



**Interim Financial Statements**  
**According to the International Financial Reporting**  
**Standards (IFRS)**

**Jan. – Sept. 2005**

**SIDENOR STEEL PRODUCTS**  
**MANUFACTURING COMPANY S.A.**

Societe' Anonyme Register No 2310/06/B/86/20

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Athens

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## Balance Sheet

<i>Amounts in thousands of Euros</i>	Notes	CONSOLIDATED		COMPANY	
		30/9/2005	31/12/2004	30/9/2005	31/12/2004
<b>ASSETS</b>					
<b>Non-current assets</b>					
Tangible fixed assets		735,064	746,199	144,227	149,651
Investment property			0		0
Intangible assets		251	148	29	0
Investments in companies incorporated Equity Method	5	17,534	16,337	5,836	5,840
Investments in companies incorporated by full consolidation method			0	181,560	158,436
Other investments in companies		1,562	1,561	1,407	1,406
Deferred tax assets			0		0
Financial assets available for sale			0		0
Derivatives			0		0
Other receivables		3,693	3,665	1,168	1,157
		<b>758,105</b>	<b>767,910</b>	<b>334,227</b>	<b>316,489</b>
<b>Current assets</b>					
Stocks		281,704	257,308	69,490	96,803
Trade & other receivables		229,857	202,090	162,465	142,983
Financial assets available for sale			0		0
Derivatives		232	0		0
Financial assets at fair value through P&L			0		0
Securities		985	542		0
Current tax claims		12,392	16,841	9,347	14,806
Cash & cash equivalents		15,308	16,880	2,105	879
		<b>540,477</b>	<b>493,661</b>	<b>243,408</b>	<b>255,472</b>
		<b>1,298,582</b>	<b>1,261,571</b>	<b>577,635</b>	<b>571,960</b>
<b>Total assets</b>					
<b>EQUITY</b>					
<b>Share Capital &amp; Reserves attributable to the Company's Equity Holders</b>					
Share capital		39,158	39,075	39,158	39,158
Share Premium account		118,091	118,091	118,091	118,091
Foreign exchange differences from the consolidation of foreign subsidiary companies		-92	-245	0	0
Fair value reserves		-3,810		-1,232	0
Other reserves		85,795	60,799	54,244	46,220
Profits/(losses) carried forward		150,113	179,549	54,117	69,392
		<b>389,254</b>	<b>397,270</b>	<b>264,377</b>	<b>272,861</b>
		<b>101,470</b>	<b>100,673</b>	<b>-</b>	<b>-</b>
<b>Minority interests</b>					
<b>Total equity</b>					
		<b>490,724</b>	<b>497,942</b>	<b>264,377</b>	<b>272,861</b>
<b>LIABILITIES</b>					
<b>Long-term liabilities</b>					
Loans		382,126	413,085	175,773	222,227
Finance Lease Obligations		2,382	3,730		0
Derivatives		2,715	0	1,643	0
Deferred tax liabilities		79,533	74,076	23,374	23,567
Retirement Benefits Obligations		5,445	6,709	1,886	2,477
Government Grants		16,423	14,473	601	730
Provisions		4,586	12,820	2	2
		<b>493,209</b>	<b>524,892</b>	<b>203,280</b>	<b>249,004</b>
<b>Short-term liabilities</b>					
Trade and other liabilities		131,746	120,441	51,758	21,392
Current tax liabilities		8,380	16,645	3,330	6,299
Loans		170,822	101,651	54,890	22,405
Derivatives		3,701	0		0
Provisions			0		0
		<b>314,649</b>	<b>238,737</b>	<b>109,978</b>	<b>50,096</b>
<b>Total liabilities</b>					
		<b>807,858</b>	<b>763,629</b>	<b>313,258</b>	<b>299,099</b>
<b>Total liabilities and equity</b>					
		<b>1,298,582</b>	<b>1,261,571</b>	<b>577,635</b>	<b>571,960</b>

The notes on pages 6 to 48 constitute an integral part of these interim financial statements.

### Income Statement

*Amounts in thousands of Euros*

	<b>COMPANY</b>			
	1/1- 30/9/2005	1/7- 30/9/2005	1/1- 30/9/2004	1/7- 30/9/2004
<b>Sales</b>	<b>260,274</b>	<b>73,445</b>	<b>375,192</b>	<b>138,879</b>
Cost of sales	-232,661	-64,021	-319,300	-125,628
<b>Gross profit</b>	<b>27,613</b>	<b>9,424</b>	<b>55,892</b>	<b>13,251</b>
Selling expenses	-18,180	-6,408	-18,203	-6,752
Administrative expenses	-7,896	-2,731	-7,706	-2,637
Other operating income/(expenses) (net)	4,815	2,531	1,019	462
<b>Operating results</b>	<b>6,352</b>	<b>2,817</b>	<b>31,001</b>	<b>4,324</b>
Financial income – net	-6,694	-2,143	-6,301	-2,348
Profits/Losses from related companies	3,908	396	801	0
<b>Profits before taxes</b>	<b>3,567</b>	<b>1,070</b>	<b>25,501</b>	<b>1,977</b>
Income tax	-1,268	-308	-2,925	-1,328
<b>Net profits of the period</b>	<b>2,299</b>	<b>762</b>	<b>22,576</b>	<b>648</b>
<b>Distributed to:</b>				
Equity holders of the Company	2,299	762	22,576	648
Minority interests				
	2,299	762	22,576	648
<b>Earnings per share attributed to the equity holders of the Company for the period</b> (expressed in Euros per share)				
Basic and Diluted	0.024	0.008	0.236	0.007

	<b>Notes</b>	<b>CONSOLIDATED</b>			
		1/1- 30/9/2005	1/7- 30/9/2005	1/1- 30/9/2004	1/7- 30/9/2004
<b>Sales</b>	4	<b>705,454</b>	<b>257,246</b>	<b>671,831</b>	<b>272,740</b>
Cost of sales		-588,425	-220,527	-522,483	-213,421
<b>Gross profit</b>		<b>117,029</b>	<b>36,719</b>	<b>149,348</b>	<b>59,319</b>
Selling expenses		-58,962	-20,327	-52,755	-20,154
Administrative expenses		-27,326	-8,534	-25,092	-6,927
Other operating income/(expenses) (net)		4,078	1,453	4,564	-764
<b>Operating results</b>		<b>34,819</b>	<b>6,406</b>	<b>76,064</b>	<b>31,473</b>
Financial income – net		-18,688	-6,602	-18,563	-6,550
Profits/Losses from related companies		2,809	684	2,518	676
<b>Profits before taxes</b>		<b>18,941</b>	<b>487</b>	<b>60,019</b>	<b>25,600</b>
Income tax		-12,606	-3,306	-12,831	-5,898
<b>Net profits of the period</b>		<b>6,335</b>	<b>-2,819</b>	<b>47,189</b>	<b>19,702</b>
<b>Distributed to:</b>					
Equity holders of the Company		8,647	-1,703	42,354	16,501
Minority interests		-2,312	-1,116	4,834	3,201
		6,335	-2,819	47,189	19,702
<b>Earnings per share attributed to the equity holders of the Company for the period</b> (expressed in Euros per share)					
Basic and Diluted	10	8,647 0.091	-1,703 (0.018)	42,354 0.443	16,501 0.173

Note 1: "Income tax" includes a provision for both income tax and deferred tax for each period respectively.

The notes on pages 6 to 48 constitute an integral part of these interim financial statements.

### Statement of changes in equity

Amounts in Euros

	Share capital	Paid to the shareholders of the parent company Reserves at fair value	Other reserves	Results carried forward	Foreign Ex. due to consolidation	Total	Minority interests	Total Owner's equity
<b>CONSOLIDATED</b>								
<b>Balance as of 1 January 2004</b>	<b>157,166</b>		<b>54,024</b>	<b>128,045</b>	<b>-221</b>	<b>339,014</b>	<b>83,038</b>	<b>422,052</b>
Foreign exchange differences					-24	-24		-24
Profit/(loss) directly recognised in owner's equity						0		0
Net profit of the period				59,351		59,351	12,229	71,580
Total recognised net profit of the period	0	0	0	59,351	-24	59,328	12,229	71,557
Issuance of share capital/Sales of own shares						0		0
Increase in holdings in a subsidiary company			2,252	1,450		3,702	5,638	9,340
Transfer of reserves			4,523	-4,523		0		0
Dividend				-4,774		-4,774	-232	-5,006
	0	0	6,775	-7,847	0	-1,072	5,406	4,334
<b>Balance as of 31 December 2004</b>	<b>157,166</b>	<b>0</b>	<b>60,799</b>	<b>179,549</b>	<b>-245</b>	<b>397,270</b>	<b>100,673</b>	<b>497,942</b>
Application of Inter. Acc. Standards 32 & 39		-2,261				-2,261	-535	-2,796
<b>Balance as of 1 January 2005</b>	<b>157,166</b>	<b>-2,261</b>	<b>60,799</b>	<b>179,549</b>	<b>-245</b>	<b>395,009</b>	<b>100,137</b>	<b>495,146</b>
Foreign exchange differences			0	-128	153	24	-1	24
Profit/(loss) directly recognised in owner's equity	83	-1,549		1,105		-362	-293	-655
Net profit of the period				8,649		8,649	-2,312	6,337
Total recognised net profit of the period	83	-1,549	0	9,625	153	8,311	-2,606	5,706
Issuance of share capital/Sales of own shares						0		0
Increase in holdings in subsidiary companies						0		0
Transfer of reserves			23,436	-23,436		0		0
Dividend				-9,548		-9,548	-689,499	-10,237
Proportion to the change in the percentage of a subsidiary company			1,562	-5,840		-4,278	4,628,261	350
Other			-2	-238		-240	0	-241
	0	0	24,996	-39,062	0	-14,066	3,938	-10,127
<b>Balance as of 30 September 2005</b>	<b>157,249</b>	<b>-3,810</b>	<b>85,795</b>	<b>150,113</b>	<b>-92</b>	<b>389,254</b>	<b>101,470</b>	<b>490,724</b>
<b>COMPANY</b>								
<b>Balance as of 1 January 2004</b>	<b>157,249</b>	<b>0</b>	<b>42,211</b>	<b>53,208</b>	<b>0</b>	<b>252,668</b>	<b>0</b>	<b>252,668</b>
Profit/(loss) directly recognised in owner's equity						0		0
Net profit of the period				24,969		24,969		24,969
Total recognised net profit of the period	0	0	0	24,969	0	24,969	0	24,969
	0	0	0	0	0	0	0	0
Employee stock options						0		0
Value of services						0		0
Income from the issuance of shares						0		0
Issuance of share capital/Sales of own shares						0		0
Transfer of reserves			4,009	-4,009		0		0
Dividend				-4,775		-4,775		-4,755
	0	0	4,009	-8,785	0	-4,775	0	-4,775
<b>Balance as of 31 December 2004</b>	<b>157,249</b>	<b>0</b>	<b>46,220</b>	<b>69,392</b>	<b>0</b>	<b>272,861</b>	<b>0</b>	<b>272,861</b>
Application of Inter. Acc. Standards 32 & 39		-743				-743		
<b>Balance as of 1 January 2005</b>	<b>157,249</b>	<b>-743</b>	<b>46,220</b>	<b>69,392</b>	<b>0</b>	<b>272,118</b>	<b>0</b>	<b>272,118</b>
Net profit/(loss) directly recognised in owner's equity						0		0
Net profit of the period				2,299		2,299		2,299
Total recognised net profit of the period	0	0	0	2,299	0	2,299	0	2,299
Issuance of share capital/Sales of own shares						0		0
Transfer of reserves			8,023	-8,023		0		0
Application of Inter. Acc. Standards 32 & 39		-490				-490		-490
Dividend				-9,551		-9,551		-9,551
	0	-490	8,023	-17,574	0	-10,040	0	-10,040
<b>Balance as of 30 September 2005</b>	<b>157,249</b>	<b>-1,232</b>	<b>54,244</b>	<b>54,117</b>	<b>0</b>	<b>264,377</b>	<b>0</b>	<b>264,377</b>

The notes on pages 6 to 48 constitute an integral part of these interim financial statements.

**Cash Flow Statement**
*Amounts in thousand of Euros*

	Notes	CONSOLIDATED		COMPANY	
		30/9/2005	30/9/2004	30/9/2005	30/9/2004
<b>Cash flows from operating activities</b>					
Cash flows from operating activities		22,338	63,544	57,434	(60)
Interest paid		(16,600)	(15,534)	(5,799)	(4,114)
Income tax paid		(12,404)	(2,607)	(3,149)	(2,014)
<b>Net cash flows from operating activities</b>		<b>(6,666)</b>	<b>45,403</b>	<b>48,487</b>	<b>(6,187)</b>
<b>Cash flows from investment activities</b>					
Purchase of tangible fixed assets		(26,365)	(28,723)	(2,787)	(5,763)
Purchase of intangible assets		(215)	-	(37)	
Purchase of financial assets available for sale		(900)			
Sale of tangible fixed assets		908	1,820	568	16
Dividends received		1,026	963	1,439	355
Loans granted to related parties					
Purchase of financial assets available for sale					
Purchase of financial assets at fair value through results					
Purchase of subsidiaries (less cash accounts thereof)		(51)	(16)	(23,122)	(11,562)
Sale of financial assets available for sale		524			
Sale of financial assets at fair value through results					
Interest received		802	131	214	1
Loan repayments from related parties					
Other (long-term receivables)		(64)	27	(11)	28
<b>Net cash flows from investment activities</b>		<b>(24,335)</b>	<b>(25,799)</b>	<b>(23,736)</b>	<b>(16,926)</b>
<b>Cash flows from financing activities</b>					
Issuance of common shares		214	8,408		
Purchase of own shares					
Dividends distributed to Company's shareholders		(9,554)	(4,774)	(9,554)	(4,774)
Loans received		92,975	189,718	19,303	184,000
Repayments of loans		(54,536)	(219,237)	(33,273)	(156,609)
Repayment of leasing principle		(1,254)	(1,132)		
Dividends distributed to minority interests		(83)	(611)		
Collection of a subsidy		1,387	5,250		
Other (please clarify)					
<b>Net cash flows from financing activities</b>		<b>29,150</b>	<b>(22,377)</b>	<b>(23,524)</b>	<b>22,617</b>
<b>Net (decrease)/increase in cash on hand and equivalent cash accounts</b>					
Cash on hand and equivalent cash accounts at the beginning of the period		(1,850)	(2,773)	1,226	(496)
Foreign exchange differences in cash on hand and equivalent cash accounts		16,880	16,317	879	1,727
Cash on hand and equivalent cash accounts at the end of the period		278	(52)		
		<b>15,308</b>	<b>13,492</b>	<b>2,105</b>	<b>1,231</b>

The notes on pages 6 to 48 constitute an integral part of these interim financial statements.

**Additional data and information on the interim financial statements****1. General information**

The interim financial statements include the interim corporate financial statements of SIDENOR STEEL PRODUCTS MANUFACTURING COMPANY S.A. (the “Company”) and the interim consolidated financial statements of the Company and its subsidiaries (together the “Group”). The corporate names of the Company’s subsidiaries are presented in Note 6 of the financial statements.

The Group’s main activities include the production and sale of steel and iron products.

The Group is active in Greece, in the broader region of the Balkans and Europe, as well as in the United States of America. The Company’s shares are listed on the Athens Stock Exchange. The SIDENOR group of companies is a member of VIOHALCO group of companies.

The Company’s headquarters are located in Greece, 2-4 Mesogheion Ave. of the Municipality of Athens of the Prefecture of Attiki. The Company’s electronic address is [www.sidenor.gr](http://www.sidenor.gr).

The Company’s financial statements have been approved for publication by its Board of Directors on 28 November 2005.

**2. Overview of significant accounting principles****2.1 Framework of the Company’s financial statements**

The Company’s interim financial statements dated 30 September 2005 that cover the nine months until 30 September 2005, they have been prepared according to International Accounting Standard (IAS) 34 (“Interim financial reporting”), and are subject to the provisions of International Financial Reporting Standard (IFRS) 1 (“First-time Adoption of International Financial Reporting Standards”), whereas they constitute part of the period that is covered by the first IFRS financial statements for the fiscal year that ends on 31 December 2005.

The accounting principles that were applied during the preparation and presentation of the Company’s interim financial statements are consistent with those that were applied during the preparation and presentation of the Company’s and Group’s financial statements for the fiscal year that ended on 31 December 2004.

According to the transitional provisions of IFRS 1 and of the other relative standards, the Group has applied the standards that are expected to apply on 31 December 2005 to its financial data from 1 January 2004, with the exception of International Accounting Standards

32 and 39 (*Financial Instruments: Disclosure and Presentation* and *Financial Instruments: Recognition and Measurement*, respectively). These standards were applied from 1 January 2005 pursuant to IFRS 1, and as a result they were not applied to the figures of fiscal year 2004.

In order to better understand and to be better informed, the Company's Interim financial statements should be taken into consideration together with the Report on the transition to the IFRS of 31 December 2004 that is available on the Group's web-site ([www.sidenor.gr](http://www.sidenor.gr)).

Until 31 December 2004, all financial statements had been prepared according to the Greek General Accepted Accounting Principles (GAAP). The GAAP differ from the IFRS at certain points. During the preparation of the current financial statements, the Administration amended some of the accounting, evaluation and consolidation methods that it applied in the past according to the Greek General Accepted Accounting Principles so that these may be consistent with the IFRS. The financial figures of 2004 have been adjusted based on these amendments.

Note 4 provides the reconciliation and the effect of this transition (from the GAAP to the IFRS) on both owner's equity and the results.

The interim financial statements have been prepared according to the principle of historical cost, as this has been amended, by evaluating investments available for sale and financial assets and liabilities at fair value through results

The Group has chosen to revalue its real estate and mechanical equipment at their fair value and to use these values as their deemed cost as of 1 January 2004. With regard to real estate, the method of comparative approximation was used, while with regard to machinery the method of depreciated cost of replacement was used, as these were verified by independent appraisers.

The accounting principles that were applied did not change in relation to those that were applied for the preparation of the financial statements of 31 December 2004.

Preparation of the consolidated interim financial statements based on the International Financial Reporting Standards, requires the use of certain important accounting estimations and the exercise of judgment on behalf of the Administration during the application of accounting policies. In addition, it requires the use of calculations and assumptions that affect asset and liability figures, the notification of potential receivables and liabilities on the day the financial statements are prepared and income and expense figures during the said period. In spite of the fact that these calculations are based on the Administration's best

possible knowledge of current conditions and actions, actual results may differ from these calculations.

### **2.1.1 Consolidated financial statements**

#### *(a) Subsidiary companies*

Subsidiary companies are companies that are controlled by a parent company. The existence of possible potential voting rights that may be exercised on the day on which financial statements are prepared is taken into consideration in determining whether or not a parent company exercises control over its subsidiaries. Subsidiaries are fully consolidated (total consolidation) from the day control over them is acquired and cease to be consolidated from the day this control is no longer exercised.

A subsidiary's buy-out by the Group is recorded in accounting books according to the buy-out method. The acquisition cost of a subsidiary is the fair value of its assets that were transferred, of its shares that were issued and of its liabilities that were undertaken on the day the buy-out was effected, plus any cost that is directly associated with the buy-out. Personal assets, liabilities and potential liabilities that are acquired through a business combination are estimated at the time of the buy-out at their fair values regardless of the participation percentage. The buy-out cost that exceeds the fair values of the individual assets that were acquired is recorded as goodwill. If the total buy-out cost is less than the fair value of the individual assets that were acquired, the difference is recorded in the results.

Inter-company transactions, balances and non-realised profits from transactions between the Group's companies are not recorded. The same applies to non-realised losses, unless there are indications that the value of the fixed asset that was transferred has been decreased. The accounting principles that are applied by the Group's subsidiary companies have been amended so that they may be consistent with those that have been adopted by the Group.

A company records its investments in subsidiary companies at their acquisition cost less devaluation.

#### *(b) Related companies*

Related companies are companies over which the Group exercises significant influence, but not control, which, in general, applies when the participation percentage in the voting rights of a related company ranges between 20% and 50%. Investments in related companies are recorded in accounting books according to the net worth method and are initially recognised at their acquisition cost. The account in which investments in related companies are recorded

also includes the goodwill that arises during the buy-out (decreased by possible devaluation losses).

The Group's share in the profits or losses of its related companies after the relative buy-out has been completed is recorded in the results, while its share in changes in reserve accounts after the buy-out has been completed is recorded in the reserve accounts. Accumulated changes affect the book value of the Group's investments in related companies. If the Group's share in the losses of a related company is greater than the value of its investment therein, additional losses are not recognised, unless payments have been made or liabilities have been undertaken on the related company's behalf.

Non-realised profits that arise from transactions between the Group and its related companies are not taken into consideration to the extent of the Group's participation therein. The same applies to non-realised losses, unless there are indications that the value of the fixed asset that was transferred has been decreased. The accounting principles that are applied by the Group's related companies have been amended so that they may be consistent with those that have been adopted by the Group.

The Company records its investments in related companies at their acquisition cost less devaluation.

### **2.1.2 Foreign exchange conversions**

*(a) Functional currency and presentation currency (the currency in which financial statements are expressed)*

The figures recorded in the financial statements of the Group's companies are expressed in the currency of the economic environment in which each company operates ("functional currency").

The consolidated financial statements are expressed in Euros, which constitutes both the parent company's functional assessment currency and its presentation currency.

*(b) Transactions and balances*

Transactions that are carried out in a foreign currency are converted to the functional currency based on the exchange rate that is applicable on the day the transaction is carried out. Profits and losses from foreign exchange differences that arise from the settlement of such transactions during the period and from the conversion of monetary assets that are expressed in a foreign currency based on the exchange rate that is applicable on the day the balance sheet is prepared are recorded in the results.

(c) *The Group's Companies*

The figures recorded in the financial statements of the Group's companies (none of which operate in a hyperinflation economy) that are expressed in a different functional currency from the Group's presentation currency, are converted as follows:

Assets and liabilities are converted based on the exchange rates that are applicable on the day the balance sheet is prepared.

Income and expenses are converted based on the period's average exchange rates (unless the average exchange rate is not a reasonable estimation of the accumulated affect of the exchange rates that were applicable on the day on which the transactions were carried out, in which case income and expenses are converted based on the actual exchange rates that were applicable on the day on which the transactions were carried out) and any foreign exchange difference that may arise is recorded in an owner's equity reserve account and transferred to the results when these companies are sold.

Foreign exchange differences that may arise due to the conversion of the Group's net investment in a foreign company are recorded in owner's equity. Upon the sale of a foreign company, any accumulated foreign exchange difference is transferred to the income statement as part of the sale's profit or loss.

Goodwill and adjustments of fair values that arise from the buy-out of foreign companies are regarded as the latter's assets and liabilities and are converted based on the exchange rate that is applicable on the day the balance sheet is prepared.

### **2.1.3 Tangible Fixed Assets**

Tangible fixed assets are recorded at their acquisition cost less accumulated depreciation and any devaluation. The acquisition cost includes all direct expenses that were incurred during the asset's acquisition.

Expenses that are incurred after the purchase of a tangible fixed asset are recorded as an increase of the tangible fixed asset's book value or as a separate fixed asset only if the Group acquires future financial gains therefrom and the cost thereof may be estimated with a certain degree of reliability. Repair and maintenance costs are recorded in the results when these are incurred.

Land is not depreciated. Other tangible fixed assets are depreciated based on the straight line method with equal annual charges during the asset's expected service life, so that the

asset's cost may be recorded at its residual value at the end thereof. The service lives of tangible fixed assets are set as follows:

- Buildings 10-33 years
- Mechanical equipment 5-20 years
- Vehicles 6-7 years
- Other equipment 3-8 years

The residual value and the service life of any tangible fixed asset may be re-evaluated in any balance sheet, if this is deemed necessary.

When the book value of a tangible fixed asset exceeds its estimated recoverable value, the difference (devaluation) is immediately recorded in the results as an expense.

During the sale of a tangible fixed asset, any difference that may arise between the price that is received and the book value thereof is recorded in the results as a profit or loss.

Financial expenses that concern the construction of an asset are capitalised throughout the period of the asset's construction. All other financial expenses are recognised in the income statement.

#### **2.1.4 Intangible Assets**

##### **Software programs**

Software licenses are estimated at their acquisition cost, less accumulated amortisation and any accumulated devaluation. These assets are amortised based on the straight line method throughout their service life, which ranges between 3 to 5 years.

Expenses that are incurred for the software's development and maintenance are recognised in the Income Statement as an expense in the year in which they are incurred.

##### **2.1.5 Devaluation of assets**

Assets that have an indefinite service life are not depreciated. Their value is decreased on an annual basis, even when certain facts indicate that their book value may not be recovered. Assets that are depreciated are subject to control regarding their devaluation when there are indications that their book value will not be recovered. The recoverable value is the greater amount between an asset's fair value, less selling expenses, and the use value. Losses due to an asset's devaluation are recorded in the Income Statement as an expense in the year in which they are incurred.

### **2.1.6 Investments**

#### **Accounting Principles 1 January 2004 until 31 December 2004**

Investments, with the exception of subsidiary companies, related companies and joint ventures, over which the Group does not exercise significant influence, are recorded at cost, less any provision for devaluation. Derivatives are not recorded in the balance sheet.

#### **Accounting Principles from 1 January 2005**

The Group's investments are classified into the categories noted below based on the purpose for which they were acquired. The Group's Administration decides on the investment's classification at the time the investment was initially recognised and re-examines its classification on every publication date.

*(a) Financial assets recorded at their fair value with changes to results*

This category includes financial assets that were acquired in order to be resold in a short period of time. Financial assets of this category are recorded in a current asset account if they are held for commercial purposes or if they are expected to be sold within 12 months of the day the balance sheet is prepared.

*(b) Loans and Receivables*

This category includes non-derivatives with fixed or designated payments, which are neither traded in active markets nor intended to be sold. These financial assets are recorded in a current asset account, with the exception of those financial assets that have a term greater than 12 months from the day the balance sheet is prepared. These latter assets are recorded in a non-current asset account.

*(c) Investments that are held until maturity*

This category includes non-derivatives with fixed or designated payments and with a specific maturity, and which the Group intends and has the capacity to hold onto until they mature.

*(d) Available financial assets*

This category includes non-derivatives that are either classified in this category or cannot be classified in any of the aforementioned categories. These assets are recorded in non-current asset accounts provided the Administration does not intend to liquidate them within 12 months of the day the balance sheet is prepared.

The purchase and sale of an investment is recognised on the day the transaction is carried out, which is also the day on which the Group is bound to purchase or sell the asset. Investments are initially recorded at their fair value plus the transaction's expenses. Investments are written off when the right to collect the cash flows that arise therefrom expires or is transferred and the Group has substantially transferred all the risks and benefits that ownership thereof entails.

Subsequently, assets that are available for sale are evaluated at their fair value and the relative profits or losses are recorded in an owner's equity reserve account until they are sold or devaluated. Upon the sale or devaluation of these assets the profit or loss is transferred to the results. Devaluation losses that have been recognised in the results may not be reversed through the results.

Realised and non-realised profits or losses that arise from changes in the fair values of financial assets, evaluated at their fair value with changes to the results, are recognised in the period in which they arise.

The fair values of financial assets that are traded in stock markets are determined by current purchase prices. The fair values of financial assets that are not traded in stock markets are determined by applying evaluation methods, such as analysis of recent transactions, comparable assets that are traded and discounting cash flows.

On every balance sheet date the Group determines whether there is any objective indication that leads to the conclusion that the values of its financial assets have decreased. With regard to shares that have been classified as "financial assets available for sale", such an indication would be a significant or prolonged decrease in their fair value in relation to their acquisition cost. If the asset's value has indeed decreased, the loss that has accumulated in the owner's equity account, which constitutes the difference between the acquisition cost and the fair value, is transferred to the results. Devaluation losses regarding shares that are recorded in the results may not be reversed through the results.

### **2.1.7 Stocks**

Stocks are estimated at the lesser value between their acquisition cost and their net liquid value. The acquisition cost is determined based on the average monthly weighted cost method. Financial expenses are not included in the acquisition cost. The net liquid value is estimated based on the stock's current sales price, within the framework of ordinary business activities, less any possible selling expenses, wherever such a case concurs.

**2.1.8 Trade and other short-term receivables**

Receivables from clients are initially recorded at their fair value and are subsequently estimated at their unamortised cost based on the true interest rate method, less any devaluation loss. Devaluation losses are recognised when there is an objective indication that the Group is not in a position to collect all the amounts that are due pursuant to relative contractual terms. The amount of the provision is equal to the difference between the book value of the receivables and the present value of the estimated future cash flows, discounted based on the true interest rate method. The amount of the provision is recorded as an expense in the Income Statement.

**2.1.9 Cash and equivalent cash accounts**

Cash and equivalent cash accounts include cash on hand and sight deposits.

**2.1.10 Reporting per sector**

A business sector is defined as a group of assets and activities that provide products and services that are subject to risks and performances different to those that other business sectors are subject to. A geographic sector is defined as a geographic region in which products and services are provided and which is subject to risks and performances different to those that other regions are subject to.

**2.1.11 Share capital**

Common shares are included in owner's equity.

Direct expenses that are associated with the issuance of shares are recorded, after the relative income tax has been deducted, as a reduction to the issuance's product. Direct expenses relating to shares that have been issued for the acquisition of a company are included in the acquisition cost thereof.

The acquisition cost of own shares is recorded as a reduction to the Company's owner's equity until these shares are sold, cancelled or re-issued. Any profit or loss that arises from the sale of own shares, net of other direct expenses that are associated with the transaction and taxes, is recorded as a reserve in owner's equity.

**2.1.12 Borrowings**

Loans are initially recorded at their fair value, decreased by any possible direct expenses that are required in order to complete the transaction. They are subsequently evaluated at

their unamortised cost based on the true interest rate method. Any difference between the amount that has been collected (net of relative expenses) and the settlement value is recorded in the results during the term of the loan based on the true interest rate method.

Loans are classified as short-term obligations unless the Group has the right to defer the settlement thereof for at least 12 months from the day the balance sheet is prepared. In this case, loans are classified as long-term liabilities.

### **2.1.13 Deferred Income Tax**

Deferred income tax is determined with the method of liability that arises from temporary differences between the book value and the tax base of assets and liabilities. Deferred income tax is not accounted for if it arises from an asset's or liability's initial recognition in a transaction, with the exception of a business combination, which, when the transaction was effected, did not affect the accounting or tax profit or loss. Deferred income tax is determined based on the tax coefficients that are applicable on the day the balance sheet is prepared.

Deferred tax claims are recognised to the extent that a future taxable profit will arise from the use of the temporary difference that creates the deferred tax claim.

Deferred income tax is recognised for the temporary differences that arise from investments in subsidiary and related companies, with the exception of the case in which inversion of temporary differences is controlled by the Group and it is possible that the temporary differences will not invert in the foreseeable future.

### **2.1.14 Personnel benefits**

#### *(a) Benefits following withdrawal from the Service*

Benefits following withdrawal from the service include both fixed contributions programs and fixed benefits programs.

The accrued cost of fixed contributions programs is recorded as an expense in the period that it concerns.

The liability that is recorded in the balance sheet for fixed benefits programs is the present value of the commitment for the fixed benefit less the fair value of the program's assets, the changes that arise from the non-recognised actuarial profits and losses and the cost of past service. The commitment of the fixed benefit is calculated by an independent actuary with the projected unit credit method.

Actuarial profits and losses that arise from adjustments on the basis of historic data and are above or below the margin of 10% of the accumulated liability are recorded in the results within the expected average insurance term of the program's participants. The cost of past service is recorded directly in the results, with the exception of the case in which changes to the program depend on the remaining term of the employee's past service. In this case, the cost of past service is recorded in the results based on the fixed method within the maturing period.

*(b) Employment termination benefits*

Employment termination benefits are paid when employees decide to retire prior to their respective date of retirement. The Group records these benefits when it is bound, or when it terminates the employment of existing employees based on a detailed schedule for which there is no possibility of withdrawal or when it offers these benefits as an incentive for voluntary retirement. Employment termination benefits that are due in 12 months after the day the balance sheet is prepared are discounted.

In the case of employment termination in which the Group is not able to determine the number of employees who will take advantage of this incentive, these benefits are not accounted for, but are rather recorded as a potential liability.

#### **2.1.15 Grants**

State subsidies are recognised at their fair value, when it is certain that the subsidy will be received and that the Group will comply with all stipulated terms.

State subsidies that concern expenses are deferred and are recorded in the results so that these will match the expenses that they will cover.

State subsidies regarding the purchase of tangible fixed assets are recorded in long-term liability accounts as deferred state subsidies and are transferred as income to the income statement based on the fixed method over the expected service life of these assets.

#### **2.1.16 Provisions**

Provisions are recognised when:

- i. There is a present legal or inferred commitment as a result of past events.
- ii. Outflow of funds may be demanded for the commitment's settlement.
- iii. The amount in question may be reasonably estimated.

When there are various similar liabilities, the possibility that an outflow of funds will be demanded during the settlement thereof is determined by examining the category of the liabilities overall. A provision is recognised even if the possibility of an outflow of funds regarding any asset that is included in the same category of liabilities may be negligible.

#### **2.1.17 Recognition of income**

Income includes the fair value of goods that have been sold and of services that have been rendered, net of Value Added Tax, discounts and returns. Inter-Group income is not taken into account. Income is recognised as follows:

*(a) Sale of goods*

Sales of goods are recognised when the Group delivers the goods to its customers, when the goods are received by the latter and when collection of the claim is reasonably guaranteed.

*(b) Provision of services*

Income from the provision of services is accounted for in the period in which the services are rendered, based on their stage of completion in relation to all the services that shall be rendered.

*(c) Income from interest*

Income from interest is recognised based on time proportion and with the use of the true interest rate. When receivables decrease, the book value thereof is reduced to their recoverable amount, which is the present value of the expected future cash flows discounted with the initial true interest rate. Subsequently, interest is accounted for based on the same interest rate that is applied on the decreased (new book) value.

*(d) Dividends*

Dividends are accounted for as revenues when a right to collect is established.

#### **2.1.18 Leases**

Leases of fixed assets in which the Group substantially maintains all the risks and benefits that ownership thereof entails, are classified as leasing. Leasing is capitalised from the moment the lease begins at the lesser amount between the fixed asset's fair value and the present value of the minimum lease amounts. The corresponding liabilities that arise from the leases, net of financial expenses, are recorded in liability accounts. The part of the financial expenses that concerns leasing is recorded in the results during the term of the lease.

Leases, in which the lessor substantially maintains all the risks and benefits, are classified as operating leases. Payments that are made with regard to operating leases are recognised in the results on a fixed basis during the term of the lease.

### **2.1.19 Distribution of dividends**

The distribution of dividends to the parent company's shareholders is recognised as a liability in the consolidated financial statements when the distribution thereof is approved by the General Meeting of the shareholders

## **2.2 Management of financial risks**

### **2.2.1 Financial risk factors**

The Group is exposed to financial risks, such as market risks (changes to foreign exchange rates, interest rates, market prices), credit risks and liquidity risks. The Group's general risk management program focuses on the fact that financial-credit markets cannot be forecasted and seeks to minimise the potential negative affect thereof on the Group's financial performance.

Risk management is carried out by the Group's central finance department, which operates with specific rules that have been approved by the Board of Directors. The Board of Directors provides instructions and guidelines on the general management of risks, as well as special instructions on the management of specific risks, such as foreign exchange risks, interest rate risks and credit risks.

#### *(a) Market risk*

The Group is active in Europe, and consequently the greater part of the Group's transactions are carried out in Euros. However, part of the Group's purchases in merchandise is denominated in US Dollar. Immediate payment of these suppliers significantly reduces the foreign exchange risk.

#### *(b) Credit risk*

The Group has adopted and applies credit control procedures with the purpose of minimising doubtful claims and immediately covering claims with commercial paper. No client exceeds 10% of sales and, consequently, commercial risk is allocated over a large number of clients. Goods and services are provided on a wholesale basis primarily to clients with a creditable credit history. The Department of Credit Control sets the credit limits of each client and

applies specific sales and collections terms. According to the Group's policy, receivables from clients are secured.

(c) *Liquidity risk*

Liquidity risk is kept at a low level by having sufficient cash on hand and sufficient credit limits with collaborating banks.

(d) *Interest rate fluctuation risk*

The Group's loan obligations are associated with fluctuating interest rates that, depending on market conditions, may either remain fluctuated or may become fixed. The group uses derivatives in order to offset interest rate risks (SWAPS).

### **2.2.2 Determining fair values**

The fair values of financial assets that are traded in active markets (stock markets) (e.g. derivatives, shares, bonds, mutual funds) are set according to the published prices that are valid on the day the balance sheet is prepared. The fair value of financial assets is determined by their offer price, while the fair value of financial liabilities is determined by their demand price.

The fair values of financial assets that are not traded in active markets are set through the use of evaluation techniques and standards that are based on market data on the day the balance sheet is prepared.

The nominal value less provisions for doubtful commercial claims is deemed to approximate their actual value. The actual values of financial liabilities, for the purpose of being recorded in financial statements, are estimated based on the present value of the future cash flows that arise from specific contracts using the current interest rate that is available for the Group for the use of similar financial-credit means.

### **3. Significant accounting evaluations and judgments of the Administration**

The Administration's evaluations and judgements are re-examined on a continuous basis and are based on historical figures and expectations of future events, which are deemed reasonable pursuant to that which is in force.

#### **3.1 Significant accounting evaluations and acknowledgments**

The Group proceeds in evaluations and acknowledgements with regard to the development of future events. Evaluations and acknowledgements that entail a significant probability that they will cause substantial adjustments to the book values of assets and liabilities in the following 12 months are:

- a) The Group's judgment is required in order to determine the income tax provision. There are many transactions and estimations for which the tax's final determination is uncertain. If the final tax is different than the initially recognised tax, the difference shall affect the income tax and the provision for deferred taxation of the period.
- b) The Group forms a provision for disputed cases based on evidence provided by the Group's Legal Department.
- c) The Group forms provisions for contractual obligations to its clients, which are estimated based on historical and statistical data that arose from the resolution of corresponding past cases.
- d) The Group forms provision for devaluations of holdings by taking into consideration the future benefits that shall arise therefrom.

#### **3.2 The Administration's decisive judgments on the application of accounting principles**

The Administration's estimations were not required in order to apply accounting principles.

#### **4. Transition to the International Financial Reporting Standards**

##### **4.1. Basic principles of transition to the International Financial Reporting Standards**

###### **4.1.1. Application of IFRS 1**

The Group's financial statements are the first annual financial statements that have been prepared in compliance with the International Financial Reporting Standards. These financial statements have been prepared as described in point 2.1. The Group's date of transition is 1 January 2004. The Group prepared its opening balance sheet on this date in compliance with the International Financial Reporting Standards.

In preparing these financial statements according to IFRS 1, the Group applied the mandatory exceptions and certain optional exceptions provided by the complete retroactive application of the International Financial Reporting Standards.

###### **4.1.2. Exemptions from the complete retroactive application that the Group decided**

The Group decided to apply the following optional exemptions provided by the complete retroactive application:

###### *Exemption of related companies (IFRS 3)*

The Group decided not to retroactively apply IFRS 3 ("*Business Combinations*") to company combinations that arose prior to the date of transition to the International Financial Reporting Standards (1 January 2004).

###### *Fair values as the Deemed Cost (IAS 1-16)*

The Group decided to re-estimate real property and mechanical equipment at fair values and to use these values as the deemed cost as of 1 January 2004. With regard to real estate the method of comparative approximation was used, while with regard to machinery the method of depreciated cost of replacement was used, as these were verified by independent appraisers.

###### *Exemption of benefits provided to personnel*

The Group decided to recognise all accumulated actuarial profits and losses as it did on 1 January 2004.

*Exemption of accumulated foreign exchange differences from conversions*

On 1 January 2004, the Group decided to set all accumulated foreign exchange differences that arose from converting the balance sheets of its foreign subsidiary companies to zero. This exemption has been applied to all of the Group's subsidiary companies pursuant to IFRS 1.

*Financial information (IAS 32 & 39)*

The Group has chosen to apply the exemption for comparative assets that concern IAS 32 and 39. The Group has re-classified Derivatives as Derivatives that are used for offsetting risks. The adjustments that are related to IAS 32 and IAS 39 will be duly presented on the opening date of the Balance Sheet of 1 January 2005, which is also the date of the transition for IAS 32 and IAS 39.

**4.1.3. Exceptions from the complete retroactive application that the Group followed**

The Group has applied the following mandatory exceptions from retroactive application:

*(a) Exception to write off financial assets and liabilities*

Financial assets that were written off prior to 1 January 2004 are not recognised again according to the International Financial Reporting Standards.

*(b) Estimation exceptions*

Estimations that were effected on 1 January 2004 according to the International Financial Reporting Standards must agree with the estimations that were effected on the same day according to the General Acceptable Accounting Principles, unless it has been determined that these estimations were incorrect.

*(c) Hedge Accounting*

Since 1 January 2005, the Group's Management applies hedge accounting only if the hedge relation fulfils all hedge accounting criteria pursuant to International Accounting Standard 39.

**4.2. Reconciliations between the IFRS and the GAAP**

The following reconciliations provide a quantitative affect of the transition to the IFRS. The first reconciliation provides an overview of the effect on owner's equity as of 1 January 2004, 30 June 2004 and 31 December 2004. The following reconciliations provide the transition's effect on:

Owner's equity as of 1 January 2004, 30 June 2004 and 31 December 2004 (Note 4.2.1)

The Balance Sheet as of 1 January 2004 (Note 4.2.2)

The Balance Sheet as of 31 December 2004 (Note 4.2.3)

Net profits for 9 months until 30 September 2004 (Note 4.2.4)

The Income Statement for 9 months until 30 September 2004 (Note 4.2.5)

The reconciliation of the Balance Sheet as of 1 January 2005 due to the adoption of IAS 32 & 39 (Note 4.2.6)

#### 4.2.1. Reconciliation of owner's equity as of 30 September 2004

<u>COMPANY (Amounts in thousands of Euros)</u>	<u>30.9.2004</u>
<b>Total net worth according to the GAAP</b>	<b>212,240</b>
<i>Readjustments due to the transition to the IFRS</i>	
Readjustment of provisions that have been formed for employee benefits based on the projected unit credit method and recording actuarial profits and losses	-1,985
Readjustment for deferred taxation	-33,364
Deletion of intangible assets that do not fulfil the recognition criteria of the IFRS	-2,087
Difference in income of fiscal year 2004 (analysis in the net profits reconciliation)	-3,060
Reclassification of the total amount of subsidies from owner's equity into Other Long-term Liabilities	-673
Provisions for doubtful claims	1,296
Readjustment of the value of lots, buildings and machinery at fair value	98,457
Devaluation of holdings	-355
Accumulative affect of other non-significant assets	1
<b>Total transition readjustments</b>	<b>58,228</b>
<b>Total net worth according to the IFRS</b>	<b>270,469</b>
<u>CONSOLIDATED (Amounts in thousands of Euros)</u>	<u>30.9.2004</u>
<b>Total net worth according to the GAAP</b>	<b>254,228</b>
Readjustment of the value of tangible assets	375,087
Benefit from the change to the depreciation coefficients	-6,424
Readjustment of the value of investments	4,852
Deletion of intangible assets that do not fulfil the recognition criteria of the IFRS	-23,172
Deferred taxation	-101,682
Provision for personnel retirement compensation	-6,238
Adjustment of other provision accounts	-7,119
Recognition of income	395
Income tax provision	-8,554
	Change in the consolidation composition
Adjustment of the value of receivables	0
Foreign exchange differences	109
Reverse entry of proposed dividend	0
Reclassification of subsidies from owner's equity	-13,981
Revaluation of the value of stocks	1
Other adjustments (Analysis as below)	2,527
Differences in profits	3,519
<b>Total readjustments</b>	<b>219,318</b>
<b>Total owner's equity according to the IFRS</b>	<b>473,547</b>
<b>Other adjustments</b>	
Provisions for doubtful claims	1,144
Evaluation of holdings-securities	-353
Accumulative affect of other non-significant assets	-187
Transfer of leasing principle	1,381
	Change of the consolidation method
	541
<b>TOTAL</b>	<b>2,527</b>

**4.2.2. Reconciliation of the Balance Sheet as of 1 January 2004**

<b>COMPANY (Amounts in thousands of Euros)</b>	<b>GAAP</b>	<b>Readjustments due to the transition to the IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	56,941	95,669	152,610
Intangible assets	2,087	(2,087)	-
Investments in companies incorporated by net worth method	5,840	(165)	5,675
Other investments in companies	152,943	(355)	152,587
Other receivables	1,111	-	1,111
	<b>218,922</b>	<b>93,061</b>	<b>311,983</b>
<b>Current assets</b>			
Stocks	78,829	(1,706)	77,123
Commercial & other receivables	115,000	7,129	122,130
Current tax claims	4,021	-	4,021
Cash on hand & equivalent cash accounts	1,727	-	1,727
	<b>199,577</b>	<b>5,424</b>	<b>205,001</b>
<b>Total assets</b>	<b>418,499</b>	<b>98,485</b>	<b>516,983</b>
<b>LIABILITIES</b>			
<b>Owner's equity</b>			
Share capital	39,158	-	39,158
Share Premium account	118,091	-	118,091
Other reserves	21,364	20,847	42,211
Profits/(losses) carried forward	8,272	44,937	53,208
<b>Total owner's equity</b>	<b>186,884</b>	<b>65,783</b>	<b>252,668</b>
<b>Long-term liabilities</b>			
Loans	50,387	-	50,387
Deferred tax liabilities	-	33,364	33,364
Liabilities for personnel compensation due to retirement	641	1,985	2,626
Subsidies	-	954	954
Provisions	1	1,177	1,178
	<b>51,029</b>	<b>37,480</b>	<b>88,509</b>
<b>Short-term liabilities</b>			
Suppliers and other liabilities	28,230	(4,779)	23,451
Current tax liabilities	4,260	-	4,260
Loans	148,095	-	148,095
	<b>180,586</b>	<b>(4,799)</b>	<b>175,807</b>
<b>Total long-term &amp; short-term liabilities</b>	<b>231,614</b>	<b>32,701</b>	<b>264,316</b>
<b>Total liabilities</b>	<b>418,199</b>	<b>98,485</b>	<b>516,983</b>

**Reconciliation of the Balance Sheet as of 1 January 2004 (Contd')**

<b>CONSOLIDATED (Amounts in thousands of Euros)</b>	<b>GAAP</b>	<b>Readjustments due to the transition to the IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	249,855	508,060	757,915
Intangible assets	9,654	(9,365)	289
Investments in companies	30,183	(15,753)	14,430
Other receivables	2,801	1,031	3,833
	<u>292,493</u>	<u>483,973</u>	<u>776,465</u>
<b>Current assets</b>			
Stocks	161,475	56,244	217,719
Commercial & other receivables	103,262	43,079	146,341
Securities	-	664	664
Current tax claims	5,293	-	5,293
Cash on hand & equivalent cash accounts	7,559	8,758	16,317
	<u>277,588</u>	<u>108,745</u>	<u>386,334</u>
<b>Total assets</b>	<u>570,081</u>	<u>592,718</u>	<u>1,162,799</u>
<b>LIABILITIES</b>			
<b>Owner's equity</b>			
Share capital	39,158	(83)	39,075
Share Premium account	118,091	-	118,091
Foreign exchange differences from the consolidation of foreign subsidiary companies	(143)	(78)	(221)
Other reserves	(7,646)	61,670	54,024
Profits/(losses) carried forward	2,926	125,119	128,045
	<u>152,386</u>	<u>186,628</u>	<u>339,014</u>
<b>Minority interests</b>	45,336	37,702	83,038
<b>Total owner's equity</b>	<u>197,721</u>	<u>224,331</u>	<u>422,052</u>
<b>Long-term liabilities</b>			
Loans	85,710	60,881	146,591
Deferred tax liabilities	1,196	96,409	97,604
Liabilities for personnel compensation due to retirement	710	5,916	6,626
Subsidies	-	12,304	12,304
Provisions	538	3,827	4,365
	<u>88,154</u>	<u>179,336</u>	<u>267,491</u>
<b>Short-term liabilities</b>			
Suppliers and other liabilities	39,168	31,205	70,373
Current tax liabilities	6,002	-	6,002
Loans	239,035	157,846	396,881
	<u>284,205</u>	<u>189,051</u>	<u>473,256</u>
<b>Total long-term &amp; short-term liabilities</b>	<u>372,360</u>	<u>368,387</u>	<u>740,747</u>
<b>Total liabilities</b>	<u>570,081</u>	<u>592,718</u>	<u>1,162,799</u>

#### 4.2.3. Reconciliation of the Balance Sheet as of 31 December 2004

<b>COMPANY (Amounts in thousands of Euros)</b>	<b>GAAP</b>	<b>Readjustments due to the transition to the IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	53,709	95,943	149,651
Intangible assets	970	(970)	-
Investments in companies incorporated by net worth method	5,840	-	5,840
Investments in companies incorporated by total consolidation method	179,252	(20,817)	158,436
Other investments in companies	1,634	(229)	1,406
Other receivables	1,157	-	1,157
	<b>242,561</b>	<b>73,927</b>	<b>316,489</b>
<b>Current assets</b>			
Stocks	97,070	(267)	96,803
Commercial & other receivables	120,303	22,680	142,983
Current tax claims	14,806	-	14,806
Cash on hand & equivalent cash accounts	879	-	879
	<b>233,095</b>	<b>22,413</b>	<b>255,472</b>
<b>Total assets</b>	<b>475,620</b>	<b>96,340</b>	<b>571,960</b>
<b>LIABILITIES</b>			
<b>Owner's equity</b>			
Share capital	39,158	-	39,158
Share Premium account	118,091	-	118,091
Other reserves	29,200	17,020	46,220
Profits/(losses) carried forward	6,751	62,642	69,392
<b>Total owner's equity</b>	<b>193,200</b>	<b>79,661</b>	<b>272,861</b>
<b>Long-term liabilities</b>			
Loans	222,227	-	222,227
Deferred tax liabilities	-	23,567	23,567
Liabilities for personnel compensation due to retirement	544	1,934	2,477
Subsidies	-	730	730
Provisions	3	(1)	2
	<b>222,774</b>	<b>26,230</b>	<b>249,004</b>
<b>Short-term liabilities</b>			
Suppliers and other liabilities	30,943	(9,551)	21,392
Current tax liabilities	6,299	-	6,299
Loans	22,405	-	22,405
	<b>59,646</b>	<b>(9,551)</b>	<b>50,096</b>
<b>Total long-term &amp; short-term liabilities</b>	<b>282,420</b>	<b>16,679</b>	<b>299,099</b>
<b>Total liabilities</b>	<b>475,620</b>	<b>96,340</b>	<b>571,960</b>

**Reconciliation of the Balance Sheet as of 31 December 2004 (Contd')**

<b>CONSOLIDATED (Amounts in thousands of Euros)</b>	<b>GAAP</b>	<b>Readjustments due to the transition to the IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	365,172	381,026	746,199
Intangible assets	18,012	(17,864)	148
Investments in companies	15,681	2,217	17,898
Deferred tax claims	-	-	-
Other receivables	4,864	(1,199)	3,665
	<u>403,730</u>	<u>364,180</u>	<u>767,910</u>
<b>Current assets</b>			
Stocks	264,205	(6,897)	257,308
Commercial & other receivables	207,333	(5,242)	202,090
Securities	596	(54)	542
Current tax claims	16,841	-	16,841
Cash on hand & equivalent cash accounts	15,832	1,048	16,880
	<u>504,807</u>	<u>(11,145)</u>	<u>493,661</u>
<b>Total assets</b>	<u>908,536</u>	<u>353,035</u>	<u>1,261,571</u>
<b>LIABILITIES</b>			
<b>Owner's equity</b>			
Share capital	39,158	(83)	39,075
Share Premium account	118,091	-	118,091
Foreign exchange differences from the consolidation of foreign subsidiary companies	(155)	(90)	(245)
Other reserves	55,010	5,789	60,799
Profits/(losses) carried forward	(38,120)	217,669	179,549
	<u>173,984</u>	<u>223,286</u>	<u>397,270</u>
<b>Minority interests</b>	<u>72,047</u>	<u>28,626</u>	<u>100,673</u>
<b>Total owner's equity</b>	<u>246,030</u>	<u>251,912</u>	<u>497,942</u>
<b>Long-term liabilities</b>			
Loans	413,085	-	413,085
Deferred tax liabilities	-	74,076	74,076
Liabilities for personnel compensation due to retirement	1,431	5,277	6,709
Subsidies	-	14,473	14,473
Liabilities from leasing	-	3,730	3,730
Provisions	1,906	10,914	12,820
	<u>416,422</u>	<u>108,469</u>	<u>524,892</u>
<b>Short-term liabilities</b>			
Suppliers and other liabilities	129,486	(9,045)	120,441
Current tax liabilities	16,522	123	16,645
Loans	100,075	1,575	101,651
	<u>246,083</u>	<u>(7,346)</u>	<u>238,737</u>
<b>Total long-term &amp; short-term liabilities</b>	<u>662,506</u>	<u>101,123</u>	<u>763,629</u>
<b>Total liabilities</b>	<u>908,536</u>	<u>353,035</u>	<u>1,261,571</u>

#### 4.2.4. Reconciliation of net profits for 9 months until 30 September 2004

<u>COMPANY (Amounts in thousands of Euros)</u>	<u>TOTAL</u>
<b>Total profits according to the GAAP</b>	<b>25,637</b>
<i>Readjustments due to the transition to the IFRS</i>	
Income tax and deferred taxation	-2,925
Recognition of income from the distribution of related companies	194
Readjustment of depreciations that now depict the service lives of tangible fixed assets	297
Results from personnel dismissal and retirement compensation provisions	275
Deletion of income from Provisions for Doubtful Accounts	-542
Deletion of intangible assets that do not fulfil the recognition criteria of the IFRS	-247
Difference in income from the amortisation of fixed asset subsidies	-113
<b>Total transition readjustments</b>	<b>-3,060</b>
<b>Total profits according to the IFRS</b>	<b>22,756</b>
<u>CONSOLIDATED (Amounts in thousands of Euros)</u>	<u>TOTAL</u>
<b>Total profits according to the GAAP</b>	<b>56,326</b>
<i>Readjustment due to the transition to the IFRS</i>	
Readjustment of depreciations that now depict the service lives of tangible fixed assets	12,026
Results from personnel dismissal and retirement compensation provisions	-135
Recognition of provisions	-1,926
Results from provisions for doubtful clients	-542
Difference in income from the amortisation of fixed asset subsidies	-3,948
Deletion of intangible assets that do not fulfil the recognition criteria of the IFRS	1,198
Transfer of leasing principle	0
Recognition of expenses of other taxes	,74
Other	504
Transfer of the provision that was formed for the evaluation of liabilities in foreign exchange to the Central Securities Depository	41
Provision difference	0
Foreign exchange differences	-16
Difference from the evaluation of stocks	-2,997
Alteration of the method of consolidation	9
Transfer of the provision that was formed for the evaluation of liabilities in foreign exchange to the Central Securities Depository	0
Difference in income from dividends	103
Adjustment of income	-1,465
Readjustment of the value of holdings	-338
Recognition of Leasing	1,080
Other	0
<b>Total transition readjustments before taxes</b>	<b>3,519</b>
Reverse tax entries according to the GAAP	174
Provision for income tax of the current fiscal year	-8,561
Deferred tax of the period	4,269
<b>Total transition readjustments after taxes</b>	<b>-9,137</b>
<b>Total profits according to the IFRS</b>	<b>47,189</b>

**4.2.5. Reconciliation of the Income statement of 9 months until 30 September 2004**

<b>COMPANY (Amounts in thousands of Euros)</b>	<b>GAAP</b>	<b>Readjustments due to transition to the IFRS</b>	<b>IFRS</b>
Sales	375,192		375,192
Cost of sales	-319,148	-152	-319,300
<b>Gross profit</b>	<b>56,044</b>	<b>-152</b>	<b>55,892</b>
Selling expenses	-18,219	16	18,203
Administrative expenses	-7,426	-280	-7,706
Other operating income/(expenses) (net)	784	235	1,019
<b>Operating results</b>	<b>31,183</b>	<b>-182</b>	<b>31,001</b>
Financial income/(expenses)	-6,276	-25	-6,301
Profits/Losses from related companies	607	194	801
Extraordinary and non-operating expenses	-85	85	0
Extraordinary and non-operating income	438	-438	0
Extraordinary profits	4	-4	0
Extraordinary losses	-6	6	0
Expenses of previous fiscal years	-839	839	0
Income from provisions of previous fiscal years	542	-542	0
Income from previous fiscal years	68	-68	0
Provisions for extraordinary contingencies	0	0	0
<b>Profits before taxes</b>	<b>25,637</b>	<b>-136</b>	<b>25,501</b>
Income tax		-2,925	-2,925
<b>Net profits of the period</b>	<b>25,637</b>	<b>-3,060</b>	<b>22,576</b>

<b>COMPANY (Amounts in thousands of Euros)</b>	<b>GAAP</b>	<b>Readjustments due to transition to the IFRS</b>	<b>IFRS</b>
Sales	675,929	-4,098	671,831
Cost of sales	-532,507	10,024	-522,483
<b>Gross profit</b>	<b>143,422</b>	<b>5,926</b>	<b>149,348</b>
Selling expenses	-54,058	1,303	-52,755
Administrative expenses	-19,369	-5,723	-25,092
Other operating income/(expenses) (net)	1,391	3,172	4,564
<b>Operating results</b>	<b>71,386</b>	<b>4,678</b>	<b>76,064</b>
Financial income/(expenses)	-16,776	731	-16,045
Extraordinary and non-operating expenses	-4,237	4,237	0
Extraordinary and non-operating income	6,242	-6,242	0
Extraordinary profits	86	-86	0
Extraordinary losses	-829	829	0
Expenses of previous fiscal years	-1,176	1,176	0
Income from provisions of previous fiscal years	552	-552	0
Income from previous fiscal years	1,251	-1,251	0
<b>Profits before taxes</b>	<b>65,500</b>	<b>3,519</b>	<b>60,019</b>
Income tax	-174	-12,656	-12,831
<b>Net profits of the period</b>	<b>56,326</b>	<b>-9,137</b>	<b>47,189</b>

**4.2.6. Reconciliation of the Balance Sheet as of 1 January 2005 due to the adoption of International Accounting Standards 32 & 39**

<u>COMPANY (Amounts in thousands of Euros)</u>	IFRS 31/12/2004	Readjustments due to the adoption of Inter. Acc. Standards 32 & 39	IFRS 1/1/2005
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	149,651	-	149,651
Intangible assets	-	-	-
Investments in companies incorporated by net worth method	5,840	-	5,840
Investments in companies incorporated by total consolidation method	158,436	-	158,436
Other investments in companies	1,406	-	1,406
Other receivables	1,157	-	1,157
	316,489	-	316,489
<b>Current assets</b>			
Stocks	96,803	-	96,803
Commercial & other receivables	142,983	-	142,983
Current tax claims	14,806	-	14,806
Cash on hand & equivalent cash accounts	879	-	879
	255,472	-	255,472
<b>Total assets</b>	571,960	-	571,960
<b>LIABILITIES</b>			
<b>Owner's equity</b>			
Share capital	39,158	-	39,158
Share Premium account	118,091	-	118,091
Reserves at fair value	-	(743)	(743)
Other reserves	46,220	-	46,220
Profits/(losses) carried forward	69,392	-	69,392
<b>Total owner's equity</b>	272,861	(743)	272,118
<b>Long-term liabilities</b>			
Loans	222,227	-	222,227
Deferred tax liabilities	53,567	-	53,567
Liabilities for personnel compensation due to retirement	2,477	-	2,477
Subsidies	730	-	730
Derivatives	-	743	743
Provisions	2	-	2
	249,004	743	249,746
<b>Short-term liabilities</b>			
Suppliers and other liabilities	21,392	-	21,392
Current tax liabilities	6,299	-	6,299
Loans	22,405	-	22,405
	50,096	-	50,096
<b>Total long-term &amp; short-term liabilities</b>	299,099	743	299,842
<b>Total liabilities</b>	571,960	-	571,960

**Reconciliation of the Balance Sheet as of 1 January 2005 due to the adoption of International Accounting Standards 32 & 39 (Contd')**

<b>CONSOLIDATED (Amounts in thousands of Euros)</b>	<b>IFRS 31/12/2004</b>	<b>Readjustments due to the adoption of Inter. Acc. Standards 32 &amp; 39</b>	<b>IFRS 1/1/2005</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	746,199	-	746,199
Intangible assets	148	-	148
Investments in companies	17,898	-	17,898
Deferred tax claims	-	-	-
Other receivables	3,665	-	3,665
	<u>767,910</u>	<u>-</u>	<u>767,910</u>
<b>Current assets</b>			
Stocks	257,308	-	257,308
Commercial & other receivables	202,090	-	202,090
Securities	542	-	542
Current tax claims	16,841	-	16,841
Cash on hand & equivalent cash accounts	16,880	-	16,880
	<u>493,661</u>	<u>-</u>	<u>493,661</u>
<b>Total assets</b>	<u>1,261,571</u>	<u>-</u>	<u>1,261,571</u>
<b>LIABILITIES</b>			
<b>Owner's equity</b>			
Share capital	39,075		39,075
Share Premium account	118,091		118,091
Foreign exchange differences due to the consolidation of foreign subsidiary companies	(245)		(245)
Reserves at fair value	-	(2,261)	(2,261)
Other reserves	60,797		60,797
Profits/(losses) carried forward	179,549		179,549
	<u>397,270</u>	<u>(2,261)</u>	<u>395,009</u>
<b>Minority interests</b>	<u>100,673</u>	<u>(535)</u>	<u>100,137</u>
<b>Total owner's equity</b>	<u>497,942</u>	<u>(2,796)</u>	<u>495,146</u>
<b>Long-term liabilities</b>			
Loans	413,085	-	413,085
Deferred tax liabilities	74,076	-	74,076
Liabilities for personnel compensation due to retirement	6,709	-	6,709
Subsidies	14,473	-	14,473
Liabilities from leasing	3,730	-	3,730
Derivatives		2,796	2,796
Provisions	12,820	-	12,820
	<u>524,892</u>	<u>2,796</u>	<u>527,688</u>
<b>Short-term liabilities</b>			
Suppliers and other liabilities	120,441	-	120,441
Current tax liabilities	16,645	-	16,645
Loans	101,651	-	101,651
	<u>238,737</u>	<u>-</u>	<u>238,737</u>
<b>Total long-term &amp; short-term liabilities</b>	<u>763,629</u>	<u>2,796</u>	<u>766,425</u>
<b>Total liabilities</b>	<u>1,261,571</u>	<u>-</u>	<u>1,261,571</u>

**5. Segment information**
**Primary type of information – business sectors**

The Group is divided into two business sectors:

- (1) Steel products that are used in construction activities
- (2) Pipework products

The results per sector for the 9 months until 30 September 2005 and 30 September 2004, respectively, are as follows:

**9 months until 30 September 2005**  
*(Amounts in thousands of Euros)*

	Steel	Pipeworks	Non-allocated	Total
<b>Total gross sales per sector</b>	<b>669,709</b>	<b>181,273</b>		<b>850,982</b>
Inter-company sales	-139,917	-5,611		-145,528
<b>Net sales</b>	<b>529,792</b>	<b>175,661</b>	0	<b>705,454</b>
Operating profits	33,124	1,765		34,889
Financial expenses			-18,757	-18,757
Share in the results of related companies			2,809	2,809
<b>Profits before taxes</b>	<b>33,124</b>	<b>1,765</b>	<b>-15,948</b>	<b>18,941</b>
Income Tax			-12,606	-12,606
<b>Net profit</b>	<b>33,124</b>	<b>1,765</b>	<b>-28,554</b>	<b>6,335</b>

**9 months until 30 September 2004**  
*(Amounts in thousands of Euros)*

	Steel	Pipeworks	Non-allocated	Total
<b>Total gross sales per sector</b>	<b>791,720</b>	<b>151,726</b>		943,445
Inter-company sales	-259,592	-12,022		-271,615
<b>Net sales</b>	<b>532,127</b>	<b>139,703</b>	0	<b>671,831</b>
Operating profits	91,065	-15,000		76,064
Financial expenses			-18,563	-18,563
Share in the results of related companies		0	2,518	2,518
<b>Profits before taxes</b>	<b>75,020</b>	<b>-15,000</b>	<b>-16,045</b>	<b>60,019</b>
Income Tax			-12,831	-12,831
<b>Net profit</b>	<b>62,189</b>	<b>-15,000</b>	<b>-28,876</b>	<b>47,189</b>

Other information per sector that is included in the results for the 9 months until 30 September 2005 and 30 September 2004, respectively:

**9 months until 30 September 2005**  
*(Amounts in thousands of Euros)*

	Steel	Pipeworks	Non-allocated	Total
Depreciation of tangible and intangible fixed assets	26,554	9,272		<b>35,926</b>

**9 months until 30 September 2004**  
*(Amounts in thousands of Euros)*

	Steel	Pipeworks	Non-allocated	Total
Depreciation of tangible and intangible fixed assets	26,437	9,352		<b>35,789</b>

Transfers and transactions between sectors are carried out under commercial terms and conditions, according to those that apply to transactions with third parties.

The assets and liabilities per sector as of 30 September 2005 and 30 September 2004, respectively, are:

**30 September 2005**

*(Amounts in thousands of Euros)*

	Steel	Pipeworks	Non-allocated	Total
<b>Assets</b>	931,648	366,934		<b>1,298,582</b>
<b>Liabilities</b>	498,091	309,767		<b>807,858</b>
Investments in tangible and intangible fixed assets (1/1/2005-30/9/2005)	23,236	3,215		<b>26,580</b>

**30 September 2004**

*(Amounts in thousands of Euros)*

	Steel	Pipeworks	Non-distributed	Total
<b>Assets</b>	915,529	326,792		<b>1,242,321</b>
<b>Liabilities</b>	473,863	294,911		<b>768,774</b>
Investments in tangible and intangible fixed assets (1/1/2004-30/9/2004)	24,292	4,432		<b>28,723</b>

Sector assets primarily include tangible fixed assets, stocks, receivables and cash accounts.

Sector liabilities include operating liabilities.

Capital expenditures include expenditures for the acquisition of tangible fixed assets and intangible assets.

**6. Investment in companies**

<i>Amounts in thousands of Euros</i>	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	<b>30/9/2005</b>	<b>31/12/2004</b>	<b>30/9/2005</b>	<b>31/12/2004</b>
<b>Beginning of the period</b>	<b>16,337</b>	<b>13,124</b>	<b>5,840</b>	<b>5,675</b>
Profit/loss (after taxes) share	1,200	3,213		0
Additions / reductions	-3	0	-3	165
<b>Balance at year end</b>	<b>17,534</b>	<b>16,337</b>	<b>5,836</b>	<b>5,840</b>

Brief financial information on related companies:

<b>Corporate Name</b>	<b>Country</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Income (Turnover)</b>	<b>Profits (losses) after taxes</b>	<b>Participation percentage</b>
<b>31 December 2004</b>						
SIDMA S.A.	Greece	133,368	93,403	133,597	10,541	29.62%
DIAPEM S.A.	Greece	716	94	103	-40	33.35%
B.EPE.M S.A.	Greece	44	0	0	-3	50.00%
METALLOURGIA ATTIKIS S.A.	Greece	11,435	2,548	1,930	841	50.00%
EL.K.E.ME. S.A.	Greece	2,853	1,089	1,560	110	20.00%
		<b>148,415</b>	<b>97,133</b>	<b>137,191</b>	<b>11,449</b>	
<b>30 September 2005</b>						
SIDMA S.A.	Greece	154,128	101,343	91,632	2,589	23.98%
DIAPEM S.A.	Greece	766	119	63	-14	33.35%
B.EPE.M S.A.	Greece	41	0	0	-3	50.00%
METALLOURGIA ATTIKIS S.A.	Greece	11,393	2,621	1,199	15	50.00%
EL.K.E.ME. S.A.	Greece	2,843	1,009	1,140	85	20.00%
		<b>169,172</b>	<b>105,092</b>	<b>94,034</b>	<b>2,671</b>	

The Group's participation percentages in investments are:

**Investments in companies that are consolidated with the method of Total Consolidation**

<b>Corporate Name</b>	<b>Country</b>	<b>Acquisition Value</b>	<b>Devaluations</b>	<b>Total acquisition value 31/12/2004</b>	<b>Direct &amp; Indirect Participation Percentage</b>	<b>Additions / Reductions</b>	<b>Total acquisition value 30/9/2005</b>	<b>Direct &amp; Indirect Participation Percentage 30/9/2005</b>
SOVEL S.A	Greece	61,968,942.56		61,968,942.56	61.94%		61,968,942.56	
DEPAL S.A.	Greece	2,203,322.47		2,203,322.47	90.92%		2,203,322.47	
STOMANA INDUSTRY S.A.	Bulgaria	32,656,980.26		32,656,980.26	85.97%		32,656,980.26	61.94%
ERLIKON WIRE PROCESSING S.A.	Greece	5,630,181.18		5,630,181.18	98.92%		5,630,181.18	90.92%
AEIFOROS S.A.	Greece	540,000.00		540,000.00	90.00%		540,000.00	85.97%
ETAL S.A.	Greece	1,635,599.25		1,635,599.25	93.55%	1,799,972.25	3,435,571.50	98.92%
PROSAL S.A.	Greece	168,000.00		168,000.00	70.00%	195,993.00	363,993.00	90.00%
TEPRO STEEL EAD	Bulgaria	5,025,565.00		5,025,565.00	100.00%		5,025,565.00	93.55%
ELMONTE HOLDINGS LIMITED	Cyprus	92,997,642.57	-43,849,357.75	49,148,284.82	100.00%	21,430,000.00	70,578,284.82	70.00%

BOZETI LTD	Cyprus	1,733.01		1,733.01	100.00%		1,733.01	100.00%
BEMET S.A.	Greece	60,000.00		60,000.00	100.00%		60,000.00	100.00%
ETIL S.A.	Greece	132,566.72		132,566.72	63.98%		132,566.72	100.00%
PRAKSYS S.A.	Greece	30,600.00		30,600.00	51.00%		30,600.00	100.00%
DIAPITHIVA S.A.	Greece	2,529,300.00		2,529,300.00	64.09%		2,529,300.00	63.98%
AEIFOROS								
BULGARIA S.A.	Bulgaria	51,372.00		51,372.00	90.00%	51,130.00	102,502.00	51.00%
BET S.A.	Greece	3831,037.57		3831,037.57	61.01%		3831,037.57	70.03%
BEAT S.A.	Greece	78,000.00		78,000.00	39.94%		78,000.00	39.94%
SIGMA S.A.	Bulgaria	141,730.10		141,730.10	63.34%		141,730.10	63.34%
ARGOS S.A.	Greece	59,400.00		59,400.00	63.34%		59,400.00	63.34%
CORINTH								
PIPEWORKS S.A.	Greece	93,330,030.21		93,330,030.21	65.08%	32,212,510.51	125,542,540.72	76.58%
		<b>303,072,002.90</b>	<b>-43,849,357.75</b>	<b>259,222,645.15</b>		<b>55,689,605.75</b>	<b>314,912,250.91</b>	

### Investments in Other Companies

	<b>CONSOLIDATED 31/12/204</b>	<b>COMPANY 31/12/2004</b>
<b>Balance as of 31 December 2004</b>	<b>1,561</b>	<b>1,406</b>
Additions	2	1
<b>Balance as of 30 September 2005</b>	<b>1,562</b>	<b>1,407</b>

The addition concerns the parent company's participation in the establishment of the new company "STEEL CAGES LATERAL REINFORCEMENT SYS LTD" with a direct participation percentage of 57% and an indirect participation percentage of 17.85% (through the subsidiary company PRAKSYS S.A.).

The new company is not included in the consolidated statements since it does not have any activities.

**7. Assumed liabilities**

**Capital liabilities**

There are no significant capital expenditures that have been assumed but not settled as of the date of the Balance Sheet.

**Liabilities from operating leases**

The Group leases mechanical equipment based on operating leases. The future payable total leases according to operating leases are:

Liabilities from operating leases:

<i>Amounts in thousands of Euros</i>	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	<b>30/9/2005</b>	<b>31/12/2004</b>	<b>30/9/2005</b>	<b>31/12/2004</b>
Up to 1 year	859	400	301	277
From 1 to 5 years	1,798	747	576	511
More than 5 years	402	0	0	0
	<b>3,058</b>	<b>1,147</b>	<b>877</b>	<b>788</b>

## 8. Potential liabilities

The Company has the following potential liabilities and receivables in relation to banks, other guarantees and other matters that arise within the framework of its ordinary activities:

<i>Amounts in thousands of Euros</i>	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	<b>30/9/2005</b>	<b>31/12/2004</b>	<b>30/9/2005</b>	<b>31/12/2004</b>
<b>Liabilities</b>				
Guarantees for securing liabilities to suppliers	18,601	34,653	15,760	13,110
Guarantees for securing the good performance of contracts with clients	94,279	20,448	1,007	1,007
	<b>112,880</b>	<b>55,101</b>	<b>16,766</b>	<b>14,117</b>

The Group's disputes under contestation and arbitration, which are pending as of the date of the balance sheet, are:

<i>Amounts in thousands of Euros</i>	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	<b>30/9/2005</b>	<b>31/12/2004</b>	<b>30/9/2005</b>	<b>31/12/2004</b>
<b>Liabilities</b>				
Lawsuits filed by employees due to a work-related accident at Corinth (Subsidiary company CORINTH PIPEWORKS S.A.)	1,000	28,287	0	0
Other lawsuits (Subsidiary company CORINTH PIPEWORKS S.A.)	1,730	143	0	0
Contractual liabilities (Subsidiary company CORINTH PIPEWORKS S.A.)	4,757	4,749	0	0
	<b>7,487</b>	<b>33,179</b>	<b>0</b>	<b>0</b>

During 2004 and the period that ended on 30 September 2005, the subsidiary company formed a provision of a total amount of 3,753,124 Euros and 660,264 Euros, respectively, in the event that the aforementioned lawsuits are not decided in its favour. From the total amount of this provision 3,714,000 Euros was paid to the plaintiffs during the current period, reducing its balance to 699,370 Euros.

Moreover, the subsidiary company, during 2004, formed a provision for losses that may arise due to its contractual liabilities towards its clients in the amount of 8,506,716 Euros. During the current year the company paid an amount of 5,800,000 Euros and formed an additional provision in the amount of 988,304 Euros.

The total amount of all provisions that have been formed is deemed sufficient and no additional burdens are expected to arise.

**9. Existing real liens**

Long-term loans are secured with mortgages and statutory notices of mortgage that have been issued against the Group's lands and buildings.

Mortgages and statutory notices of mortgage of a total amount of 73,200,000 Euros in favour of banks have been issued against the real estate of a subsidiary company.

**10. Related parties**

The following transactions concern transactions with related parties.

<i>Amounts in thousands of Euros</i>	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	<b>1/1 to 30/9/2005</b>	<b>1/1 to 30/9/2004</b>	<b>1/1 to 30/9/2005</b>	<b>1/1 to 30/9/2004</b>
<b>i) Sales of goods &amp; services</b>				
Subsidiaries	0	0	59,124	37,216
Other related parties	203,97	15,420	5,120	2,101
	<b>20,397</b>	<b>15,420</b>	<b>64,315</b>	<b>39,316</b>
<b>ii) Purchases of goods &amp; services</b>				
Subsidiaries	0	0	74,973	223,736
Other related parties	45,552	38,959	9,536	10,479
	<b>45,552</b>	<b>38,959</b>	<b>84,508</b>	<b>234,215</b>
<b>iii) Year-end balances that arise from the sale-purchase of goods/services</b>				
<b>- Receivables from related parties</b>				
Subsidiaries	0	0	24,300	24,186
Other related parties	24,359	18,786	15,076	15,631
	<b>24,359</b>	<b>18,786</b>	<b>39,376</b>	<b>39,817</b>
<b>- Liabilities to related parties</b>				
Subsidiaries	0	0	29,924	17,948
Other related parties	6,235	5,384	1,007	1,092
	<b>6,235</b>	<b>5,384</b>	<b>30,932</b>	<b>19,040</b>

Services to and from related parties, as well as sales and purchases of goods are effected based on price lists that are valid for non-related parties.

<i>Amounts in thousands of Euros</i>	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	<b>30 Sept. 2005</b>	<b>1/1 to 30/9/2004</b>	<b>30 Sept. 2005</b>	<b>1/1 to 30/9/2004</b>
<b>Benefits to the Administration</b>				
Fees – Amounts due to the members of the Board of Directors and to Executives	1,838	2,227	703	1,406

**11. Derivatives**

*Amounts in thousands of Euros*

	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	<b>30 September 2005</b>		<b>30 September 2005</b>	
	<b>Assets</b>	<b>Liabilities</b>		
Interest rate swap contracts	-	2,927		1,643
Foreign exchange swap contracts	232	3,489		
<b>Total</b>	<b>232</b>	<b>6,416</b>		
Current assets / Short-term liabilities	232	3,701	-	-
Non-current assets / Long-term liabilities	-	2,715		1,643
	<b>232</b>	<b>6,416</b>		

**Details of interest rate swap contracts**

	<b>30 Sept 2005</b>	<b>31 Dec 2004</b>	<b>30 Sept 2005</b>	<b>31 Dec 2004</b>
Nominal value	61,071	130,200		113,000

**12. Operating Cash Flows**
**Cash flows from operating activities**

	CONSOLIDATED		COMPANY	
	30/9/2005	30/9/2004	30/9/2005	30/9/2004
<i>Amounts in thousands of Euros</i>				
	<b>Notes</b>			
Profits of the period	6,335	47,189	2,299	22,576
Adjustments for:				
Taxes	12,606	12,831	1,268	2,925
Depreciation of tangible fixed assets	35,813	35,679	7,282	7,220
Amortisation of intangible assets	112	110	8	-
Devaluations	-			
Profits/(losses) from the sale of tangible fixed assets (see below)	467	(265)	311	(4)
Less periodic allocation of losses	(169)		(169)	
Profits/(losses) of the fair value of derivatives	-			
Profits/(losses) of the fair value of other financial assets at fair value through results	16	-		
Profits/(losses) of the fair value of other financial assets at fair value through results	-	60		
Interest (from investments)	(802)	(131)	(214)	(1)
Interest charges	19,548	18,875	6,909	6,464
Income from dividends	(1,609)	259	(3,908)	(802)
Amortisation of subsidies	(988)	(1,934)	(129)	(168)
Share in the results of related companies				
Foreign exchange profits/(losses)	-			
Devaluation of stocks	2,705	279		
Other (credit transactions)	(1,198)	(714)		
	<b>72,836</b>	<b>112,238</b>	<b>13,657</b>	<b>38,210</b>

**Changes in Working capital**

(Increase)/decrease in stocks	(23,367)	(12,633)	27,313	(10,293)
(Increase)/decrease in receivables	(20,176)	(77,085)	(11,554)	(37,408)
Increase/(decrease) in liabilities (not including Banks)	716	38,588	28,609	9,699
Increase/(decrease) in provisions	(6,447)	2,781	-	-
Increase/(decrease) in personnel compensation due to retirement	(1,224)	(343)	(591)	(268)
Increase/(decrease) in financial assets at fair value through results	-			
Other (long-term receivables)	-			
	<b>(50,499)</b>	<b>(48,694)</b>	<b>43,778</b>	<b>(38,270)</b>

**Net cash flows from operating activities**

	<b>22,338</b>	<b>63,544</b>	<b>57,434</b>	<b>(60)</b>
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Profits from the sale of fixed assets include:

	30/9/2005	30/9/2004	30/9/2005	30/9/2004
<i>Amounts in thousands of Euros</i>				
Net book value (note 2)	1,376	1,555	879	12
Profits/(losses) from the sale of tangible fixed assets	(467)	265	(311)	4
Income from the sale of tangible fixed assets	<b>908</b>	<b>1,820</b>	<b>568</b>	<b>16</b>

**13. Borrowings**

<i>Amounts in thousands of Euros</i>	<b>CONSOLIDATED 30/09/05</b>	<b>COMPANY 30/09/05</b>
<b>Long-term loans</b>		
Bank loans	255,500	147,500
Bond loans	126,626	28,273
Long-term liabilities from leasing	2,382	0
<b>Total long-term loans</b>	<b>384,508</b>	<b>175,733</b>
<b>Short-term loans</b>		
Short-term bank loans	74,490	54,466
Bank overdrafts	94,663	424
Short-term liabilities from leasing	1,669	0
<b>Total short-term loans</b>	<b>170,822</b>	<b>54,890</b>

**14. Profits per share**

**Basic and reduced**

<b>2005</b> <i>Amounts in thousands of Euros</i>	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	<b>1/1 to 30/9/2005</b>	<b>1/7 to 30/9/2005</b>	<b>1/1 to 30/9/2005</b>	<b>1/7 to 30/9/2005</b>
Profits that correspond to Company's Shareholders	8,647	-1,703	2,299	762
Weighted average number of shares	95,506,626	95,506,626	95,506,626	95,506,626
Basic and diluted profits per share (Euros per share)	0.091	-0.018	0.024	0.008

<b>2004</b> <i>Operating results</i>	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	<b>1/1 to 30/9/2004</b>	<b>1/7 to 30/9/2004</b>	<b>1/1 to 30/9/2004</b>	<b>1/7 to 30/9/2004</b>
Profits that correspond to Company's Shareholders	42,354	16,501	22,576	648
Weighted average number of shares	95,506,626	95,506,626	95,506,626	95,506,626
Basic and diluted profits per share (Euros per share)	0.443	0.173	0.236	0.007

The basic and diluted profits per share are calculated by dividing the profit that corresponds to the shareholders of the parent company by the weighted average number of common shares during the period. Own shares that were purchased by the company are not included in the aforementioned number of common shares.

**15. Unaudited fiscal years**

The Company has been audited by the competent tax authorities until, and including, 2001.

Some of the Group's subsidiary companies have not been audited by tax authorities for various fiscal years from 1999 until and including 2004.

<b>COMPANY</b>	<b>UNAUDITED FISCAL YEARS</b>
SOVEL S.A.	2001-2004
STOMANA INDUSTRY S.A.	2003-2004
ERLIKON WIRE PROCESSING S.A.	2001-2004
TEPRO STEEL EAD	2003-2004
AEIFOROS S.A.	2001-2004
ELMONTE HOLDINGS LIMITED	2001-2004
BOZETI LTD	2003-2004
AEIFOROS BULGARIA S.A.	2004
DIAPETHIV S.A.	2002-2004
CORINTH PIPEWORKS S.A.	2003-2004
VEMET S.A.	2003-2004
PRAKSYS S.A.	2004
BET S.A.	2003-2004
BEAT S.A.	2003-2004
ETAL S.A.	1999-2004
PROSAL S.A.	2004
ETIL S.A.	1999-2004
ARGOS S.A.	2003-2004
SIGMA S.A.	2002-2004
DEPAL S.A.	2002-2004
SIDMA S.A.	2004
DIAPEM S.A.	2003-2004
BEPEM S.A.	2000-2004
METALLOURGIA ATTIKIS S.A.	2002-2004
ELKEME S.A.	2003-2004

**16. Number of personnel**

Number of personnel employed at the end of the current period: Group 3,394; Company 351.

**17. Events that took place after the date of the Balance Sheet**

No further significant events took place after the date of the Balance Sheet.