HALCOR

Financial Statements (Company and Consolidated)

as of 31 December 2006

in accordance with the International Financial Reporting Standards

THE PRESIDENT OF THE BOARD OF DIRECTORS	A MEMBER OF THE BOARD OF DIRECTORS	THE GENERAL MANAGER	THE FINANCIAL SERVICES MANAGER
THEODOSIOS PAPAGEORGOPOULOS ID No. H 679222	GEORGIOS PASSAS ID No. Φ 020251	MENELAOS TASOPOULOS ID No. Ξ 365174	SPYRIDON KOKKOLIS ID No. X 701209

HALCOR S.A.

COMPANY REGISTRATION No. 2836/06/B/86/48

Address: Athens Tower, 2nd Building, 2-4 Messogeion Avenue, 11527, Athens

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Report of the Board of Directors

A. GENERAL OVERVIEW

Fiscal Year 2006 was a very good year in terms of results. Prevalent issue of the year was the increase in the prices of metals, since both Copper as well as Zinc reached historical heights. The average price of copper in 2006 was set at € 5,342 per ton, for cash prices, and € 5,297 per ton, for quarterly prices, while in 2005 the corresponding prices were € 2,977 and € 2,835 respectively. The average price of zinc in 2006 was set at € 2,592 per ton, for cash prices, and € 2,575 per ton, for quarterly prices, while in 2005 the corresponding prices were € 1,115 and € 1,124 respectively.

During the middle of the year the increase of metal prices was more intense and affected negatively the operating cash flows both of the parent company as well as most of the subsidiary companies, since the needs for working capital were increased. During the second half, while metal prices were subsiding and in connection with the strict reserves policy that was being followed, the operating cash flows greatly improved, remaining however negative in total for the year.

Although the increase in metal prices influenced negatively the demand for goods, it was on an upswing resulting both in an increase in sales volume and in an increase in process prices, thus increasing the parent company's and Group's profitability. Profitability was strengthened also by the continuously increasing improvement of productivity of the new investments, mainly in Bulgaria through the subsidiary SOFIA MED SA, as well as in Rumania through the subsidiary ICME SA. Furthermore, in 2006 the merger through acquisition of the subsidiary FITCO SA was decided and completed. This provided the company with the opportunity for an even greater cost improvement and an optimization of the production activity.

Inventories appreciation due to increased metal prices resulted in higher gross profit figures. As the prices of metals were declining during the second half of the year, the group devaluate its year end inventories according to current prices by € 9.4 mil. an amount that adversely impacted gross profit of the fourth quarter of the year.

The positive course is outlined as well in the consolidated financial statements of 2006 with the key financial results being as follows:

1. Turnover for 2006 in consolidated level amounted to € 1.246.691.814 as opposed to € 711.732.053 for the year 2005, marking an increase of 75.2%.

2. Group operating results (earnings before taxes, interest, investments and depreciation) amounted to € 95.286.602 for 2006 as opposed to € 47.597.253 for the year 2005, marking an increase of 100.2%.

3. Earnings before taxes for the Group increased by 314.9% to € 51.887.217 as opposed to € 12.506.204 for the year 2005.

4. Net profits (after tax and minority interests) amounted to € 35.954.841 as opposed to € 3.490.956 for the year 2005, marking an increase of 929.9%.

As far as the parent company it concerns turnover amounted to € 730.198.102 increased by 85.1% in comparison with last year sales, while net profits after tax and minorities amounted to € 12.817.707 marking an increase of 34,4%.

In 2006, HALCOR group of companies proceeded in investments of a total amount of approximately € 27 million, of which approximately € 14 million was invested in SOFIA MED S.A., within the framework of the completion of its investment program, aiming mainly at the production of higher added value products. Correspondingly the parent company proceeded in investments of an amount of approximately € 6.7 million that concerned improvements in existing production equipment and in smaller investment projects.

Taking into consideration the growth course up to now and the future prospects, the company's management proposes a dividend distribution of € 0.085 per share over € 0.065 per share that was distributed last year. The management proposes a total dividend distribution of approximately € 8.6 million, increased by 37% over 2005.

B. FINANCIAL POSITION

The ratios that express the company's financial position developed as follows:

Ratios:		**31.12.2006**	**31.12.2005**
Liquidity:	Current Assets / Current Liabilities	3.17	2.73
Leverage:	Equity / Bank Loans	0.83	1.11
Return on invested capital:	Profits before taxes & Financial expenses / Equity + Bank Loans	7.1%	6.3%
Return on Equity:	Net Profits / Equity	6.4%	5.6%

The coefficients that express the financial position of HALCOR Group of Companies are as follows:

Ratios:		31.12.2006	31.12.2005
Liquidity:	Current Assets / Current Liabilities	2.02	1.68
Leverage:	Equity / Bank Loans	0.52	0.59
Return on invested capital:	Profits before taxes & Financial expenses / Equity + Bank Loans	9.5%	4.4%
Return on Equity:	Net Profits / Equity	13.7%	1.6%

C. GOALS & PERSPECTIVES

The growth that we achieved in 2006 combined with the sustainability prospects regarding the financial climate mainly in the European Union leads us to an optimistic attitude for the new year. Since there has already been a significant de-escalation of metal prices, and as long as metal producers increase their capacity at growth rates higher than those of demand, the prices are expected to continue their declining course, and this affects positively the demand for our products, the working capital needs and respectively the cash flow.

During this year with main investment programs, which have brought a significant capacity increase, already, completed, and smaller investments under way or already completed, the Group looks forward towards to an increase in special categories turnover and mainly in industrial products with better margins and more stable purchases.

In summary, we believe that 2007 shall be a significant year, regarding the achievement of our primary goal, which is the further development and expansion of our activities in copper products.

Balance Sheet

	NOTE	GROUP 2006	GROUP 2005	COMPANY 2006	COMPANY 2005
ASSETS					
Non-current assets					
Property, plant and equipment	6	304.293.573	300.922.795	137.314.860	113.210.511
Intangible assets	7	2.276.085	2.832.015	417.143	397.784
Investments in real estate	8	2.168.074	2.168.074	-	-
Investments in associates (consolidated using the equity method)	9	6.950.445	6.842.589	95.179.198	105.184.381
Financial assets available for sale	10	1.219.045	730.890	952.502	252.272
Deferred income tax assets	11	3.206.732	1.022.073	-	-
Derivatives	14	405.529	-	278.737	-
Other receivables	13	797.140	791.513	429.086	407.662
		321.316.623	**315.309.949**	**234.571.526**	**219.452.609**
Current assets					
Inventories	12	252.095.254	168.625.093	121.923.626	60.081.338
Trade and other receivables	13	296.221.140	198.659.762	140.101.567	90.061.482
Derivatives	14	7.650.123	1.622.157	5.335.187	972.507
Financial assets at fair value through the profit and loss statement		8.231	8.231	-	-
Cash and cash equivalents	15	29.261.016	16.246.241	19.057.305	6.656.461
		585.235.764	**385.161.485**	**286.417.685**	**157.771.788**
Total assets		**906.552.387**	**700.471.434**	**520.989.210**	**377.224.397**
EQUITY					
Equity attributable to Shareholders of the Company					
Share capital	16	38.486.258	32.003.756	38.486.258	32.003.756
Above per reserve	16	67.138.064	65.230.753	67.138.064	65.230.753
Foreign Exchange differences from the consolidation of foreign subsidiarie	17	1.901.584	-516.781	-	-
Other reserves	17	68.185.723	61.611.677	66.557.974	61.320.370
Profit / (losses) carried forward		62.970.463	27.086.413	28.065.455	10.813.780
Total		**238.682.093**	**185.415.819**	**200.247.751**	**169.368.659**
Minority interest		**24.624.399**	**33.836.372**	**-**	**-**
Total equity		**263.306.491**	**219.252.191**	**200.247.751**	**169.368.659**
LIABILITIES					
Long-term liabilities					
Loans	18	311.395.798	213.749.227	198.286.169	125.522.404
Financial Leasing liabilities	18	15.821	-	-	-
Derivatives	14	-	1.015.076	-	653.279
Deferred income tax liabilities	11	27.222.759	24.736.580	22.647.391	16.771.216
Personell retirement benefits payable	19	4.268.834	3.948.694	2.453.805	1.783.808
Subsidies	20	2.525.850	2.662.324	1.607.200	366.647
Provisions	21	5.622.832	5.192.103	5.430.729	5.000.000
Other long-term liabilities		10.203	10.586	-	-
		351.062.097	**251.314.591**	**230.425.294**	**150.097.355**
Short-term liabilities					
Suppliers and other liabilities	22	84.369.801	61.508.994	37.941.570	24.237.645
Current tax liabilities		12.107.368	7.856.925	6.754.968	4.616.300
Loans	18	191.315.807	159.007.019	42.711.789	27.682.167
Financial Leasing liabilities	18	7.465	-	-	-
Derivatives	14	1.754.379	1.531.714	278.858	1.222.271
Provisions	21	2.628.979	-	2.628.979	-
		292.183.799	**229.904.652**	**90.316.164**	**57.758.383**
Total liabilities		**643.245.896**	**481.219.243**	**320.741.458**	**207.855.738**
Total equity and liabilities		**906.552.387**	**700.471.434**	**520.989.210**	**377.224.396**

The notes attached hereto from pages 10 to 57 constitute an integral part of these financial statements.

Income Statement

		GROUP		COMPANY	
	Note	2006	2005	2006	2005
Sales	4	**1.246.691.814**	**711.732.053**	**730.198.102**	**394.425.100**
Cost of goods sold	23	-1.127.931.139	-650.499.604	-678.835.051	-358.663.006
Gross profit		**118.760.675**	**61.232.449**	**51.363.051**	**35.762.094**
Selling expenses	23	-17.179.007	-14.476.625	-9.633.822	-6.509.497
Administrative expenses	23	-26.972.742	-21.742.976	-14.064.445	-11.288.904
Other operating income/ (expenses) net	26	-1.932.000	1.110.324	1.688.408	696.645
Operating results		**72.676.926**	**26.123.172**	**29.353.193**	**18.660.338**
Finance costs - net	24	-21.870.280	-13.623.909	-11.046.097	-6.155.026
Dividends	26	134.424	21.437	1.783.939	1.765.413
Share of profit/loss of associates	26	946.147	-14.496	-	-
Profit before income tax		**51.887.216**	**12.506.204**	**20.091.035**	**14.270.724**
Income tax expenes	25	-11.518.216	-7.501.247	-7.273.328	-4.734.133
Net profit for the period from continued operations		**40.369.000**	**5.004.958**	**12.817.707**	**9.536.591**
Attributable to:					
Shareholders of the Parent		35.954.841	3.490.957	12.817.707	9.536.591
Minority interest		4.414.160	1.514.001	-	-
		40.369.001	**5.004.958**	**12.817.707**	**9.536.591**
Earnings per share that attributed to the Shareholders of the Parent for the year (amounts in € per share)					
Basic		0,3596	0,0360	0,1282	0,0983
Reluted		0,3595	0,0360	0,1282	0,0983

The notes attached hereto from pages 10 to 57 constitute an integral part of these financial statements.

Statement of Changes in Equity

	Of the parent company's shareholders								
	Share capital	**Share premium reserves**	**Fair value reserves**	**Other reserves**	**Results carried forward**	**Foreign exchange differences**	**Total**	**Minority interest**	**Total Equity**
GROUP									
Balance as of January 1, 2005	**32.003.756**	**65.230.753**	**-882.121**	**54.215.684**	**35.564.250**	**-92.352**	**186.039.970**	**31.709.461**	**217.749.432**
Foreign exchange differences	-	-	-	-	-	-424.429	-424.429		-424.429
Profit / (loss) recognised directly to equity	-	-	390.482	-	767.893	-	1.158.374	-	1.158.374
Net profit for the period					3.490.957		3.490.957	1.514.001	5.004.958
Total recognised net profit for the period	-	-	390.482	-	4.258.849	-424.429	4.224.902	1.514.001	5.738.903
Increase / (decrease) of percentage holding in subsidiaries	-	-	-	-	-	-	-	612.909	612.909
Transfer of reserves	-	-	-	7.887.632	-7.887.632	-	-	-	-
Dividend	-	-	-	-	-4.849.054	-	-4.849.054	-	-4.849.054
	-	-	-	7.887.632	-12.736.686	-	-4.849.054	612.909	-4.236.145
Balance as of December 31, 2005	**32.003.756**	**65.230.753**	**-491.639**	**62.103.316**	**27.086.413**	**-516.781**	**185.415.818**	**33.836.371**	**219.252.190**
Balance as of January 1, 2006	**32.003.756**	**65.230.753**	**-491.639**	**62.103.316**	**27.086.413**	**-516.781**	**185.415.818**	**33.836.371**	**219.252.190**
Foreign exchange differences	-	-	-	-	-	2.418.364	2.418.364	711.876	3.130.240
Profit / (loss) recognised directly to equity	-	-	5.841.828	-	220.940	-	6.062.768	-47.746	6.015.022
Net profit for the period		-	-		35.954.841	-	35.954.841	4.414.160	40.369.001
Total recognised net profit for the period	-	-	5.841.828	-	36.175.781	2.418.364	44.435.973	5.078.290	49.514.262
Stock option plans									
Income from stocks issue	977.385	-	-	-	-	-	977.385	-	977.385
Additions due to merger	5.707.815	1.704.613	-	978.200	9.655.913	-	18.046.541	-	18.046.541
Surplus due to merger	-	-	-	-3.889.856		-	-3.889.856	-14.346.826	-18.236.682
Increase - decrease % of participation in subsidiaries	-	-	-	-	-	-	-	56.564	56.564
Transfer of reserves	-	-	-	3.643.874	-3.643.874	-	-	-	-
Dividend	-	-	-		-6.303.770	-	-6.303.770	-	-6.303.770
	6.685.200	1.704.613	-	732.218	-291.731	-	8.830.300	-14.290.262	-5.459.962
Balance as of December 31, 2006	**-26.541.797**	**66.935.366**	**5.350.189**	**62.835.534**	**62.970.463**	**1.901.583**	**238.682.091**	**24.624.399**	**263.306.490**
THE COMPANY									
Balance as of January 1, 2005	**32.003.756**	**65.230.753**	**-607.577**	**54.147.302**	**13.976.593**	**-**	**164.750.827**	**-**	**164.750.827**
Profit / (loss) recognised directly to equity	-	-	-69.705	-	-	-	-69.705	-	-69.705
Net profit for the period	-	-	-	-	9.536.591	-	9.536.591		9.536.591
Total recognised net profit for the period	-	-	-69.705	-	9.536.591	-	9.466.885	-	9.466.885
Transfer of reserves (from distribution)	-	-	-	7.850.350	-7.850.350	-	-	-	-
Dividend	-	-	-	-	-4.849.054	-	-4.849.054	-	-4.849.054
	-	-	-	7.850.350	-12.699.404	-	-4.849.054	-	-4.849.054
Balance as of December 31, 2005	**32.003.756**	**65.230.753**	**-677.282**	**61.997.652**	**10.813.780**	**-**	**169.368.659**	**-**	**169.368.659**
Balance as of January 1, 2006	**32.003.756**	**65.230.753**	**-677.282**	**61.997.652**	**10.813.780**	**-**	**169.368.659**	**-**	**169.368.659**
Profit / (loss) recognised directly to equity	-	-	4.678.582	-	-	-	4.678.582		4.678.582
Net profit for the period	-	-	-	-	12.817.707	-	12.817.707		12.817.707
Total recognised net profit for the period	-	-	4.678.582	-	12.817.707	-	17.496.289	-	17.496.289
Stock option plans									
Income from stocks issue	977.385	-	-	-	-	-	977.385	-	977.385
Transfer of reserves	-	-	-	3.470.678	-3.470.678	-	-	-	-
Dividend	-	-	-	-	-6.303.770	-	-6.303.770	-	-6.303.770
Additions due to merger	5.707.815	1.704.613	-	978.200	14.208.417	-	22.599.045	-	22.599.045
Surplus due to merger	-	-	-	-3.889.856		-	-3.889.856	-	-3.889.856
	6.685.200	1.704.613	-	559.022	4.433.969	-	13.382.804	-	13.382.804
Balance as of December 31, 2006	**38.688.956**	**66.935.366**	**4.001.299**	**62.556.674**	**28.065.455**	**-**	**200.247.751**	**-**	**200.247.751**

The notes attached hereto from pages 10 to 57 constitute an integral part of these financial statements.

Cash Flow Statement

	Note	GROUP		COMPANY	
		2006	2005	2006	2005
Cash flows from operating activities					
Cash generated from operations	27	-61.899.945	23.795.077	-58.096.377	44.292.235
Interests paid		-19.484.808	-14.060.953	-8.691.658	-6.383.982
Income tax paid		-7.220.024	-7.738.098	-4.213.283	-5.952.565
Net Cash flows from operating activities		**-88.604.777**	**1.996.027**	**-71.001.318**	**31.955.688**
Cash flows from investing activities					
Purchase of property, plant and equipment (PPE)		-27.204.131	-20.912.387	-6.664.704	-4.670.845
Purchase of intangible assets		-240.219	-999.815	-173.123	-306.964
Sales of PPE		1.231.382	872.350	162.817	231.410
Sales of intangible assets		-	3.499	-	-
Sales of investments in real estate		1.814.580	-	1.814.580	-
Sales of holdings		5.423	16.024.448	5.423	16.024.448
Dividends received		134.424	21.437	1.783.939	1.765.412
Loans to associated parties		-39.632	-	-	-
Purchase of financial assets at fair value through the profit and loss statement		-	-8.231	-	-
Sale of financial assets at fair value through the profit and loss statement		-	-	-	-
Interest received		728.567	376.211	222.147	168.123
Procceds from loans of associated parties repayment		39.632	-	-	-
Increase of participation in affiliated		-	-8.400	-	-
Increase of participation in subsidiaries		-	-15.960.000	3.766.288	-37.004.779
Increase of participation in other holdings		-	-	-	-8.400
Net Cash flows from investing activities		**-23.529.975**	**-20.590.887**	**917.368**	**-23.801.594**
Cash flows from financing activities					
Common stocks issue		977.385	-	977.385	-
Dividends paid to shareholders of the parent		-6.301.771	-3.877.805	-6.285.978	-4.848.077
Loans received		155.285.000	65.875.154	95.000.000	30.000.000
Repayment of loans		-25.329.641	-39.148.989	-7.206.612	-30.768.095
Changes changes in financial leases		7.465	-	-	-
Dividends paid to minority interest		-	-382.060	-	-
Grand proceeds		511.088	-	-	-
Net cash flows from financing activities		**125.149.526**	**22.466.300**	**82.484.795**	**-5.616.172**
Net (decrease)/ increase in cash and cash equivalents		**13.014.775**	**3.871.440**	**12.400.844**	**2.537.922**
Cash and cash equivalents at the beginning of period		16.246.241	12.374.801	6.656.461	4.118.539
Cash and cash equivalents at the end of period		**29.261.016**	**16.246.241**	**19.057.305**	**6.656.461**

The notes attached hereto from pages 10 to 57 constitute an integral part of these financial statements.

Notes to the Financial Statements FY 2006

(Amounts are expressed in Euros, unless otherwise stated. Differences in the total amounts are due to rounding).

1. The Group's Incorporation and Business:

HALCOR METAL WORKS S.A. (formerly VECTOR S.A. Metals Processing Company) (or "HALCOR" or the "Company") was incorporated in 1977 and is registered in the Register of Societes Anonymes under No. 2836/06/B/86/48. In 1997 the merger of the companies VECTOR S.A. and (the former) HALCOR S.A. took place and was finalized by the Ministry of Growth's decision taken on 5/6/97, recorded in the Public Limited Companies Register.

The Company duration is set to 50 years from the date of publication of its Articles of Association, i.e. up to 2027. It has been listed on the Athens Stock Exchange since 1996 and is a member of the VIOHALCO Group.

HALCOR S.A. manufactures copper, brass and other copper alloy rolled and extrusion products. The company is vertically integrated and it is the only Company in Greece that manufactures copper pipes and holds a leading position in the manufacture and trade of copper, brass and other copper alloy products, as well as copper wire.

The Company's Financial Statements for the fiscal year that ended on 31 December 2006 include the HALCOR's Financial Statements and the Company's Consolidated Financial Statements (together referred to as the "Group"). The names of the subsidiary companies are presented in Note 9 of the Financial Statements.

The Group's core business is the manufacture and trade of rolled and extrusion copper and copper alloy products, rolled zinc products and all kinds of cables.

The Group operates in Greece, Bulgaria, Romania, Cyprus, the United Kingdom, France, Germany and Serbia-Montenegro.

The Company's shares, as well as those of its Subsidiary "HELLENIC CABLES S.A." are listed on the Athens Stock Exchange.

The Company's registered offices are located in Athens, Athens Tower – 2nd Building, 2-4 Messogeion Avenue, Postal Code 115 27. The Company's headquarters and its contact address are at the 57th km of the Athens-Lamia National Road, Inofyta Viotias, Postal Code GR-32011. The company's website address is www.halcor.gr .

The Company and Consolidated Financial Statements as of 31 December 2006 attached were approved for publication by the Company's Board of Directors on 22 February, 2007 while they stand for approval by the Annual General Shareholders Meeting.

Notes to the Financial Statements FY 2006

2. Financial Statements' basis of preparation

(a) Note of Compliance

The Financial Statements have been drawn up in accordance with the International Financial Reporting Standards (I.F.R.S.) that have been adopted by the European Union.

(b) Basis of Valuation

The Financial Statements were drawn up on the basis of the historical cost principle with the exception of derivatives that are recorded at their fair value. The Financial Statements are depicted in Euros unless otherwise stated.

(c) Operating Exchange Rate and Presentation

The financial statements are expressed in Euros (€), which constitutes the company's operating currency. All the financial figures are presented in Euros (€).

(d) Application of Evaluations and Judgments

When drawing up financial statements in accordance with the I.F.R.S. it is necessary for the management to resort to evaluations and judgments that affect the application of accounting policies, as well as the recorded figures regarding assets, liabilities, income and expenses. Actual results may eventually differ from those calculations.

The evaluations and the relative assumptions are revised on a continuous basis. These revisions are recognized in the period in which they were made and in future periods if there are any.

In the areas where there is uncertainty regarding the evaluations and the decisive judgments concerning the application of accounting policies, with significant impact on the figures recorded in the financial statements, special information is given in the following notes:

- Fixed Assets (Note 6)
- Intangible Assets (Note 7)
- Inventories (Note 12)
- Customers (Note 13)

The accounting policies that are presented below have been consistently applied in all the periods that are presented in these Financial Statements and they have been consistently applied by all of the Group's companies.

Notes to the Financial Statements FY 2006

2. Financial Statements' basis of preparation (continue)

(d) Application of Evaluations and Judgments (continue)

Certain comparative elements have been readjusted in order to be comparable with the respective elements of the current year.

In the consolidated balance sheet of the year 2005 a reallocation to the figures has been made of a total amount of € 706.187 from Trade and Other Receivables and € 2.501.795 from Other Receivables to Fixed Assets concerning down payments for the purchase of Fixed Assets and an amount of € 2.858.158 from Other Receivables to Inventories concerning down payments for the purchase of inventories. The respective adjustments to the parent Company Balance Sheet amounted totally to € 706.187 in down payments for the purchase of Fixed Assets and € 99.227 in down payments for the purchase of inventories.

In the consolidated Cash Flow Statement the reallocations for the above mentioned figures concern the elements of a) Decrease / (Increase) of Inventories: € 2.858.158 b) Purchase of Fixed and Intangible Assets € 3.207.982 and c) Decrease / (Increase) of Receivables € 6.066.120.

In the parent company Cash Flow Statement the respective reallocations concern a) Decrease / (Increase) of Inventories € 99.227 and b) Decrease / (Increase) of Receivables: € 805.413 and c) Results from Investing Activity: € 706.187.

3. Basic Accounting Policies

3.1 Consolidation basis

(a) Subsidiary Companies

Subsidiaries are the companies controlled by the parent company. Control is exercised when the parent company has the power to reach decisions, directly or indirectly, that concern the subsidiaries' principles of financial management with the purpose of benefiting from them. The existence of any potential voting rights which may be exercised at the drawing up of the financial statements are taken into account in order to ascertain whether the parent company controls the subsidiaries. The subsidiaries are consolidated in full (integrated consolidation) from the date control over them is acquired and cease to be consolidated from the date that such control ceases to exist.

The buy out of a subsidiary by the Group is accounted according to the method of buy out. The acquisition cost of a subsidiary is the fair value of assets given, shares issued and liabilities assumed on the date of the exchange, plus any cost directly related to the transition. The individual assets, liabilities and possible liabilities acquired in a business merger are apportioned during the acquisition at their reasonable values regardless of the holding percentage. Acquisition cost beyond the reasonable value of the individual items acquired, is recorded as goodwill. Goodwill is periodically subject, at least annually, to an evaluation for any possible impairment. This evaluation is effected based on the provision of I.A.S. 36 "Impairment of Assets". If the overall cost of the buy out is less than the reasonable value of the individual items acquired, the difference shall be entered directly in the profit and loss statement.

The Company records investments in subsidiaries in the Individual Financial Statements at their acquisition cost less any possible impairment of their value.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.1 Consolidation basis (continue)

(b) Affiliated Companies

Affiliated companies are those over which the Group has material influence, but not control over their financial and operating policies, which is generally valid when percentage holdings fluctuate between 20% and 50% of voting rights. Investments in associated companies are accounted by the net worth method and are initially recognized at acquisition cost, increased or decreased by the Group's holding percentage in the profits and losses thereof after the date it acquired the significant influence and until this influence ceases to exist, as well as all corresponding increases and decreases of the holding's net worth. The investment in associated companies account includes the goodwill arising from the buy out (less any impairment).

The Group's share of the affiliated companies' profit or loss after the buy out is recognized in the Profit and Loss Statement, while its share in the variation of reserves after the buy out is recognized in the Reserves account. Accumulated variations affect the accounting value of investments in affiliated companies. Should the Group's share in the loss of an affiliated company exceed the value of the investment in the associated company, no additional loss is recognized, unless payments have been effected or further commitments have been undertaken on behalf of the affiliated company.

The Company records investments in affiliated companies in the Individual Financial Statements at their acquisition cost less any possible impairment of their value.

(c) Transactions Eliminated during Consolidation

Inter-group balances and transactions, as well as profits and losses which occurred from inter-group transactions are eliminated during the composition of the consolidated financial statements. Non-realized profits from transactions between the group and its affiliated companies are eliminated by the percentage of the Group's holding in the affiliated companies. Non-realized losses are eliminated accordingly, unless the transaction provides indications of impairment in the transferred asset.

3.2 Information by sector

A business sector is defined as a group of assets and operations providing goods and services which are subject to risks and returns different from those of other business sectors. A geographic sector is defined as a geographical area where goods and services subject to risks and returns different from other areas are provided.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.3 Foreing Currency

(a) Transactions in Foreign Currency

Transactions in foreign currency are converted into the operational currency based on the foreign currency's official rate that prevails on the date the transaction took place. Profits and losses from currency differences deriving after the clearing of such transactions during the fiscal year and after the conversion of currency items expressed in foreign currency at the parity rates prevailing on the date of the balance sheet are recorded in the Profit and Loss Statement.

(c) Transactions with Foreign Companies

Conversion of the Group's companies' financial statements (none of which is in the currency of a hyper inflated economy), that are in a different operational currency than the group's presentation currency are converted as follows:

Assets and liabilities of activities that are carried out abroad, including the goodwill and readjustment of reasonable values that arise during consolidation, are converted to Euros based on the foreign currency's official rate that prevails on the date of the Balance Sheet.

Income and expenses are converted to Euros based on the foreign currency's average rate during the fiscal year, which reflects the foreign exchange parity that prevails on the date the relative transaction took place.

Foreign exchange differences arising from the conversion of the net investment in a foreign business and of the relative offsets are recognized in a different line in the Equity account. When a foreign business is sold, accumulated foreign exchange differences are transferred to the Profit and Loss Statement as part of the profit or loss from the sale.

3.4 Tangible Fixed Assets

Tangible fixed assets are shown at acquisition cost less accumulated depreciation and any impairment of the value thereof. Acquisition cost includes all expenditures that are directly associated with the acquisition of the fixed asset.

Later expenditures are recorded as an augmentation in the accounting value of the tangible fixed assets or as a separate fixed asset only where there is a possibility that the future financial benefits shall flow into the group and their cost may be reliably accounted. Repairs and maintenance costs are recorded in the Profits and Loss Statement when they are carried out.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.4 Tangible Fixed Assets (continue)

Land is not depreciated. Depreciation on other tangible fixed asset items is calculated by the straight line method during the estimated useful lives of these assets and of their sections thereof. Useful lives range is estimated as follows:

Buildings	20-33	years
Mechanical equipment	1-18	years
Automobiles	5-7	years
Other equipment	3-7	years

The residual values and the useful life of tangible fixed assets are subject to review on every balance sheet date, if this is deemed necessary.

When the accounting values of tangible fixed assets exceed their estimated replacement cost the difference (impairment) is recorded as a result in the Profits and Loss Statement.

When tangible fixed assets are sold, the differences arising between the proceeds received and their accounting value is recorded as a profit or loss in the Profit and Loss Statement.

Financial expenses related to the construction of assets are capitalized for the period of time required till construction has been completed. All other financial expenses are recorded in the Profit and Loss Statement.

3.5 Intangible Fixed Assets

Intangible fixed assets that are acquired separately are recognized at their acquisition cost while intangible fixed assets that are acquired through the purchase of companies are recognized at their reasonable value on the date of acquisition. They are subsequently evaluated at this amount less accumulated depreciation and any possible accumulated impairment of their value. Intangible fixed assets may have either a definite or indefinite useful life. The cost of intangible fixed assets that have a definite useful life are depreciated during the period of their estimated useful life with the straight line method. Intangible fixed assets are depreciated from the date on which they become available. Intangible fixed assets with an indefinite useful life are not depreciated but are periodically subject (at least annually) to an evaluation of any possible impairment of their value based on the provisions of I.A.S. 36 “Impairment of Assets”. Residual values are not recognized. The useful life of intangible fixed assets is evaluated on an annual basis. Intangible fixed assets are controlled for impairment, at least annually, on an individual level or on a cash flow creation unit level to which they belong.

Software licenses are evaluated at acquisition cost less accumulated depreciation, less any accumulated impairment. They are depreciated by the straight line method over their useful life, which is from 3 to 5 years.

Expenditure necessary for the development and maintenance of software is recognized as an expense in the Profit and Loss Statement for the year in which it occurs.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.6 Investment in Properties

Investments in real estate concern land, which is evaluated at acquisition cost less any impairment.

3.7 Impairment in value of assets

The book value of the Group's assets is controlled for impairment when there are indications that their book value will not be recovered. In this case, the asset's recoverable amount is determined and if the book value thereof exceeds the estimated recoverable value, an impairment loss is recognized, which is recorded directly in the Profit and Loss Statement. The recoverable value is the greater amount between an asset's reasonable value, less the cost that is required for the sale thereof, and the value of the use thereof. In order to estimate the use value, the estimated future cash flows are discounted to the asset's present value with the use of a pre-tax rate that reflects the market's current estimations for the cash's temporal value and for the risks that are associated with these assets. If an asset does not bring significant independent cash flows, the recoverable amount is determined for the cash flow production unit to which the asset belongs.

If an impairment loss is recognized, on each balance sheet date the Group examines if the conditions that led to the recognition thereof continue to exist. In this case, the asset's recoverable value is re-

determined and the impairment loss is offset restoring the asset's book value to its recoverable amount to the extent that this does not exceed its book value (net of depreciation) that would have been determined if an impairment loss had not been recorded.

3.8 Investments

Investments are classified according to the purpose for which they were acquired. Management decides on the appropriate classification of the investment when the investment is acquired and reviews the classification every presentation date.

(a) Financial assets at a reasonable value through the Profit and Loss Statement

This category includes financial assets acquired for the purpose of being resold soon. Assets in this category are classified as Current Assets if they are held to be traded or if it is expected that they shall be sold within 12 months from the balance sheet date.

(b) Investments held till expiry

This category includes investments with fixed or pre-determined payments and a specific expiry date which the Group is intending as far as possible to hold onto until their expiry.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.8 Investments (continue)

(c) Financial assets available for sale

This category includes assets which are either designated for this category or cannot be classified in one of the above categories. They are included in non-Current Assets provided Management does not intent to liquidate them within 12 months form the balance sheet date.

Purchases and sales of investments are recognized on the date of the transaction which is the date the Group commits itself to buy or sell the item. Investments are initially recognized at their reasonable value plus transaction costs. Investments are eliminated when the rights to collect cash flows from the investments expire or are transferred and the Group has materially transferred all risks and benefits inherent in their ownership.

Subsequently, the financial assets for sale are evaluated at their reasonable value and the relative profit or loss is recorded in an equity reserve till these items are sold or defined as impaired. When sold or defined as impaired, the profit or loss is transferred to the profit and loss statement. Impairment loss recognized in the Profit and Loss Statement cannot be reversed through the profit and loss statement.

Realized and non-realized profit or loss arising from variation in the reasonable value of financial assets are evaluated at their reasonable value with variations in the profit and loss statement, and recognized in the Profit and Loss Statement of the period in which they occurred.

The reasonable values of financial assets traded on active markets are designated by their current bid price. For non-traded assets, reasonable values are designated by the use of evaluation methods such as an analysis of recent transactions, reference comparable items that are traded and discounted cash flow.

On every balance sheet date the Group assess whether there are any objective indications leading to the conclusion that financial assets have suffered impairment. For shares in companies that have been classified as financial assets available for sale, such an indication is a significant or prolonged fall in its reasonable value compared to its acquisition cost. If impairment is ascertained, the accumulated loss in Equity which is the difference between acquisition cost and reasonable cost is transferred to the Profit and Loss Statement. Impairment loss in holding titles recorded in the Profit and Loss Statement cannot be reversed through the profit and loss statement.

3.9 Inventories

Inventories are evaluated at the lower, per type, price between the acquisition cost and net liquidation value. Acquisition cost is designated by the weighted average cost method. Net liquidation value is evaluated on the basis of current stock sale prices in the context of usual business after subtracting any cost of completion and sale where there is such a case. It is hereby noted that specially in the case of by-products, these are evaluated directly at their net liquidation value. Eliminations are recognized in the Profit and Loss Statement of the year in which they occur.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.10 Customers and Other Current Receivables

Customer account receivables are recorded at cost and are controlled on an annual basis for impairment. Impairment losses are recorded when there is an objective indication that the Group is not in a position to collect all the sums owed on the basis of contractual terms. The provision figure is recorded as an expense in the Profit and Loss Statement. Possible deletions of receivables from accounts receivables are effected through the provision that has been formed. Receivables that are deemed as doubtful are deleted.

3.11 Cash and Cash Equivalents

Cash and cash equivalents include the cash balance, sigh deposits, highly liquefiable and low risk short-term investments up to 3 months and overdraft bank accounts.

3.12 Share capital

Direct costs for the issue of shares appear after the subtraction of the relevant income tax as a reduction of the above par reserve.

Acquisition cost of own shares, including the direct expenses thereof, appears in a separate account as a negative figure in the Company's Equity, till these own shares are sold, cancelled or re-issued. Any profit or loss from the sale of own shares net of other direct expenses and taxes on the transaction appear as a Reserve in Equity.

3.13 Interest-bearing Loans

Loans are initially recorded at their reasonable value. Following their initial recording they are monitored at their outstanding balance.

Loans are classified as Current Liabilities unless the Group has the right to postpone final settlement of the liability for at least 12 months from the date of the balance sheet. In this case they are classified as Long-term Liabilities.

3.14 Income Tax

Income tax of the fiscal year is comprised of both current and deferred tax. Income tax is recorded in the Profit and Loss Statement unless it concerns amounts that are directly recorded in Equity, in which case it is recorded in Equity.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.14 Income Tax (continue)

Current income tax is the expected payable tax against taxable income of the fiscal year, based on the instituted tax rates on the balance sheet date, as well as any readjustment to the payable tax of previous fiscal years.

Deferred income tax is designated by the balance sheet method, based on the balance sheet, which derives from the provisional differences between the accounting value and the tax base of assets and liabilities. Deferred income tax is not accounted for if it derives from the initial recognition of an asset or liability item in a transaction, apart from a business merger, which when the transaction took place, affected neither the accounting nor the taxation profit or loss. Deferred tax is designated by the factors of taxation which are expected to be in force in the period when the asset shall be liquidated or the liability settled. The designation of future factors of taxation is based on laws which have been passed at the date of drawing up the financial statements.

Deferred tax claims are recognized in the extent to which there shall be a future tax profit for the use of the provisional difference establishing the deferred tax claim. Deferred tax claims are reduced when the respective tax benefit is materialized.

Deferred income tax is recognized for provisional differences arising from investments in subsidiaries and affiliated companies, with the exception of the case where the reversal of provisional differences is controlled by the Group and it is possible that the provisional differences shall not be reversed in the foreseeable future.

Additional income taxes which emerge from the distribution of dividends are set in the same time with the obligatory payment of the relevant dividend.

3.15 Personnel Fringe Benefits

(a) Current Fringe Benefits

Current fringe benefits in money or kind are recorded as an expense when they accrue.

(b) Established Benefit Plans

The liability recorded in the balance sheet with regard to established benefit plans is the present value of the commitment for the benefit less the reasonable value of the plan’s assets and the variations arising from non-recognised actuarial profit and loss and the cost of previous service. The commitment of the established benefit is calculated by an independent actuary by the projected unit credit method.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.15 Personnel Fringe Benefits (continue)

The actuarial profit and loss arising for the adjustments based on historical data over or under 10% margin of the accumulated liability is recorded in the Profit and Loss Statement within the expected average insurance time of the plan's participants. The cost of previous service is recorded directly in the Profit and Loss Statement with the exception of the case where variations in the plan depend on the remaining time of service of employees. In this case the cost of previous service is recorded in the Profit and Loss Statement by the straight line method over the maturity period.

(c) Defined Contribution Plan

The duties towards benefits in Defined Contribution Plan are registered as an expense in the profits and loss statement during their year of realization.

3.16 State Subsidies

State subsidies are recognized at their reasonable value when it is expected with certainty that they shall be collected and the Group shall comply with all terms provided.

State subsidies regarding expenses, are deferred and recognized in the Profit and Loss Statement so as to correspond to the expenses they are designated to indemnify.

State subsidies related to the purchase of tangible fixed assets are included in Long-term Liabilities as deferred state subsidies and are transferred as gains to the Profit and Loss Statement by the straight line method over the expected useful life of the relative assets.

3.17 Provisions

Provisions are recognized when the Group has a present commitment (legal or justified) for which a cash outflow may arise for its settlement. Moreover, the amount of this commitment must be able to be determined with a significant degree of reliability. Provisions are re-examined on each balance sheet date and if it is deemed that no cash outflow shall arise for the commitment's settlement, a reverse entry must be made for these provisions. Provisions are used solely for the purposes for which they were initially formed. Provisions for future losses are not recognized. Contingent claims and liabilities are not recognized in the Financial Statements.

Provisions with regard to reorganization are recognized when the Group has an approved, detailed and official reorganization plan and the reorganization has either began or has been announced to the public. Future operating costs may not be included in the provision.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.18 Recognition of Income

Income includes the reasonable value of sales of goods and services, net of Value Added Tax, discounts and returns. The Group's inter-company income is fully eliminated. Income is recognized as follows:

(a) Sale of goods

The sale of goods is recognized when the significant risks and property benefits have been transferred to the buyer, the collection of the amount to be received is deemed reasonably ensured, the relevant expenses and possible returns of goods can be reliably evaluated and there is no continuing involvement in the management of goods.

(b) Services

Income from services is recognized in the period in which these services are rendered, on the basis of the completion stage of the service provided with relation to services provided overall.

(c) Interest income

Interest income is recognized when interest is rendered accrued (based on the actual interest rate method).

(d) Income from dividends

Dividends are accounted as income upon the approval of their distribution by the General Meeting of the shareholders.

3.19 Net Financial Expenditures

Net financial expenditures are comprised of debit interest on loans as well as foreign exchange profits/losses that arise from the companies' lending. In addition, they also include income from accrued credit interest from invested cash.

3.20 Leases

Fixed asset leases where the Group materially preserves the risks and benefits of ownership are classified as financial leases. Financial leases are capitalized at the beginning of the lease at the lower of reasonable value of the fixed asset or the present value of minimum leases, less accumulated depreciation and any possible loss from their obsolescence. The corresponding lease liabilities, net of financial expenses, are depicted in the Liabilities. The part of the financial expenses regarding leases is recognized in the Profit and Loss Statement of the year throughout the life of the lease.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.20 Leases (continue)

Leases where the material risks and benefits of ownership are preserved by the leaser are classified as operational leases. Payments for operational leases are recognized in the Profit and Loss Statement on a fixed basis throughout the life of the lease.

3.21 Dividends

Dividends that are distributed to the parent Company's shareholders are recognized as a Liability in the Financial Statements when the distribution is approved by the General Meeting of the shareholders.

3.22 Derivatives

Derivatives are initially and later recognized at their reasonable value. The method for recognizing profit and loss depends on whether the derivatives are designated as means of hedging or whether they are being held for trading purposes. The character of derivatives is determined on the date the transaction is entered into by the Group as hedges or as the reasonable value of accounts receivable, liabilities or commitments (hedging of reasonable value), or very likely foreseeable transactions (hedging of cash flows).

On entering the transaction the Group records the relationship between the hedging items and the hedged items as well as the relative risk management strategy. On entering the transaction and on an ongoing basis subsequently the evaluation related to the high returns of the hedge as well as for reasonable value hedges and for cash flow hedges is recorded.

(a) Reasonable Value Hedging

The variations in the reasonable value of derivatives which are designated as variations in the reasonable value hedges of hedged items are recorded in the Profit and Loss Statement as are the variations in the reasonable value of hedged items attributed to the risk being hedged.

(b) Cash Flow Hedging

The efficient proportion of variation in the reasonable value of derivatives designated as a means of hedging cash flows is recorded in an Equity Reserve. Profit or loss from the non-efficient proportion is recorded in the Profit and Loss Statement. Amounts recorded in an Equity reserve are transferred to the Profit and Loss Statement of the period where the hedged item affects profit or loss. In the case of hedging foreseeable future transactions resulting in the recognition of a non-monetary item (e.g. stock) the liability, profit or loss that had been recorded in Equity is transferred to the acquisition cost of the resulting non-financial asset.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.22 Derivatives (continue)

When a hedging means expires or is sold, or when a hedging relation no longer fulfils the hedging criteria, profits or losses accumulated in Equity remain as a reserve and are transferred to a profit and loss account when the hedged item affects the profits or losses. If a future transaction, which is not expected to be realized, is hedged, profits and losses accumulated in Equity are transferred to the Profit and Loss Statement.

(c) Net Investment Hedging

Net investment hedging in a business abroad is treated in the same way as cash flows hedging.

Profit or loss from the means of hedging related to the efficient part of the hedge is recognized in an Equity reserve. Profit or loss related to non-efficient part of the hedge is recognized in the Profit and Loss Statement.

Profit or loss that has accumulated in Equity is transferred to the Profit and Loss Statement when this business is sold.

(d) Derivatives not destined as a means of hedging

The variations in the reasonable value of these derivatives are recorded in the Profit and Loss Statement.

3.23 Share Option Plans for Employees

The Company and its subsidiary HELLENIC CABLES S.A. have granted Share Option Plans to some of its executives that have been recorded gradually from 2002 until 2011. The price at which the right may be exercised has been set as the average closing price of the company's share on the Stock Exchange. According to the transitional provisions of I.F.R.S. 2 and since these specific option rights were granted before 7 November 2002 the Group did not apply the provisions of this specific Standard with the exception of the notices as per paragraphs 44 and 45 of I.F.R.S. 2. (see note 19)

3.24 Earnings per share

The Group presents the basic as well as the reclassified earnings per share for its common shares. The basic earnings per share are estimated by dividing the earnings or losses, which correspond to the common shares holders, with the weighted average number of common shares that stand over during the period. The reclassified earnings per share are determined by the revision of the earnings or losses which correspond to the common shares holders and the weighted average number of common shares that stand over, during the influence of all reclassified possible common shares, which consist of convertible vouchers and shares that have volition rights which have been granted to the personnel.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.25 Report per Sector

A business sector is defined as a part of the Group that is active either in the production of relevant goods or services (activity sector) or in the provision goods or services in a specific financial environment (geographical sector) which are subject to risks and returns different from those of other business sectors. The basic Group financial reporting as per sector is based on activities.

3.26 Financial Risk Sector

The Group is exposed to financial risk, such as market risks (fluctuations in exchange rates, interest rates, and market prices), credit risk and liquidation risk. The general risk management program of the Group focuses on the unpredictability of the financial markets and attempts to minimize their possible negative influence on the financial performance of the Group.

The risk management is processed centrally by a qualified service of the Group VIOHALKO S.A., which operates under specific orders that have been approved by the Operational Regulation. The Board of directors offers instructions and guidance, for the general management of risk, as well as special instructions for the management of specific risks such as exchange rate risk, interest rate risk and credit risk.

(a) Market Risk

The Group is mainly active in Europe and thus the largest part of its transactions takes place in Euros (€). However, a part of product purchases are made using US Dollars and Great British Pounds. The fast payment of those suppliers lowers significantly the exchange risk. The Group buys foreign currency in advance and signs contracts of future exchange implementation with external contracting partners in order to counter the fluctuation risk of exchange rates.

(b) Credit Risk

The Group has established and implements credit control procedures which aim in minimizing any bad debt and the immediate cover of demands through securities. No client surpasses 10% of turnover and thus the trade risk is spread-out over a large number of clients. Wholesales are made to clients with an evaluated credit history. Credit Control Management sets credit limits per client and certain sales and collection terms are applied. Where this is possible, real or other securities are asked for.

(c) Liquidity Risk

Liquidity risk is held at low levels through the availability of adequate cash and credit lines in the associate banks.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.26 Financial Risk Sector (continue)

(d) Interest Rates Fluctuation Risk

The Group's loans are connected with floating rates which according to market conditions can either remain floating or be converted into fixed rates. Furthermore, regarding floating rate loans, the Group has proceeded to interest rate exchange contracts (payment of pre-set interest and Euribor collection) to cover exposure to risk from possible future interest rates' fluctuations above pre-set limits.

(e) Metal (aluminum, copper) Raw Material Price Fluctuation Risk

The Group hedges the fluctuation risk of prices of the metals it incorporates in its products, through transactions of pre-buying or pre-selling quantities equal to those of physical transactions in equivalent metal (purchases or sales) on the London Metal Exchange (LME).

3.27 New Standards and Interpretations Which Have Not Yet Been Adopted

The new standards, standards' amendments and interpretations which are not in effect by 31 December 2006, and have not been implemented in the preparation of the financial statements are as follows:

- IFRS 7 Financial Instruments: Disclosures and adjustment in IAS 1 Presentation of Financial Statements:

  Capital Disclosures require thorough disclosures regarding the significance of financial instruments in the financial position and the performance of an entity, as well as the qualitative and quantitative information on the nature and extent of the risks. I.F.R.S. 7 and the amended IAS 2, which will be compulsory for the Group's financial statements of 2007, will require extensive additional disclosure regarding the financial instruments and the share capital of the Group.

- IFRS 8 Operational Activity Sectors:

  IFRS 8 replaces IAS 14 and specifies how an entity must present information regarding the operating sectors in the Financial Statements and following the revision of IAS 34 Interim Financial Presentation, requires an entity to present selectively information relevant to its operating sectors in the Interim Financial Statements. Furthermore it sets the requirements of relevant disclosures for the products and services, the geographical area and the significant clients.

  IFRS 8 is compulsory for the Group's financial statements of 2009.

Notes to the Financial Statements FY 2006

3. Basic Accounting Policies (continue)

3.27 New Standards and Interpretations Which Have Not Yet Been Adopted (continue)

- IFRIC 7: Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies, refers to IAS 29, when an economy becomes hyper-inflated for the first time and specifically the accounting for deferred taxes. IFRIC 7, which will become compulsory for the Group's financial statements in 2007, is not expected to have an effect on the consolidated financial statements.

- The IFRIC 8 *Scope of IFRS 2 Payments in Shares* refers to the accounting for payment transactions in shares where some or all of the goods and services which were acquired cannot be specified. IFRIC 8 will be compulsory for the Group's financial statements of 2007 and is not expected to have a significant effect on the consolidated financial statements.

- The IFRIC 9 Re-measurement of embedded derivatives requires the redefinition of weather an embedded derivative has to be separated from the basic contract, when there are modifications to the contract. IFRIC 9 which will be compulsory for the Group's financial statements of 2007 and is not expected to have a significant effect on the consolidated financial statements.

- The IFRIC 10 *Interim Financial Statements and Impairment*, prohibits the reversal of impairments which were recognized in a previous intermediary period regarding goodwill, investment in holding titles or financial instrument evaluated at cost. IFRIC 10 will be compulsory for the Group's financial statements of 2007.

- The IFRIC 11 – IFRS 2 *Group and Treasury Share Transactions,* refers to the accounting treatment of specific, relevant transactions and whether these should be presented as transactions through a cash or share settlement, as is specified by IFRS 2. The application of IFRIC 11 concerns the fiscal year 2008.

- The IFRIC 12 *Services Concession Arrangements*, refers to the concession of services between public and private entities and concerns fiscal year 2008.

Notes to the Financial Statements FY 2006

4. Report per Sector

The reports per sector concern the business and geographical sectors of the Group. The primary report type (business sector), is based on the structure of the Group's management and the internal reporting system.

The Group incorporates the following main business sectors:

Copper Products

Cable Products

Other services

Results per sector for the financial year 2005

2005	Copper products	Cable products	Other Services	Total
Total gross sales by sector	**572.588.685**	**200.717.290**	**85.611.744**	**858.917.720**
Intercompany sales from consolidated entities	-133.046.271	-10.985.578	-3.153.818	**-147.185.667**
Net sales	**439.542.415**	**189.731.713**	**82.457.926**	**711.732.053**
Operating profits	15.690.050	6.336.786	4.096.335	**26.123.171**
Financial income - expenses	-10.394.480	-2.555.588	-652.404	**-13.602.472**
Share at results of affiliated companies	150.079	368.933	-533.508	**-14.496**
Profit before income tax	**5.445.649**	**4.150.131**	**2.910.423**	**12.506.203**
Income tax	-4.786.713	-1.231.460	-1.483.074	**-7.501.247**
Net profit	**658.936**	**2.918.672**	**1.427.349**	**5.004.956**

2005	Copper products	Cable products	Other Services	Total
Asset	419.700.905	222.184.679	58.585.850	**700.471.434**
Total liabilities	310.411.344	134.543.416	36.264.484	**481.219.244**
Investments in tangible, intangible assets and investments in real estate	13.345.093	4.807.850	-	**18.152.943**

Other figures per sector that consists the Financial Results 2005

2005	Copper products	Cable products	Other Services	Total
Depreciation of tangible assets	14.282.652	5.970.822	59.310	20.312.784
Amortization of intangible assets	316.617	844.682	-	1.161.299
Total depreciation	**14.599.269**	**6.815.504**	**59.310**	**21.474.083**
Impairment of claims	798.850	1.719.236	-	2.518.086
Impairment of inventories	34.673	35.910	-	70.583

Notes to the Financial Statements FY 2006

4. Report per Sector (continue)

Results per sector for the financial year 2006

2006	Copper products	Cable products	Other Services	Total
Total gross sales by sector	**1.070.691.306**	**321.273.194**	**124.082.033**	**1.516.046.533**
Intercompany sales from consolidated entities	-243.407.701	-19.709.524	-6.237.493	**-269.354.719**
Net sales	**827.283.604**	**301.563.670**	**117.844.539**	**1.246.691.814**
Operating profits	46.087.272	21.246.090	5.343.565	**72.676.927**
Financial income - expenses	-16.131.967	-4.665.245	-938.644	**-21.735.856**
Share of results of affiliated companies	55.769	555.321	335.057	**946.147**
Profit before income tax	**30.011.074**	**17.136.165**	**4.739.978**	**51.887.217**
Income tax	-6.829.884	-3.483.869	-1.204.464	**-11.518.216**
Net profit	**23.181.191**	**13.652.296**	**3.535.514**	**40.369.001**

2006	Copper products	Cable products	Other Services	Total
Asset	662.211.902	179.067.237	65.273.249	**906.552.387**
Total liabilities	447.151.860	165.605.157	30.488.879	**643.245.896**
Investments in tangible, intangible assets and investments in real estate	21.022.681	6.421.669	-	**27.444.350**

Other figures per sector that consists the financial results for the year 2006

2006	Copper products	Cable products	Other Services	Total
Depreciation of tangible assets	-15.033.133	-6.236.779	-102.393	-21.372.305
Amortization of intangible assets	-226.958	-976.601	-24.601	-1.228.160
Total depreciation	**-15.260.091**	**-7.213.379**	**-126.994**	**-22.600.465**
Impairment of claims	-1.241.208	-2.552.502	-	-3.793.709
Impairment of inventories	-8.927.719	-1.630.096	-	-10.557.815

Notes to the Financial Statements FY 2006

4. Report per Sector (continue)

	GROUP		COMPANY	
Sales	**2006**	**2005**	**2006**	**2005**
Greece	279.780.835	229.311.550	262.900.773	163.007.945
European Union	668.502.825	358.025.789	298.809.886	160.018.692
Other European countries	193.701.433	73.950.354	107.862.829	44.276.100
Asia	58.882.490	29.677.782	32.205.863	11.870.214
America	35.985.186	14.273.268	22.145.207	12.255.915
Africa	9.839.043	6.455.052	6.273.544	2.957.975
Oceania	-	38.259	-	38.259
Total	**1.246.691.814**	**711.732.053**	**730.198.102**	**394.425.100**

Analysis of sales by category

	2006	2005	2006	2005
Sales of merchandise & products	1.147.388.479	627.052.411	684.187.175	348.662.469
Income from services	20.152.508	27.007.069	887.531	2.880.545
Other	79.150.827	57.672.574	45.123.396	42.882.086
Total	**1.246.691.814**	**711.732.053**	**730.198.102**	**394.425.100**

Total assets	**2006**	**2005**	**2006**	**2005**
Greece	578.760.296	479.716.635	520.989.210	377.224.397
Foreign	327.792.091	220.754.800	-	-
Total	**906.552.387**	**700.471.434**	**520.989.210**	**377.224.397**

Investments in tangible, intangible fixed assets & real estate	**2006**	**2005**	**2006**	**2005**
Greece	9.033.163	7.375.794	6.837.827	4.271.622
Foreign	18.411.187	10.777.149	-	-
Total	**27.444.350**	**18.152.943**	**6.837.827**	**4.271.622**

Notes to the Financial Statements FY 2006

5. Merger – Take-Over of Subsidiary

The Boards of Directors of the companies FITCO S.A. and HALCOR S.A. decided on their meetings on 30 January 2006 the merger of the two companies through the absorption of the first by the second and with a balance sheet transformation date the 31st January 2006 in accordance with law 166/1993 and C.L. 2190/1920.

The merger was approved by the Boards of Directors of both companies on 15 June 2006 and was completed by the decision No. K2-9666 taken by the Ministry of Development on 30 June 2006.

Through this merger, HALCOR S.A. took over 21.12% of FITCO S.A. from a company with common share interests and the remainder 28.65% from third-parties (minority). Since HALCOR S.A. had control over FITCO S.A. before the merger and due to the fact that the 21.12% stake belonged to a common share interest company, the merger transaction is not accredited by the IFRIC 3. As a result the Group has presented the surplus which occurred from the merger, amounting to € 3,889,856 and charged it to its Equity. (see note 17), with the fixed assets being absorbed presented on their book value at the date of the merger without being valued at their fair value.

On 24 July 2006, HALCOR S.A. proceeded to the take-over of the total shares of HAMPAKIS S.A. REPRESENTATIVES Company, which was active in the representation of metal products. HAMPAKIS S.A. is incorporated for the first time in the current FY. For the period July – 31 December 2006 the participation of the subsidiary company in the consolidated profits of the Group amounts to € 475 (losses). The participation of the subsidiary company in the total consolidated assets on 31 December 2006 amounts to € 13,080.

Notes to the Financial Statements FY 2006

6. Fixed Assets

THE GROUP

	Land	Buildings	Mechanical equipment	Transportation Vehicles	Furniture and Fixtures	Fixed assets under construction	Total
Cost							
Balance as of 1 January 2005	**36.685.779**	**75.332.220**	**207.258.495**	**3.342.391**	**11.539.001**	**21.083.823**	**355.241.710**
Foreign exchange differences	114.433	1.266.069	1.966.155	3.369	193.635	5.831	**3.549.491**
Additions	203.032	884.728	4.044.268	276.571	810.321	14.693.468	**20.912.387**
Sales	-73.711	-426.018	-205.159	-126.492	-182.428	-4.358	**-1.018.167**
Destructions	-	-131.614	-48.946	-	-93.051	-	**-273.611**
Impairment	-	-	-531.802	-	-	-	**-531.802**
Subsidiaries acquisition	-	-	2.261	12.807	739	-	**15.808**
Redistribution	1.103	2.420.968	18.219.294	83.144	165.864	-22.075.501	**-1.185.127**
Balance as of 31 December 2005	**36.930.636**	**79.346.353**	**230.704.565**	**3.591.789**	**12.434.081**	**13.703.262**	**376.710.688**
Accumulated depreciation							
Balance as of 1 January 2005	-	**-14.039.896**	**-29.245.523**	**-2.071.291**	**-8.750.918**	-	**-54.107.628**
Foreign exchange differences	-	-842.195	-851.166	-2.893	-175.858	-	**-1.872.112**
Depreciation for the period	-	-3.296.296	-15.810.226	-363.399	-870.020	-	**-20.339.941**
Sales	-	24.743	44.876	45.914	153.418	-	**268.952**
Destructions	-	108.867	19.218	-	16.207	-	**144.292**
Subsidiaries acquisition	-	-	-94	-6.405	11.622	-	**5.123**
Redistribution	-	3.068	116.514	-	-6.161	-	**113.421**
Balance as of 31 December 2005	-	**-18.041.708**	**-45.726.402**	**-2.398.073**	**-9.621.710**	-	**-75.787.893**
Undepreciated value as of 31 December 2005	**36.930.636**	**61.304.645**	**184.978.163**	**1.193.717**	**2.812.372**	**13.703.262**	**300.922.795**
Cost							
Balance as of 1 January 2006	**36.930.636**	**79.346.353**	**230.704.565**	**3.591.789**	**12.434.081**	**13.703.262**	**376.710.688**
Foreign exchange differences	137.015	1.523.250	2.677.303	521	238.738	153.276	**4.730.103**
Additions	-	501.670	3.676.261	142.770	703.000	22.180.429	**27.204.131**
Sales	-	-	-1.733.890	-34.396	-103.417	-71.468	**-1.943.171**
Destructions	-	-	-62.259	-	-23.215	-	**-85.473**
Impairment	-	-	-2.718.287	-4.420	-	-494.118	**-3.216.825**
Subsidiaries acquisition	-	-	-	-	3.196,37	-	**3.196**
Redistribution	-	1.493.108	9.932.495	-	461.360	-12.203.611	**-316.648**
Balance as of 31 December 2006	**37.067.651**	**82.864.381**	**242.476.188**	**3.696.265**	**13.713.745**	**23.267.771**	**403.086.001**
Accumulated depreciation							
Balance as of 1 January 2006	-	**-18.041.708**	**-45.726.402**	**-2.398.073**	**-9.621.710**	-	**-75.787.893**
Foreign exchange differences	-	-1.056.307	-1.329.691	-2.130	-217.935	-	**-2.606.062**
Depreciation for the period	-	-3.466.610	-16.644.708	-349.540	-911.447	-	**-21.372.305**
Sales	-	-	761.508	76.628	78.928	-	**917.065**
Destructions	-	-	40.059	-	19.744	-	**59.802**
Subsidiaries acquisition	-	-	-	-	-3.035	-	**-3.035**
Redistribution	-	80.132	-	-	-80.132	-	**-**
Balance as of 31 December 2006	-	**-22.484.493**	**-62.899.235**	**-2.673.115**	**-10.735.586**	-	**-98.792.428**
Undepreciated value as of 31 December 2006	**37.067.651**	**60.379.888**	**179.576.954**	**1.023.150**	**2.978.159**	**23.267.771**	**304.293.573**

Notes to the Financial Statements FY 2006

6. Fixed Assets (continue)

COMPANY

	Land	Buildings	Mechanical equipment	Transportation Vehicles	Furniture and Fixtures	Fixed assets under construction	Total
Cost							
Balance as of 1 January 2005	**19.692.385**	**23.089.579**	**78.312.962**	**1.292.010**	**3.774.112**	**827.097**	**126.988.145**
Additions	31.234	758.536	2.079.918	54.746	437.619	1.264.292	**4.626.345**
Sales	-	-	-154.378	-1.582	-119.863	-	**-275.824**
Redistribution	-	445.772	223.811	10.495	-	-635.578	**44.501**
Balance as of 31 December 2005	**19.723.618**	**24.293.887**	**80.462.313**	**1.355.669**	**4.091.868**	**1.455.812**	**131.383.167**
Accumulated depreciation							
Balance as of 1 January 2005	-	**-1.105.746**	**-5.730.782**	**-865.712**	**-2.803.880**	-	**-10.506.121**
Depreciation for the period	-	-1.166.721	-6.053.821	-122.910	-453.294	-	**-7.796.746,99**
Sales	-	-	14.422	1.582	114.207	-	**130.212**
Balance as of 31 December 2005	-	**-2.272.467**	**-11.770.182**	**-987.040**	**-3.142.967**	-	**-18.172.656**
Undepreciated value as of 31 December 2005	**19.723.618**	**22.021.419**	**68.692.131**	**368.629**	**948.901**	**1.455.812**	**113.210.511**
Cost							
Balance as of 1 January 2006	**19.723.618**	**24.293.887**	**80.462.313**	**1.355.669**	**4.091.868**	**1.455.812**	**131.383.167**
Additions	-	488.209	3.043.040	66.837	315.912	2.750.706	**6.664.704**
Sales	-	-	-31.792	-	-22.023	-71.468	**-125.283**
Impairment	-	-	-2.690.787	-4.420	-	-494.118	**-3.189.325**
Subsidiaries acquisition	4.325.550,00	9.581.350	18.653.795	281.521	617.838	1.433.258	**34.893.312**
Redistribution	-	281.616	495.136	-	14.575	-791.327	-
Balance as of 31 December 2006	**24.049.168**	**34.645.062**	**99.931.705**	**1.699.606**	**5.018.170**	**4.282.864**	**169.626.575**
Accumulated depreciation							
Balance as of 1 January 2006	-	**-2.272.467**	**-11.770.182**	**-987.040**	**-3.142.967**	-	**-18.172.656**
Depreciation for the period	-	-1.644.924	-7.432.102	-144.597	-453.739	-	**-9.675.362**
Sales	-	0	5.612	0	12.413	-	**18.025**
Subsidiaries acquisition	-	-948.227	-2.800.672	-211.371	-521.451	-	**-4.481.722**
Balance as of 31 December 2006	-	**-4.865.618**	**-21.997.344**	**-1.343.008**	**-4.105.744**	-	**-32.311.715**
Undepreciated value as of 31 December 2006	**24.049.168**	**29.779.444**	**77.934.360**	**356.598**	**912.426**	**4.282.864**	**137.314.860**

After the absorption of FITCO S.A. as well as the approval of the company's investment plans, cases were examined where it was observed that a case of impairment of the company's fixed assets values can occur.

In accordance with the relevant reports of the company's engineers, impairment was held in:

- Fixed Assets of ex-FITCO S.A. which are not integrated in the business plan of the new HALCOR.
- Fixed Assets of HALCOR which will be replaced by programmed investments.

This impairment, which amounts to € 3,189,000, burdened exclusively the result of FY.

Notes to the Financial Statements FY 2006

7. Intangible Assets

GROUP

	Trade marks and Licenses	Software	Other	Total
Cost				
Balance as of 1 January 2005	**1.055.719**	**5.468.363**	**-**	**6.524.082**
Foreign exchange differences	-	28.877	-	28.877
Additions	17.918	368.092	62.527	448.537
Eliminations	-		-3.499	-3.499
Subsidiaries acquisition	-	293	-	293
Redistribution	29.835	521.443	-	551.278
Balance as of 31 December 2005	**1.103.473**	**6.387.068**	**59.028**	**7.549.569**
Accumulated depreciation				
Balance as of 1 January 2005	**-383.692**	**-3.161.799**	**-**	**-3.545.490**
Foreign exchange differences		-10.803	-	-10.803
Depreciation for the period	-115.876	-990.674	-54.748	-1.161.299
Eliminations	-	-	1.399	1.399
Subsidiaries acquisition	-	-293	-	-293
Redistribution	-	-1.068	-	-1.068
Balance as of 31 December 2005	**-499.568**	**-4.164.636**	**-53.349**	**-4.717.554**
Undepreciated value as of 31 December 2005	**603.905**	**2.222.431**	**5.679**	**2.832.015**

	Trade marks and Licenses	Software	Other	Total
Cost				
Balance as of 1 January 2006	**1.103.473**	**6.387.068**	**59.028**	**7.549.569**
Foreign exchange differences	-	91.139	-	91.139
Additions	7.430	232.789	-	240.219
Impairment	-	-174.978	-	-174.978
Eliminations	-	-19.266	-	-19.266
Additions due to merger	-	247.048	-	247.048
Redistribution	234.410	82.238	-	316.648
Balance as of 31 December 2006	**1.345.312**	**6.846.038**	**59.028**	**8.250.379**
Accumulated depreciation				
Balance as of 1 January 2006	**-499.568**	**-4.164.636**	**-53.349**	**-4.717.554**
Foreign exchange differences	-	-40.898	-	-40.898
Depreciation for the period	-163.519	-1.064.641	-	-1.228.160
Cancellation	-	18.495	-	18.495
Depreciation due to merger	-	-6.176	-	-6.176
Balance as of 31 December 2006	**-663.087**	**-5.257.857**	**-53.349**	**-5.974.293**
Undepreciated value as of 31 December 2006	**682.225**	**1.588.181**	**5.679**	**2.276.085**

Notes to the Financial Statements FY 2006

7. Intangible Assets (continue)

COMPANY

	Software
Cost	
Balance as of 1 January 2005	**2.499.711**
Additions	306.964
Balance as of 31 December 2005	**2.806.675**
Accumulated depreciation	
Balance as of 1 January 2005	**-2.198.815**
Depreciation for the period	-210.077
Balance as of 31 December 2005	**-2.408.891**
Undepreciated value as of 31 December 2005	**397.784**

	Software
Cost	
Balance as of 1 January 2006	**2.806.675**
Foreign exchange differences	
Additions	173.123
Impairment	-174.978
Additions due to merger	247.048
Balance as of 31 December 2006	**3.051.868**
Accumulated depreciation	
Balance as of 1 January 2006	**-2.408.891**
Depreciation for the period	-219.657
Depreciation due to merger	-6.176
Balance as of 31 December 2006	**-2.634.725**
Undepreciated value as of 31 December 2006	**417.143**

Through the total integration of FITCO S.A. in the IT systems of HALCOR, an impairment of ex-FITCO S.A.'s software expenses was performed.

This impairment, amounting to € 175,000, has burdened exclusively the result of the current FY.

Notes to the Financial Statements FY 2006

8. Investments in Real Estate

Investments in real estate concern land of HELLENIC CABLES S.A., which is fully consolidated by the parent company HALCOR S.A., which were estimated at their reasonable value that was considered as deemed cost. Due to the fact that this land were recently estimated by an independent appraiser and whereas the real estate market of the regions where this land is located has not sustained any significant changes, the Management deems that the aforementioned values reflect the current values of these land.

9. Participations

	GROUP		COMPANY	
	2006	2005	2006	2005
Investments to subsidiary Companies	-	-	90.607.953	100.124.926
Investments to affiliated Companies	6.950.445	6.842.589	4.571.245	5.059.455
	6.950.445	**6.842.589**	**95.179.198**	**105.184.381**

The Participations in Subsidiary Companies are analyzed as follows:

Corporate Name	Country	Value at the beginning of period	Additions	Sales	Impairment	Value at the end of period	Direct Holding Percentage	Indirect Holding Percentage	Direct & Indirect Holding Percentage
2005									
HELLENIC CABLES S.A.	Greece	37.712.682	-	-34.851.932	18.867.439	21.728.188	46,20%	33,45%	79,65%
FITCO S.A.	Greece	9.670.540	-	-	-	9.670.540	50,32%	-	50,32%
STEELMET S.A.	Greece	140.880	-	-	-	140.880	29,56%	23,54%	53,10%
AKRO S.A.	Greece	267.828	1.015.413	-	-1.275.534	7.707	84,50%	-	84,50%
E.V.I.T.E. S.A.	Greece	59.997		-	-	59.997	100,00%	-	100,00%
SOFIA MED SA	Boulgaria	32.233.120	19.995.945	-	-	52.229.065	100,00%	-	100,00%
METAL AGENCIES LTD	United Kingdom	140.931	-	-	-	140.931	67,00%	26,28%	93,28%
BELANTEL HOLDINGS LTD	Cyprus	95.437	-	-	-	95.437	100,00%	-	100,00%
METAL GLOBE DOO	Serbia-Montenegro	-	-	-	-	-	30,00%	23,89%	53,89%
COPPERPROM LTD	Greece	3.780	3.420	-	-	7.200	40,00%	31,86%	71,86%
GENECOS SA	France	54.980	-	-	-	54.980	25,00%	47,79%	72,79%
SYLLAN S.A.	Greece	-	30.000	-	-	30.000	50,00%	25,16%	75,16%
OGWELL LIMITED	Cyprus	-	15.960.000	-	-	15.960.000	100,00%	-	100,00%
		80.380.175	**37.004.779**	**-34.851.932**	**17.591.904**	**100.124.926**			
2006									
HELLENIC CABLES S.A.	Greece	21.728.188	-	-	-	21.728.188	45,77%	33,14%	78,91%
FITCO S.A.	Greece	9.670.540		-9.670.540		0	50,32%	-	50,32%
STEELMET S.A.	Greece	140.880	-	-	-	140.880	29,56%	23,32%	52,88%
AKRO S.A.	Greece	7.707	-	-	-	7.707	84,50%	-	84,50%
E.V.I.T.E. S.A.	Greece	59.997	-	-	-	59.997	100,00%	-	100,00%
SOFIA MED SA	Boulgaria	52.229.065	52	-52		52.229.065	100,00%	-	100,00%
METAL AGENCIES LTD	United Kingdom	140.931	-	-	-	140.931	67,00%	26,04%	93,04%
BELANTEL HOLDINGS LTD	Cyprus	95.437	-	-	-	95.437	100,00%	-	100,00%
METAL GLOBE DOO	Serbia-Montenegro	-	-	-	-	-	30,00%	23,67%	53,67%
COPPERPROM LTD	Greece	7.200	-	-	-	7.200	40,00%	31,56%	71,56%
GENECOS SA	France	54.980	-	-	-	54.980	25,00%	47,34%	72,34%
SYLLAN S.A.	Greece	30.000	30.000	-	-	60.000	100,00%	-	100,00%
OGWELL LIMITED	Cyprus	15.960.000	-	-	-	15.960.000	100,00%	-	100,00%
CHABAKIS LTD	Greece	-	123.568	-	-	123.568	100,00%	-	100,00%
		100.124.926	**153.620**	**-9.670.592**	**0**	**90.607.953**			

The additions to the participations in the subsidiary companies SOFIA MED S.A. and SYLLAN S.A. are due to the participation that FITCO S.A. had in these companies, which in turn was merged with the company HALCOR S.A. in January 2006. The addition to HAMPAKIS S.A. REPRESENTATIVES company is due to its take-over in July 2006 (see note 5).

The sales are due mainly to the merger of FITCO S.A. by the company.

Notes to the Financial Statements FY 2006

9. Participation (continued)

The participations in Affiliated Companies are analyzed as follows:

Corporate Name	Country	Direct & Indirect Holding Percentage	GROUP 2006	GROUP 2005	COMPANY 2006	COMPANY 2005	
DIAPEM TRADING S.A.	Greece	33,33%	210.665	210.928	266.627	266.627	(263)
ELKEME S.A.	Greece	30,92%	570.304	568.976	381.604	381.604	1.328
VECTOR S.A.	Greece	33,33%	-	1.006.580	-	488.210	
S.C. STEELMET ROMANIA S.A	Romania	40,00%	1.494.483	877.912	729.237	729.237	616.571
TEPRO METALL AG	Germany	43,56%	3.966.965	3.505.928	2.873.392	2.873.392	461.037
ENERGY SOLUTIONS SA	Boulgaria	38,60%	415.853	369.059	299.985	299.985	46.794
THISVI POWER GENERATION PLANTS S.A.	Greece	20,00%	14.648	17.980	12.000	12.000	(3.332)
HELLENIC STEEL TRADING S.A.	Greece	35,83%	-	-	-	-	
COPPERPOM LTD	Greece	71,56%	-	6.481	-	-	
VIEXAL LTD	Greece	26,67%	18.760	-	8.400	8.400	
E.D.E S.A.	Greece	78,90%	106.221	106.221	-	-	0
DE LAIRE LIMITED	Cyprus	78,90%	152.546	118.429	-	-	34.117
ECA L.T.D.	U.K	78,90%	52.891	54.096	-	-	(1.205)
LESCO ROMANIA S.A.	Romania	51,29%	-52.891		-	-	(52.891)
			6.950.445	**6.842.590**	**4.571.245**	**5.059.455**	

The participation in the company VECTOR S.A. was deleted due to its absorption by the company ELVAL COLOUR S.A. (see note 10).

The companies De Laire Limited, Electric Cable Agencies and E.D.E were integrated through the net worth method instead of the total integration method due to non-importance of the relevant figures.

10. Financial Assets available for sale - Investments

The Financial Assets available for sale incorporate the following:

	GROUP 2006	GROUP 2005	COMPANY 2006	COMPANY 2005
Unlisted titles				
Domestic Participating Titles	1.001.160	419.413	734.616	246.403
International Participating Titles	212.016	305.608	212.017	-
Bonds	-	-	-	-
Others	5.869	5.869	5.869	5.869
	1.219.045	**730.890**	**952.502**	**252.272**

Notes to the Financial Statements FY 2006

10. Financial Assets available for sale - Investments (continued)

The Boards of Directors of the companies VECTOR S.A. and ELVAL COLOUR S.A. decided at their meetings on 19 April 2006 the merger of the two companies through the absorption of the first by the second respectively, with a transformation balance date of 30 April 2006 and according to the law 166/1993 and C.L. 2190/1920.

The merger was approved by both companies' Boards of Directors on 19 September 2006 and completed with the No29975/29-9-2006 decision of Athens Prefecture.

Before the merger HALCOR S.A. held 33.33% of VECTOR S.A. and after the merger it acquired 4.06% of ELVAL COLOUR S.A.

11. Deferred Taxation Demands and Liabilities

The deferred taxation demands and liabilities are set off when there exists an applicable legal right to set off the current taxation demands with the current taxation liabilities when the deferred income taxes concern the same tax authority. The set off figures are mentioned below:

	CONSOLIDATED FIGURES		COMPANY FIGURES	
	2006	2005	2006	2005
Deferred tax claims	**3.206.732**	**1.022.073**	**-**	**-**
Deferred tax liabilities	**-27.222.759**	**-24.736.580**	**-22.647.391**	**-16.771.216**
Total	**-24.016.027**	**-23.714.507**	**-22.647.391**	**-16.771.216**

The overall variation in deferred income tax is as follows:

	CONSOLIDATED FIGURES		COMPANY FIGURES	
	2006	2005	2006	2005
Opening balance	**-23.714.507**	**-23.635.079**	**-16.771.216**	**-16.624.167**
Foreign exchange differences	116.749	62.015	-	-
Merger of subsidiary	-	-	-4.417.931	-
(Debit)/credit recorded in the profit and loss statement	805.490	-361.407	101.283	-170.286
Tax that was (debited)/credited in equity	-1.223.759	219.964	-1.559.527	23.236
Closing balance	**-24.016.027**	**-23.714.507**	**-22.647.391**	**-16.771.216**

The deferred taxation demands and liabilities are recoverable after twelve months.

The changes of the deferred taxation demands and liabilities before their set off are as follows:

Notes to the Financial Statements FY 2006

11. Deferred Taxation Demands and Liabilities (continued)

Deferred tax liabilities:

GROUP	Difference in Depreciation	Difference in Provisions	Non-recognised intangible assets	Change in tax rate	Tax losses	Other	**Total**
Balance as of 1/1/2005	**-36.427.695**	**-354.056**	**-771.803**	**-445.171**	**-**	**1.836.050**	**-36.162.675**
Foreign exchange differences	-	-	-	-	-	35.815	35.815
(Debit) / Credit recorded in the profit and loss statement	-1.220.844	-361.543	-238.485	137.058	-	95.434	-1.588.380
(Debit) / Credit in equity	-	-	-	-	-	-59.964	-59.964
Balance as of 31/12/2005	**-37.648.539**	**-715.599**	**-1.010.288**	**-308.113**	**-**	**1.907.336**	**-37.775.204**
Foreign exchange differences	116.917	-	-	-	-	-	116.917
(Debit) / Credit recorded in the profit and loss statement	-668.756	-771.487	-70.218	88.426	-	1.455.913	33.878
(Debit) / Credit in equity	-	-	-	-	-	-1.559.527	-1.559.527
Balance as of 31/12/2006	**-38.200.378**	**-1.487.086**	**-1.080.506**	**-219.687**	**-**	**1.803.722**	**-39.183.935**

Deferred tax liabilities:

GROUP	Difference in Depreciation	Difference in Provisions	Non-recognised intangible assets	Change in tax rate	Tax losses	Other	**Total**
Balance as of 1/1/2005	**1.725.590**	**883.799**	**775.039**	**8.567.953**	**-**	**274.439**	**12.226.820**
(Debit) / Credit recorded in the profit and loss statement	323.716	30.671	-	-	-	872.587	1.226.974
(Debit) / Credit in equity	-	-	-	-	548.811	58.091	606.902
Balance as of 31/12/2005	**2.049.306**	**914.470**	**775.039**	**8.567.953**	**548.811**	**1.205.117**	**14.060.696**
Foreign exchange differences	-	-	-168	-	-	-	-168
(Debit) / Credit recorded in the profit and loss statement	-31.499	1.046.014	-130.990	-695.644	-	901.799	1.089.680
(Debit) / Credit in equity	-	-	-	-15.459	-	33.120	17.661
Reclasification	1.802.084	59.664	-	-	-	-	1.861.749
Sale of subsidiary	-	-	-94.752	-155.479	-1.203.299	-408.179	-1.861.709
Balance as of 31/12/2006	**3.819.892**	**2.020.148**	**549.129**	**7.701.371**	**-654.488**	**1.731.856**	**15.167.908**
Total tax receivables - liabilities	**-34.380.486**	**533.062**	**-531.377**	**7.481.684**	**-654.488**	**3.535.578**	**-24.016.027**

Deferred tax liabilities:

COMPANY	Difference in Depreciation	Difference in Provisions	Non-recognised intangible assets	Change in tax rate	Other	Total
Balance as of 1/1/2005	**-24.453.463**	**-81.232**	**-186.662**	**-398.676**	**-115.076**	**-25.235.109**
(Debit) / Credit recorded in the profit and loss statement	-665.983	-406.971	-62.682	-	-	-1.135.636
Balance as of 31/12/2005	**-25.119.446**	**-488.203**	**-249.344**	**-398.676**	**-115.076**	**-26.370.745**
(Debit) / Credit recorded in the profit and loss statement	-591.562	-771.487	-70.218	-	-141.073	-1.574.339
(Debit) / Credit in equity	-	-	-	-	-1.559.527	-1.559.527
Merger of subsidiary	-	-	-	-	-4.417.931	-4.417.931
Balance as of 31/12/2006	**-25.711.008**	**-1.259.690**	**-319.562**	**-398.676**	**-6.233.607**	**-33.922.542**

Deferred tax liabilities:

COMPANY	Difference in Depreciation	Difference in Provisions	Non-recognised intangible assets	Change in tax rate	Other	Total
Balance as of 1/1/2005	**187.574**	**522.166**	**689.994**	**6.847.605**	**363.603**	**8.610.942**
(Debit) / Credit recorded in the profit and loss statement	62.915	42.394	-	-	860.041	965.350
(Debit) / Credit in equity	-	-	-	-	23.236	23.236
Balance as of 31/12/2005	**250.489**	**564.560**	**689.994**	**6.847.605**	**1.246.880**	**9.599.528**
(Debit) / Credit recorded in the profit and loss statement	81.077	686.410	-	-	908.136	1.675.623
Balance as of 31/12/2006	**331.566**	**1.250.971**	**689.994**	**6.847.605**	**2.155.016**	**11.275.152**
Total tax receivables - liabilities	**-25.379.441**	**-8.720**	**370.432**	**6.448.929**	**-4.078.591**	**-22.647.391**

The factor with which the deferred taxation is calculated is equal to the one which is estimated to be present during the moment of reversal of the temporary taxation differences. For the company, this factor is set at 25%.

Notes to the Financial Statements FY 2006

12. Inventories

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Merchandise	18.999.714	19.744.583	5.259.106	2.500.438
Finished products	85.790.734	48.987.613	40.511.307	18.802.730
Semi-finished	39.339.320	21.752.871	21.709.797	10.388.585
By-products and scrap	1.436.804	1.520.771	68.670	24.269
Work in progress	29.387.514	22.004.858	8.806.870	6.584.899
Raw and indirect materials - consumables - spare parts & packaging materials	79.791.396	51.826.844	50.628.510	21.681.192
Sale of inventories advance	1.207.833	2.858.138	86.049	99.226
Total	**255.953.317**	**168.695.677**	**127.070.309**	**60.081.338**
Less: Provisions for inventories devaluation	**-10.557.816**	**-70.583**	**-5.146.682**	**-**
Total net liquid value	**245.395.501**	**168.625.093**	**121.923.626**	**60.081.338**

For FY 2006, both on a Company as well as on a Group level, a devaluation of inventories was needed to be carried out at a net liquidation value mainly due to the drop in metal price (raw material).

13. Customers

Current assets	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Customers	165.346.957	118.911.397	53.272.421	36.425.479
Less: Impairment provisions	-3.793.709	-2.518.086	-1.150.114	-549.703
Net customer receivables	**161.553.248**	**116.393.312**	**52.122.307**	**35.875.776**
Other down payments	1.719.951	1.184.985	653.091	491.060
Notes-cheques receivable & sealed	44.261.589	39.165.097	26.640.195	18.064.052
Receivables from affiliated entities	22.859.297	8.978.314	17.915.546	15.974.570
Receivables from other holdings	114.600	829.083	114.600	24.000
Current tax receivables	52.390.039	14.921.792	40.131.651	14.964.932
Other debtors	13.322.417	17.187.180	2.524.177	4.667.093
Total	**296.221.140**	**198.659.762**	**140.101.567**	**90.061.482**

Non-current assets

Long-term claims against other holdings	4.834	4.834	4.834	4.834
Other long-term claims	792.306	786.678	424.252	402.828
Total	**797.140**	**791.513**	**429.086**	**407.662**

During 2006 the Company’s receivables were further impaired by € 532,829. This amount arises from the doubtful customer provision that was formed for TECHNIKON S.A., SANILEC S.A. AND KILIMIS S.A.

“Other debtors” who is included in the current assets of the Group and Company concerns, in its majority, receivables form the Hellenic State for V.A.T. return.

Notes to the Financial Statements FY 2006

14. Derivatives

	GROUP		COMPANY	
	2006	2005	2006	2005
Non-current assets				
Interest rate swaps	405.529	-	278.737	-
Foreign exchange swaps	-	-	-	-
Total	405.529	-	278.737	-
Current assets				
Foreign exchange swaps	42.899	41.961		-
Future contracts	7.607.224	1.580.196	5.335.187	972.507
Total	**7.650.123**	**1.622.157**	**5.335.187**	**972.507**
Long-term liabilities				
Foreign exchange swaps	-	361.797	-	-
Future contracts	-	653.279	-	653.279
Total	-	**1.015.076**	-	**653.279**
Short-term liabilities				
Foreign exchange swaps	33.394	-	-	-
Future contracts	1.720.985	1.531.714	278.858	1.222.271
Total	**1.754.379**	**1.531.714**	**278.858**	**1.222.271**
Amounts that were posted in the results as earnings or (expenses)	-11.872.653	-1.565.566	-5.409.753	-1.607.527

The above estimation of the derivatives' open item positions was effected based on I.A.S. 39 "Cash Flow Hedging". The Group's policy regarding matters concerning hedging risks is noted in Note 3.22 (Derivatives). The above estimated derivatives are comprised of future contracts that the Group uses to avoid creating a result from changes in the prices of metal and/or foreign currencies as well as interest rate swaps that the Group uses to secure the payment of interest on loans that it has concluded with a floating interest rate.

15. Cash and Cash Equivalents

	GROUP		COMPANY	
	2006	2005	2006	2005
Cash on hand and in banks	1.509.192	983.232	194.503	157.413
Short-term bank deposits	27.751.824	15.263.009	18.862.801	6.499.048
Total	**29.261.016**	**16.246.241**	**19.057.305**	**6.656.461**

Notes to the Financial Statements FY 2006

16. Share Capital

GROUP	Number of shares	Common Shares	Share Premium	Total
January 1, 2005	**96.981.079**	**32.003.756**	**65.230.753**	**97.234.509**
Employees Benefit from share option skin plan	-	-	-	-
December 31, 2005	**96.981.079**	**32.003.756**	**65.230.753**	**97.234.509**
Employees Benefit from share option skin plan	283.300	107.654	869.731	977.385
New stocks issue / (Depletion)	4.015.248	6.374.848	1.037.580	7.412.428
December 31, 2006	**101.279.627**	**38.486.258**	**67.138.064**	**105.624.322**

COMPANY	Number of shares	Common Shares	Share Premium	Total
January 1, 2005	**96.981.079**	**32.003.756**	**65.230.753**	**97.234.509**
Employees Benefit from share option skin plan	-	-	-	-
December 31, 2005	**96.981.079**	**32.003.756**	**65.230.753**	**97.234.509**
Employees Benefit from share option skin plan	283.300	107.654	869.731	977.385
New stocks issue / (Depletion)	4.015.248	6.374.848	1.037.580	7.412.428
December 31, 2006	**101.279.627**	**38.486.258**	**67.138.064**	**105.624.322**

The Share Capital of the Company amounts to € 38,486,258.26 and consists of 101,279,627 common bearer shares with a par value of € 0.38 each.

On December 2006 the company proceeded to an increase of its share capital by € 977.385 due to the exercise of share option benefit plans (Note 19).

Notes to the Financial Statements FY 2006

17. Reserves

GROUP

	Regular reserve	Reserves at fair value	Special reserves	Non taxable reserves	Other reserves	Reserves from merger goodwill	Total	Foreign exchange differences of subsidies	Total
Balance as of 1 January 2005	**6.024.249**	**-882.121**	**9.432**	**48.182.003**	**-**	**-**	**53.333.563**	**-92.352**	**53.241.211**
Foreign exchange differences		-	-	-	-	-	**-**	1.956.705	**1.956.705**
Distribution	699.350	-	-	7.207.436	15.000	-	**7.921.786**	-	**7.921.786**
Redistribution	-72.674	273.855	-	38.521	-	-	**239.702**	-2.381.134	**-2.141.432**
Transfer to results	-	383.362	-	-	-	-	**383.362**	-	**383.362**
Other	-	-266.736	-	-	-	-	**-266.736**	-	**-266.736**
Balance as of 31 December 2005	**6.650.925**	**-491.639**	**9.432**	**55.427.960**	**15.000**		**61.611.677**	**-516.781**	**61.094.896**
Balance as of 1 January 2006	6.650.925	**-491.639**	9.432	55.427.960	15.000	-	**61.611.677**	-516.781	**61.094.896**
Foreign exchange differences	-	-	-	-	-	-	**-**	3.014.612	**3.014.612**
Distribution	493.304	-	2.300.000	707.003	297.477	-	**3.797.783**	-	**3.797.783**
Capitalization	1.315	-	-	-	-	-	**1.315**	-	**1.315**
Redistribution	-428	-161.316	-	-92.029	-62.768	-	**-316.541**	-596.247	**-912.788**
Transfer to results	-	-789.293,79	-	-	-	-	**-789.294**	-	**-789.294**
Merger of subsidiaries	249.390	-	29.347	699.463	-	-3.889.856	**-2.911.656**	-	**-2.911.656**
Other	-	6.792.438	-	-	-		**6.792.438**	-	**6.792.438**
Balance as of 31 December 2006	**7.394.506**	**5.350.189**	**2.338.779**	**56.742.397**	**249.709**	**-3.889.856**	**68.185.723**	**1.901.584**	**70.087.307**

COMPANY

	Regular reserve	Reserves at fair value	Special reserves	Non taxable reserves	Other reserves	Reserves from merger goodwill	Total
Balance as of 1 January 2005	**6.001.155**	**-**	**9.432**	**48.136.715**	**-**	**-**	**54.147.302**
Foreign exchange differences	-	-	-	-	-	-	-
Distribution	643.115	-	-	7.192.236	15.000	-	**7.850.350**
Other	-	-69.705	-	-	-	-	**-69.705**
Balance as of 31 December 2005	**6.644.270**	**-677.282**	**9.432**	**55.328.951**	**15.000**	**-**	**61.320.370**
Balance as of 1 January 2006	**6.644.270**	**-677.282**	**9.432**	**55.328.951**	**15.000**	**-**	**61.320.370**
Foreign exchange differences	-	-	-	-	-	-	-
Distribution	463.675	-	2.300.000	707.003	-	-	**3.470.678**
Merger of subsidiaries	249.390	-	29.347	699.463		-3.889.856	**-2.911.656**
Other	-	4.678.582	-	-	-	-	**4.678.582**
Balance as of 31 December 2006	**7.357.335**	**4.001.299**	**2.338.779**	**56.735.416**	**15.000**	**-3.889.856**	**66.557.974**

Ordinary Reserve

According to Hellenic Commercial Legislation, the companies are obliged, from their FY profits, to form 5% as an ordinary reserve until it reaches 1/3 of their initial paid-up share capital. During a company's life-cycle the distribution of its ordinary reserve is prohibited.

Reserves calculated at Fair Value

The reserves calculated at fair value contain the accumulated net change of the fair value of investments available for sale until the investment derecognition.

Notes to the Financial Statements FY 2006

17. Reserves (continued)

Untaxed Reserves

The untaxed reserves concern undistributed earnings which are exempt from taxation due to special clauses of development legislations (under the condition that there are adequate earnings for their formation). The reserves from tax-exempt earnings and taxed reserves concern, in a special way, earnings from interest and tax has been withheld at the source. Further of possible prepaid taxes, these reserves are put under taxation if they get distributed.

For the aforementioned untaxed reserves, there are no accrued deferred taxes in case they get distributed.

18. Lending

	GROUP		COMPANIES	
	2006	2005	2006	2005
Long-term borrowings				
Bank loans	58.895.798	59.249.227	10.786.169	20.522.404
Bond loans	252.500.000	154.500.000	187.500.000	105.000.000
Total long-term borrowings	**311.395.798**	**213.749.227**	**198.286.169**	**125.522.404**
Short-term borrowings				
Open Bank Accounts	-	48.365	-	48.365
Bank loans	191.315.807	158.958.654	42.711.789	27.633.802
Leasing liabilities	7.465	-	-	-
Total short-term borrowings	**191.323.272**	**159.007.019**	**42.711.789**	**27.682.167**
Total loans	**502.719.070**	**372.756.246**	**240.997.959**	**153.204.571**

The maturity dates of long-term debt are:

Between 1 and 2 years	101.943.506	22.974.945	69.486.235	-
Between 2 and 5 years	204.972.178	188.243.032	128.799.935	125.522.404
Beyond 5 years	4.480.114	2.531.250	-	-
	311.395.798	**213.749.227**	**198.286.169**	**125.522.404**

Real weighted average interest rate on the Balance sheet date are the following:

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Long-term Borrowings	6,24%	5,23%	6,68%	6.66%
Short-term Borrowings	4,58%	3,82%	4,49%	3,46%
Bonds	4,06%	3,18%	3,98%	3,23%

Notes to the Financial Statements FY 2006

18. Lending (continued)

	GROUP		COMPANY	
	2006	2005	2006	2005
Financial leasing liabilities - minimum leases				
Up to 1 year	7.465	-	-	-
From 1 - 5 years	15.821	-	-	-
More than 5 years	-	-	-	-
Total	**23.285**	-	-	-

During 2006, the Company proceeded in the conclusion of Bond Loans with a group of banks in the amount of € 115,000,000 that it would use to cover its working capital needs which the increased price of copper induced. The Company's total borrowing will be served within 5 years. During 2006, the Company settled loans (long-term and short-term) of a total value of € 7.206.000.

On a Group level, during 2005 loan capital that was drawn amounted to € 65,875,000, while € 39,149,000 was settled. The corresponding amounts for 2006 were € 155,285,000 and € 25,330,000. As noted in Note 29, mortgages have been filed against the fixed assets of HELLENIC CABLES S.A., ICME ECAB (Romania), including the equipment thereof, and against its current assets (with the exception of receivables and inventories) against a long-term loan, the amount of which, as of 31 December 2006, amounted to € 4.6 million. Pursuant to the terms of the same loan, ICME ECAB must meet certain financial ratios. As of 31 December 2005 and according to preliminary calculations, two (2) of the stipulated ratios were not met. As a result, the bank has the right to request the settlement of the loan. ICME ECAB has notified the bank regarding the fact that it did not fulfill the aforementioned term and has requested a relative waiver, which had not been officially granted by the date the Financial Statements were prepared. The Management deems that the bank will not request the settlement of the said loan and, as a result thereof, it did not transfer the long-term part thereof, of an amount of 2.8 million Euros in current liabilities.

Loans fair values are pretty much the same with their book values as loans bear a floating interest rate. Loans book values for the Group concern all loans depicted in Euros.

Notes to the Financial Statements FY 2006

19. Personnel Retirement Benefits

Pursuant to Greek labor law, employees may receive indemnification in the event of their discharge or retirement, the amount of which is relative to their wages, the term of their employment and the manner by which they withdraw from the company (discharge or retirement). Employees who resign are not entitled to an indemnification.

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Balance sheet liabilities for:				
Retirement benefits	**4.268.834**	**3.948.694**	**2.453.805**	**1.783.808**
Charges to the profit and loss accounts				
Retirement benefits	**1.513.274**	**1.439.059**	**1.006.778**	**515.507**
Present value of non-funded liabilities	4.858.100	4.384.471	2.806.546	2.027.675
Non-recorded actuarial (profits)/losses	-589.266	-435.777	-352.741	-243.867
	4.268.834	**3.948.694**	**2.453.805**	**1.783.808**
Liability recorded in the Balance Sheet	**4.268.834**	**3.948.694**	**2.453.805**	**1.783.808**
Variations in net liability recognised in the Balance Sheet				
Net liability at the beginning of the year	3.948.694	3.591.970	1.783.808	1.590.191
Net liability from subsidiary aquisition	-	-	464.746	-
Charge of employer	-	-	-	-
Benefits that have been paid	-1.193.134	-1.082.335	-801.527	-321.890
Total expenditure that was recognised in the profit and loss accounts	1.513.274	1.439.059	1.006.778	515.507
Net liability at the end of the year	**4.268.834**	**3.948.694**	**2.453.805**	**1.783.808**
Actuarial loss or (profit)	-	-	-	-
Present value of the liability at the end of the period	**4.268.834**	**3.948.694**	**2.453.805**	**1.783.808**
Analysis of expenditures that were recognised in the profit and loss accounts				
Cost of current employment	420.846	363.520	224.667	146.834
Interest on the liability	165.975	133.835	96.664	69.643
Cost of additional benefits	800.641	805.338	562.829	207.471
Profit cut-backs from employees transfer	-	-25.455	-	-
Expenses & amortization of actual loss	125.812	161.821	122.618	91.559
Total expenditure that was recognised in the profit and loss accounts	**1.513.274**	**1.439.059**	**1.006.778**	**515.507**

The primary actuarial acknowledgements that were used for accounting purposes were as follows:

	2006	**2005**	**2006**	**2005**
Discount interest rate	4% - 4,10%	4% - 4,5%	4,10%	4,50%
Future salary increases	4,50%	4% - 4,5%	4,50%	4,50%

Notes to the Financial Statements FY 2006

19. Personnel Retirement Benefits (continued)

The Company has granted Share Options Plans to certain of its executives. Specifically, the General Meeting of 20 June 2002 decided to grant Options Plans for the acquisition of up to 1,225,000 shares that correspond to 1.26% of the Company's number of outstanding shares. Share options plans are secured gradually from 2002 to 2011 (10%) each year. The price at which the option is exercised has been set as the average closing price of the Company's share on the Athens Stock Exchange during the first fifteen days of June 2002, in other words 3.45 Euros. Share Options Plans may be exercised between the first and last business day of the month of November of each year, between 2006 and 2013, at which point the deadline by which the Share Options Plans must be exercised expires. According to the transitional provisions of I.F.R.S. 2 and given the fact that the specific options plans were granted prior to 7 November 2002, the Company did not apply the provisions of this Standard, with the exception of the notifications of paragraphs 44 and 45 of I.F.R.S. 2.

Within the course of the year 283.300 options were exercised with the corresponding increase in the share capital. The difference between nominal value and the exercise price carried out in the reserves account (Note 16).

HELLENIC CABLES S.A. has adopted a corresponding Options Plan up to 1.97% of the number of common registered shares that were outstanding at the time of adoption (530,600 options), adapted to future changes in the number of shares into which the share capital is divided, with the following main terms and conditions:

a) Beneficiaries of the Share Options Plans: Members of the Board of Directors, persons employed by the company or affiliated companies.

b) Price at which Share Options Plans are exercised: The price has been set as the closing price of the Athens Stock Exchange during the first fifteen days of June 2002, in other words 2.97 Euros per option.

c) Exercise of the Share Options Plans: Share Options Plans are secured gradually by 10% annually, beginning from the first business day of November 2002 until the first business day of November 2011. The above secured options are exercised from the first business day of November 2006 until the first business day of November 2013. Following this closing date any option that is not exercised is cancelled.

Within the course of the year 253.500 options were exercised with the corresponding increase in the share capital. The difference between nominal value and the exercise price carried out in the reserves account.

20. Subsidies - Grants

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Opening balance of the fiscal year	2.662.324	3.393.991	366.647	393.465
Procceds from investement grants	511.088	-	-	-
Depreciation of grants	-627.139	-731.667	-283.842	-26.818
Merger of subsidiaries	-20.423	-	1.524.395	-
Closing balance of the fiscal year	**2.525.850**	**2.662.324**	**1.607.200**	**366.647**

Notes to the Financial Statements FY 2006

20. Subsidies - Grants (continued)

Subsidies have been granted for the purchase of tangible fixed assets. The Company's subsidies concern investments that were realized in previous fiscal years at the foundry factory. During fiscal year 2006 the subsidiary company Heelenic Cables S.A. has been granted a subsidy for investments concerning machinery equipment that will produce cables friendly to the environment.

21. Provisions

LONG - TERM LIABILITIES

GROUP

	Pending legal court cases	Other provisions	Total
1 January 2005	**5.000.000**	**35.831**	**5.035.831**
Additional provisions of the fiscal year	-	156.272	**156.272**
31 December 2005	**5.000.000**	**192.103**	**5.192.103**
Additional provisions of the fiscal year	430.729	-	**430.729**
31 December 2006	**5.430.729**	**192.103**	**5.622.832**

COMPANY

	Pending legal court cases	Total
1 January 2005	5.000.000	**5.000.000**
31 December 2005	**5.000.000**	**5.000.000**
Additional provisions of the fiscal year	430.729	**430.729**
31 December 2006	**5.430.729**	**5.430.729**

SHORT - TERM LIABILITIES

GROUP

	Provisions for extra risks	Other provisions	Total
1 January 2005	-	-	-
31 December 2005	-	-	-
Additional provisions of the fiscal year	337.275	2.291.704	**2.628.979**
31 December 2006	**337.275**	**2.291.704**	**2.628.979**

COMPANY

	Provisions for extra risks	Other provisions	Total
1 January 2005	-	-	-
31 December 2005	-	-	-
Additional provisions of the fiscal year	337.275	2.291.704	**2.628.979**
31 December 2006	**337.275**	**2.291.704**	**2.628.979**

Notes to the Financial Statements FY 2006

21. Provisions (continued)

The Company has formed a provision in the amount of € 5.4 million in relation to the fine that was imposed thereon by the European Competitiveness Committee regarding the Company’s violation of the rules of competition in the copper irrigation pipe market, including the relevant interest.(see Note 29)

Furthermore a provision of € 570,000 has been formed due to a possible tax refund in relation to the formation of untaxed reserves of law 3220/2004 amounting to € 3.9 million, for which the European Union, by its decision, considers them an indirect public fund.

A lawsuit has been registered against HALCOR S.A. from a former company associate for void termination of contract. The amount of the relative compensation is of € 150.000 for which the company has formed an adequate provision.

The company has been audited from tax audit authorities for the unaudited years 2002-2004. The tax audit has been completed in the beginning of February 20007 and a relative tax emerged of € 659.704 for which the company has formed an adequate provision.

22. Suppliers

	GROUP		COMPANIES	
	2006	**2005**	**2006**	**2005**
Suppliers	44.500.236	35.245.226	22.612.739	13.067.439
Cheques payable	27.856	4.171	-	-
Customer down payments	7.819.887	4.422.293	5.123.994	55.961
Insurance organisations	1.979.368	2.017.439	1.160.849	917.592
Amounts due to affiliated entities	15.547.246	8.260.191	2.846.329	4.321.610
Liabilities to other affiliates	32.824	1.705.073	-	1.705.073
Dividends payable	83.374	81.375	33.899	16.107
Proportion of third parties to dividents payable	56.000	-	-	-
Sundry creditors	4.683.799	3.559.261	932.066	673.122
Deferred income	-	47.353	-	473.603
Accrued expenses	5.676.502	4.666.062	3.110.009	3.002.086
Other transitory accounts	3.962.709	1.500.549	2.121.685	5.052
Total	**84.369.801**	**61.508.994**	**37.941.570**	**24.237.645**

Notes to the Financial Statements FY 2006

23. Expenses

GROUP
2005

	Cost of sales	Distribution expenses	Administrative expenses	Total
Employee benefits	-36.537.304	-6.710.334	-10.567.274	**-53.814.912**
Cost of inventories recognised as an expense	-414.036.079	-2.131.642	-1.375.136	**-417.542.857**
Depreciation	-19.812.788	-283.468	-1.377.826	**-21.474.082**
Other Expenses	-180.113.433	-5.351.182	-8.422.739	**-193.887.354**
Total	**-650.499.605**	**-14.476.626**	**-21.742.975**	**-686.719.206**

2006

	Cost of sales	Distribution expenses	Administrative expenses	Total
Employee benefits	-46.435.144	-6.958.239	-11.247.706	**-64.641.089**
Cost of inventories recognised as an expense	-1.007.580.505	-128.135	-	**-1.007.708.640**
Depreciation	-20.858.651	-326.901	-1.424.123	**-22.609.675**
Other Expenses	-49.867.513	-9.765.732	-14.125.935	**-73.759.181**
Delution of assets	-3.189.325	-	-174.978	**-3.364.303**
Total	**-1.127.931.139**	**-17.179.007**	**-26.972.742**	**-1.172.082.888**

COMPANY
2005

	Cost of sales	Distribution expenses	Administrative expenses	Total
Employee benefits	-15.000.859	-2.661.715	-5.129.877	**-22.792.451**
Cost of inventories recognised as an expense	-308.347.891	-	-	**-308.347.891**
Depreciation	-7.502.368	-62.699	-441.757	**-8.006.824**
Other Expenses	-27.811.888	-3.785.083	-5.717.270	**-37.314.241**
Total	**-358.663.006**	**-6.509.497**	**-11.288.904**	**-376.461.407**

2006

	Cost of sales	Distribution expenses	Administrative expenses	Total
Employee benefits	-18.300.013	-3.613.153	-5.820.600	**-27.733.766**
Cost of inventories recognised as an expense	-634.167.271	-	-	**-634.167.271**
Depreciation	-9.231.046	-128.679	-535.293	**-9.895.018**
Other Expenses	-13.947.396	-5.891.990	-7.533.574	**-27.372.959**
Delution of assets	-3.189.325	-	-174.978	**-3.364.303**
Total	**-678.835.051**	**-9.633.822**	**-14.064.445**	**-702.533.318**

Notes to the Financial Statements FY 2006

24. Financial Cost - Net

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Income				
Interest income	728.567	376.212	222.147	168.123
Other	-	60.832	-	60.832
Total income	**728.567**	**437.044**	**222.147**	**228.955**
Expenses				
Interest charges & related expenses	-22.598.847	-13.374.612	-11.268.244	-6.383.982
Other	-	-686.340	-	-
Total expenses	**-22.598.847**	**-14.060.953**	**-11.268.244**	**-6.383.982**
Financial cost (net)	**-21.870.280**	**-13.623.909**	**-11.046.097**	**-6.155.026**

25. Income Tax

Both the Hellenic tax legislation and relative provisions are subject to interpretations by tax authorities. Income tax statements are filed on an annual basis, but profits or losses that are declared for tax purposes are deemed temporary until the tax authorities audit the tax payer's tax statements and books, at which point all relative tax liabilities are settled. Tax losses, to the extent that they are recognised by tax authorities, may be used in order to offset profits that will be realised in the five years that follow the fiscal year that they concern.

Pursuant to the provisions of the Hellenic tax legislation, companies pay an income tax down payment each year, which is estimated at 65% on the income tax of the current fiscal year. When the tax is settled in the next fiscal year, any excess amount that is paid in advance is returned to the company after the tax audit.

Pursuant to Law 3296/2004 the income tax rate was decreased from 35% in 2004 to 32% in 2005, 29% in 2006 and 25% from FY 2007 and thereafter.

Notes to the Financial Statements FY 2006

25. Income Tax (continued)

Income tax that burdens the Results is analyzed as follows:

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Tax of the fiscal year	-10.044.022	-7.139.840	-5.494.906	-4.563.848
Provision for tax	-2.279.704	-	-1.879.704	-
Deferred Taxes	-	-	-	-
Creation and reversal of temporary differences	805.490	-372.538	101.283	-170.285
Tax rate increase	-	11.131	-	-
	-11.518.236	**-7.501.247**	**-7.273.327**	**-4.734.133**

Effective tax rate reconciliation

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Earnings before taxes	51.887.217	12.506.204	20.091.035	14.270.724
Tax Rate	29%	32%	29%	32%
	-15.047.293	**-4.001.985**	**-5.826.400**	**-4.566.632**
Tax rate effects from foreign subsidiaries	3.042.534	11.131	-	-
Non-deducted expenses	-2.892.732	-1.692.137	-1.493.015	-15.600
Exempt income	1.532.291	438.957	705.791	481.318
Tax loss for which a deferred tax was not recognised	-	-1.361.684	-	-
Crearing tax losses	922.314	-	-	-
Tax differences from tax audits of previous years	-659.704	-895.529	-659.704	-633.219
Tax rate change	1.584.354	-	-	-
Total	**-11.518.236**	**-7.501.247**	**-7.273.328**	**-4.734.133**

The company has been audited from tax audit authorities for the un-audited years 2002-2004. The tax audit has been completed in the beginning of February 20007 and a relative tax emerged of € 659.704 for which the company has formed an adequate provision.

To the subsidiary company Hellenic Cables S.A. a tax audit is currently being held concerning the three years 2003-2005 which is estimated to be concluded within the year 2007.

Notes to the Financial Statements FY 2006

26. Other Operating Income – Expenses (Net)

	GROUP		COMPANY	
	2006	2005	2006	2005
Other income				
Grants of the fiscal year	242.983	20.612	71.510	-
Income from other activities	694.459	226.306	3.597.366	2.707.716
Depreciation of subsidies received	627.139	731.667	283.842	26.818
Foreign exchange differences	2.844.262	34.207.757	512.198	512.873
Other income (as analysed below)	1.720.458	1.574.154	343.517	-
Total other income	**6.129.301**	**36.760.495**	**4.808.432,22**	**3.247.407**
Other expenses				
Impairment of investments and other financial assets	-	-	-	-1.275.534
Foreign exchange differences	-4.047.523	-33.243.954	-1.051.722	-741.645
Other income (as analysed below)	-4.222.743	-2.601.985	-2.127.551	-659.336
Total	**-8.270.267**	**-35.845.939**	**-3.179.273**	**-2.676.515**
Profits/(losses) from the sale of fixed assets	**205.275**	**155.814**	**55.559**	**85.798**
Profits/(losses) from the sale of investments	**3.690**	**39.955**	**3.690**	**39.955**
Other operating income - expenses (net)	**-1.932.000**	**1.110.325**	**1.688.408**	**696.645**
Dividend Income	**134.424**	**21.437**	**1.783.939**	**1.765.412**
Profit / loss from afiliate companies				
Profit from affiliated companies	1.932.562	766.825	-	-
Loss from affiliated companies	-986.415	-781.321	-	-
Total	946.147	-14.496	-	-

27. Cash Flows from Operating Activities

	GROUP		COMPANY	
	2006	2005	2006	2005
Profit for the period	40.369.001	5.004.957	12.817.707	9.536.591
Adjustments for:				
Taxes	11.518.216	7.501.247	7.273.328	4.734.133
Depreciation of tangible assets	21.375.340	20.312.784	9.675.362	7.796.747
Amortisation of intangible assets	1.234.336	1.161.299	219.657	210.077
Impairment	3.391.803	531.802	3.364.303	-
(Profit)/ loss from sale of tangible assets	-205.275	-155.814	-55.559	-85.798
(Profit)/Loss from the sale of fixed assets in properties	-1.600	-	-1.600	-
(Profits)/losses from the sale of investments (see below)	-3.690	-39.955	-3.690	-39.955
(Profits)/losses from the fair value of derivatives	-	1.565.566	-	1.607.527
(Income) from interest	-728.567	-376.211	-222.147	-168.123
Interest charges	22.598.847	13.374.612	11.268.244	6.383.982
(Income) from dividends	-134.424	-21.437	-1.783.939	-1.765.412
(Depreciation) of subsidies	-627.139	-731.666	-283.842	-26.818
(Profits)/losses from affiliated companies	-946.147	14.496	-	-
Loss from the destruction of fixed assets	25.671	129.320	-	-
Other	-	15.718	-	-24.849
	97.866.371	**48.286.716**	**42.267.823**	**28.158.101**
Changes in working capital				
(Increase)/decrease in inventories	-93.957.393	-1.441.152	-66.988.971	14.162.103
(Increase)/decrease in receivables	-100.868.667	-36.756.357	-52.693.828	-10.621.117
Increase/(decrease) in liabilities	18.848.774	11.784.782	9.841.800	12.137.549
Increase/(decrease) in provisions	15.890.829	1.564.364	8.806.802	261.981
Increase/(decrease) obligations due to retirement benefits	320.140	356.724	669.997	193.617
	-159.766.316	**-24.491.639**	**-100.364.201**	**16.134.134**
Net cash flows from operating activities	**-61.899.945**	**23.795.077**	**-58.096.377**	**44.292.235**

Notes to the Financial Statements FY 2006

28. Commitments

During FY 2006, the company concluded mechanical equipment purchase contracts amounting to € 8,159,000. For these investments, the company tied up extraordinary taxed reserves of € 2,300,000 and its commitments for their realization are expected to materialize in the next FY.

Contractual liabilities amounting € 4.9 million concern the commitments of subsidiary company SOFIA MED AD regarding the purchase of mechanical equipment.

The Group leases fork-lift vehicles, pallet carriers and commercial vehicles. Rents vary in duration but no lease may exceed 5 years from the date the relative contract is concluded. During the year that ended on 31 December 2006 expenses in the amount of € 458,666 (2005: € 349,049) were recorded in the Company's Profit and Loss Statement.

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Up to 1 year	689.942	544.724	318.146	351.757
From 1-5 year	1.205.417	1.422.999	601.829	1.143.894
More than 5 year	-	47.424	-	-
	1.895.359	**2.015.148**	**919.975**	**1.495.651**
Total charge on results	**837.208**	**694.969**	**458.666**	**349.049**

29. Possible Liabilities / Receivables

In a study conducted by the European Competitiveness Committee regarding European copper pipe producers, the Committee determined that the rules of competition in the copper irrigation pipe market were being violated. The European Committee imposed fines on seven companies, one of which was HALCOR S.A. HALCOR's fine amounted to 9.16 million Euros. Whereas the company deems that the fine's imposition was unjustified and unfair and that the amount imposed was considerably high, it has filed recourse against the Committee's decision before the Court of the European Communities. The company's Management, based on the opinion of its legal department with regard to the recourse's validity, deems that the final amount of the aforementioned fine (provided the legality of its imposition is confirmed judicially) will not exceed 5 million Euros, an amount that has burdened the results of fiscal year 2004 as a provision. In 31st December 2006 an additional provision of € 0,4 million concerning relative interests has been made.

SOFIA MED AD with registered offices in Bulgaria and 100% controlled by HALCOR S.A. has had recourse to the courts claiming from the Bulgarian Public Administration the return of € 299,500 in Value Added Tax rebates. On 11 August 2006 a verdict was issued by the court in charge in favor of the company. Furthermore, the company has issued bank warranties in favor of third parties amounting to € 4.6 million. Additionally mortgages of a total amount of € 4.4 million have been filled in its fixed assets.

Mortgages of a total amount of 4.6 million Euros have been filed against the real estate of HELLENIC CABLES S.A., ICME ECAB S.A in Romania.

Notes to the Financial Statements FY 2006

29. Possible Liabilities / Receivables (continued)

The Company's tax liabilities and those of its subsidiaries for certain fiscal years, as these are noted in Note 33, have not been audited by the tax authorities, and as result they have not been finalized for these years.

30. Transactions with Affiliated Entities

	GROUP		COMPANY	
	2006	2005	2006	2005
Sale of goods				
Subsidiaries	-	-	170.878.411	98.116.047
Other affliated parties	104.787.968	53.153.725	59.502.386	27.428.766
	104.787.968	**53.153.725**	**230.380.797**	**125.544.813**
Sale of services				
Subsidiaries	-	-	3.036.854	2.472.251
Other affliated parties	1.599.586	8.113.765	333.315	623.099
	1.599.586	**8.113.765**	**3.370.169**	**3.095.349**
Sale of fixed assets				
Subsidiaries	-	-	91.331	219.038
Other affliated parties	1.855.945	876.492	1.849.128	-
	1.855.945	**876.492**	**1.940.459**	**219.038**
Purchase of goods				
Subsidiaries	-	-	56.569.790	24.154.633
Other affliated parties	29.140.556	50.770.979	26.055.169	6.284.364
	29.140.556	**50.770.979**	**82.624.959**	**30.438.997**
Purchase of services				
Subsidiaries	-	-	2.986.064	3.193.800
Other affliated parties	3.618.143	9.704.542	2.128.174	4.753.470
	3.618.143	**9.704.542**	**5.114.238**	**7.947.270**
Purchase of fixed assets				
Subsidiaries	-	-	156.904	-
Other affliated parties	855.396	2.901.460	204.900	1.422.357
	855.396	**2.901.460**	**361.804**	**1.422.357**

Notes to the Financial Statements FY 2006

30. Transactions with Affiliated Entities (continued)

End-of-year balances from sale-purchase of goods, services, fixed assets, etc.

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Receivables from affiliated parties :				
Subsidiaries	-	-	9.006.008	11.748.130
Other affiliated parties	18.701.029	9.868.992	8.909.438	2.832.233
	18.701.029	**9.868.992**	**17.915.446**	**14.580.362**
Liabilities to affiliated parties:				
Subsidiaries	-	-	968.492	4.325.194
Other affiliated parties	3.257.822	10.845.272	1.877.837	1.705.073
	3.257.822	**10.845.272**	**2.846.329**	**6.030.267**

Benefits to the Administration

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Fees - benefits to the members of the Board of Directors	2.763.852	431.306	1.235.968	431.306
Fees - benefits to the members of the Board of Directors through distribution	2.629.467	1.363.857	1.629.467	1.210.430
	5.393.319	**1.795.162**	**2.865.435**	**1.641.736**

Services to and from affiliated entities, as well as sales and purchases of goods, are placed into effect pursuant to the pricelists that apply to non-affiliated entities.

The fees of the members of the Board of Directors and the fees of executives of the Group's companies that burdened fiscal year 2006 amounted to 2,629,467 Euros, 1,629,467 Euros of which concern the Company.

Notes to the Financial Statements FY 2006

31. Profits per share

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Profits corresponding to the parent company's shareholders	35.954.841	3.490.957	12.817.707	9.536.591
Weighted average numbers of shares	99.992.026	96.981.079	99.992.026	96.981.079
Basic profits per share (Euro per share)	0,3596	0,0360	0,1282	0,0983

	GROUP		COMPANY	
	2006	**2005**	**2006**	**2005**
Profits corresponding to the parent company's shareholders	35.954.841	3.490.957	12.817.707	9.536.591
Weighted average numbers of shares	99.992.026	96.981.079	99.992.026	96.981.079
Adjustments for rights per share	10.793	-	10.793	-
Total weighted average numbers of shares for minimum rights per share	100.002.819	96.981.079	100.002.819	96.981.079
Deluted profits per share (Euro per share)	0,3595	0,0360	0,1282	0,0983

32. Dividends

Pursuant to Hellenic legislation, companies are obligated to distribute to their shareholders a dividend equal to at least 6% of their paid-up capital or 35% of the profits that arise from their accounting books (published financial statements) after the relative income tax and statutory reserve is deducted, provided this is greater than 6% of the paid-up capital. In spite of the above, companies may not distribute dividends following the congruent opinion of their shareholders.

Dividends that were distributed in 2006 (from the profits of 2005) amounted to € 6,303,770 or € 0.065 per share. The proposed dividend from the profits of fiscal year 2006 amounts to € 0.085 per share or € 8,608,768.

Notes to the Financial Statements FY 2006

33. Un-audited Fiscal Years

The table below presents the un-audited fiscal years of the companies that are consolidated by HALCOR either with the integrated consolidation method or net worth method.

Company name:	Country	Percentage holding	Consolidation method	Unaudited Fin. Years
HALCOR S.A.	GREECE	PARENT	-	2005 - 2006
HELLENIC CABLES S.A.	GREECE	78,90%	Full consolidation	2003 - 2006
FITCO S.A.	GREECE	50,32%	Full consolidation	2003 - 01/2006
STEELMET S.A.	GREECE	52,88%	Full consolidation	2003 - 2006
AKRO S.A.	GREECE	84,50%	Full consolidation	2003 - 2006
E.VI.TE.S. A.	GREECE	100,00%	Full consolidation	2003 - 2006
SOFIA MED SA	BULGARIA	100,00%	Full consolidation	2005 - 2006
METAL AGENCIES LTD	UK	93,04%	Full consolidation	2005 - 2006
BELANTEL HOLDINGS LTD	CYPRUS	100,00%	Full consolidation	1999 - 2006
METAL GLOBE DOO	SERBIA	53,67%	Full consolidation	2002 - 2006
COPPERPROM LTD	GREECE	71,56%	Full consolidation	2003 - 2006
SYLLAN S. A.	GREECE	100,00%	Full consolidation	2005 - 2006
OGWELL LIMITED	ΚΥΠΡΟΣ	100,00%	Full consolidation	2005 - 2006
HABAKIS LTD - LICENSE & DISTRIBUTION	GREECE	100,00%	Full consolidation	2003 - 2006
DIAPEM TRADING S.A.	GREECE	33,33%	Equity method	2003 - 2006
ELKEME S.A.	GREECE	30,92%	Equity method	2003 - 2006
S.C. STEELMET ROMANIA S.A	ROMANIA	40,00%	Equity method	2002 - 2006
TEPRO METALL AG	GERMANY	43,56%	Equity method	1992 - 2006
ENERGY SOLUTIONS SA	BULGARIA	38,60%	Equity method	2005 - 2006
THISVI POWER GENERATION PLANT S.A.	GREECE	20,00%	Equity method	2004 - 2006
VIEXAL LTD	GREECE	26,67%	Equity method	2003 - 2006

The company has been audited from tax audit authorities for the unaudited years 2002-2004. The tax audit has been completed in the beginning of February 20007 and a relative tax emerged of € 659.704 for which the company has formed an adequate provision.

According to management judgment the Group has made adequate provisions for tax differences that may arise for the companies Halcor S.A., Fitco S.A. and Hellenic Cables S.A. For the rest companies of the group no provisions have been made as it is perceived that the differences that may occur will be not significant.

34. Significant Events

On 8 January 2007 the company proceeded to the sale of 75% of its participation in its affiliated company THISVI POWER GENERATION PLANT S.A. for the amount of € 29,700.

Independent Auditor's Report

To the Shareholders of

HALCOR METALWORKS S.A.

Report on the Financial Statements

We have audited the accompanying Company Financial Statements and Consolidated Financial Statements (the "Financial Statements") of HALCOR METALWORKS S.A. ("the Company") which comprise the balance sheet as at 31 December 2006 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as these standards have been adopted by the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards which are aligned with the International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company and the Group as of 31 December 2006 and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards which have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Directors´ Report is consistent with the accompanying financial statements.

Athens, February 26, 2007

KPMG Kyriacou Certified Auditors A.E.

Michael Kokkinos

Certified Auditor Accountant

AM SOEL 12701