

VIOHALCO

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

Interim condensed financial statements for the period 1 January 2005 to 30 September 2005, in accordance with the International Financial Reporting Standards (“IFRS”) that have been adopted by the European Union.

Third quarter 2005

VIOHALCO

Hellenic Copper and Aluminium Industry S.A.

Company Registration Number: 6053/06/B/86/105

Registered Office: 2-4 Mesogheion Ave., 115 27 Athens

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30 September 2005
(All amounts in thousands of Euros)

Balance Sheets

	Note	Group		Company	
		30/9/2005	31/12/2004	30/9/2005	31/12/2004
		€	€	€	€
ASSETS					
Non-current assets					
Property, plant and equipment		1,778,776	1,787,011	344	240
Intangible assets		12,323	8,014	-	-
Investment in properties		-	-	108,067	108,545
Investments in subsidiary companies	7	-	-	728,771	718,916
Investments in associate companies		14,702	14,521	-	-
Other investments		6,828	15,598	-	36,182
Available-for-sale financial assets		-	-	29,808	-
Derivative financial instruments		924	-	-	-
Deferred tax assets		4,928	909	-	-
Trade and other receivables		10,375	13,176	-	-
		1,828,856	1,839,229	866,989	863,883
Current assets					
Inventories		678,962	625,224	-	-
Trade and other receivables		620,056	565,710	3,245	2,212
Other investments		16,324	2,691	-	-
Available-for-sale financial assets		-	-	10,000	-
Derivative financial instruments		11,062	-	-	-
Current income tax receivables		12,981	18,894	-	-
Cash & cash equivalents		78,268	82,770	9,689	25,069
		1,417,653	1,295,289	22,934	27,281
Total assets		3,246,510	3,134,518	889,923	891,164
EQUITY					
Capital and reserves attributable to Company's equity holders					
Share capital		463,549	463,549	471,460	471,460
Reserves		229,751	213,286	29,398	27,966
Translation reserve		608	(168)	-	-
Accumulated profits		282,539	292,783	368,460	371,148
		976,447	969,450	869,319	870,574
Minority rights		504,534	494,744	-	-
Total equity		1,480,980	1,464,194	869,319	870,574
LIABILITIES					
Non-current liabilities					
Borrowings		787,504	821,520	-	-
Deferred tax liabilities		203,095	192,484	19,084	19,106
Retirement and termination benefit obligations		11,826	18,652	27	27
Government grants		28,608	30,984	-	-
Derivative financial instruments		341	-	-	-
Other liabilities		-	-	-	-
Provisions		17,566	18,713	-	-
		1,048,940	1,082,353	19,111	19,133

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Current liabilities				
Trade and other payables	274,531	260,304	994	1,017
Current tax liabilities	22,136	23,457	499	440
Borrowings	411,475	304,210	-	-
Derivative financial instruments	8,447	-	-	-
Provisions	-	-	-	-
	716,590	587,971	1,493	1,457
Total liabilities	1,765,530	1,670,324	20,605	20,590
Total equity and liabilities	3,246,510	3,134,518	889,923	891,164

The notes on pages 10 to 48 are an integral part of these interim condensed financial statements.

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Income Statements 1/1 – 30/9/2005

	Note	Group		Company	
		1/1- 30/9/2005	1/1- 30/9/2004	1/1- 30/9/2005	1/1- 30/9/2004
		€	€	€	€
Sales		1,746,977	1,566,038	37	39
Cost of sales		1,521,040	1,306,940	32	32
Gross profit		225,936	259,099	5	7
Other operating income – net		20,477	16,373	14,935	11,784
Selling expenses		92,302	80,755	-	-
Administrative expenses		61,216	61,568	1,595	1,430
Other operating expenses		701	3,457	-	-
Operating profit		92,194	129,693	13,346	10,361
Finance costs – net		38,577	37,138	-	-
Share of profit of associates		2,182	2,321	-	-
Profits before taxation		55,799	94,876	13,346	10,361
Income tax expense		25,181	26,378	477	605
Net profits		30,618	68,497	12,868	9,756
Attributable to:					
Equity holders of the parent company		21,916	41,268	12,868	9,756
Minority rights		8,702	27,229	-	-
		30,618	68,497	12,868	9,756
Earnings per share that attributable to the equity holders of the parent company for the period (expressed in Euros per share)					
Basic and diluted	12	0.110	0.207	0.065	0.049

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Income Statements 1/7 – 30/9/2005

	Note	Group		Company	
		1/7- 30/9/2005	1/7- 30/9/2004	1/7- 30/9/2005	1/7- 30/9/2004
		€	€	€	€
Sales		622,549	557,205	14	10
Cost of sales		552,423	462,927	11	11
Gross profit		70,125	94,279	4	0
Other operating income – net		7,747	7,317	736	1,020
Selling expenses		29,478	26,645	-	-
Administrative expenses		20,021	24,385	354	534
Other operating expenses		701	3,457	-	-
Operating profit		27,672	47,109	386	486
Finance costs – net		16,252	13,825	-	-
Share of profit of associates		-	-	-	-
Profits before taxation		11,421	33,284	386	486
Income tax expense		6,787	9,759	189	186
Net profits		4,634	23,525	197	300
Attributable to:					
Equity holders of the parent company		3,781	13,088	197	300
Minority rights		852	10,438	-	-
		4,634	23,525	197	300

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Statement of changes in equity - Group

	Share capital and share premium	Accumulated profits	Reserves	Translation reserve	Minority interest	Total equity
Balance at 1 January 2004	463,549	205,846	189,355	-	498,212	1,356,962
Profit for the period	-	41,268	-	-	27,229	68,497
Currency translation differences	-	-	162	-	194	356
Transfer to reserves	-	(15,455)	15,455	-	-	-
Effect of changes in shareholding of minorities	-	23,010	3,297	-	(34,520)	(8,214)
Dividends	-	(13,963)	-	-	(5,512)	(19,475)
Balance at 30 September 2004	463,549	240,705	208,269	0	485,603	1,398,127

	Share capital and share premium	Fair value reserves	Accumulated profits	Other reserves	Translation reserve	Minority interest	Total equity
Balance at 1 January 2005	463,549	-	292,783	213,285	(168)	494,744	1,464,194
Adoption of IAS 32 & 39	-	8,954	2,931	(262)	-	(1,718)	9,905
Balance at 1 January 2005	463,549	8,954	295,714	213,023	(168)	493,026	1,474,099
Profit for the period	-	-	21,916	-	-	8,702	30,618
Currency translation differences	-	-	-	-	775,853	418,046	1,194
Transfer to reserves	-	-	449	-	-	(449)	-
Income recognised directly in equity	-	2,871	-	-	-	(1,354)	1,517
Effect of changes in shareholding of minorities	-	-	(20,580)	4,902	-	11,271	(4,407)
Dividends	-	-	(14,961)	-	-	(7,080)	(22,041)
Balance at 30 September 2005	463,549	11,825	282,539	217,925	608	504,534	1,480,980

Own shares amounting to 7,911,289 Euros have been deducted from share capital and share premium.

The notes on pages 10 to 48 are an integral part of these interim condensed financial statements.

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Statement of changes in equity - Company

	Share capital and share premium	Fair value reserves	Reserves	Accumulated profits	Total equity
	€	€	€	€	€
Balance at 1 January 2004	471,460	-	26,804	365,407	863,672
Dividends relating to 2003	-	-	-	(13,963)	(13,963)
Transfer to reserves	-	-	1,162	(1,162)	-
Net profit for the period	-	-	-	9,756	9,756
Balance at 30 September 2004	471,460		27,966	360,039	859,465
	Share capital and share premium	Fair value reserves	Reserves	Accumulated profits	Total equity
	€	€	€	€	€
Balance at 1 January 2005	471,460	-	27,966	371,148	870,575
Adoption of IAS 32 & 39	-	517	-	-	517
Balance at 1 January 2005	471,460	517	27,966	371,148	871,091
Transfer to reserves	-	-	595	(595)	-
Profit recognised directly in equity	-	-	320	-	320
Dividends relating to 2004	-	-	-	(14,961)	(14,961)
Net profit for the period	-	-	-	12,868	12,868
Balance at 30 September 2005	471,460	517	28,882	368,460	869,319

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Cash Flow Statement

Note	Group		Company	
	1/1- 30/9/2005	1/1- 30/9/2004	1/1- 30/9/2005	1/1- 30/9/2004
Cash flows from operating activities	€	€	€	€
Cash generated from operations	75,495	(72,246)	(166)	2,658
Interest paid	(38,577)	(37,138)	-	-
Refund/(payment) of income tax	(11,434)	(2,511)	(197)	(95)
Net cash from operating activities	25,484	(111,895)	(363)	2,563
Cash flows from investing activities				
Net additions to tangible and intangible assets	(83,061)	(94,891)	(45)	(68)
Proceeds from sale of other investments	-	(11,551)	-	-
Income from securities	-	-	591	1,143
Dividends received	1,064	1,853	11,880	7,655
Increase/(decrease) in grants	(391)	6,256	-	-
Changes in holdings in subsidiary companies and other investments	(2,111)	(2,844)	(12,643)	9,633
Interest received	3,305	1,317	160	184
Net cash (used in)/from investing activities	(81,194)	(99,860)	(57)	18,547
Cash flows from financing activities				
Dividends paid	(22,041)	(19,475)	(14,961)	(13,963)
Increase in borrowings	73,249	215,285	-	-
Net cash from/(used in) financing activities	51,208	195,810	(14,961)	(13,963)
Net decrease in cash and cash equivalents	(4,502)	(15,945)	(15,381)	7,147
Cash and cash equivalents at beginning of period	82,770	91,727	25,069	11,952
Cash and cash equivalents at end of period	78,268	75,782	9,688	19,099

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Notes to the interim condensed financial statements

1. General information

VIOHALCO S.A. "Hellenic Copper and Aluminium Industry S.A. ("the Company") and its subsidiary companies (together "the Group") are active primarily in the process or production and sale of iron, steel, aluminium, copper and zinc products. The Group is active in Greece, Germany, England and Bulgaria, as well as in other countries and its shares are traded on the Athens Securities Exchange.

The Company is domiciled in Greece, in the Prefecture of Attiki, 2-4 Mesogheion Avenue, 115 27. The Company's electronic address is www.viohalco.gr.

The interim financial statements included herein have been approved for publication by the Company's Board of Directors on 28 November 2005.

2. Summary of significant accounting policies

The interim financial statements of VIOHALCO S.A. are for the nine months ended 30 September 2005. They have been prepared in accordance with International Accounting Standard ("IAS") 34 ("Interim Financial Reporting") and are covered by the provisions of International Financial Reporting Standard (IFRS) 1 ("First-time Adoption of International Financial Reporting Standards"), because they constitute part of the period that is covered by the first IFRS financial statements for the financial year that ends on 31 December 2005.

The accounting principles that were applied during the preparation and presentation of the interim condensed financial statements are consistent with those that were applied during the preparation and presentation of the Company's and Group's financial information for the financial year that ended on 31 December 2004 and which are presented below.

According to the provisions of IFRS 1 and other relative standards, the Group has applied all the Standards that are to be followed on 31 December 2005 to the financial information with effect 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 with effect from 1 January 2005 pursuant to IFRS 1, and as a result the figures for the 2004 financial year have not been adjusted. Because the Standards and IFRIC Interpretations that will be applicable at 31 December 2005 were not known on the date the interim financial statements included herein were prepared, the Group prepared the interim financial statements in accordance with the Standards and Interpretations that have been issued and adopted by the European Union on the day these statements were prepared.

The interim condensed financial statements should be read in conjunction with the report on the transition to IFRS as of 31 December 2004 that has been posted on the Group's web-site (www.viohalco.gr).

Until 31 December 2004, all financial statements were prepared in accordance with Greek General Accepted Accounting Principles ("GAAP"). GAAP differs from IFRS in some areas. During the preparation of the financial statements, management has amended some of the accounting, valuation and consolidation methods that it applied in the past according to the Greek General Accepted Accounting Principles so that these may comply with IFRS. The comparative figures in respect of 2004 have been restated to reflect these adjustments.

Note 5 provides the reconciliations and descriptions of the effect of the transition from GAAP to IFRS on the equity and the results.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments in shares listed on the Athens Stock exchange and, from 1 January 2005, available-for-sale financial assets and derivative instruments.

The preparation of financial statements according to the International Financial Reporting Standards requires the use of certain critical accounting estimates and also requires management to exercise judgment in the process of applying accounting policies. In addition, it requires the use of estimates and assumptions that affect asset and liability amounts, the notification of potential receivables and liabilities on the date the financial statements are prepared and income and expense figures during the said year. Despite the fact that these estimates are based on management's best possible knowledge of current conditions and actions, actual results may differ from these estimates.

The accounting policies that have been applied during the preparation of the financial statements of subsidiary and associate companies, as well as for joint ventures, are consistent with those that have been adopted by the Company.

Consolidation

(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 date 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 date control over them is acquired and cease to be consolidated from the date this control is no longer exercised.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. 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 acquisition was

effected, plus any cost that is directly associated with the acquisition. Identifiable assets, liabilities and contingent liabilities that are acquired through a business combination are estimated at the time of the acquisition at their fair values regardless of the percentage holding. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets that were acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the Group's share of the identifiable net assets that were acquired, the difference is recognised directly in the income statement.

The effect of changes in holding on retained earnings and minority interest are considered as transactions between the Group's shareholders and, therefore, are recognised directly in shareholders' equity.

Inter-company transactions, balances and non-realised profits from transactions between Group companies are eliminated. The same applies to non-realised losses, unless there are indications that the value of the asset transferred has been impaired. The accounting policies 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.

In its individual financial statements, the Company records its investments in subsidiaries at their acquisition cost less impairment.

(b) Associate companies

Associate companies are companies over which the Group exercises significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associate companies are accounted for by the equity method and are initially recognised at their acquisition cost. The amount in which investments in associate companies are recorded includes the goodwill that arises on acquisition (net of any impairment losses).

The Group's share in the post-acquisition profits or losses of its associate companies is recorded in the income statement, while its share of post-acquisition movements in reserves is recorded in reserves. Cumulative changes affect the book value of the Group's investments in associate companies. If the Group's share in the losses in an associate company is greater than the value of its investment therein, these additional losses are not recognised, unless payments have been made or obligations have been incurred on behalf of the associate company.

Unrealised profits that arise from transactions between the Group and its associate companies are eliminated to the extent of the Group's interest therein. The same applies to unrealised losses, unless there are indications that the value of the asset that was transferred has been impaired. The accounting principles that are applied by the Group's associate companies have been changed so that they may be consistent with those that have been adopted by the Group.

Segment reporting

A business segment is defined as a group of assets and operations that provide products and services that are subject to risks and returns different to those that other business segments are subject to. A geographical segment is defined as a geographic region in which products and services are provided and which is subject to risks and returns different to those that other regions are subject to.

As a result, the Group has presented the analysis per segment in business segments.

Foreign currency translations

(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 measured in the currency of the primary 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 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 date the transaction is carried out. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group Companies

Amounts 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:

- (1) Assets and liabilities are translated at the closing rate at the balance sheet date,
- (2) Income and expenses are translated at average exchange rates (unless the average exchange rate is not a reasonable estimation of the cumulative effect of the exchange rates prevailing on the days the transactions were carried out, in which case income and expenses are translated using the actual exchange rates that were applicable on the days the transactions were carried out), and
- (3) All resulting foreign exchange differences that may arise are recorded in a separate equity reserve account and transferred to the income statement when these companies are sold.

Foreign exchange differences that may arise from the translation of the Group's net investment in a foreign company and of borrowings that have been designated as hedges of such investment are recorded in owner's equity. Upon the sale of the foreign company, any accumulated foreign exchange difference is transferred to the income statement as part of the gain or loss on sale.

Goodwill and adjustments to fair values that arise from the acquisition of foreign companies are regarded as assets and liabilities of the foreign company and are translated at the closing exchange rate.

Property, plant and equipment

Property plant and equipment are recorded at their acquisition cost less accumulated depreciation and Impairment. The acquisition cost includes all expenses that are directly associated with the asset's acquisition.

Expenses that are incurred after the purchase of an asset are recorded as an increase in the asset's carrying amount book value or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repair and maintenance costs are recorded in the income statement when these are incurred.

Land is not depreciated. Other assets are depreciated on the straight line method over their estimated useful lives, which are as follows:

- | | | |
|------------------------|-------|-------|
| - Buildings | 10-33 | years |
| - Factories | 20 | years |
| - Mechanical equipment | 5-20 | years |
| - Motor vehicles | 5-7 | years |
| - Other equipment | 3-8 | years |

The residual values and useful lives of these assets are reviewed and adjusted if appropriate, at each balance sheet date.

When the carrying amount of the asset exceeds its recoverable amount, the difference (impairment) is immediately recorded in the income statement as an expense.

On the sale of an asset, any difference that may arise between the price that is received and the carrying amount thereof is recorded in the results as a profit or loss.

Borrowing costs incurred for the construction of an asset are capitalised during the period of the asset's construction. All other borrowing costs are recognised in the income statement.

Leases

Leases of fixed assets, in which the Group substantially maintains all the risks and rewards of ownership, are classified as financial leases. Financial leases are capitalised at the lease's inception at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding obligations that arise from the leases, net of finance charges, are recorded as liabilities. The interest element of the finance cost that concerns the finance lease is charged to the income statement over the period of the lease.

Leases, in which the lessor retains substantially all the risks and rewards of ownership, are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Intangible Assets

(a) Software programs

Software licenses are recorded at their acquisition cost, less amortisation. These assets are amortised on the straight line method over their estimated useful lives, which ranges between 3 to 5 years.

Expenses that are associated with the software's maintenance are recognised as expenses in the year in which they are incurred.

(b) Research and Development

Research expenses are recognised as expenses in the year in which they are incurred. Expenses that are incurred on development programs (relating to the design and testing of new or improved products) are recognised as intangible assets if these are expected to provide the company with future economic benefits. Other development expenditures are recognised as an expense when these are incurred. Development expenses that had been recorded in previous financial years as expenses are not recognised as intangible assets in a subsequent period. Development expenses that have been capitalised are amortised from the date the product's commercial production commences on the straight line basis over the period the product is expected to generate benefits. The amortisation period adopted by the Group does not exceed 5 years.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher amount between an asset's fair value, less the costs to sell, and the

value in use. In order to assess impairment losses assets, are grouped into smaller cash-generating units. Losses due to an asset's impairment are recorded in the income statement as an expense in the year in which they are incurred.

Investments

Accounting Principles: 1 January 2004 until 31 December 2004

Investments, with the exception of subsidiary companies, associate companies and joint ventures, over which the Group does not exercise significant influence, are recorded at cost, less a provision for impairment. 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 management decides on the investment's classification at the time the investment was initially recognised and re-examines its designation at every reporting date.

(a) Loans and Receivables

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

(b) Financial assets at fair through profit and loss

This category includes financial assets that were acquired in order to be resold in the short-term. Derivatives are classified as held for trading purposes. Financial assets in this category are recorded as current assets if they are held for commercial purposes or if they are expected to be sold within 12 months of the balance sheet date.

(c) Held-to-maturity investments

This category includes non-derivates with fixed or designated payments and with fixed maturities, and which the Group intends and has the capacity to hold onto until they mature. During the year the Group did not have any investments in this category.

(d) Available- for-sale financial assets

This category includes non-derivatives that are either designated in this category or cannot be classified in any of the abovementioned categories. These assets are recorded as non-current assets provided management does not intend to dispose of them within 12 months of the balance sheet date.

The purchase and sale of an investment is recognised on the trade-date, which is also the date on which the Group commits to purchase or sell the asset. Investments are initially recorded at their fair value plus transaction costs. Investments are derecognised when the right to collect the cash flows arising therefrom expires or have been transferred and the Group has substantially transferred all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value and unrealised gains or losses are recognised in shareholders' equity until they are sold or impaired. When these assets are sold or impaired, the profit or loss is transferred to the income statement. Impairment losses that have been recognised in the income statement may not be reversed through the income statement.

Loans and receivables are recognised at their amortised cost using the effective interest rate method.

Realised and unrealised gains or losses that arise from changes in the fair value of financial assets through profit or loss are recognised in the income statement in the period in which they arise.

The fair values of financial assets that are traded on stock markets are based on current bid prices. The fair values of financial assets that are not traded on stock markets are determined by using valuation techniques, such as recent arms length transactions, comparable assets that are traded and discounted cash flow analysis.

At each balance sheet date, the Group assess whether there is any objective evidence that leads to the conclusion that the values of its financial assets have decreased. With regard to shares that have been classified as "available-for-sale financial assets", such an indication would be a significant or prolonged decrease in their reasonable 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 reasonable value, is transferred to the results. Devaluation losses regarding shares that are recorded in the results may not be reversed through the results.

Derivatives

Derivatives are initially and subsequently recognised at their fair value. The method by which profits and losses are recognised depends on whether derivatives are designated as a hedging instrument or are held for commercial purposes. Derivatives are designated by the Group, on the day the relative transaction is concluded, as a hedge to the fair value of a receivable, liability or commitment (fair value hedge) or as a hedge of highly probable forecasted transactions (cash flow hedge).

During the conclusion of a transaction the Group records the relation between hedging instruments and hedged items, as well as the strategic management of the relative risk. During a contract's conclusion and on a continuous basis thereafter the Group records the probability regarding the high effectiveness of the hedge for both fair value hedges and cash flow hedges.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated as hedges to changes in hedged items are recorded in the income statement as are changes in the fair value of hedged items that are attributed to the risk that is being hedged.

(b) Cash flow hedge

The effective proportion of the change in the fair value of derivatives that are designated as means for hedging changes in cash flows is recorded in an equity reserve account. The gain or loss of the non-effective proportion is recorded in the income statement. Amounts that are recorded as a reserve in equity are transferred to the results for the periods in which hedged items affect profits or loss. In situations where forecasted future transactions that result to the recognition of a non-monetary asset (e.g. inventory) or liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedging relation does not currently fulfil the criteria of hedge accounting, the profits or losses accumulated in equity remain as a reserve and are transferred to the results when the offset asset affects profits or losses. In the case in which a forecasted future transaction, which is no longer expected to be realised, the profits or losses accumulated in equity are transferred to the income statement.

(c) Net investment hedge

A hedge of a net investment in a foreign company is managed in the same manner as cash flow hedges.

Profits or losses of hedging instruments that are associated with the effective part of the hedge are recognised in an equity reserve account. Profits or losses that are associated with the non-effective part of the hedge are recognised in the income statement.

Profits or losses that have accumulated in owner's equity are transferred to the income statement when the foreign company is sold.

(d) Derivatives that are not considered as hedging instruments

Changes in the fair value of these derivatives are recorded in the income statement.

Preparation of financial statements according to International Financial Reporting Standards requires the use of certain important accounting estimates and the exercise of judgment on behalf of management during the application of accounting principles. In addition, it requires the use of estimates and assumptions that affect asset and liability carrying amounts, the recognition of potential receivables and liabilities on the day the financial statements are prepared and income and expense amounts during the said year. In spite of the fact that these estimates are based on the management's

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

Inventories

Inventories are stated at the lower cost and net realisable value. The acquisition cost is determined based on the average monthly weighted cost method. The cost of finished products and semi-finished stocks includes the cost of materials, the direct labour cost and a proportion of the general production overhead. Borrowing costs are not included in the acquisition cost. The net realisable value is estimated based on the inventory's current sales price, in the ordinary course of business activities, less any possible selling expenses, whenever such a case occurs.

Impairments are recognised in the results of the financial year in which they arise.

Trade and other short-term receivables

Receivables from clients are initially recorded at their fair value and are subsequently estimated using the effective interest method, less any impairment loss. Impairment 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 the relative contractual terms. The amount of the allowance is equal to the difference between the book value of the receivables and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recorded as an expense in the income statement.

Cash and cash equivalent

Cash and cash equivalents includes cash on hand, sight deposits, short-term (up to 3 months) highly-liquid and low-risk investments and overdraft bank accounts.

Share capital

Ordinary shares are included in owner's equity.

Direct expenses that are associated with the issue of shares are recorded, after the relative income tax has been deducted, as a reduction to the proceeds. 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 treasury shares is recorded as a reduction to equity attributable to the Company's equity holders until these shares are sold, cancelled or re-issued. Any profit or loss that arises from the sale of treasury, net of other direct expenses that are associated with the transaction and taxes, is recorded as a reserve in equity attributable to the Company's equity holders.

Borrowings

Loans are initially recorded at their fair value, net of any direct expenses that are required in order to complete the transaction. They are subsequently stated at their unamortised cost based on the effective interest rate method. Any difference between the amount that has been collected (net of relative expenses) and the settlement value is recorded in the income statement during the term of the loan based on the effective interest rate method.

Loans are classified as current liabilities unless the Group has the right to defer the settlement thereof for at least 12 months from the balance sheet date. In this case, loans are classified as non-current liabilities.

Deferred Income Tax

Deferred income tax is determined using the liability method on temporary differences that arise between the tax base and the book value 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 tax assets are recognised to the extent that it is probable that a future taxable profit will arise from the use of the temporary difference that created the deferred tax asset.

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

Deferred income tax is determined based on the tax rates that are applicable at the balance sheet date.

Employee benefits

(a) Short-term benefits

Short-term benefits to employees in cash or in kind are recorded as an expense when these accrue.

(b) Benefits following withdrawal from the Service

Benefits following withdrawal from the service include both defined contribution programs and defined benefit programs.

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

The liability that is recorded in the balance sheet for defined benefit 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 unrecognised actuarial gains and losses and the cost of past service. The commitment of the defined benefit is calculated by an independent actuary using the projected unit credit method.

Actuarial gains and losses that arise from adjustments on the basis of experience adjustments and are above or below the margin of 10% of the accumulated liability are recorded in the results spread over the employees' expected average remaining working lives. The cost of past service is recorded directly in the income statement, with the exception of the case in which changes to the program depend on the remaining term of the employees remaining in service for a specific period of time (the vesting period). In this case, the cost of past service is recorded in the income statement based on a straight-line basis over the vesting period.

(c) Employment termination benefits

Employment termination benefits are paid when employees decide to retire prior to their normal 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 balance sheet date are discounted to present value.

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 recorded as a contingent liability.

Grants

Government grants 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.

Government grants that relate to expenses are recorded in transit accounts and are recognised in the results so that these will match the expenses that they will cover.

Government grants that have been granted for the purchase of property,

plant and equipment are recorded as non-current liabilities as government grants of subsequent financial years and are transferred as income to the income statement on the straight-line method over the expected service life of these assets.

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.

Revenue recognition

(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. In the case in which cash refunds regarding sales of goods is guaranteed, refunds are accounted for on each balance sheet date as a reduction to income, based on statistical data.

(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 on the time proportion basis using the effective interest rate method. When receivables are impaired, the book value thereof is reduced to their recoverable amount, which is the present value of the expected future cash flows discounted with the original effective interest rate. Subsequently, interest is accounted for based on the same interest rate that is applied on the impaired (new book) value.

(d) Dividends

Dividends are accounted for as income upon the approval of the General Meeting of the subsidiary companies.

Distribution of dividends

The distribution of dividends is recognised when the distribution thereof is approved by the General Meeting of the shareholders.

3. Management of financial risks

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's activities are affected by the stock market prices of metals. In order to cover part of this risk, the Group uses derivatives in order to offset the risk of changes in the prices of metals.

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 merchandise purchases is denominated in US Dollars. 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 spread over a large number of clients. Goods and services are provided on a wholesale basis primarily to clients with a creditable credit history. The credit control department 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, liquid securities and sufficient open credit limits.

(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).

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 balance sheet date. 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 valuation techniques and standards that are based on market data on the balance sheet date.

The nominal value less allowances 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.

4. Critical accounting estimates and judgements of the management

The management's estimates 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.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions regarding the development of future events. Estimates and assumptions that most likely will cause substantial adjustments to the carrying amounts of assets and liabilities in the following 12 months are:

- a) The Group's judgement is required in order to raise an income tax provision. There are many transactions and calculations for which the ultimate tax determination is uncertain. If the final tax differs from the initially recognised tax, the difference shall affect the income tax and the provision for deferred taxation for the period.
- b) The Group raises a provision for disputed cases based on evidence provided by the Group's legal department.
- c) The Group raises 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 raises provisions for impairment of holdings by taking into consideration the future benefits that shall arise therefrom.

5. Transition to International Financial Reporting Standards

IFRS 1 requires that the Group set its accounting policies according to International Financial Reporting Standards and to apply these retrospectively in order to restate the opening balance sheet according to IFRS on the date of transition (1 January 2004).

IFRS 1 provides certain optional exemptions as well as certain mandatory exemptions from the principle of retrospective application. The exemptions and exclusions that apply to the Group are provided below.

5.1 Exemptions from the complete retrospective application that the Group decided on

Business Combinations (IFRS 3)

VIOHALCO “Hellenic Copper and Aluminium Industry S.A.” decided not to proceed in restating the business combinations that were realised prior to 1 January 2004.

Fair values as the deemed cost (IAS 16)

The Group has decided to value its property, plant and equipment at their fair values and to use these values as the deemed cost on 1 January 2004. The Company used the method of comparative approximation in order to determine the reasonable value of its real property and the method of depreciated cost of replacement for specialised equipment.

Employee benefits (IAS 19)

The Group has decided not to retrospectively recognise the relative liability and to recognise all accumulated actuarial profits and losses in the results carried forward on 1 January 2004.

The Effects of Changes in Foreign Exchange Rates (IAS 21)

The Group has decided to nullify all foreign exchange differences as at the date of transition to IFRS for all consolidated foreign companies. As a result, profits and losses from the future sale of these companies will not include foreign exchange differences that arose prior to 1 January 2004 and will only include foreign exchange differences after this date.

Exemptions from restatement of comparative financial information (IAS 32 & 39)

VIOHALCO S.A. has decided to use the option provided by IFRS 1 and not present the comparative information of 2004 that is affected by the application of IAS 32 and 39 from 1 January 2005. As a result, financial assets in terms of their classification, recognition and measurement in the comparative figures of 2004 are based on Greek GAAP.

Moreover, financial assets and liabilities shall be classified on 1 January 2005, the date of transition, according to IAS 32 and 39.

5.2 Exceptions from the complete retrospective application of IFRS that the Group followed

Derecognition of financial assets and liabilities

Financial assets that were derecognised prior to 1 January 2004 are not recognised again according to International Financial Reporting Standards. The application of the exclusion of the restatement of comparative information for IAS 32 and IAS 39 leads to the recognition, from 1 January 2005, of financial assets and liabilities that were derecognised after 1 January 2004 and did not fulfil the derecognition criteria of IAS 39.

Offset Accounting

Since 1 January 2005, management applies offset accounting only if the offsetting relation fulfils all offset accounting criteria pursuant to International Accounting Standard 39.

Estimations and assumptions

IFRS 1 prohibits the use of information that was published after 1 January 2004 in order to correct estimations that were effected according to Greek GAAP, unless the corrections regard errors. The Company restated calculations and estimations wherever the basis of their calculation did not comply with the IFRS, using information that was available on the date of transition.

5.3 Reconciliations between IFRS and the GAAP

The following reconciliations provide a quantitative affect of the transition to IFRS on the Company's and Group's financial statements for the nine months until 30 September 2004. The transition's effect in the year is noted in detail in the transition report for 2004.

Group

- Shareholders' Equity as at 30 September 2004
- Balance Sheet as at 30 September 2004
- Income Statement and net profit reconciliation for the nine-month period 1 January to 30 September 2004

Company

- Shareholders' Equity as at 30 September 2004
- Balance Sheet as at 30 September 2004



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- Income Statement and net profit reconciliation for the nine-month period 1 January to 30 September 2004

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Reconciliation of equity as at 30 September 2004 – Group

	€
Agreement of owner's equity according to Greek GAAP	915,388
Derecognition of intangible assets that do not fulfil the recognition criteria according to IFRS	(29,297)
Benefit from the change in the economic useful lives of property, plant and equipment	22,518
Adjustment to other provisions	(7,430)
Effect of changes in minority holdings	6,967
Adjustment to the value of property, plant and equipment	864,316
Adjustment to the value of investments	(25,680)
Deferred taxation	(269,949)
Adjustment of the value of receivables	3,357
Provision for retirement and termination benefit obligations	(17,121)
Effect of revenue recognition in accordance with IFRS	2,851
Income tax liability	(17,547)
Reclassification of government grants subsidies from shareholders' equity	(32,030)
Adjustment to the value of inventories	(6,590)
Transfer of treasury shares to shareholders' equity	(7,946)
Other adjustments	(3,680)
Total adjustments	482,740
Total equity according to the IFRS	1,398,128

Balance Sheet as at 30 September 2004 - Group

ASSETS	GAAP	Adjustments	IFRS
	€	€	€
Non-current assets			
Property, plant and equipment	920,135	883,616	1,803,752
Intangible assets	31,614	(20,303)	11,311
Investments in associate companies	41,459	(31,381)	10,078
Other investments	-	2,911	2,911
Deferred tax assets	-	2,155	2,155
Trade and other receivables	-	8,591	8,591
	993,208	845,590	1,838,798
Current assets			
Inventories	613,039	(6,590)	606,450
Trade and other receivables	599,597	(1,779)	597,818
Current income tax assets	-	399	399
Other investments	46,985	(11,278)	35,707
Cash and cash equivalents	56,917	18,865	75,782
	1,316,538	(381)	1,316,156
Total assets	2,309,746	845,209	3,154,955
SHAREHOLDERS' EQUITY & LIABILITIES			
Equity			
Share capital	471,460	(7,946)	463,515
Reserves	119,868	329,140	449,009
	591,329	321,195	912,523
Minority rights	324,059	161,544	485,603
Total owner's equity	915,388	482,739	1,398,127
LIABILITIES			
Non-current liabilities			
Borrowings	731,811	(16,973)	714,838
Deferred tax liabilities	-	272,104	272,104
Retirement and termination benefit obligations	-	17,563	17,563
Other long-term liabilities	180	(180)	-
Government grants	-	28,146	28,146
Provisions	7,267	6,988	14,255
	739,258	307,648	1,046,905
Current liabilities			
Current and other payables	250,855	4,954	255,810
Current income tax liabilities	-	26,144	26,144
Loans	404,245	23,724	427,969
	655,100	54,822	709,923
Total liabilities	1,394,358	362,470	1,756,828
Total equity & liabilities	2,309,746	845,209	3,154,955

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Income Statement for the nine-month period 1 January to 30 September 2004 - Group

	Greek GAAP	Adjustments	IFRS
	€	€	€
Sales	1,606,785	(40,747)	1,566,038
Cost of sales	(1,362,609)	55,669	(1,306,940)
Gross profit	244,176	14,923	259,099
Other operating income – net	5,138	11,235	16,373
Selling expenses	(83,697)	2,943	(80,755)
Administrative expenses	(49,304)	(12,264)	(61,568)
Other operating expenses	-	(3,457)	(3,457)
Operating profit	116,313	13,380	129,693
Finance costs – net	(31,035)	(6,104)	(37,138)
Share of profits of associates	-	2,321	2,321
Extraordinary profits and non-operating income	21,766	(21,766)	-
Extraordinary losses and non-operating expenses	(13,959)	13,959	-
Depreciation not incorporated into the operating cost	(403)	403	-
Profits before taxes	92,682	2,193	94,876
Income tax expense	(174)	(26,204)	(26,378)
Minority share of profits	(30,923)	30,923	-
Net profits	61,585	6,913	68,497
Attributable to:			
Shareholders of the parent company	61,585	(20,317)	41,268
Minority rights	30,923	(3,694)	27,229
	92,508	(24,011)	68,497

Reconciliation of net profit for the nine-month period 1 January to 30 September 2004 - Group

Profits before taxes according to the Greek GAAP	92,682
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Derecognition of intangible assets that do not fulfil the recognition criteria according to IFRS	878
Adjustment to the value of property, plant and equipment	(47)
Adjustment to other provisions	(1,903)
Adjustment to the value of investments	(338)
Benefit from the change in economic useful lives of property, plant and equipment	21,641
Adjustment to the amortisation of subsidies	(6,566)
Foreign exchange differences	(1,554)
Effect from the recognition of income according to IFRS	2,851
Provision for retirement and termination benefit obligations	(641)
Effect of changes in minority holdings	(513)
Recognition of directors' remuneration in operating results	(2,062)
Adjustment to the value of inventories	(5,202)
Other	(4,350)
Profits before taxes according to IFRS	94,876
	<hr/>
Recognition of income tax	(19,339)
Recognition of deferred taxation	(7,039)
Profits after taxes according to IFRS	68,497
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Reconciliation of equity agreement as at 30 September 2004 - Company

	€
Equity according to Greek GAAP	650,647
Adjustment to the value of property, plant and equipment	78,256
Benefit from the change in the economic useful lives of property, plant and equipment	(100)
Adjustment to the value of investments	157,349
Derecognition of intangible assets that do not fulfil the recognition criteria according to IFRS	(47)
Deferred taxation	(28,201)
Provision for retirement and termination benefit obligations	(23)
Recognition of income	2,219
Income tax provision	(634)
Other adjustments	
Total adjustments	208,819
Total equity according to IFRS	859,465

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Balance Sheet as at 30 September 2004 - Company

	Greek GAAP	Adjustments	IFRS
	€	€	€
ASSETS			
Non-current assets			
Property, plant and equipment	30,538	(30,235)	303
Intangible assets	175	(175)	-
Investment in properties	-	108,520	108,520
Other investments	-	23,865	23,865
Investments in subsidiary companies	576,882	134,263	711,145
	607,596	236,237	843,833
Current assets			
Trade and other receivables	2,986	130	3,116
Other investments	31,066	(7,531)	23,535
Cash and cash equivalents	12,353	6,745	19,098
	46,405	(656)	45,749
Total assets	654,001	235,581	889,582
EQUITY & LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Share capital	471,460	-	471,460
Reserves	163,903	(135,937)	27,966
Accumulated profits	15,283	344,756	360,039
Total equity	650,647	208,818	859,465
LIABILITIES			
Non-current liabilities			
Retirement and termination benefit obligations	-	23	23
Deferred tax liability	-	28,202	28,202
	-	28,225	28,225
Current liabilities			
Trade and other payables	3,354	(2,096)	1,258
	-	634	634
	3,354	(1,462)	1,892
Total liabilities	3,354	26,763	30,117
Total equity & liabilities	654,001	235,581	889,582

Income Statement for the nine-month period 1 January to 30 September 2004 - Company

	Greek GAAP	Adjustments	IFRS
	€	€	€
Sales	39	-	39
Cost of sales	(32)	-	(32)
Gross profit	7	-	8
Other operating income/(expenses) – net	1,902	9,882	11,784
Administrative expenses	(1,247)	(183)	(1,430)
Operating profit	663	9,699	10,362
Financial expenses – net	7,566	(7,566)	-
Extraordinary profits and non-operating income	14	(14)	-
Extraordinary losses and non-operating expenses	-	-	-
Depreciation not incorporated into the operating cost	(63)	63	-
Profits before taxation	8,179	2,182	10,362
Income tax expense	-	(605)	(605)
Net profit	8,179	1,577	9,757



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**Reconciliation of net profit for the nine-month period 1 January to 30 September 2004 –
Company**

Profits before taxes according to the Greek General Chart of Accounts (Greek GAAP)	8,179
Derecognition of intangible assets that do not fulfil the recognition criteria according to IFRS	63
Adjustment to the value of property, plant and equipment based on valuations	(100)
Recognition of income	-
Other	2,219
Profits before taxes according to the IFRS	10,361
Provision for income tax expense	(634)
Deferred taxation	29
Profits after taxes according to the Greek General Chart of Account	9,756

6. Information per segment

Primary type of information – business segments

The Group is divided into three business segments:

- (a) Steel products that are used in construction activities
- (b) Pipework products
- (c) Copper products
- (d) Cables
- (e) Aluminium products

Sales and operating profits per segment for the period 1 January to 30 September 2005 were as follows:

	Steel	Pipeworks	Copper products	Cable products	Aluminium	Other	Non-allocated	Total
Income								
Net sales	525,280	173,657	297,232	127,814	482,767	139,514	713	1,746,976
Results								
Operating profits per segment	34,263	1,765	17,607	3,640	25,425	9,494	-	92,194

Sales and operating profits per segment for the period 1 January to and 30 September 2004 were as follows:

	Steel	Pipeworks	Copper products	Cable products	Aluminium	Other	Non-allocated	Total
Income								
Net sales	509,013	160,131	196,544	122,881	443,820	133,065	584	1,566,039
Results								
Operating profits per segment	93,156	(15,000)	12,933	4,383	24,865	9,356	-	129,693

7. Investment in subsidiary companies

VIOHALCO's holding percentages in direct investments are as follows:

Name of Company	Country of incorporation	Indirect holding percentage
HALCOR S.A.	Greece	69.42%
SIDENOR S.A.	Greece	76.33%
ELVAL S.A.	Greece	64.08%
TEKA SYSTEMS S.A.	Greece	50.01%
ALCOMET S.A.	Greece	88.73%
VITRUVIT S.A.	Greece	100.00%
SANITAS REPRESENTATIONS S.A.	Greece	100.00%
NOVAL S.A.	Greece	100.00%
DIATOUR S.A.	Greece	97.19%
TEPRO METAL AG	Germany	66.02%
ANAMET S.A.	Greece	86.48%
ATTIKI S.A.	Greece	50.00%
TEPRO METAL S.A.	Bulgaria	100.00%
ANTIMET S.A.	Greece	100.00%
DIAPEM S.A.	Greece	69.95%
ELKEME S.A.	Greece	65.20%
METALWORKS OF ATTIKA S.A.	Greece	38.17%

The abovementioned holdings concern separate groups of companies.

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8. Cash generated from operations

	Group		Company	
	1/1 - 30/9/2005	1/1 - 30/9/2004	1/1 - 30/9/2005	1/1 - 30/9/2004
Profits after taxes	30,618	68,497	12,868	9,756
Adjustments for:				
Income tax	25,181	26,378	477	605
Depreciation of tangible and intangible fixed assets	86,987	87,544	419	416
Income from securities	-	-	(591)	(1,143)
Income from interest	(3,304)	(1,317)	(160)	(184)
Interest charges	38,577	37,138	-	-
Income from dividends	(1,065)	(1,853)	(12,459)	(8,528)
Amortisation of government grants	(1,985)	(2,815)	-	-
Profits from associate companies	(1,679)	(2,321)	-	-
Profits from the sale of tangible assets	-	(14)	-	(14)
	173,330	211,237	554	908
Changes in working capital				
Increase in inventories	(53,739)	(79,941)	-	-
Increase in trade and other receivables	(51,544)	(141,038)	(454)	1,503
Increase/(decrease) in trade and other payables	14,227	(70,996)	(266)	247
Increase/(decrease) in provisions	(1,147)	8,437	-	-
(Decrease)/increase provision in retirement and termination benefit obligation	(6,826)	55	-	-
Foreign exchange differences	1,194	-	-	-
Interest paid	(38,577)	(37,138)	-	-
Refund/(payment) of income tax	(11,434)	(2,511)	(197)	(95)
	(147,846)	(323,132)	(917)	1,655
Net cash from operating activities	25,484	(111,895)	(363)	2,563

9. Dividends

The dividends for 2004 that amounted to 14,961 thousand Euros (0.075 Euros per share) were approved by the Annual General Meeting of shareholders that convened in June 2005.

10. Commitments

Capital commitments

On the date of the balance sheet the Group's companies had capital commitments amounting to approximately 7,300 thousand Euros for the purchase of property, plant and equipment.

11. Contingent liabilities

Contingent liabilities/receivables

a) The Group has contingent liabilities in relation to banks, other guarantees and other matters that arise within the framework of its ordinary business activities. No significant burdens are expected to arise from these contingent liabilities. Within the framework of their business activities, the Group's companies have issued (i) letters of guarantees to suppliers amounting to 20,106 thousand Euros, (ii) letters of guarantees for the satisfactory performance of works amounting to 94,373 thousand Euros, (iii) mortgages and statutory notices of mortgage amounting to 73,969 thousand Euros and third-party guarantees, on behalf of the Group's companies, amounting to 43,390 thousand Euros, and (iv) other guarantees amounting to 1,584 thousand Euros.

b) The Group's disputes under contention and arbitration that are pending as at the balance sheet date amount to 7,487 thousand Euros.

In the event that the abovementioned lawsuits are not decided in the favour of the Group Corinth Pipeworks S.A. raised a provision amounting to 4,413 thousand Euros, of which 3,753 thousand Euros relates to 2004 and the remaining 660 thousand Euros was raised in the period between 1 January and 30 September 2005. From this provision an amount of 3,714 thousand Euros were paid out to plaintiffs during the current period, reducing the overall balance to 699 thousand Euros.

Moreover, Corinth Pipeworks S.A., during 2004, raised a provision for losses that may arise due to its contractual obligations towards its clients amounting to 8,507 thousand Euros. During the current period, the Company paid an amount of 5,800 thousand Euros and raised an additional provision amounting to 988 thousand Euros.

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

c) The Group's commitments from operating leases amount to 4,530 thousand Euros for the next 12-month period, 5,572 thousand Euros for the following 2-5 years and 1,138 thousand Euros thereafter.

d) In a research study that it conducted regarding the European copper pipe manufacturers, the Competition Director General of the European Commission established that certain companies violated the rules of competition in the copper water pipes market and imposed fines on seven companies, one of which was HALCOR S.A.. HALCOR's fine amounted to 9,16 million Euros. The company deems that the abovementioned fine is unjustified and unfair and that the amount of the fine imposed was exorbitantly high. It has filed an appeal before the Tribunal of the European Communities against the Commission's decision. The Company's management, based on the opinion of its legal department as to the validity of its appeal, deems that the final amount of the abovementioned fine (if the validity of the fine is judicially justified and confirmed) will not exceed 5 million Euros, a provision has been raised which has burdened the 2004 operating results.

e) CO₂ emissions: Pursuant to Council Decision 2002/358/EC of 25 April 2002 concerning the approval, on behalf of the European Community, of the Kyoto Protocol to the United Nations Framework Convention on Climate Change and the joint fulfilment of commitments thereunder, Greece is bound to limit the increase of green house gas emissions over the period 2008-2012 to 25% in relation to the green house gas emissions of the base year (1990).

Pursuant to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 (which has already been incorporated into Greek Legislation pursuant to Joint Ministerial Decision Η.Π. 54409/2632/27-12-2004) establishing a scheme for greenhouse gas emission allowance trading within the Community, every member state of the European Union must elaborate and submit before the European Commission a National Allocation Plan for the three-year period 2005-2007, that shall establish the total amount of the allowance, the allocation among liable installations, and the basic rules that govern allowance allocation and the operation of the relative system.

The National Allocation Plan was elaborated by the relevant national authorities and was submitted to the European Union for approval in December 2004. On 20 June 2005 the European Commission announced its decision regarding the acceptance of the National Allocation Plan. The Minister of Development and the Minister for the Environment, Planning and Public Works will issue a Joint Ministerial Decision regarding the National Allocation Plan's approval so that the allocation of greenhouse gas emission allowances to the liable installations may be finalised.

The Group's companies have been notified of the initial allocation that corresponds thereto. Any deficiencies that concern 2005 shall be calculated and shall be recorded with the finalisation of the allocation.

The Group did not proceed to purchase allowances within the nine-month period that ended on 30 September 2005.

12. Earnings per share

The basic and diluted earnings per share are calculated by dividing the profit attributable to the shareholders of the parent company by the weighted average number of ordinary shares in issue during the period. Own shares that were purchased by the Company are not included in the abovementioned number of ordinary shares.

The basic and diluted earnings per share for the period 1 January to 30 September 2005 for the Group and Company are as follows:

	Group		Company	
	1/1 - 30/9/2005	1/1 - 30/9/2004	1/1 - 30/9/2005	1/1 - 30/9/2004
Basic earnings per share (Euros per share)				
Profits that correspond to the shareholders of the parent company	21,916	41,268	12,688	9,756
Weighted average number of shares				
Basic earnings per share (Euros per share)	0.11	0.21	0.06	0.05

13. Related party transactions

The following transactions concern transactions with subsidiary companies.

	Company	
	1/1 - 30/9/2005	1/1 - 30/9/2004
Purchases of services:		
From subsidiary companies	32	32
Income from rents:		
From subsidiary companies	1,721	1,714

Balances at year end are as follows:

	Company	
	1/1 - 30/9/2005	1/1 - 30/9/2004
Receivables:		
From subsidiary companies	1,272	1,054
Liabilities:		
To subsidiary companies	213	142

Directors' remuneration

For the nine months until 30 September 2005 and 30 September 2004, 267 thousand Euros and 217 thousand Euros were paid as Directors fees, respectively, to the Company.

14. Number of personnel

At the end of the current period the Group and the Company employed 8,483 and 2 persons respectively (30/9/2004: 8,399 and 2 for the Group and the Company respectively).

15. Events that took place after the balance sheet date

No significant events took place after the date of the Balance Sheet, with the exception of the immediate interruption of operations of the factory of "METALWORKS OF CORINTH S.A." (a subsidiary company in the Sidenor Group of Companies) in Corinth pursuant to the decision of the Extraordinary General Meeting of the shareholders that convened on 28 July 2005. The said event will insignificantly affect the Group's

turnover and consolidated results. The amount that was paid to personnel as compensation for their dismissal amounted to 2,112,230 Euros.

16. Unaudited STET fiscal years

The Company and its subsidiaries have not been audited by the relevant tax authorities for the fiscal years noted below and as a result thereof, their tax liabilities have not been finalised. The additional tax burden that may potentially arise, once the Group's companies' tax audits have been completed cannot be presently estimated.

COMPANY	UNAUDITED STET FISCAL YEARS
VIOHALCO S.A.	2002-2004
ALCOMET S.A.	2003-2004
ANAMET S.A.	2000-2004
ANTIMET S.A.	2001-2004
ATTIKI S.A.	2003-2004
VITRUVIT S.A.	1999-2004
DIAPEM S.A.	2002-2004
DIATOUR S.A.	2003-2004
ELVAL S.A.	2003-2004
ELKEME S.A.	2003-2004
METALWORKS OF ATTIKA S.A.	2002-2004
NOVAL S.A.	2003-2004
SANITAS REPRESENTATIONS S.A.	2002-2004
SIDENOR S.A.	2002-2004
TEK ASYSTEMS	2003-2004
HALCOR S.A.	2002-2004
TEPRO METAL AG	1992-2004
TEPRO METAL S.A.	1997-2004

Apart from the Group's direct subsidiaries, the tax audits of VIOHALCO's sub-subsidiaries are also pending.