tracking on time and effectively the deviations from its goals and undertaking necessary corrective actions. The group evaluates its financial performance using the following generally accepted Key Performance Indicators (KPI's).

-ROCE (Return on Capital Employed): this ratio divides EBIT with the total Capital Employed if the Group which is the sum of Equity, Total of Bank Loans and Long Term Provisions.

- ROE (Return on Equity): this ratio divides Earning After Tax (EAT) with the Group's Shareholders' Equity.

- EVA (Economic Value Added): this figure is calculated by multiplying the difference of ROCE and Cost of Capital with the Capital Employed as defined above and reflects the amount added to the economic value of the firm. In order to calculate the Cost of Capital the group uses the WACC formula.

The above indicators for 2005 as compare to 2004 are as follows:

KPI	2005	2004
ROCE	42%	18%
ROE	38%	15%
EVA (in '000€)	37.938	8.640

## Corporate Governance

The company has adopted Corporate Governance Principles in line with those established by Greek legislation and by international best practices. These principles, on which the organization and management of the company are ultimately based, strive for transparency in investor relations and the indemnity of stakeholders' interest.

The Board of Directors of METKA S.A. is the trustee of its Group Corporate Governance Principles. It is comprised by 4 executive and 3 non-executive members. From the non-executive members, 2 satisfy the conditions set by law 3016/2002, and can be called "independent".

The Audit Committee is comprised by non-executive members of the Board and its mission is to conduct objective internal and external audits and facilitate an effective communication among the auditors and the Board. Its responsibilities are to ensure compliance with the rules of Corporate Governance, guarantee a proper operation of the Internal Audit System and supervise the works of the company's Internal Audit Department.

Internal Auditing is a basic and essential element of corporate governance. The Internal Audit Department of METKA S.A. is an independent organizational unit that reports to the company's Board of Directors. Its responsibilities include the evaluation and improvement of risk management and internal auditing methodology. The unit also verifies compliance with legislated policies and with procedures set by the company's Internal Regulation of Operations, and the current legislation.

METKA S.A. has an Internal Audit Department since 26/11/2001. Head of the department is Mr. Ioannis Theodoropoulos – Professional Electrical Engineer and an experienced manager in our company. The Head of Internal Audit has a full time employment relationship to our company.

## **Dividend Policy**

Regarding the distribution of dividends the Board Of Directors, considering among others the Group's performance, the prospects and the Capital Expenditure plans, proposes the distribution of dividends of 0,30€/share as opposed to 0,20€/share in 2004. This proposed dividend is subject to the approval of the General Assembly.

The Vice-President and Managing Director

Ioannis Mytilineos

## **AUDITORS' REPORT WITH UNQUALIFIED OPINION**

To the Shareholders of  
«METAL CONSTRUCTIONS OF GREECE A.E.»

We have audited the accompanying financial statements as well as the consolidated financial statements of METAL CONSTRUCTIONS OF GREECE A.E, 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, 20 February 2006

The Certified Public Accountant

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George N. Deligiannis  
A.M. S.O.E.L. 15791

**Grant Thornton** 

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## Balance sheet

Amounts in €

Amounts in €		THE GROUP		THE COMPANY	
	Note	31/12/2005	31/12/2004	31/12/2005	31/12/2004
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Property, plant and equipment	5.1	69.656.807	70.844.527	51.798.994	52.662.938
Goodwill	5.2	1.829.630	0	0	0
Intangible assets	5.3	9.309.316	10.003.867	9.291.770	9.980.000
Investments in Subsidiaries	5.4	0	0	38.671.777	35.164.028
Investments in Associates	5.5	0	143.214	0	505.140
Deffered Tax Asset	5.6	1.391.383	878.316	624.366	435.969
Available for sale financial assets	5.7	6.159.684	12.477.783	5.917.934	12.236.033
Other non-current assets	5.8	2.185.738	3.319.967	2.065.409	3.225.827
		<b>90.532.558</b>	<b>97.667.674</b>	<b>108.370.250</b>	<b>114.209.935</b>
<b>Current Assets</b>					
Inventories	5.9	30.314.526	13.215.754	28.696.653	12.857.399
Trade and other reveivables	5.10	113.474.949	111.114.676	100.222.944	94.350.592
Other Receivables	5.11	8.743.680	10.412.377	7.114.742	8.696.150
Other Current Assets	5.11	1.712.778	7.772.214	1.666.499	7.757.395
Financial Assets at fair value through profit or loss	5.12	2.027.729	4.353.413	1.994.390	0
Cash and cash equivalent	5.13	19.821.624	9.157.778	8.259.394	4.416.374
		<b>176.095.287</b>	<b>156.026.212</b>	<b>147.954.621</b>	<b>128.077.911</b>
<b>Total Assets</b>		<b>266.627.845</b>	<b>253.693.886</b>	<b>256.324.870</b>	<b>242.287.845</b>
<b>SHAREHOLDERS' EQUITY</b>					
<b>Equity</b>					
Share Capital	5.15	16.624.192	16.624.192	16.624.192	16.624.192
Share Premium	5.15	0	63.430.696	0	63.430.696
Fair Value Reserves	5.15	0	1.271.097	0	1.271.097
Other reserves	5.15	21.255.571	23.432.290	16.994.444	20.015.184
Retained Earnings	5.15	48.121.923	26.120.907	56.057.099	36.269.578
<b>Equity Attributable To parent's Shareholders</b>		<i>86.001.685</i>	<i>130.879.182</i>	<i>89.675.735</i>	<i>137.610.748</i>
<b>Minority Interests</b>		<b>14.650.047</b>	<b>13.459.092</b>	<b>0</b>	<b>0</b>
<b>Total Equity</b>		<b>100.651.732</b>	<b>144.338.274</b>	<b>89.675.735</b>	<b>137.610.748</b>
<b>LIABILITIES</b>					
<b>Non - current Liabilities</b>					
Deffered Tax Liabilities	5.6	13.889.089	16.374.271	9.822.692	12.061.093
Liailities for pension plans	5.16	1.836.607	1.936.085	1.152.985	1.343.978
Other long term liabilities	5.17	20.147.222	25.821.593	20.506.963	25.821.593
<b>Total Non-Current Liabilities</b>		<b>35.872.918</b>	<b>44.131.949</b>	<b>31.482.640</b>	<b>39.226.664</b>
<b>Current Liabilities</b>					
Trade and other payables	5.18	102.516.547	51.195.496	111.131.206	55.382.023
Tax payable	5.19	13.058.957	3.222.596	12.434.813	2.657.316
Short term debt	5.20	769.522	133	12.605	133
Other short term liabilities	5.21	13.573.328	10.754.828	11.587.872	7.392.536
Current portion of non-current provisions	5.22	184.841	50.610	0	18.426
<b>Total Current Liabilities</b>		<b>130.103.195</b>	<b>65.223.663</b>	<b>135.166.496</b>	<b>65.450.433</b>
<b>Total Liabilities</b>		<b>165.976.113</b>	<b>109.355.612</b>	<b>166.649.136</b>	<b>104.677.097</b>
<b>Total Equity and Total Liabilities</b>		<b>266.627.845</b>	<b>253.693.886</b>	<b>256.324.870</b>	<b>242.287.845</b>

The attached notes to the accounts form an integral part of the financial statements.

## Income Statement

Amounts in €

	Note	THE GROUP		THE COMPANY	
		01/01 - 31/12/2005	01/01 - 31/12/2004	01/01 - 31/12/2005	01/01 - 31/12/2004
<b>Continuing Operations</b>					
Sales Turnover	5.23	224.955.765	173.736.548	198.865.281	140.706.798
Cost of Sales	5.24	(167.046.365)	(136.111.257)	(149.740.531)	(112.967.951)
<b>Gross Profit</b>		<b>57.909.400</b>	<b>37.625.291</b>	<b>49.124.750</b>	<b>27.738.847</b>
Other Operating Income	5.26	1.174.512	1.507.726	1.077.458	1.071.586
Distribution Expenses	5.24	(627.918)	(1.983.275)	(404.316)	(1.723.224)
Administration Expenses	5.24	(9.026.106)	(6.806.233)	(6.810.967)	(4.296.255)
Other Operating Expenses	5.26	(832.409)	(1.081.342)	(406.604)	(647.728)
<b>Profit before interest and income tax</b>		<b>48.597.478</b>	<b>29.262.167</b>	<b>42.580.320</b>	<b>22.143.226</b>
Financial income	5.27	725.346	528.847	660.090	461.636
Financial Expenses	5.27	(782.288)	(744.998)	(700.636)	(638.741)
Other financial results	5.28	3.776.292	357.462	4.054.105	179.206
Share of profit of Subsidiaries	5.5	(279.259)	(113.280)	0	0
Share of profit of Associates	5.5	641.186	0	0	0
<b>Profit before income tax</b>		<b>52.678.753</b>	<b>29.290.199</b>	<b>46.593.879</b>	<b>22.145.327</b>
Income Tax Expense	5.29	(13.972.715)	(7.994.779)	(12.253.979)	(5.773.481)
<b>Profit for the Period</b>		<b>38.706.038</b>	<b>21.295.420</b>	<b>34.339.900</b>	<b>16.371.846</b>
<b>Attributable to:</b>					
Equity holders of the parent		37.397.417	19.756.088		
Minority Interests		1.308.621	1.539.332		
		<b>38.706.038</b>	<b>21.295.420</b>		
Basic earnings per Share (in cent /share)		71,99	38,03	66,10	31,51

The attached notes to the accounts form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

Amounts of €	Note	Share Capital Attributable To Shareholders					Total	Minority Interest	Total
		Share Capital	Share Premium	Fair Value Reserve	Other Reserves	Retained Earnings			
<b>Equity at 1st January 2004 according to Greek</b>		16.624.192	63.420.146	0	23.815.446	(3.074.745)	<b>100.785.039</b>	11.725.545	<b>112.510.584</b>
<i>Adjustments of International Financial Reporting Standards (IFRS)</i>	5.31		10.550		(3.626.237)	20.127.354	<i>16.511.667</i>	314.167	16.825.835
<b>Equity at 1st January 2004 according to IFRS</b>		<b>16.624.192</b>	<b>63.430.696</b>	<b>0</b>	<b>20.189.209</b>	<b>17.052.609</b>	<b>117.296.706</b>	<b>12.039.713</b>	<b>129.336.419</b>
Changes in Equity for the period 01/01 - 31/12/2004									
Transfer to Reserves					3.243.081	(3.243.081)	0		0
Net Profit/Loss transferred to fair value reserves from a change on the fair value of financial assets available for sale				1.271.097		262.893	1.533.990		1.533.990
Gains from the reduction of deferred tax liability						604.541	604.541		604.541
Dividend distribution of 2003 reconized as a liability in the period in which dividends approved by the General						(8.312.096)	(8.312.096)	(120.000)	(8.432.096)
Net Profit for the period 01/01-31/12/2004						19.756.041	19.756.041	1.539.379	21.295.420
<b>Total Profit /Loss for the Period</b>		<b>0</b>	<b>0</b>	<b>1.271.097</b>	<b>3.243.081</b>	<b>9.068.298</b>	<b>13.582.476</b>	<b>1.419.379</b>	<b>15.001.855</b>
<b>Total shareholders' equity at 31 December 2004</b>		<b>16.624.192</b>	<b>63.430.696</b>	<b>1.271.097</b>	<b>23.432.290</b>	<b>26.120.907</b>	<b>130.879.182</b>	<b>13.459.092</b>	<b>144.338.274</b>
<b>Equity at 1st January 2005 according to Greek</b>		16.624.192	63.420.146	0	32.122.408	(1.552.287)	<b>110.614.460</b>	12.888.161	<b>123.502.621</b>
<i>Adjustments of International Financial Reporting Standards (IFRS)</i>	5.31		10.550	1.271.097	(8.690.119)	27.673.193	<i>20.264.722</i>	570.931	20.835.653
<b>Equity at 1st January 2005 according to IFRS</b>		<b>16.624.192</b>	<b>63.430.696</b>	<b>1.271.097</b>	<b>23.432.290</b>	<b>26.120.907</b>	<b>130.879.182</b>	<b>13.459.092</b>	<b>144.338.274</b>
Changes in Equity for the period 01/01 - 31/12/2005									
Gains/Losses from the sale of financial assets available for sale recognized in profit and loss accounts	5.7			(1.271.097)			(1.271.097)		(1.271.097)
Share Capital increase through capitalization of share premium and reserve funds	5.15	70.133.310,00	(63.430.696)		(6.702.614)		0		0
Expenses coming from the Share Capital increase						(480.387)	(480.387)		(480.387)
Decrease of the Share Capital & return it to the Share holders(in cash)	5.15	(70.133.310)					(70.133.310)		(70.133.310)
Increase of Minority interests							0	1.123	1.123
Dividend distribution of 2004 reconized as a liability in the period in which dividends approved by the General						(10.390.120)	(10.390.120)	(450.245)	(10.840.365)
Net Profit for the period 01/01-31/12/2005						37.397.417	37.397.417	1.308.621	38.706.038
Transfer to Reserves					4.525.894,49	(4.525.894)	0		0
Increase of Minority interests (acquisition of a Subsidiary)							0	331.456	331.456
<b>Total Profit /Loss for the Period</b>		<b>0</b>	<b>(63.430.696)</b>	<b>(1.271.097)</b>	<b>(2.176.719)</b>	<b>22.001.016</b>	<b>(44.877.496)</b>	<b>1.190.955</b>	<b>(43.686.541)</b>
<b>Total shareholders' equity at 31st December 2005</b>		<b>16.624.192</b>	<b>0</b>	<b>0</b>	<b>21.255.571</b>	<b>48.121.923</b>	<b>86.001.685</b>	<b>14.650.047</b>	<b>100.651.732</b>

Company Statement of Changes in Equity							
Amounts of €	Note	Share Capital Attributable To Shareholders				Retained Earnings	Total
		Share Capital	Share Premium	Fair Value Reserve	Other Reserves		
<b>Equity at 1st January 2004 according to Greek GAAP</b>		16.624.192	63.430.696	0	20.750.793		<b>100.805.681</b>
<i>Adjustments of International Financial Reporting Standards (IFRS)</i>	5.31				(3.626.436)	30.496.115	<b>26.869.679</b>
<b>Equity at 1st January 2004 according to IFRS</b>		<b>16.624.192</b>	<b>63.430.696</b>	<b>0</b>	<b>17.124.356</b>	<b>30.496.115</b>	<b>127.675.360</b>
Changes in Equity for the period 01/01 - 31/12/2004							
Net Profit/Loss transferred to fair value reserves from a change on the fair value of financial assets available for sale				1.271.097			<b>1.271.097</b>
Gains from the reduction of deferred tax liability						604.541	<b>604.541</b>
Dividend distribution of 2003 reconized as a liability in the period in which dividends approved by the General Assembly.						(8.312.096)	<b>(8.312.096)</b>
Net Profit for the period 01/01-31/12/2004						16.371.846	<b>16.371.846</b>
Transfer to Reserves					2.890.828	(2.890.828)	<b>0</b>
<b>Total Profit /Loss for the Period</b>		<b>0</b>	<b>0</b>	<b>1.271.097</b>	<b>2.890.828</b>	<b>5.773.463</b>	<b>9.935.388</b>
<b>Total shareholders' equity at 31 December 2004</b>		<b>16.624.192</b>	<b>63.430.696</b>	<b>1.271.097</b>	<b>20.015.184</b>	<b>36.269.578</b>	<b>137.610.748</b>
<b>Equity at 1st January 2005 according to Greek GAAP</b>		16.624.192	63.430.696	0	27.445.546		<b>107.500.435</b>
<i>Adjustments of International Financial Reporting Standards (IFRS)</i>	5.31			1.271.097	(7.430.362)	36.269.578	<b>30.110.314</b>
<b>Equity at 1st January 2005 according to IFRS</b>		<b>16.624.192</b>	<b>63.430.696</b>	<b>1.271.097</b>	<b>20.015.184</b>	<b>36.269.578</b>	<b>137.610.748</b>
Changes in Equity for the period 01/01 - 31/12/2005							
Gains/Losses from the sale of financial assets available for sale recognized in profit and loss accounts	5.7			(1.271.097)			<b>(1.271.097)</b>
Share Capital increase through capitalization of share premium and reserve funds	5.15	70.133.310	(63.430.696)		(6.702.614)		<b>0</b>
Expenses coming from the Share Capital increase						(480.387)	<b>(480.387)</b>
Decrease of the Share Capital & return it to the Share holders(in cash)	5.15	(70.133.310)					<b>(70.133.310)</b>
Increase of Minority interests							<b>0</b>
Dividend distribution of 2004 reconized as a liability in the period in which dividends approved by the General Assembly.						(10.390.120)	<b>(10.390.120)</b>
Net Profit for the period 01/01-31/12/2005						34.339.900	<b>34.339.900</b>
Transfer to Reserves					3.681.872,86	(3.681.873)	<b>0</b>
<b>Total Profit /Loss for the Period</b>		<b>0</b>	<b>(63.430.696)</b>	<b>(1.271.097)</b>	<b>(3.020.741)</b>	<b>19.787.520</b>	<b>(47.935.014)</b>
<b>Total shareholders' equity at 31st December 2005</b>		<b>16.624.192</b>	<b>0</b>	<b>0</b>	<b>16.994.444</b>	<b>56.057.099</b>	<b>89.675.735</b>

## Cash Flow Statement

Amounts in €

### Operating Activities

#### Profit after Tax

Plus (Less) Adjustments:

#### Plus (Less) Adjustments for working capital

Decrease / (Increase) in Inventories

Decrease / (Increase) in Trade and other Receivables

Decrease / (Increase) in other current assets

Decrease / (Increase) in Trade and other Payables (except banks)

#### Cash flow from Operating Activities

Less: Debit interest and similar expenses Paid

Less: Taxes Paid

#### Net cash flow from Operating Activities

### Investing Activities

Purchases of tangible assets

Purchases of intangible assets

Disposals from sale of tangible assets

Proceeds from dividends

Purchase of financial assets available for sale

Purchase of financial assets at fair value through profit and loss

Acquisition of associates and other investments

Acquisition of subsidiary (less the cash & cash equivalent of the Subsidiary)

Sales of Investments to associates

Sales of financial assets available for sale

Sales of financial assets at fair value through profit and loss

Interest received

Proceeds from borrowing of affiliated parties

Other

#### Net cash flow from Investing Activities

### Financing Activities

Subsidiary's increase of the Share capital

Dividends Paid

Return of the Share Capital to the Share holders

Proceeds from Borrowings

Borrowings Paid

Payments of finance lease liabilities (capital)

#### Net cash flow from Financing Activities

#### Net increase / decrease in cash and cash equivalents

#### Cash and cash equivalents at the beginning of the period

#### Cash and cash equivalents at the end of the period

Note	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	38.706.038	21.295.420	34.339.900	16.371.846
5.30	15.346.508	10.578.193	12.589.814	7.627.898
	54.052.547	31.873.613	46.929.714	23.999.744
	(17.000.687)	(2.128.202)	(16.839.253)	(2.358.702)
	(1.800.529)	(102.304.469)	(8.745.794)	(59.237.996)
	6.072.141	(7.542.341)	6.090.895	(7.563.556)
	47.729.020	74.766.459	55.547.749	38.776.950
	34.999.945	(37.208.553)	36.053.598	(30.383.304)
	89.052.492	(5.334.940)	82.983.312	(6.383.560)
	(81.709)	(105.470)	(9.355)	0
	(10.883.679)	(7.234.321)	(8.411.408)	(4.724.328)
	78.087.104	(12.674.731)	74.562.549	(11.107.889)
	(3.966.144)	(7.984.962)	(3.522.476)	(7.499.765)
	(3.976)	(23.619)	0	0
	373.755	137.094	364.565	133.172
	10.591	169.874	411.843	179.084
	0	(110.975)	0	(22.755)
	(2.444.390)	(4.454.687)	(1.994.390)	0
5.5	(817.080)	0	(817.080)	0
5.2	(3.351.661)	0	(3.507.000)	0
5.5	1.322.220	0	1.322.220	0
5.7	8.546.581	0	8.546.581	0
	4.813.512	5.455.292	0	6.495
	725.346	528.847	660.090	461.636
	8.300.000	200.000	8.300.000	200.000
	(6.595)	(15.357)	(6.595)	(15.357)
	13.502.158	(6.098.492)	9.757.757	(6.557.488)
	1.123	0	(748)	0
	(10.763.052)	(8.429.977)	(10.313.051)	(8.308.597)
5.15	(70.133.310)	0	(70.133.310)	0
	5.000.000	26.571	5.000.000	26.571
	(5.000.000)	0	(5.000.000)	0
	(30.177)	(21.238)	(30.177)	(21.238)
	(80.925.416)	(8.424.644)	(80.477.286)	(8.303.264)
	10.663.846	(27.197.867)	3.843.019	(25.968.640)
	9.157.778	36.355.645	4.416.374	30.385.015
	19.821.624	9.157.778	8.259.394	4.416.374

The attached notes to the accounts form an integral part of the financial statements.

## **1. INFORMATION FOR METAL CONSTRUCTIONS OF GREECE S.A.**

### **1.1 General Information**

Metal Constructions of Greece S.A. (METKA) was established in 1962. The company operates in the metal construction industry and deals mainly with the manufacturing and construction of complex and advanced metal and mechanical structures, as well as with Energy Projects, Infrastructure Projects, Defense projects, etc. Its registered office is in Neo Irakleio Attiki, Greece, its duration is 50 years and its objectives, according to article 4 of its statutes are:

- Industrial production of metal constructions of all types and for all purposes, as well as boiler and sheet metal items, and the trade of all such products in Greece and abroad.
- Production of all types of machinist items and their trading in Greece and abroad, as well as the execution of all types of machinist's works.
- Performance of all types of works relating to the construction, modification, repair and dismantling of ships, and trade of such products in Greece and abroad.
- Design and realization of all types of public and private construction projects, especially those relating to the assembly and installation of products manufactured by the Company in Greece and abroad, and all types of industrial equipment installations.
- Commercial exploitation of real estates - including buying, building, leasing, selling and relative activities – as well as the leasing or subleasing of mobile and infixed mechanical equipment.

Especially for the public construction projects, and following a reassessment of certificates of experience which was concluded early 2003, METKA S.A. possesses a 6th class certificate for all project categories (Electromechanical, Industrial-Energy, Civil Engineering works, Road construction, Harbour works, etc.)

To achieve the above objectives, the Company may:

- Participate in any type of business with a similar object, including the acquisition of shares of an S. A. company;
- Enter a partnership of any form with any natural person or legal entity;
- Establish branches or agencies anywhere;
- Act as an agent for any other domestic or foreign company.

Article 4 in the company's statutes of 1962 was broadened and codified in 1982 and extended through the General Assembly of 2001, so as to cover also Civil Engineering works. It continues to be in force today without any additional changes having been made since then.

The basic market sectors of the Company's successful activity today (design, development, manufacture, installation and operation) are listed below:

- Energy Projects (Thermoelectric and Hydroelectric Power Stations)
- Co-manufacturing Defence Projects
- Infrastructure Projects (Erection and Sale of building complexes - Sports Complexes), Mining Equipment –Excavators and Bucket Wheel Excavators, Mills, Spreaders etc, Harbour Loading Equipment – Platforms for Lifting and Transporting Ships, Bridge Supporting Systems, Refineries, Special Constructions for Plants, Worksite Constructions)

The Company's objectives are classified under "Construction of metal framework and metal frameworks parts", according to the analysis of the Hellenic National Bureau of Statistics.

## **1.2 Background**

The Company was founded in 1962 by the Industrial Development Organization and was involved in the manufacturing of metal constructions, while its plant in Volos started operating in 1964.

Following its privatization in 1971, the Company was rapidly developed. In 1973, the Company's shares were listed on the Athens Stock Exchange.

In 1980, METKA S. A. acquired the strong and experienced erection company TECHNOM S. A., thus obtaining the capacity to assemble and erect structures at an industrialized level, and therefore the ability to undertake and implement large public projects.

In 1989, the company acquired 99.98% of SERVISTEEL S. A., a production plant equipped with advanced technology machinery, appropriate for the first phase of industrialization of the metal works (sandblasting, cutting, and drilling).

The company continued to grow at a steady pace and acquired a higher technological level, by constructing innovative works of high-technological demand and of significant added value.

In January 1999, Mytilineos Holdings S.A. acquired METKA, after a six-month effort to gain participating interest in the Company's share capital. The 11.8% of METKA's share capital was bought in July 1998, rising to 27.54% in December 1998. The funds invested to obtain the above percentage reached €31.4 million. The acquisition was officially completed in early 1999, through an additional sale of 20.6% of the Company's share capital to Mytilineos Holdings S.A. against €27 million. The acquired company is the largest metal constructions complex in Greece, with an essential presence lasting for many decades in Greece and abroad. The company's current project backlog stands at €600 million.

## 2. Basis for preparation of the financial statements

The consolidated financial statements of **METKA S.A.** for the year ended December 31, 2005 have been prepared 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	Net Profit or Loss, Basic Error and Changes in Accounting Estimates
IAS 10	Events After the Balance Sheet Date
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 16	Tangible Fixed Assets
IAS 17	Leases
IAS 18	Income
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	Affiliated Party Disclosures
IAS 26	Accounting and Reporting of Retirement Benefit Plans
IAS 27	Consolidated Financial Statements and accounting of investments in subsidiaries
IAS 28	Accounting of Investments in Associate Companies
IAS 29	Financial Statements in hyper-inflationary economies
IAS 30	Disclosures with financial statements of banks and similar financial institutions
IAS 31	Financial presentation of rights in joint-ventures
IAS 32	Financial Instruments: Disclosures and Presentation
IAS 33	Earnings Per Share
IAS 34	Interim Financial Statements
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Valuation
IAS 40	Investments in Property
IAS 41	Agriculture
IFRS 1	First-Time adoption of International Financial Reporting Standards
IFRS 2	Payments with net worth items
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 date of transition is January 1<sup>st</sup>, 2004.

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.

### 3. Basic accounting principles

The accounting principles according to which the attached financial statements are compiled and which the Group applies consistently, are the following:

#### 3.1 Consolidation

**Subsidiaries:** All 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. 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.

Specifically as regards to business combinations that had taken place prior to the Group's transition date to the IFRS (January 1st, 2004) the exemption provided under IFRS 1 was used and the purchase method was not used retroactively. Based on this exemption, the Company did not recalculate the acquisition cost of the subsidiaries that had been acquired prior to the date of transition to the IFRS, nor the fair value of the acquired assets and liabilities at the date of acquisition. Consequently, the goodwill recognized as at the transition date, was based on the IFRS 1 exemption, was calculated based on the prior accounting principles and was presented in the same way as the group's last published financial statements before the transition to IFRS. During the transition date, the review went forward with the impairment review of goodwill.

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.

**Associates:** Associates are companies on which the Group can exert significant influence but which do not fulfill the conditions to be classified as subsidiaries or joint ventures. The assumptions used by the Group imply that a holding of between 20% and 50% of a company's voting rights suggests significant influence on the company. Investments in associates are initially recognized at cost and are subsequently valued using the equity method.

At the end of each period, the cost increases by the proportion of the investing company in the changes in net worth of the company it invests in and decreases by the dividends received from the associate.

The Group's share in the profits or losses of associated companies after the acquisition is recognized in the income statement, while the share of changes in reserves after the acquisition is recognized in the reserves. The cumulated changes affect the book value of the investments in associated companies. When the Group's share in the losses of an associate is greater than or equal to its participation in the associate, including any other doubtful debts, the Group does not recognize any further losses, unless it has covered liabilities or made payments on behalf of the associate or those that emerge from ownership.

Unrealized profits from transactions between the Group and its associates are written-off according to the percentage of the Group's holding in the associates. Unrealized profits are written-off, except if the transaction provides indications of impairment of the transferred asset. The accounting principles of the associates have been amended so as to be uniform to the ones adopted by the Group.

Intercompany receivables – debts, intercompany transactions and Group's profits, arising from intercompany transactions that have not been realized yet (at a Group level), are eliminated for the formation of the consolidated financial statements.

## Group Structure and consolidation method

Group companies that are included in the consolidated financial statements with the method of full consolidation are:

<b>Subsidiaries</b>	<b>Headquarters</b>	<b>Participation Percentage</b>	<b>Relation that dictated the consolidation</b>
GREEK STEEL INDUSTRY S.A. (SERVISTEEL)	VOLOS	99,98%	The participation percentage
EKME S.A.	IONIA THESSALONIKIS	40,00%	Control over the entity
RODAX ATEE	N.IRAKLION, ATTIKIS	100,00%	The participation percentage
3KP ATEE	ATHENS	40,00%	Control over the entity
ELEMKA	N.IRAKLION, ATTIKIS	83,50%	The participation percentage

The associate companies that are consolidated in the financial statements with the equity method are:

<b>Associates</b>	<b>Headquarters</b>	<b>Participation Percentage</b>
MYTILINEOS- POWER GENERATION & SUPPLIES S.A.	MAROUSSI	33,00%
MYTILINEOS – HELLENIC WIND POWER S.A.	MAROUSSI	24,00%

The above mentioned investments in associate companies as of 30/12/2005 were conveyed to MYTILINEOS – GROUP OF COMPANIES.

The financial statements of METKA Group are included in the consolidated financial statements of Mytilineos Group that is based in Greece and owns 51,20% of METKA Group.

### 3.2 Foreign currency conversion

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.

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.

The Group's foreign activities in foreign currency (which constitute an inseparable part of the parent's activities), are converted to the operating currency using the rates in effect at the date of the transaction, while the asset and liability items of foreign activities, including surplus value and fair value adjustments, that arise during the consolidation, are converted to euro using the exchange rates that are in effect as at the balance sheet date.

### **3.3 Tangible assets**

Fixed assets are reported in the financial statements at acquisition cost or deemed cost, as such was 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:

Land	25-35 years
Mechanical equipment	4-20 years
Vehicles	4-10 years
Other equipment	4-7 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. Expenditure on repairs and maintenance is booked as an expense in the period it relates to.

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.

### 3.4 Intangible assets

The intangible assets include the rights of use of Property, plant and equipment, as well as software licenses.

**Right of Use of Tangible Assets:** Rights of exploitation of tangible assets that are granted in the frames of construction contracts (compensative profits) they are valued at fair value at their date of concession less accumulated depreciation.

Depreciation is calculated on the basis of the units of production method.

**Software:** The authorisations of software are valued in the cost less accumulated depreciation. The accumulated depreciation they are held with the constant method at the duration of beneficial life assets who oscillates from 1 until 3 years.

### **3.5 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.

### **3.6 Financial instruments**

Financial instrument is any contract that creates a financial asset in an enterprise and a financial liability or equity instrument in another.

The financial instruments of the Group are classified in the following categories according to the substance of the contract and the purpose for which they were purchased.

#### **i) Financial instruments valued at fair value through the income statement**

These comprise of 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.

In the Balance-sheet of Group the exchanges and the assessment at fair value of derivatives they are portrayed in separate items of Asset and Liabilities with titled « Derivatives Financial Assets ». The changes at fair value of derivatives they are registered in income statement.

## **ii) 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 further than 12 months from the balance sheet date. The latter are included in the non-current assets.

## **iii) 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.

The Group did not hold investments of this category.

## **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 characterized as impaired.

During the sale, or when they are characterized 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



is 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 that 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 assess 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.

### **3.7 Inventories**

At the balance sheet date, inventories are valued at the lower of acquisition cost and net realizable value. Net realizable value is the estimated sales price during the normal course of the company's business less any relevant sales expenses. The cost of inventories does not include financial expenses.

### **3.8 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.

### **3.9 Cash and cash equivalents**

Cash and cash equivalents include cash in the bank and in hand as well as short term highly liquid investments such as money market products and bank deposits. Money market products are financial assets which are valued at fair value through the profit and loss account.

### **3.10 Share capital**

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.

### **3.11 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 tax assets and liabilities are valued based on the tax rates that are expected to be in effect during the period in which the asset or liability will be settled, taking into consideration the tax rates (and tax laws) that have been put into effect or are essentially in effect up until the balance sheet date. In the event where it is impossible to identify the timing of the reversal of the temporary differences, the tax rate in effect on the day after the balance sheet date is used.

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. Deferred income tax liabilities are defined after taking into account the contingent income liabilities for expenses that may arise due to tax auditing.

Most changes in the deferred tax assets or liabilities are recognized as part of the tax expense in the income statement. Only changes in assets or liabilities that affect the temporary differences are recognized directly in the equity of the Group, such as the revaluation of property value, that results in the relevant change in deferred tax assets or liabilities being charged against the relevant equity account.

### **3.12 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 include defined contribution schemes as well as defined benefits schemes.

- **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 recognized as an expense.

- **Defined benefits scheme**

The defined benefits scheme of the Group concerns its legal obligation for lump sum compensation to the employees upon retirement.

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 depending on the accrued right of the employee and the period to be rendered.

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.

### **3.13 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.

### **3.14 Provisions**

Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, their settlement through an outflow of resources is probable and the exact amount

of the obligation can be reliably estimated. Provisions are reviewed during the date when each balance sheet is compiled so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability that there will be an outflow of resources that embody economic benefits is very small. Contingent claims are not recognized in the financial statements but are disclosed provided that the inflow of economic benefits is probable.

### 3.15 Recognition of income and expenses

**Income:** 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:

- **Construction Contracts:** The income from the execution of construction contracts is accounted for in the period the project is constructed, based on its completion stage (para.3.17).
- **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 claim is reasonably assured.
- **Rendering of services:** Income from rendering of services is accounted for in the period during which the services are rendered, based on the stage of completion of the service rendered in relation to the total services to be rendered.
- **Income from exploitation rights of tangible assets (compensative profits):** The fair value of the exploitation rights is recognized as accrued income and is depreciated in the profit and loss account in proportion to the execution stage of the contracts to which it serves as a compensative profit.
- **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.
- **Dividends:** Dividends are accounted for as revenue when the right to receive payment is established.

**Expenses:** 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.

### 3.16 Leases

**Group company as Lessee:** 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.

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.

**Group Company as lessor:** Fixed assets that are leased through operating leases are included in the balance sheet's tangible assets. They are depreciated during their expected useful life on a basis consistent with similar self-owned tangible assets. The income from the lease (net of possible incentives given to the lessees) is recognized using the constant method during the period of the lease.

The Group does not act as a lessor through financial leasing.

### 3.17 Construction contracts

Construction contracts refer to the construction of assets or a group of affiliated assets specifically for customers according to the terms provided for in the relevant contracts and whose execution usually lasts for a period of over one fiscal year.

The expenses that refer to the contract are recognized when such are realized.

In the case where the result of one construction contract may not be reliably valued, and especially in the case where the project is at a premature stage, then the income must be recognized only to the extent that the contractual cost may be recovered, and the contractual cost must be recognized in the expenses of the period in which it was undertaken. Thus, for such contracts income is recognized in order for the profit from the specific project to equal zero.

When the result of a construction contract can be valued reliably, the contract's income and expenses are recognized throughout the contract's duration, respectively as income and expense. The Group uses the percentage completion method to define the appropriate income and expense amount that will be recognized in a specific period.

The completion stage is measured based on the contractual cost that has been realized up to the balance sheet date compared to the total estimated construction cost of each project. When it is likely for the total contract cost to exceed the total income, then the expected loss is directly recognized in the period's results as an expense.

For the calculation of the cost realized until the end of the period, any expenses related to future activities regarding the contract are excluded and appear as a project under construction. The total cost that was realized and the profit/loss that was recognized for each contract is compared with the progressive invoicing until the end of the period.

When the realized expenses plus the net profit (less the losses) that have been recognized, exceed the progressive invoicing, the difference appears as a receivable from construction contract customers in the account "Customers and other receivables". When the progressive invoicing exceeds the realized expenses plus the net profit (less the losses) that have been recognized, the balance appears as a liability towards construction contract customers in the account "Suppliers and other liabilities".

### **3.18 Dividend distribution**

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

### **3.19 Segment reporting**

A business segment is defined as a team of active elements of and activities in which goods and services are provided and which is subject to different risks and returns than other 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.

The Group manufactures complex electromechanical metal constructions. Each contract executed by the Group has its own technical features which vary in every project. The projects executed by the Group mainly vary upon designated use of each project; the business risk and return exist though. In addition, throughout the first semester 2005, and also the period in question, the total of the projects have been executed in Greece. As a result, the Group does not provide any information by segment in these financial statements, since it does not operate in different business sectors and geographical regions.

### **3.20 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 interpretations that are not included in the "IFRS Stable Platform 2005". The IFRS and IFRIC are mandatory for the accounting periods beginning from January 1<sup>st</sup> 2006 or January 1<sup>st</sup> 2007.

The application of these new accounting standards and interpretations will not affect substantially the Group Financial Statements.

## **4. Business Risk Management**

### **4.1 Financial Risk Factors**

Based on its activities, our Group is exposed to a limited range of financial risks that emerge from changes in foreign exchange rates, interest rates as well as to credit risks, liquidity risks and cash flow risks.

The Group's general risk management primary deals with the good execution of works, the credibility and the good execution of procurement and afterwards comes the credit risk and the market risk.

The risks exposure is managed through the Group's two main Divisions: Finance Division, Projects Division and Quality Assurance Division.

Prior to their commitment, such transactions are approved by the executives entitled to do so.



## **4.2 Marker Risk**

### ***Foreign Exchange Risk***

This risk does not affect substantially the Group's operation, since transactions with clients and suppliers in foreign exchange are minimal.

For the management of the minor exchange risk, arising from transactions with non-EU countries (mainly in US dollar), The Treasury Division concludes futures / forwards on behalf of the Group's subsidiaries.

### **Price Risk**

The Group is exposed to the price fluctuation of raw materials and the stocks belonging to its portfolio as a financial instrument available for sale.

Price risk regarding financial instruments available for sale is considered limited since the stocks represent a minimal part of the total Group Assets.

## **4.3 Credit Risk**

The Group's turnover mainly comes from transactions with public institutions and also with foreign companies of low risk rating. As a result, the credit risk is minimal.

Given that 72% of the company's turnover comes from one client (PPC), the client's credit risk is highly concentrated. In addition, the high credit rating of PPC, minimizes the Group's credit risk.

It is also mentioned that the company is exposed to credit risk, through security for debts provided to third parties.

## **4.4 Liquidity Risk**

The liquidity risk is kept at a low level, having sufficient cash equivalents and negotiable securities. In addition to this, there exist unused credit lines from financial institutions.

A potential cash flow risk lies with the good execution and procurement of the projects, since there might be a cash elimination due to non conformity to the terms and conditions of the contracts.

### ***Good execution and procurement risk***

The Group, due to its long term experience, its severe selection of collaborators and suppliers and their close surveillance by the Quality Assurance Division, is not exposed to great risks concerning the projects' good execution and procurement.

In addition, there are collaterals such as Bank Guarantees from the suppliers-collaborators for the good execution of their works.

#### **4.5 Cash Flow Risk and fair value risk due to changes in Interest Rate.**

The operating income and cash flow of Group is essentially independent from changes at prices of interest rate. The Group does not possess short-term and long term debt, nor significant interest investment.

### ***5. Notes on the Financial Statements***

#### ***5.1 Property, plant & equipment***

Land, buildings and machinery were valued as at the transition date to IFRS (01/01/2004) at deemed cost, according to the provisions of IFRS 1. The “deemed cost” 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. There are no mortgages or collateral on the fixed assets for borrowing.

The Group's tangible fixed assets are analyzed as follows:

	GROUP						
<i>Amounts in €</i>	Plots	Buildings	Mechanical equipment	Vehicles & Transportation equipment	Furniture and other equipment	Tangible assets under construction	Total
Gross Book value (or estimated cost of acquisition) as at 1st January 2004	17.299.000	21.522.979	30.562.810	1.567.686	4.247.088	631.265	75.830.828
minus : Accumulated depreciation and value impairment	0	(555.718 )	(3.466.113 )	(1.010.144 )	(3.108.542 )	0	(8.140.517 )
<b>Book value as at January 1st 2004</b>	<b>17.299.000</b>	<b>20.967.261</b>	<b>27.096.697</b>	<b>557.543</b>	<b>1.138.546</b>	<b>631.265</b>	<b>67.690.312</b>
Additions	0	1.246.030	6.358.411	14.367	682.925	121.177	8.422.910
Transfers	0	0	0	0	0	(437.947 )	(437.947 )
Sales - Reductions	0	(112.110 )	(511.182 )	(212.355 )	(41.510 )	0	(877.157 )
Depreciations of year 2004	0	(850.224 )	(3.311.368 )	(125.070 )	(458.793 )	0	(4.745.454 )
Depreciations of Sold - Reduced Assets	0	111.235	434.994	204.299	41.337	0	791.865
Gross Book value (or estimated cost of acquisition) as at 31st January 2004	17.299.000	22.656.899	36.410.039	1.369.698	4.888.503	314.495	82.938.634
minus : Accumulated depreciation and value impairment	0	(1.294.707 )	(6.342.488 )	(930.914 )	(3.525.997 )	0	(12.094.106 )
<b>Book value as at December 31st 2004</b>	<b>17.299.000</b>	<b>21.362.192</b>	<b>30.067.551</b>	<b>438.784</b>	<b>1.362.506</b>	<b>314.495</b>	<b>70.844.527</b>
Additions	0	471.954	3.076.697	96.696	535.630	155.247	4.336.225
Adjustments	0	(107.844 )	(1.527 )	0	0	0	(109.371 )
Sales - Reductions	0	0	(471.305 )	(113.634 )	(1.432 )	(370.081 )	(956.451 )
Depreciations of year 2005	0	(725.799 )	(3.646.635 )	(107.480 )	(519.390 )	0	(4.999.304 )
Depreciations of Sold - Reduced Assets	0	107.844	254.845	65.035	1.346	0	429.070
Gross Book value (or estimated cost of acquisition) as at 31st December 2005	17.299.000	23.021.009	39.013.904	1.352.761	5.422.701	99.661	86.209.036
minus : Accumulated depreciation and value impairment	0	(1.912.662 )	(9.734.278 )	(973.360 )	(4.044.041 )	0	(16.664.340 )
Adjustments	0	0	(663 )	(838 )	0	0	(1.501 )
Gross Book value of Assets from the Acquisition of the Subsidiary company ELEMKA as at 31st December 2005	0	21.466	384.458	80.777	148.743	0	635.444
minus : Accumulated depreciation of ELEMKA	0	(20.131 )	(297.941 )	(79.133 )	(124.626 )	0	(521.832 )
<b>Book value as at December 31st 2005</b>	<b>17.299.000</b>	<b>21.109.682</b>	<b>29.365.481</b>	<b>380.207</b>	<b>1.402.777</b>	<b>99.661</b>	<b>69.656.807</b>

The Company's tangible fixed assets are analyzed as follows:

<i>Amounts in €</i>	COMPANY						Total
	Plots	Buildings	Mechanical equipment	Vehicles & Transportation equipment	Furniture and other equipment	Tangible assets under construction	
Gross Book value (or estimated cost of acquisition) as at 1st January 2004	11.967.000	13.140.636	26.057.285	1.020.984	3.049.132	0	55.235.036
minus : Accumulated depreciation and value impairment	0	(487.541 )	(2.860.135 )	(611.341 )	(2.164.163 )	0	(6.123.179 )
<b>Book value as at January 1st 2004</b>	<b>11.967.000</b>	<b>12.653.095</b>	<b>23.197.149</b>	<b>409.643</b>	<b>884.969</b>	<b>0</b>	<b>49.111.857</b>
Additions	0	818.156	6.127.180	5.101	549.328	0	7.499.765
Transfers	0					0	0
Sales - Reductions	0	(24.056 )	(506.374 )	(160.467 )	(40.630 )	0	(731.528 )
Depreciations of year 2004	0	(526.750 )	(2.931.691 )	(70.280 )	(334.843 )	0	(3.863.564 )
Depreciations of Sold - Reduced Assets	0	23.181	430.186	152.411	40.630	0	646.408
Gross Book value (or estimated cost of acquisition) as at 31st January 2004	11.967.000	13.934.736	31.678.091	865.618	3.557.830	0	62.003.273
minus : Accumulated depreciation and value impairment	0	(991.110 )	(5.361.641 )	(529.209 )	(2.458.376 )	0	(9.340.336 )
<b>Book value as at December 31st 2004</b>	<b>11.967.000</b>	<b>12.943.626</b>	<b>26.316.450</b>	<b>336.409</b>	<b>1.099.453</b>	<b>0</b>	<b>52.662.938</b>
Additions	0	157.272	2.863.423	96.696	405.085	0	3.522.476
Adjustments	0	(107.844 )	(1.527 )		0	0	(109.371 )
Sales - Reductions	0	0	(442.280 )	(111.286 )	(199 )	0	(553.765 )
Depreciations of year 2005	0	(455.545 )	(3.271.421 )	(60.375 )	(353.157 )	0	(4.140.498 )
Depreciations of Sold - Reduced Assets	0	107.844	248.070	62.687	113	0	418.715
Gross Book value (or estimated cost of acquisition) as at 31st December 2005	11.967.000	13.984.164	34.097.706	851.028	3.962.716	0	64.862.614
minus : Accumulated depreciation and value impairment	0	(1.338.811 )	(8.384.991 )	(526.896 )	(2.811.420 )	0	(13.062.119 )
Adjustments	0	0	(663 )	(838 )	0	0	(1.501 )
<b>Book value as at December 31st 2005</b>	<b>11.967.000</b>	<b>12.645.353</b>	<b>25.712.052</b>	<b>323.293</b>	<b>1.151.296</b>	<b>0</b>	<b>51.798.994</b>

## 5.2 Goodwill

The goodwill recognized pertains to the acquisition of ELEMKA S.A. Specifically, the Group acquired 83,5% of the company's share capital as of 30/12/2005.

ELEMKA provides expertise in technical projects, and trades material required for such projects.

The Company is part of MYTILINEOS Group S.A. as from 1996. In the frame of the Group's restructuring, the Company was transferred to METKA Group. This transfer will allow both companies to increase their growth rate and their operating income.

The Group's goodwill is analyzed as follows:

### Goodwill

Amounts in €

Gross Book Value	0
Accumulated amortization & impairment losses	0
<b>Book Value as at January 1st 2004</b>	<b>0</b>
Gross Book Value	0
Accumulated amortization & impairment losses	0
<b>Book Value as at January 1st 2005</b>	<b>0</b>
Gross Book Value	1.829.630
Accumulated amortization & impairment losses	0
<b>Book Value as at December 31 st 2005</b>	<b>1.829.630</b>

Checking goodwill for potential impairment, the above subsidiary was a uniform cash generating unit during 2005. The recovered amount of this unit was calculated by discounting its future cash flows. These cash flows were estimated by the management based on its future profitability and the market trends. The basic assumptions concerning the valuation of the subsidiary are as follows:

Discount rate	10,13%
Average rate of growth for the next five years	12,00%
Rate of growth after the next five years	0,50%

The acquisition cost of the subsidiary amounted to € 3.507.000; the amount was paid in cash and does not include transaction costs. The fair values of Assets and Liabilities of the subsidiary, at the date of the acquisition, are as follows:

<i>Amounts in €</i>	<b>31/12/2005</b>
Property, plant and equipment	113.612
Intangible assets	4.966
Deffered Tax Asset	242.845
Other non-current assets	20.635
Inventories	1.098.086
Trade and other reveivables	3.144.390
Other receivables	126.651
Other current assets	12.705
Cash and cash equivalent	155.339
Deffered tax liabilities	(126.122)
Liailities for pension plans	(49.914)
Other long-term liabilities	(37.501)
Trade and other payables	(1.653.393)
Tax payable	(170.687)
Short term debt	(756.917)
Other Short term Liabilities	(115.869)
<b>Total Financial Information of the Subsidiary</b>	<b>2.008.827</b>
<i>Net assets acquired from the Group</i>	83,50%
<i>Fair value of net assets acquired from the Group</i>	1.677.370
Plus: Goodwill	1.829.630
<b>Cost of Acquisition</b>	<b>3.507.000</b>
Minus: the cash & cash equivalend of the Subsidiary	(155.339)
<b>Net Cash outflow for the acquisition of the Subsidiary</b>	<b>3.351.661</b>

The above mentioned values of net assets do not differ substantially from their carried amount recognized in the financial statements of the subsidiary, before the acquisition based on the IFRS. The income statement of the subsidiary was not incorporated in the consolidated profit and loss account for the year 2005 since it was acquired at the end of the fiscal year. The turnover of the subsidiary was €7.547.629 and the net loss for the year amounted to €200.197.

A substantial part of the acquisition cost concerns the subsidiary's know-how in technical projects and its trade partnerships. The above cannot be recognized as intangible assets though, so they are incorporated in goodwill. In addition, deferred tax receivable of €197 th. was incorporated in the calculation of goodwill as it was not recognized separately. The deferred tax asset will be recognized in future, to the extent that the subsidiary will have sufficient profit to utilize the relevant deferred tax asset. This tax receivable will offset its future profitability.

### 5.3 Intangible assets:

The intangible assets ( Group / Company) are analyzed as follows:

GROUP			
	Rights of exploitation of tangible assets	Software	Total
Amounts in €			
Gross Book value as at January 1st 2004	0	130.962	130.962
Accumulated amortization & value impairment	0	(109.862)	(109.862)
<b>Book value as at January 1st 2004</b>	<b>0</b>	<b>21.100</b>	<b>21.100</b>
Additions	9.980.000	23.619	10.003.619
Amortization & value impairment	0	(20.852)	(20.852)
Gross Book value as at January 31st 2004	9.980.000	154.580	10.134.580
Accumulated amortization & value impairment	0	(130.714)	(130.714)
<b>Book value as at December 31st 2004</b>	<b>9.980.000</b>	<b>23.867</b>	<b>10.003.867</b>
Additions	0	3.976	3.976
Amortization & value impairment	(688.230)	(15.263)	(703.493)
Gross Book value as at December 31st 2005	9.980.000	158.556	10.138.556
Accumulated amortization & value impairment	(688.230)	(145.977)	(834.207)
Gross Book value of Assets from the Acquisition of the Subsidiary company ELEMKA as at December 31st 2005	0	10.231	10.231
minus : Accumulated amortization & value impairment of ELEMKA	0	(5.264)	(5.264)
<b>Book value as at December 31st 2005</b>	<b>9.291.770</b>	<b>17.546</b>	<b>9.309.316</b>

### COMPANY

	Rights of exploitation of tangible assets	Software	Total
Amounts in €			
Gross Book value as at January 1st 2004	0	68.300	68.300
Accumulated amortization & value impairment	0	(65.157)	(65.157)
<b>Book value as at January 1st 2004</b>	<b>0</b>	<b>3.143</b>	<b>3.143</b>
Additions	9.980.000	0	9.980.000
Amortization & value impairment	0	(3.143)	(3.143)
Gross Book value as at January 31st 2004	9.980.000	68.300	10.048.300
Accumulated amortization & value impairment	0	(68.300)	(68.300)
<b>Book value as at December 31st 2004</b>	<b>9.980.000</b>	<b>0</b>	<b>9.980.000</b>
Additions	0	0	0
Amortization & value impairment	(688.230)	0	(688.230)
Gross Book value as at December 31st 2005	9.980.000	68.300	10.048.300
Accumulated amortization & value impairment	(688.230)	(68.300)	(756.530)
<b>Book value as at December 31st 2005</b>	<b>9.291.770</b>	<b>0</b>	<b>9.291.770</b>

The intangible assets comprise of software (SAP). The exploitation rights of the fixed assets concern machinery granted through construction contracts( compensative profits). These rights were valued at fair value at the date they were granted, less depreciation calculated based on the units of production method.

#### 5.4 Investment in subsidiaries

Investments in subsidiaries were valued at acquisition cost, in the company's financial statements. The addition of the year refer to the acquisition of the 83,5% of the subsidiary ELEMKA S.A.

#### 5.5 Investments in associates

*Amounts in €*

##### Opening carrying amount

Share of profit / loss from Subsidiaries

Gains from sale of associates

Additions

Sales

##### Closing carrying amount

<b>GROUP</b>	
<b>31/12/2005</b>	<b>31/12/2004</b>
<b>143.214</b>	<b>256.493</b>
(279.259)	(113.280)
641.186	
817.080	
(1.322.220)	
<b>(0)</b>	<b>143.214</b>

"Additions" concern participation in share capital increase of an associate throughout the period in question. All participations in associates were sold to MYTILINEOS GROUP OF COMPANIES as at 30/12/2005.

In the following table summarized financial information are presented for the associates:

<b>31/12/2005</b>	<b>Country of Domicile</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Turnover</b>	<b>Profit (loss) after taxes</b>	<b>Participation percentage</b>
<b>Company Name</b>						
Mytilineos - Hellenic Wind Power S.A.	Greece	569.762	41.087	0	(23.114)	24%
Mytilineos - Power Generation ans Supplies S.A.	Greece	492.373	400.093	0	(288.642)	33%
		1.062.135	441.180	0	(311.756)	
<b>31/12/2004</b>						
Mytilineos - Hellenic Wind Power S.A.	Greece	17.284.794	14.551.651	0	(1.041.202)	24%
Mytilineos - Power Generation ans Supplies S.A.	Greece	136.722	361.833		(331.226)	33%
		17.421.516	14.913.484	0	(1.372.428)	

#### 5.6 Deferred tax

The deferred tax receivables and liabilities are offset if there Group has the applicable legal right to offset current tax liabilities against current tax receivables and if deferred taxes concern the same fiscal principle.

The amounts offset are the following:



	GROUP				COMPANY			
	31/12/2005		31/12/2004		31/12/2005		31/12/2004	
Amounts in €	Receivable	Liability	Receivable	Liability	Receivable	Liability	Receivable	Liability
<b>Non Current Assets</b>								
Intangible Assets	2.664	0	5.445	0	0	-	106	0
Tangible Assets	18.472	(11.675.632)	22.786	(13.454.391)	-	(8.986.106)	0	(10.431.193)
<b>Current Assets</b>								
Constructional Contracts	7.847.596	(7.443.174)	4.245.025	(4.199.290)	6.950.936	(6.998.178)	3.980.515	(4.111.107)
Other Receivables	0	(1.048)	0	0				
<b>Reserves</b>								
De-taxation of reserves	0	(1.655.195)	0	(1.759.933)	0	(642.730)	0	(642.730)
<b>Long-term Liabilities</b>								
Employee Benefits	918.585	(4.074)	679.014	0	624.366	0	435.969	0
Other Long-term Liabilities	0	(509.283)	0	(1.047.926)		(150.000)		(870.000)
<b>Short-term Liabilities</b>								
Provisions	0	(269)	0	0		(269)		
Liabilities from financing leases	3.655	-	13.316	-	3.655		13.316	
<b>Compensation</b>	(7.399.587)	7.399.587	(4.087.270)	4.087.270	(6.954.591)	6.954.591	(3.993.937)	3.993.937
<b>Total</b>	<b>1.391.383</b>	<b>(13.889.089)</b>	<b>878.316</b>	<b>(16.374.271)</b>	<b>624.366</b>	<b>(9.822.692)</b>	<b>435.969</b>	<b>(12.061.093)</b>

According to the tax legislation, some kind of income is not taxed when recognised but when distributed to the shareholders. The accounting principle followed by the Group suggests to recognize deferred income tax liability when this income is initially recognised and not when distributed.

The deferred tax is calculated based on the tax rate applied in the next period. Specifically, the income tax rate applicable for 2004 is 32%, while for 2005 is 29%.

## 5.7 Financial assets available for sale

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
<b>Opening carrying amount</b>	<b>12.477.783</b>	<b>11.095.466</b>	<b>12.236.033</b>	<b>10.941.936</b>
Exchange differences				
Additions				
- Participation to equity increase of an associated company		111.221		23.000
Sales/write-offs				
- Sale of Attendance	(6.318.099)		(6.318.099)	
Adaptation at fair value		1.271.097		1.271.097
<b>Closing carrying amount</b>	<b>6.159.684</b>	<b>12.477.783</b>	<b>5.917.934</b>	<b>12.236.033</b>

Throughout the period 01/01-31/12/2005, the Group and the Company made profit from the sale of "financial assets available for sale", concerning shares of the parent company. A profit of € 3.499.579, arising out of the sale of shares valuing at € 6.318.099,00, was recognised to the profit and loss account of the period.

The above profit is analysed as follows:

Amounts in €	<b>01.01- 31.12.2005</b>
Net income from the sale of financial assets available for sale	8.546.581
Minus : Acquisition cost of the financial assets	(6.318.099)
Profit/Loss of sale	2.228.482
Plus: Fair value of reserves	1.271.097
<b>Net Profit from the sale of financial assets recognized as retained earnings</b>	<b>3.499.579</b>

Investments in shares not listed in the ASE amounting to € 6.160 th. were valued at their acquisition cost. In the above investments, the amount of €5.792,8 th. concerns participation in ELVO, which was sold in the beginning of 2006. The sale price was the cost of acquisition.

## 5.8 Other non-current receivables

The Group's and Company's other non-current receivables are analyzed in the following table:

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Customers- Over 12 months retained receivable guarantees	1.982.000	3.149.013	1.982.000	3.149.013
Given Guarantees	199.893	167.109	83.409	76.814
Other	3.845	3.845		
<b>Total other non-current assets</b>	<b>2.185.738</b>	<b>3.319.967</b>	<b>2.065.409</b>	<b>3.225.827</b>

These receivables are to be recovered after the end of next period.

## 5.9 Inventories

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

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Raw materials	24.737.657	7.458.343	24.355.939	7.204.673
Work in Progress	4.185.501	4.598.506	4.088.602	4.521.522
Consumables	888.474	801.012	819.826	744.756
Spare parts & packing materials	459.981	425.574	398.075	351.703
Other goods & inventories	1.171.208	76.763	34.212	34.745
<b>Total</b>	<b>31.442.821</b>	<b>13.360.198</b>	<b>29.696.653</b>	<b>12.857.399</b>
Provisions for useless, delayedly and destroyed reserves:	(1.128.294)	(144.444)	(1.000.000)	
	<b>(1.128.294)</b>	<b>(144.444)</b>	<b>(1.000.000)</b>	<b>0</b>
<b>Net total realization value</b>	<b>30.314.526</b>	<b>13.215.754</b>	<b>28.696.653</b>	<b>12.857.399</b>

In the current year, the Company made a provision against slow moving and obsolete items, located in the warehouses, amounting to € 1.000.000.

## 5.10 Customers and other trade receivables

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

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Customers	40.958.225	74.074.190	32.413.697	62.897.558
Withholding money for fine completion of contracts	13.695.006	11.525.595	11.733.532	7.126.000
Receivables in customers from the implementation of work (note 5.14)	43.393.018	15.583.432	41.687.136	14.997.304
Bills receivable	3.815	3.815	0	0
Checks receivable	1.430.175	8.000	0	0
Less: Provisions fall	(527.316)	(135.223)	0	0
<b>Net trade &amp; other receivables</b>	<b>98.952.923</b>	<b>101.059.808</b>	<b>85.834.365</b>	<b>85.020.862</b>
Advances for purchases and subcontractors	16.504.026	13.203.881	16.370.579	12.478.744
<b>Total</b>	<b>115.456.949</b>	<b>114.263.689</b>	<b>102.204.944</b>	<b>97.499.605</b>
Non-current assets (note 5.8)	1.982.000	3.149.013	1.982.000	3.149.013
Current assets	113.474.949	111.114.676	100.222.944	94.350.592
	<b>115.456.949</b>	<b>114.263.689</b>	<b>102.204.944</b>	<b>97.499.605</b>

## 5.11 Other receivables – other current assets

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

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Taxes State	5.945.777	795.368	5.068.302	139.557
Others Receivable	2.213.004	779.958	1.757.090	176.593
Dividends	297.848	0	289.350	80.000
Loans for associated parts	0	8.300.000	0	8.300.000
Less: Provision for Doubtful Receivables	287.051	537.051	0	
<b>Net Doubtful Receivables</b>	<b>8.743.680</b>	<b>10.412.377</b>	<b>7.114.742</b>	<b>8.696.150</b>
<b>Total</b>	<b>8.743.680</b>	<b>10.412.377</b>	<b>7.114.742</b>	<b>8.696.150</b>
<b>Other current assets</b>				
Prepayment expenses	1.712.778	7.772.214	1.666.499	7.757.395

## 5.12 Financial assets at fair value through profit and loss.

The analysis of the investments in financial assets is analyzed as follows:

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Bank bonds	1.994.390		1.994.390	
Bank trust funds	33.340	4.353.413		
<b>Closing carrying amount</b>	<b>2.027.729</b>	<b>4.353.413</b>	<b>1.994.390</b>	<b>0</b>

The total value of the above financial instruments is available for sale.

### 5.13 Cash and cash equivalents

They represent cash and bank accounts available at first demand.

Cash and cash equivalents are as follows:

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Available cash on hand & banks	14.655.173	3.577.778	3.308.666	436.374
Repos	5.166.451	5.580.000	4.950.728	3.980.000
<b>Total</b>	<b>19.821.624</b>	<b>9.157.778</b>	<b>8.259.394</b>	<b>4.416.374</b>

There were no overdrafts in the bank accounts at the above mentioned dates.

### 5.14 Construction contracts

The construction contracts concern the construction of properties especially for clients, according to the terms provided in the contracts, whose execution usually lasts more than one fiscal year.

Amounts in €	GROUP		COMPANY	
	01/01 - 31/12/2005	01/01 - 31/12/2004	01/01 - 31/12/2005	01/01 - 31/12/2004
Sales turnover due to project execution of the period	219.548.732	170.563.769	195.516.987	139.452.752
Total cost that have been occurred from the beginning of the projects	560.094.519	424.902.807	518.662.084	371.997.207

The analysis of receivables / liabilities from construction contracts, is as follows:

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Customer Advance payments	37.244.011	5.821.748	37.009.935	3.066.361
Customer Withholding of good performance	13.695.006	11.525.595	11.733.532	7.126.000
Customer receivables from the implementation of work	43.393.018	15.583.432	41.687.136	14.997.304
Customer liabilities from the implementation of work	(17.726.899 )	(2.994.160 )	(17.555.488 )	(2.150.095 )

### 5.15 Total equity

#### i) Share Capital

The share capital of the company consists of 51.950.600 nominal shares, of a nominal value € 0,32 each. The total share capital amounts to € 16.624.192. The company's shares are listed in the Athens Stock Exchange.

During the period in question, a share capital increase of €70.133.310 has taken place through reserves capitalization, consisting of: a) the reserve account "Reserves from Share Premium Account" amounting to €63.430.696,45 , b) the "Extraordinary reserves" account capitalization due to non- distributed taxed profits, amounting to €6.291.395,64, c) the "tax exempt reserves under special law provisions L.1892/90" account capitalization amounting to €411.217,91. This increase was realized by augmenting the share nominal value by €1,35, from € 0,32 to €1,67 per share.

Further to the decision of the extraordinary General Assembly of shareholders, the share capital has been reduced by € 70.133.310 with the reduction of nominal value per share by € 1,35 (from € 1,67 in € 0,32 per share). The abovementioned decision was approved by the Ministry of Development on 29/09/2005 ( Decision No. K2-12347). The Athens Stock Exchange Board of Directors was informed on 18/10/2005 that the reduction of the share capital of the company was approved by the Ministry of Development, so the payment to the shareholders started on 31/10/2005.

The cost of the share capital increase amounted to €706.451 while the tax discount amounted to €226.064. The balance of €480.387 was recognized to the "retained earnings".

The share premium capital was generated by bonus share issue to a value greater than their nominal value.

## ii) Fair value reserves

Fair value reserves for the Company / Group are as follows:

Amounts in €

### Book Value as at 1st January 2004

Plus: Gains of revaluating the financial Assets available for sale

### Book Value as at 31st December 2004

Minus : Transfer to P&L (amount that comes from the available for sale financial assets)

### Book Value as at 31st December 2005

	GROUP	COMPANY
Book Value as at 1st January 2004	-	-
Plus: Gains of revaluating the financial Assets available for sale	1.271.097	1.271.097
Book Value as at 31st December 2004	<b>1.271.097</b>	<b>1.271.097</b>
Minus : Transfer to P&L (amount that comes from the available for sale financial assets)	(1.271.097)	(1.271.097)
Book Value as at 31st December 2005	<b>0</b>	<b>0</b>

### iii) Other reserves

Other reserves for the Company / Group are as follows:

GROUP					
	Legal Reserve	Special Reserve	Contingency reserve	Tax exempt reserves under special laws	Total
<i>Amounts in €</i>					
Balance at 1 January 2004, according to the previous accounting principles	3.391.457	826.575	9.340.385	10.257.029	23.815.446
minus: Adjustments to IFRS	(655.604)	0	(911.692)	(2.058.941)	(3.626.237)
<b>Balance at 1 January 2004, according to IFRS</b>	<b>2.735.853</b>	<b>826.575</b>	<b>8.428.693</b>	<b>8.198.088</b>	<b>20.189.209</b>
Adjustments during the year 2004					
- Formation of reserves due to profits of year 2003	655.604		911.692	1.675.784	3.243.081
<b>Balance at 31 December 2004</b>	<b>3.391.457</b>	<b>826.575</b>	<b>9.340.385</b>	<b>9.873.873</b>	<b>23.432.290</b>
Adjustments for the period 01/01-31/12/2005					
- Formation of reserves due to profits of year 2004	829.281		142.155	3.747.972	4.719.409
- Increase of share capital by capitalization of reserves	0	0	(6.291.396)	(411.218)	(6.702.614)
- Taxes from the reserve distribution				(193.514)	(193.514)
<b>Balance at 31 December 2005</b>	<b>4.220.738</b>	<b>826.575</b>	<b>3.191.145</b>	<b>13.017.113</b>	<b>21.255.571</b>

COMPANY					
	Legal Reserve	Special Reserve	Contingency reserve	Tax exempt reserves under special laws	Total
<i>Amounts in €</i>					
Balance at 1 January 2004, according to the previous accounting principles	2.895.373	826.575	6.254.368	10.774.476	20.750.793
minus: Adjustments to IFRS	(547.167)		(827.280)	(2.251.989)	(3.626.436)
<b>Balance at 1 January 2004, according to IFRS</b>	<b>2.348.206</b>	<b>826.575</b>	<b>5.427.088</b>	<b>8.522.488</b>	<b>17.124.356</b>
Adjustments during the year 2004					
- Formation of reserves due to profits of year 2003	547.167	0	827.280	1.516.380	2.890.828
<b>Balance at 31 December 2004</b>	<b>2.895.373</b>	<b>826.575</b>	<b>6.254.368</b>	<b>10.038.868</b>	<b>20.015.184</b>
Adjustments for the period 01/01-31/12/2005					
- Formation of reserves due to profits of year 2004	661.780,48		37.027,25	3.176.579,44	<b>3.875.387</b>
- Increase of share capital by capitalization of reserves	-	-	(6.291.396)	(411.217,91)	(6.702.614)
- Taxes from the reserve distribution				(193.514,31)	(193.514)
<b>Balance at 31 December 2005</b>	<b>3.557.154</b>	<b>826.575</b>	<b>0</b>	<b>12.610.716</b>	<b>16.994.444</b>

The ordinary reserve was formed according to the L.2190/1920.

In the "tax exempt and other reserves under special law provisions" are included tax-free discounts and other special law reserves.

### iv) Retained earnings

	GROUP		COMPANY	
Amounts in €	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Intended Dividend	15.585.180	10.390.120	15.585.180	10.390.120
Remaining Earnings	32.536.743	15.730.787	40.471.919	25.879.458
<b>Total</b>	<b>48.121.923</b>	<b>26.120.907</b>	<b>56.057.099</b>	<b>36.269.578</b>

The General Shareholders Meeting unanimously approved at 23/05/2005 the appropriation account for the fiscal year 2004 and the distribution of €10.390.120 out of the profit for the year 2004, which represents a dividend of €0,20 per share.

It is suggested to form "Legal Reserve" amounting to €1.529.051 and also to distribute € 15.585.180 as a dividend (€0,30 per share), out of the net profit of the year 2005 amounting to €34.339.900.

## 5.16 Liabilities for pension plans

Under the L.2112/1920, a lump sum compensation is paid to the employees upon retirement.

The Company and the Group recognizes as post-employment employee benefit liability, the present value of its legal commitment to pay a lump sum compensation to the employees due to retirement. This liability was calculated through an actuarial study.

This liability is analyzed as follows:

<i>Amounts in €</i>	THE GROUP		THE COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Opening carrying amount	1.936.085	2.482.389	1.343.978	1.868.015
Pension benefits	170.360	24.726	121.837	109.653
Pension benefits of the acquired Subsidiary company	49.914	-	-	-
Period payments	(319.753)	(571.030)	(312.829)	(633.690)
<b>Closing carrying amount</b>	<b>1.836.607</b>	<b>1.936.085</b>	<b>1.152.985</b>	<b>1.343.978</b>

The amounts concerning pension benefits are as follows:

<i>Amounts in €</i>	THE GROUP		THE COMPANY	
<b>Analysis of Pension benefits</b>	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Cost of current period employment	100.584	79.948	61.358	55.222
Interest cost	69.776	54.431-	60.479	54.431
<b>Total cost of pension benefits</b>	<b>170.360</b>	<b>134.379</b>	<b>121.837</b>	<b>109.653</b>

The main actuarial assumptions used for the above mentioned purpose are as follows:

	31/12/2005	31/12/2004
Discount Rate	4,5%	4,5%
Future wage increases	3,5%	3,5%
Future wage pensions	4,0%	4,0%
Inflation	2,5%	2,5%

## 5.17 Other long-term liabilities

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

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Received Grants	74.901	111.838	74.901	111.838
Rights of use free of charge granted constant	9.291.770	9.980.000	9.291.770	9.980.000
Tax Liabilities & fees of previous years	1.055.500	0	1.055.500	0
<i>Customer advance payments</i>	50.173.264	16.524.000	50.173.264	16.524.000
<b>Total</b>	<b>60.595.435</b>	<b>26.615.838</b>	<b>60.595.435</b>	<b>26.615.838</b>
Long Term Liabilities	20.147.222	25.821.593	20.506.963	25.821.593
Short Term Liabilities	40.448.213	794.245	40.088.472	794.245
	<b>60.595.435</b>	<b>26.615.838</b>	<b>60.595.435</b>	<b>26.615.838</b>

The variation in the account "Rights of use free of charge granted constant" during 2005, amounting to €688.230 concerns depreciation effected on these rights.

## 5.18 Trade and other Payables

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

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Suppliers	47.545.637	42.379.589	56.565.783	50.165.566
Customers' Advances	37.244.011	5.821.748	37.009.935	3.066.361
Liabilities due to the implementation of work (note 5.14)	17.726.899	2.994.160	17.555.488	2.150.095
<b>Total</b>	<b>102.516.547</b>	<b>51.195.496</b>	<b>111.131.206</b>	<b>55.382.023</b>

## 5.19 Tax Payable

Tax payable of the Group and the Company are divided in current income tax liabilities and previous years tax liabilities and are analyzed as follows:

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Current period tax liabilities	12.623.957	3.222.596	11.999.813	2.657.316
Tax liabilities coming from previous years	435.000	0	435.000	0
<b>Total</b>	<b>13.058.957</b>	<b>3.222.596</b>	<b>12.434.813</b>	<b>2.657.316</b>

During the current year, the company was tax-audited for the fiscal years 2001-2004. The tax audit was concluded within 2005, while the final sheets for the tax imposed were issued at 9/1/2006. The total tax imposed amounted to €1.055.500, out of which €435.000 will be paid within the nest year.



For the unaudited fiscal years of the companies of the Group, please revert to para. 5.34 "Contingent Liabilities – Receivables".

## 5.20 Short-term debt

The Group and the Company's short-term debt is analyzed as follows:

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Bank Debt	756.917	0	0	0
Other (Leasing)	12.605	133	12.605	133
<b>Total short term debt</b>	<b>769.522</b>	<b>133</b>	<b>12.605</b>	<b>133</b>

The short-term debt of the Group concerns short-term debt of a subsidiary. The total amount is expressed in Euros. The weighted average borrowing rate amounts to 4,54%, as at the balance sheet date.

There are no mortgages on the subsidiaries fixed assets as of 31/12/2005.

## 5.21 Other short-term liabilities

The other short-term liabilities are analyzed as follows:

Amounts in €	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Social security insurance	742.259	801.862	434.685	481.047
Other tax liabilities	2.485.287	7.345.291	1.439.165	4.891.464
Dividends payable	791.394	634.080	590.998	513.929
Accrued income	3.023.894	794.245	3.023.894	794.245
Accrued expenses	112.627	213.715	94.627	97.149
Others Liabilities	6.417.867	965.636	6.004.503	614.702
<b>Total</b>	<b>12.831.069</b>	<b>9.952.967</b>	<b>11.153.187</b>	<b>6.911.489</b>

## 5.22 Current portion of non-current provisions

The Group makes provisions for future damages likely to arise from the execution of projects. In the following table, such provisions are presented:

Amounts in €

**1st January 2004**

Additional provisions for the current year  
Unused provisions that have been reversed  
Used provisions for the current year

**31st December 2004**

Additional provisions for the current year  
Unused provisions that have been reversed  
Used provisions for the current year

**31st December 2005**

	<b>GROUP</b>	<b>COMPANY</b>
<b>1st January 2004</b>	<b>52.825</b>	
Additional provisions for the current year	934.398	776.606
Unused provisions that have been reversed	(52.825)	
Used provisions for the current year	(883.788)	(758.180)
<b>31st December 2004</b>	<b>50.610</b>	<b>18.426</b>
Additional provisions for the current year	177.069	
Unused provisions that have been reversed	0	
Used provisions for the current year	(42.838)	(18.426)
<b>31st December 2005</b>	<b>184.841</b>	<b>0</b>

## 5.23 Sales turnover

The sales turnover analysis for the Company and the Group is as follows:

Amounts in €

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>01/01 - 31/12/2005</b>	<b>01/01 - 31/12/2004</b>	<b>01/01 - 31/12/2005</b>	<b>01/01 - 31/12/2004</b>
Income from the execution of construction contracts	219.548.732	170.563.769	195.516.987	139.452.752
Sales of apartments	1.732.529	0	1.732.529	0
Income from trading	0	1.006.523	0	1.006.523
Sales of Products	1.833.349	1.519.145	0	0
Income from maintenance and other services	181.483	236.384	0	0
Sales of scrap	1.659.672	410.726	1.615.765	247.522
	<b>224.955.765</b>	<b>173.736.548</b>	<b>198.865.281</b>	<b>140.706.798</b>

## 5.24 Analysis of expenses by their nature

The expenses analysis by the nature of expense for the Company and the Group is as follows:

The cost of sales analysis follows:

**COST of SALES**

Amounts in €

Benefits in employees  
Cost of reserves recognized as expense  
Wage and expenses of Subcontractors  
Benefits third person  
Insurance expenses  
Rents of operating leases  
Expenses of fixing and maintainance constant  
Other third person expenses  
Taxes & Duties Payable  
Publicity  
Reversal of Provisions  
Other expenses  
Other Provisions  
Provisions for liabilities of settled benefits  
Accumulated depreciation constant

**Total**

Tangible assets under construction

**TOTAL COST OF SALES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>01/01- 31/12/05</b>	<b>01/01- 31/12/04</b>	<b>01/01- 31/12/05</b>	<b>01/01- 31/12/04</b>
Benefits in employees	13.229.628	19.506.878	7.844.492	11.556.822
Cost of reserves recognized as expense	83.479.103	65.451.511	69.512.792	53.817.982
Wage and expenses of Subcontractors	53.045.759	35.682.172	61.123.644	37.993.109
Benefits third person	5.429.249	7.929.964	2.393.302	5.226.076
Insurance expenses	1.600.228	1.406.038	1.531.860	1.288.007
Rents of operating leases	305.788	1.079.738	211.485	982.822
Expenses of fixing and maintainance constant	659.942	528.453	498.338	327.422
Other third person expenses	1.078.662	1.111.427	366.860	373.494
Taxes & Duties Payable	202.796	311.037	147.551	250.089
Publicity	44.495	47.125	44.495	47.125
Reversal of Provisions	(42.838)	(1.020.198)	(18.426)	(1.020.198)
Other expenses	5.178.525	4.522.829	4.131.912	3.030.127
Other Provisions	177.069	0	0	0
Provisions for liabilities of settled benefits	77.555	55.222	45.472	55.222
Accumulated depreciation constant	4.497.672	3.783.108	3.735.758	3.256.550
<b>Total</b>	<b>168.963.633</b>	<b>140.395.304</b>	<b>151.569.534</b>	<b>117.184.651</b>
Tangible assets under construction	1.917.267	4.284.047	1.829.003	4.216.701
<b>TOTAL COST OF SALES</b>	<b>167.046.365</b>	<b>136.111.257</b>	<b>149.740.531</b>	<b>112.967.951</b>

The distribution expenses analysis is as follows:

<b>DISTRIBUTION EXPENSES</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>01/01- 31/12/05</b>	<b>01/01- 31/12/04</b>	<b>01/01- 31/12/05</b>	<b>01/01- 31/12/04</b>
<i>Amounts in €</i>				
Benefits in employees	375.165	938.873	302.228	861.332
Cost of reserves recognized as expense	1.658	2.314	1.658	2.314
Wage and expenses of Subcontractors	0	0	0	0
Benefits third person	80.047	475.902	29.164	419.690
Insurance expenses	0	0	0	0
Rents of operating leases	22.230	43.789	22.230	43.573
Expenses of fixing and maintainance constant	11.111	13.480	9.266	7.560
Other third person expenses	17.720	19.942	11.584	10.837
Taxes & Duties Payable	2.293	3.486	727	771
Publicity	1.083	189.670	1.083	189.670
Other expenses	94.234	163.038	13.267	92.665
Provisions for liabilities of settled benefits	2.386		1.823	
Accumulated depreciation of tangible assets	19.991	132.782	11.287	94.811
<b>Total</b>	<b>627.918</b>	<b>1.983.275</b>	<b>404.316</b>	<b>1.723.224</b>

The administrative expenses analysis is as follows:

<b>ADMINISTRATIVE EXPENCES</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>01/01- 31/12/05</b>	<b>01/01- 31/12/04</b>	<b>01/01- 31/12/05</b>	<b>01/01- 31/12/04</b>
<i>Amounts in €</i>				
Benefits in employees	2.834.988	2.476.500	1.974.190	1.663.750
Cost of reserves recognized as expense	577	424	577	424
Wage and expenses of Subcontractors	282.190	6.500	282.190	4.500
Benefits third person	3.231.958	1.008.875	2.761.040	507.193
Insurance expenses	30.573	46.906	2.998	9.264
Rents of operating leases	524.385	532.446	235.947	261.645
Expenses of fixing and maintainance constant	275.015	437.016	249.523	382.909
Other third person expenses	353.082	359.578	263.452	267.100
Taxes & Duties Payable	197.048	120.549	121.855	51.059
Publicity	100.679	182.300	100.679	182.300
Reversal of Provisions	(312.830)	(262.019)	(312.830)	(262.019)
Other expenses	990.894	1.013.305	723.829	712.784
Other Provisions	0	9.719	0	0
Provisions for liabilities of settled benefits	20.643	24.727	14.063	
Accumulated depreciation constant	496.904	849.407	393.454	515.346
<b>Total</b>	<b>9.026.106</b>	<b>6.806.233</b>	<b>6.810.967</b>	<b>4.296.255</b>

## 5.25 Employee benefits

The number of employees is analyzed in the following table:

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>31/12/2005</b>	<b>31/12/2004</b>	<b>31/12/2005</b>	<b>31/12/2004</b>
Full time employees	266	282	194	203
Daily Wage employees	264	338	91	99
<b>Total</b>	<b>530</b>	<b>620</b>	<b>285</b>	<b>302</b>

The employee benefits for the Group and the Company are as follows:

<i>Amounts in €</i>	<b>Ο ΟΜΙΛΟΣ</b>		<b>Η ΕΤΑΙΡΕΙΑ</b>	
	<b>31/12/05</b>	<b>31/12/04</b>	<b>31/12/05</b>	<b>31/12/04</b>
Employee wages	12.063.820	16.111.873	7.432.986	9.723.819
Social Security Expenses	3.060.093	4.051.092	1.828.329	2.356.363
Retirement Penefits	844.627	2.045.890	657.522	1.715.841
Pension benefits	100.584	79.948	61.358	55.222
Other benefits	471.241	713.398	202.073	285.883
<b>Σύνολο</b>	<b>16.540.364</b>	<b>23.002.201</b>	<b>10.182.268</b>	<b>14.137.127</b>
Amount used in current's year P&L	15.412.925	20.371.972	9.128.405	11.570.023
Amount used to Assets under contrsuction	1.127.440	2.630.228	1.053.862	2.567.104
	<b>16.540.364</b>	<b>23.002.201</b>	<b>10.182.268</b>	<b>14.137.127</b>

## 5.26 Other ordinary income and expense

The ordinary income and expense of the Group is analyzed as follows:

<i>Amounts in €</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>01/01- 31/12/05</b>	<b>01/01- 31/12/04</b>	<b>01/01- 31/12/05</b>	<b>01/01- 31/12/04</b>
<b>Other operating income</b>				
Depreciation of received grants	36.937	37.211	36.937	37.211
Grants and sundry sales income	77.158	7.747	71.728	0
Compensations	0	44.082	0	0
Profit from foreign exchange differences	459.772	710.338	458.569	699.605
Income from Rents	88.121	2.113	83.158	0
Income from previous years	52.000	0	52.000	0
Other	319.962	336.441	235.345	266.293
Income from unused Provisions	0	297.568	0	0
Profit from sale of tangible assets	140.562	72.226	139.722	68.477
<b>Total</b>	<b>1.174.512</b>	<b>1.507.726</b>	<b>1.077.458</b>	<b>1.071.586</b>
<b>Other operating expenses</b>				
Losses from foreign exchange differences	232.596	508.481	229.198	507.743
Not embedded taxes	0	78.719	0	766
Tangible Bad Debts	115.530	93.987	0	0
Loss from sale of fixed assets	38.434	19.587	21.080	19.587
Other	342.296	269.744	81.395	69.515
Other taxes	54.019	23.925	25.399	9.533
Compensations	49.533	86.899	49.533	40.584
<b>Total</b>	<b>832.409</b>	<b>1.081.342</b>	<b>406.604</b>	<b>647.728</b>

## 5.27 Financial income / expenses

The financial income and expenses of the Group and the Company is analyzed as follows:

Amounts in €	GROUP		COMPANY	
	01/01- 31/12/05	01/01- 31/12/04	01/01- 31/12/05	01/01- 31/12/04
<b>Interest income from:</b>				
-Banks	412.929	179.462	348.226	112.250
-Granted Loans	311.416	349.386	311.416	349.386
-Other	1.000	0	448	0
	<b>725.346</b>	<b>528.847</b>	<b>660.090</b>	<b>461.636</b>
<b>Interest expenses from:</b>				
- Discount of Liabilities coming from personnel pension benefits	69.776	54.431	60.479	55.222
-Bank Loans	9.355	47	9.355	0
- Supplies of Guaranteeing Letters	622.987	639.045	562.052	543.704
- Financing Leases	1.170	2.877	1.170	2.877
- Other Banking Expenses	79.000	48.598	67.580	36.938
	<b>782.288</b>	<b>744.998</b>	<b>700.636</b>	<b>638.741</b>

## 5.28 Other financial results

The financial results of the Group and the Company is analyzed as follows:

Amounts in €	GROUP		COMPANY	
	01/01- 31/12/05	01/01- 31/12/04	01/01- 31/12/05	01/01- 31/12/04
Profit / (loss) from the sale of financial assets available for sale	3.475.701	132.047	3.432.812	0
Profit / (loss) from the sale of financial assets at fair value through profit or loss	0	58.171	0	0
Profit / (loss) from valuation of financial assets at fair value through profit or loss	549	(2.632)	0	122
Income from dividends	300.041	169.874	621.293	179.084
<b>Total</b>	<b>3.776.292</b>	<b>357.461</b>	<b>4.054.105</b>	<b>179.206</b>

## 5.29 Income tax expense

The Income tax expense for the Group and the Company is analyzed as follows:

Amounts in €	GROUP		COMPANY	
	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Tax for the current period	15.757.635	8.369.045	13.584.169	6.063.111
Deferred tax expense	(2.011.526)	(504.902)	(1.556.797)	(289.630)
Tax differences from previous year	226.606	130.636	226.606	0
<b>Total</b>	<b>13.972.715</b>	<b>7.994.779</b>	<b>12.253.979</b>	<b>5.773.481</b>

	THE GROUP		THE COMPANY	
	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Amounts in €				
Profit before income tax as Income Statement	52.678.753	29.290.199	46.593.879	22.145.327
Applicatory Income Tax rate	32%	35%	32%	35%
Income Tax according to the applicable Income tax rate	16.857.201	10.251.570	14.910.041	7.750.865
Tax that corresponds to tax-exempt income				
- Profit from the sale of associates	(205.179)	0		
- Dividends	(96.659)	(59.398)	(198.814)	(62.680)
- Profit from financial assets at fair value through profit or loss	(1.146.352)	(85.300)	(1.133.097)	(65)
- Other tax-free income	(17.410)	(22.435)		
Tax that corresponds to expenditures not recognized from the Tax authority				
- Losses from equity participations in associates	89.363	39.648		
- Tax & fees	66.010	89.273	56.614	15.583
- Othes tax-exempt expenditures	379.339	350.700	238.192	253.405
Tax Reduction through the formation of tax-exempt discounts and reseves under special law provisions	(986.384)	(1.277.730)	(980.091)	(1.123.320)
Adjustement of deferred tax according to the change of the Income tax rate	(1.198.284)	(1.438.106)	(869.544)	(1.064.969)
Supplementary Income tax from land - plot & buildings	4.465	4.868	4.072	4.662
Tax coming from the capitalization of reserves	193.514	0	193.514	0
Income tax coming from previous years	33.092	141.690	33.092	0
<b>Tax expense in the profit &amp; loss statement</b>	<b>13.972.715</b>	<b>7.994.779</b>	<b>12.253.979</b>	<b>5.773.481</b>

### 5.30 Analysis of Cash Flow Adjustments

Analysis of Cash Flow Adjustments for the Group and the Company is analysed as follows:

	GROUP		COMPANY	
	01/01 - 31/12/2005	01/01 - 31/12/2004	01/01 - 31/12/2005	01/01 - 31/12/2004
Amounts in €				
<b>Adjustments to Profit after Tax for:</b>				
Income Tax	13.972.715	7.994.779	12.253.979	5.773.481
Depreciation of tangible assets	4.999.302	4.745.454	4.140.498	3.863.564
Depreciation of intangible assets	15.263	20.852	0	3.143
Provisions	1.712.960	146.977	1.121.837	0
Income from reverce of provisions	(362.591)	(1.579.291)	(331.256)	(1.285.283)
Profit / Loss from the Disposal of tangible assets	(105.582)	(52.639)	(118.642)	(48.890)
Losses from the fair value recognition of financial assets through profit and loss	(549)	2.752	0	0
Gains from sale of securities	0	(132.234)	0	(187)
Gains from sale of financial assets available for sale	(3.542.468)	(58.171)	(3.499.579)	0
Credit interest and similar income	(725.346)	(528.847)	(660.090)	(461.636)
Debit interest and similar expenses	81.709	105.470	9.355	0
Proceeds from dividends	(300.041)	(169.874)	(289.350)	(179.084)
Depreciation of grands - Granted rights	(36.937)	(37.211)	(36.937)	(37.211)
Losses from equity participations in associates	279.259	113.280	0	0
Gains from sale of associates	(641.186)	0	0	0
Other	0	6.897	0	0
<b>Total Adjustments to Profit after Tax</b>	<b>15.346.508</b>	<b>10.578.193</b>	<b>12.589.814</b>	<b>7.627.898</b>

## 5.31 Analysis of IFRS first implementation adjustments

### STATEMENT OF CHANGES IN EQUITY AT THE BEGINNING OF THE PERIOD (01/01/2005 AND 01/01/2004 RESPECTIVELY) BETWEEN GREEK GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Amounts in €		GROUP		COMPANY	
	Note	1-Iav-2004	31-Δεκ-2004	1-Iav-2004	31-Δεκ-2004
<b>Total Equity according to Greek GAAP</b>		112.510.584	123.502.621	100.805.681	107.500.435
<b>Adjustments of International Financial Reporting Standards (IFRS)</b>					
Reclasification of grants (from equity to non current liabilities)		(149.048)	(111.838)	(149.048)	(111.838)
Adjustment from revaluation of property, plant and equipment	(i)	47.000.812	41.851.536	36.482.576	32.359.981
Adjustments from derecognition of formation and other capitalised expenses		(1.363.242)	61.390	(1.221.568)	193.342
Adjustments from construction contracts	(ii)	(2.390.755)	(193.532)	(1.538.514)	389.673
Recognition of dividends at the period that are approved by the General Assembly	(iii)	8.312.096	10.390.120	8.312.096	10.390.120
Valuation of available for sale financial assets at fair value	(iv)	(9.346)	327.457	(9.346)	327.457
Valuation of financial assets at fair value through profit or loss		228.856	1.427	0	0
Accrued retirement benefit obligations	(v)	(2.259.218)	(1.695.449)	(1.752.987)	(1.228.950)
Recognition of finance leases		9.505	2.212	9.505	2.212
Recognition of Deferred Tax		(16.879.345)	(15.495.955)	(12.519.294)	(11.625.124)
Not recognized consolidation differences as Goodwill	(vi)	(15.268.653)	(14.287.640)	0	0
Adjustments from consolidation of investments associates under the equity method	(vii)	(248.647)	(14.076)	0	0
Recognition of derivative financial instruments	(viii)	(157.180)	0	(157.180)	0
Write-off free of charge acquired shares of affiliated companies		0	0	(586.560)	(586.560)
<b>Total Adjustments</b>		<b>16.825.835</b>	<b>20.835.652</b>	<b>26.869.679</b>	<b>30.110.314</b>
<b>Total Equity according to IFRS</b>		<b>129.336.418,80</b>	<b>144.338.273,30</b>	<b>127.675.359,98</b>	<b>137.610.748,21</b>

Amounts in €		GROUP		COMPANY	
	Note	12 months to 31/12/2004		12 months to 31/12/2004	
<b>Total Profit after Tax according to Greek GAAP</b>		17.810.190		14.298.599	
<b>Adjustments of International Financial Reporting Standards (IFRS)</b>					
Adjustments from derecognition of formation and other capitalised expenses		7.513		0	
Adjustments from construction contracts	(ii)	2.197.223		1.928.187	
Impact from adjustments to the useful life and net value of tangible	(i)	(2.352.185)		(2.233.403)	
Reversal of depreciations of formation expenses, capitalised under previous GAAP		1.414.909		1.414.909	
Valuation of financial assets at fair value through profit or loss		(227.426)			
Accrued retirement benefit obligations	(v)	563.769		524.037	
Recognition of finance leases		(7.293)		(7.293)	
Recognition of Deferred Tax		515.956		289.630	
Reversal of goodwill's depreciation	(vi)	981.013		0	
Adjustments from consolidation of investments associates under the equity method	(vii)	234.571		0	
Derivatives financial instruments recognition	(viii)	157.180		157.180	
<b>Total Adjustments</b>		<b>3.485.230</b>		<b>2.073.247</b>	
<b>Profit according to IFRS</b>		<b>0</b>	<b>21.295.420</b>		<b>16.371.846</b>

## NOTES TO THE ADJUSTMENTS

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

Property, plant and machinery was 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 independent real estate appraisal.

Other tangible assets (mainly vehicles, office furniture and computers) were valued at historic cost less accumulated depreciation. The depreciation of these fixed assets were readjusted based on their real useful life. Analytically, from the valuation of fixed assets as at the transition date to IFRS the following emerged:

*Amounts in € '000s*

*Tangible assets valued at fair value (deemed cost)*

Fair value as deemed cost according to IFRS	64.746	47.401
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Carrying amount on transition date, according to Greek GAAP	18.193	11.362
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<b>Total Adjustments to book value</b>	<b>46.552</b>	<b>36.039</b>
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*Tangible assets valued at historic cost less accumulated depreciation*

Value on transition date according to IFRS (adjusted useful life)	2.874	1.640
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Value on transition date according to Greek GAAP (useful life determined by P.D. 100/98)	2.426	1.197
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<b>Total Adjustments on carrying amount</b>	<b>449</b>	<b>443</b>
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<b>Total Adjustments on tangible assets on transistion date</b>	<b>47.001</b>	<b>36.483</b>
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The changes that occurred during 2004 are due to the following:

- to the readjustment the Group conducted on the previous accounting principles based on the provisions of L. 2065.
- to the recalculation of depreciations for fiscal year 2004.



## (ii) – Impact from construction contracts

The accounting treatment of income and expense recognition from construction contracts, is based on the provisions of IAS 11 that requires revenues to be recognized to profit and loss using the percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion resulting in the reporting revenue, expenses and profit which can be attributed to the proportion of the work completed.

In addition any expected loss on individual contracts is recognized as an expense in the income statement. The effect to Group's equity is as follows:

€ '000	Adjustments from the implementation of IAS 11 in Equity			
	THE GROUP		THE COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Write off, of actual cost of construction contracts which has been completed, but according to previous GAAP had been recognised as inventory	(13.588)	(12.732)	(11.741)	(12.439)
Recognition of contract revenue according to the proportion of the work completed	11.973	12.589	10.979	12.847
Recognition of provision for expected loss on individual contract	(777)	(51)	(777)	(18)
<b>TOTAL</b>	<b>(2.392)</b>	<b>(194)</b>	<b>(1.539)</b>	<b>390</b>

Due to the estimation of income and expenses generated from construction contracts on 31/12/2004, Group's contracts' cost of sales, was decreased by € 855th., turnover and other income was increased by € 617th. and € 725 th. respectively. This amount refers to income from provision of projects loss, which were executed during 2004.

The parent company presented the following: increase in the cost of sales of projects by €698 th., increase by € 1.868 th. of the turnover and other income amounting to €758 th. This amount refers to income from provision of projects loss, which were executed during 2004.

## (iii) – Recognition of 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.

## (iv) – Revaluation of available for sale financial assets at fair value

The Group classified, on transition date (1/1/2004) according to IFRS 1, its financial instruments as "financial assets available-for-sale", "derivative financial instruments" and "financial assets at fair value through profit and loss".

Financial instruments that can be reliably measured, were valued on transition date at fair value (e.g. for listed companies, the closing price at the date of the financial statements). The difference in the valuation based in the previous accounting policies was charged to Equity.

A gain or loss arising from a change in fair value of financial assets held-for-sale is transferred to reserves, a gain or loss arising from a change in fair value of derivative financial instruments is recognized in profit or loss. The company followed the same principles in the previous accounting policies as well and carried from the valuation of these financial instruments to the Equity.

#### **(v) – Recognition of accrued retirement benefit obligations**

According to International Accounting Standards, the Group recognizes as liability the present value of its legal obligation for a lump sum payment to the employees as a remuneration due to retirement. The above mentioned liability on transition date for the Group, amounted to € 2.259 th. (€ 1.752 th. for the parent company), which was estimated by actuarial study.

Specifically, this study concerned the calculation of actuarial figures required by IAS 19 that is mandatory to be registered in the Balance Sheet and the Profit and Loss.

The date on which the liability was first estimated was on 31 December 2004. In order to estimate the liability for 31 December 2004 the same actuarial assumptions were used.

As a result Group's profit for 2004 was increased by € 546 th. due to a decrease of the employees of METKA S.A. (the company's by € 524 th.).

#### **(vi) – Not recognized consolidation differences as Goodwill**

The Group used the option of not applying IFRS 3 retrospectively, thus goodwill generated by acquisitions of subsidiaries prior to transition date was not remeasured.

In addition, examining cost/benefit from the analytical application of IFRS3 regarding the recognition of goodwill, the Group did not recognise goodwill amounted to € 15.269 th. As a result, while the expected return from investments in subsidiaries was supposed to exceed the investment cost, The Group erased the goodwill of the previous accounting policies, thus reducing the profit carried forward. Consolidated profit for the fiscal year 2004 and the period ended 31<sup>st</sup> December of 2004, was increased by € 981 th., regarding to goodwill amortization that was charged to profit & loss according to previous GAAP.

## **(vii) – Impact from consolidation of investments in associates under the equity method**

The Group applies the equity method of IAS 28, in order to consolidate Investments in associates. Investments in Associates at the date of transition include "MYTILINEOS HELLENIC WIND POWER S.A." and "MYTILINEOS POWER GENERATION AND SUPPLIES S.A.". The Company – based on previous accounting policies - consolidated the a/m companies at 31/12/2004 and recognized its proportion to the total of cumulative profits of these companies, as had arisen out of these accounting policies.

An amount of € 249 th. was recognized to Equity, due to losses of these companies until 31/12/2003.

Impact to Group's equity arising from the consolidation of investments in associates is related to adjustments in their financial statements in order to be consistent with IFRS.

## **(viii) Recognition of Derivative financial instruments**

According to the new accounting policies, the Company recognized its commitment for the forward (purchase of Euros against Dollars). This transaction was committed at the end of 2003 and expired in the beginning of 2004. The income of €157 th. concerns the year 2004, so it was registered in the profit and loss of the interim periods and the current year after the transaction expiry. Based on the previous accounting policies, this transaction was registered in off-balance sheet accounts.

## **Adjustments to the Cash Flow Statement**

Adjustments to the Cash Flow Statement are analysed as follows:

The Group, throughout the previous fiscal year, compiled and published its cash flow statement analysis, based on the Hellenic Capital Market Committee guidelines. At the transition to the IFRS, the cash flow statements were revised according to IAS 7 "Cash Flow Statements". The following differences came out of this revision:

Amounts in €	THE GROUP			THE COMPANY		
	Cash flow according to IAS 7	Cash flow according to the previous accounting principles	Difference	Cash flow according to IAS 7	Cash flow according to the previous accounting principles	Difference
Cash flows from operating activities	(12.674.731)	(9.102.380)	(3.572.351)	(11.107.889)	(9.709.872)	(1.398.017)
Cash flow from Investing activities	(6.098.492)	(7.898.065)	1.799.573	(6.557.488)	(7.301.949)	744.461
Cash flow from Financing activities	(8.424.644)	(9.122.517)	697.873	(8.303.264)	(8.956.819)	653.556
<b>Net increase / decrease in cash and cash equivalents</b>	<b>(27.197.867)</b>	<b>(26.122.963)</b>	<b>(1.074.904)</b>	<b>(25.968.640)</b>	<b>(25.968.640)</b>	<b>0</b>
Cash and Cash equivalents at the beginning of the period	36.355.645	33.680.741	2.674.904	30.385.015	30.385.015	0
<b>Cash and Cash equivalents at the end of the period</b>	<b>9.157.778</b>	<b>7.557.778</b>	<b>1.600.000</b>	<b>4.416.374</b>	<b>4.416.374</b>	<b>0</b>

The main differences are analysed as follows:

- The Group cash equivalents as at 1/1/2004 and 31/12/2004 increase by the amounts € 2.674.904 and € 1.600.000 respectively. These amounts concern short-term investments of great liquidity, which were registered in the account "Securities", according to the previous accounting policies, while according to IAS 7 they belong to the Cash equivalents.
- Interest and other relative expense as well as the interest receipts, according to previous accounting policies were registered to the cash flow from financing activities, while according to the new accounting policies they are registered to the operating activities.
- The purchases / sales of securities ( financial instruments) according to the previous accounting policies were registered to the cash flow from operating activities, while according to the new accounting policies, they are registered in the investing activities.

### **5.32 Modification of the beginning balance sheet and the financial statements for previous fiscal year**

These financial statements are the first to be formed on the IFRS basis. The accounting principles followed for the statements of 2005, were applied consistently to the ones of the previous fiscal year 2004 and the balance sheet at transition date to IFRS (ie.01/01/2004).

The definitive adjustments at transition to the IFRS, have been modified in relation to the interim financial statements. Specifically, in the frame of evaluating the accounting principles and the adjustments to transition to IFRS, it was decided to recognize the deferred tax arising out of the expenses that were not deductible by the tax authorities. The calculation of this liability was performed based on past tax audit experience of the Group.

As a result, came the modification of the beginning balance sheet in IFRS as well as the modification of financial statements for the fiscal year 2004. Specifically, the parent company equity was charged with €720.000; in 2004 there was an additional provision of €150.000 and the equity was charged with €870.000 as of 31/12/2004. The consolidated equity as of 31/12/2003 was with €941.695; in 2004 there was an additional provision of €126.781 and the consolidated equity was charged with €1.095.404. as of 31/12/2004.

The adoption of the IFRS has no impact on the income statement of the interim financial statements, so they are not published again; the equity is altered though. The changes in equity are presented hereby:

Amounts in €

Amount total equity according to the interim published financial statements  
minus : Additional provision of deferred taxes due to tax differences  
**Total equity after the adjustments**

GROUP							
1/1/2004	31/3/2004	30/6/2004	30/9/2004	31/12/2004	31/3/2005	30/6/2005	30/9/2005
130.278.114	133.040.545	127.897.720	131.742.317	145.433.678	153.869.053	154.640.633	90.595.966
(941.695)	(941.695)	(941.695)	(941.695)	(1.095.404)	(1.095.404)	(1.095.404)	(1.095.404)
<b>129.336.419</b>	<b>132.098.850</b>	<b>126.956.025</b>	<b>130.800.622</b>	<b>144.338.274</b>	<b>152.773.649</b>	<b>153.545.229</b>	<b>89.500.562</b>

Amounts in €

Amount total equity according to the interim published financial statements  
minus : Additional provision of deferred taxes due to tax differences  
**Total equity after the adjustments**

COMPANY							
1/1/2004	31/3/2004	30/6/2004	30/9/2004	31/12/2004	31/3/2005	30/6/2005	30/9/2005
128.395.360	130.795.754	123.945.944	126.284.889	138.480.748	146.246.874	145.323.117	80.489.171
(720.000)	(720.000)	(720.000)	(720.000)	(870.000)	(870.000)	(870.000)	(870.000)
<b>127.675.360</b>	<b>130.075.754</b>	<b>123.225.944</b>	<b>125.564.889</b>	<b>137.610.748</b>	<b>145.376.874</b>	<b>144.453.117</b>	<b>79.619.171</b>

The net profit for the fiscal year 2004 are modified as follows:

Amounts in €

**Net Profit of the year 2004, according to the interim published financial statements of 1st quarter**  
minus : Additional provision of deferred taxes due to tax differences  
**Net profit of year 2004 after the adjustments**

GROUP	COMPANY
21.422.201	16.521.846
(126.781)	(150.000)
<b>21.295.420</b>	<b>16.371.846</b>

In addition, some accounts in the company and the consolidated financial statements of 31/12/2004 were rearranged but in any case the total equity was not affected. The most significant modification concerns the allocation of customer advances among the short-term and the long-term liabilities.

### 5.33 Commitments

Group's commitments due to construction contracts are as follows:

Amounts in €

**Commitments from construction contracts**

	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Value of unexecutable construction contracts	445.822.976	441.778.876	384.814.468	387.153.123
Granted guarantees of good performance	77.166.752	128.896.702	75.785.583	126.823.727

### 5.34 Contingent Assets & Contingent Liabilities

There are no substantial disputes in Courts or in Arbitration that can influence the operation and the financial results of the company.

The company has proprietary titles over its fixed assets, and there are no real sureties towards the banks, except those towards National Bank of Greece amounting to €2.347,00; the loan has been paid in full though.

### **Unaudited fiscal years**

The company has been tax audited for the years 2001-2004. The tax audit was completed during 2005, while the final tax audit sheets were published at 9/1/2006. A total income tax of €853.004,20 was imposed, being €552.330,02 as additional taxes and €300.704,18 as tax super addition. In addition, an amount of €202.496,00 concerning fines and tax differences was imposed as well. The company has made a provision for the tax differences.

For the Group companies, the unaudited fiscal years are as follows:

- SERVISTEEL :2003-2005
- RODAX S.A. :2001-2005
- EKME S.A. :2001-2005
- 3KP S.A. :2003-2005
- ELEMKA S.A. :2002-2005

For expenses that may arise due to tax auditing, the company has formed sufficient provisions for deferred tax liability.

### **Information regarding contingent receivables**

There are cumulative receivables of the company amounting to €3m. from insurance companies regarding damages in the projects execution. The compensations to be rendered, are under full consideration from the insurance companies.

Furthermore, the company has submitted to its clients claims amounting to €1,5m., regarding supplementary works in various projects.

## 5.35 Related party transactions

### 1) Balance among the related parties

<i>Amounts in €</i>	THE GROUP		THE COMPANY	
	31/12/05	31/12/04	31/12/05	31/12/04
<i>a) Demands from customers and project under progress</i>				
Parent company	0	14.313	0	0
Subsidiaries	727.328	12.107	5.666	12.107
Associates	41.631	37.265	0	4.158
Board of directors	0	0	0	0
Other Parent company's subsidiaries	178.219	2.933.312	176.594	2.928.657
<b>Total</b>	<b>947.178</b>	<b>2.996.996</b>	<b>182.260</b>	<b>2.944.923</b>
<i>b) Other Demands</i>				
Parent company	1.322.220	0	1.322.220	0
Other Parent company's subsidiaries	289.350	8.380.000	289.350	8.380.000
<b>Total</b>	<b>1.611.570</b>	<b>8.380.000</b>	<b>1.611.570</b>	<b>8.380.000</b>
<i>c) Obligation to suppliers and other liabilities</i>				
Parent company	4.043.560	142.586	4.043.560	38.626
Subsidiaries	23.416.224	18.776.557	22.694.563	18.776.557
Other Parent company's subsidiaries	29.182.043	18.963	29.182.043	18.963
<b>Total</b>	<b>56.641.827</b>	<b>18.938.106</b>	<b>55.920.165</b>	<b>18.834.146</b>
<i>d) Obligation to customers and project under progress</i>				
Other Parent company's subsidiaries	9.406.165	0	9.406.165	0
<b>Total</b>	<b>9.406.165</b>	<b>0</b>	<b>9.406.165</b>	<b>0</b>

### 2) Purchases/Sales among the related parties

<i>Amounts in €</i>	THE GROUP		THE COMPANY	
	31/12/05	31/12/04	31/12/05	31/12/04
<i>a) Income from execution of projects and other income</i>				
Parent company	1.343.068	1.006.271	1.322.000	1.006.271
Subsidiaries	1.761.828	86.704	336.715	86.704
Associates	35.221	87.671	15.453	87.671
Other Parent company's subsidiaries	6.371.231	350.701	6.362.344	350.701
<b>Total</b>	<b>9.511.348</b>	<b>1.531.347</b>	<b>8.036.512</b>	<b>1.531.347</b>
<i>c) Purchases of goods and services</i>				
Parent company	4.960.736	124.797	4.750.794	124.797
Subsidiaries	44.063.810	28.035.659	42.638.698	28.035.659
Other Parent company's subsidiaries	146.114	384.935	146.114	384.935
<b>Total</b>	<b>49.170.660</b>	<b>28.545.391</b>	<b>47.535.607</b>	<b>28.545.391</b>

### 3) Commitments among the related parties

<i>Amounts in €</i>	THE GROUP		THE COMPANY	
	31/12/05	31/12/04	31/12/05	31/12/04
Parent company	54.237.288	68.203.509	54.237.288	68.203.509
Other Parent company's subsidiaries	4.540.000	4.540.000	4.540.000	4.540.000
<b>Total</b>	<b>58.777.288</b>	<b>72.743.509</b>	<b>58.777.288</b>	<b>72.743.509</b>

### 4) Benefits of Board of Directors

<i>Amounts in €</i>	THE GROUP		THE COMPANY	
	31/12/05	31/12/04	31/12/05	31/12/04
Salaries and other short term benefits	2.678.859	760.286	2.385.938	469.272
<b>Total</b>	<b>2.678.859</b>	<b>760.286</b>	<b>2.385.938</b>	<b>469.272</b>

## 5.36 Earnings per share

The basic earnings per share (in euro cents) are as follows:

<i>Amounts in €</i>	GROUP		COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
<b>Profit before income tax</b>	52.678.753	29.290.199	46.593.879	22.145.327
Income Tax Expense	(13.972.715)	(7.994.779)	(12.253.979)	(5.773.481)
<b>Profit for the Period (1)</b>	<b>38.706.038</b>	<b>21.295.420</b>	<b>34.339.900</b>	<b>16.371.846</b>
<b>Attributable to:</b>				
<b>Equity holders of the parent (2)</b>	37.397.417	19.756.088		
Minority Interests	1.308.621	1.539.332		
	<b>38.706.038</b>	<b>21.295.420</b>		
<b>Weighted average number of shares (3)</b>	<b>51.950.600</b>	<b>51.950.600</b>	<b>51.950.600</b>	<b>51.950.600</b>
<b>Basic earnings per Share (in cent /share)</b>	(2)/(3): 71,99	(2)/(3): 38,03	(2)/(3): 66,1	(2)/(3): 31,51

## 5.37 Subsequent events

There are no subsequent events to the financial statements concerning the Group and the Company, that should be reported according to the IAS principles.