



**Financial Statements**  
**for the year ended**  
**from the 1<sup>st</sup> of January to the 31<sup>st</sup> of December 2006**

It is certified that the financial statements published hereby, are those that were approved by the Board of Directors of "Metal Constructions of Greece S.A." at 20/02/2007 and are disclosed to the Athens Stock Exchange, the Hellenic Capital Market Committee and the company website [www.metka.gr](http://www.metka.gr). It is noted that the published financial data aim at giving certain financial information to the readers but they do not fully depict the financial position and the results of the Company and the Group, according to the IFRS. It is also worth noting that there have been some rearrangements of certain accounts with the intention to simplify the published in press financial statements.

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

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## **BOARD OF DIRECTORS REPORT**

Ladies and Gentlemen Shareholders,

In 2006 METKA Group achieved its most impressive results, in all aspects, since its establishment.

The project mix of the Group during the year, in all areas of activity (Energy, Defense, Infrastructure), ensured high levels of profitability, which enabled the company to finance by its own capital a significant increase in net working capital, in order to complete with success its projects.

Our positive course and the success of our strategic planning were clearly reflected in our financial results of 2006. This fiscal year was an excellent one for the Group that increased its turnover by 31%, its EBITDA by 14% and its profit after Tax and minorities by 8,7% compared to 2005.

### **Prospects for the forthcoming year**

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

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

- **In energy:** METKA undertook a project of constructing a Power Station of total power 220 MW, at Karatsi of Pakistan in favor of <<THE KARACHI ELECTRIC SUPPLY CORPORATION Ltd (KESC), the contract was signed at 23 January 2007. Also, the construction of the "Cogeneration Plant" for "Aluminum of Greece", the continuation of the project in SES Ag Dimitrios regarding the upgrading of the existing electrostatic precipitators, the completion of the major project in Lavrio, and the continuous assessment for strategic alliances with a view to expansion in new markets. Furthermore, according to the decision of MYTILINEOS GROUP the company will undertake the construction of a Power Station of total power 412 MW, at Agio Nikolao, Viotias
- **In Defense:** through the continuation of the Leopard Tank project.
- **In Infrastructure:** through the continuous activation in smaller but important projects where the Group has remarkable experience and expertise.

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

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

Finally, both the significant financial performance of the Group for 2005 and the positive prospects for the forthcoming year of 2006 were reflected also in the share price that increased by 33,39% during the year (2006 average price: € 8,55 versus € 6,41 for 2005) .

### **Factors of added value and performance evaluation**

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

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

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

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

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

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

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

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

The above indicators for 2006 as compare to 2005 and 2004 are as follows:

<b>KPI</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>ROCE</b>	<b>39%</b>	<b>42%</b>	<b>18%</b>
<b>ROE</b>	<b>33%</b>	<b>38%</b>	<b>15%</b>
<b>EVA (in '000€)</b>	<b>42.679</b>	<b>37.938</b>	<b>8.640</b>

A small decrease in ratios ROCE & ROE for the fiscal year 2006 versus 2005, is a result of returning € 70.133 th. (€1,35/share) to the shareholders of METKA S.A. in 2005. The mentioned return to the shareholders decreased the employed equity of the company and consequently improved the above ratios in the previous fiscal year. In case of not having the return on share capital to the shareholders the above ratios for the year 2005 would be as follows: ROCE 26% - ROE 23% - EVA €31.295 thous..

## **Corporate Governance**

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

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

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

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

METKA S.A. has an Internal Audit Department since 26/11/2001. Head of the department is Mr. Theoharis Hatzigrigoriou, Graduate of Athens University of Economics, Business Department of Economics with a substantial experience as an Internal Auditor. The Head of Internal Audit has a full time employment relationship to our company.

## **Dividend Policy**

Regarding the distribution of dividends the Board Of Directors, considering among others the Group's performance, the prospects and the Capital Expenditure plans, proposes the distribution of dividends of

0,30€/share as opposed to 0,20€/share in 2004. This proposed dividend is subject to the approval of the General Assembly.

## **B') Information regarding the issues of paragraph 1 of article 11α L.3371/2005 of METKA S.A.**

This explanatory report of the Board of Directors is submitted to the Ordinary General Shareholders' Meeting and contains detailed information regarding the issues of paragraph 1 of article 11α L.3371/2005.

### **I. Company's Share Capital Structure**

The share capital of METKA S.A amounts to 16.624.192 euro, divided into 51.950.600 common registered shares with voting right and a par value of 0,32 euro each. Each share provides one voting right. The shares of METKA S.A are listed on the Securities Market of the Athens Exchange.

The rights of the Company's shareholders with respect to their shares are proportional to the share capital stake to which the paid-in share value corresponds. Each share incorporates all the rights and obligations that are stipulated by the Law and Company's Articles of Association, and more specifically

- The right to dividends from the annual profits or liquidation profits of the Company. A percentage of 35% of the net profits following deduction only of the statutory reserves or 6% of the paid in capital (and in particular the larger of the two amounts) is distributed from the profits of each year to the shareholders as an initial dividend while the distribution of an additional dividend is resolved upon by the General Meeting.. The General Meeting determines the added dividend. Dividends are entitled to each shareholder who is registered in the Shareholders' Register held by the Company on the date of approval of the financial statements by the Ordinary General Shareholders' Meeting. The dividend for each share is paid to its holder within ten (10) days from the date on which the Ordinary General Meeting approved the annual financial statements according to the announced schedule of intended actions. The payment date and the payment method of the dividend are available through the Athens Exchange's website, the Company's official website and is also released through the Press. The right to receive payment of the dividend is subject to a time limitation and the respective unclaimed amount goes to the State upon the lapse of five years from the end of the year during which the General Meeting approved the distribution of the said dividend.
- The right to reclaim the amount of one's contribution during the liquidation or, similarly, the writing off of the capital representing the share, provided that this is resolved upon by the General Meeting,
- The right of pre-emption at every share capital increase of the Company via cash payment or the issuance of new shares.

- Each shareholder is entitled to request the annual financial statements along with the relevant reports of the Board of Directors and the Auditors of the Company.
- Shareholders participate in the Company's General Meeting which constitute the following rights: legitimacy, presence, participation in discussions, submission of proposals on the items of the agenda, entry of one's opinion on the minutes of the Meeting and finally the right to vote.
- The General Meeting of Company's Shareholders retain all its rights and obligations during the winding up (according to paragraph 4 of article 38 of the Articles of Association).

The shareholders' responsibility is limited to the nominal value of the shares held.

## **II. Restrictions for transferring Company shares**

The transfer of Company shares takes place based on procedures stipulated by the law and the Athens Exchange's regulation, while there are no restrictions set by the Articles of Association for transfer of shares.

## **III. Important Indirect/Direct participations according to Presidential Decree (PD) 51/1992**

The Shareholders (natural or legal entity) that hold direct or indirect a more than 5% of Company's Shares are presented in the following table.

<b>Name</b>	<b>Percentage</b>
Mytilineos Holding S.A.	52.91

## **IV. Shares with special control rights**

There are no Company shares that provide special control rights to their holders.

## **V. Restrictions on voting rights**

No restrictions on voting rights emanate from the Company shares according to the Articles of Association.

## **VI. Agreements between Company shareholders**

The Company is not aware of any agreements among its shareholders, which would result in restrictions on the assignment of its shares or exercise of the voting rights stemming from such shares.

## **VII. Regulations regarding the assignment and replacement of BoD members and amendments of the Articles of Association**

For the assignment and replacement of BoD members as well as for amendments of its Articles of Association, the Company follows the provisions of C.L. 2190/1920

## **VIII. Responsibility of the BoD for the issuance of new shares or acquisition of own shares**

A) According to the provisions of article 13 par. 1 item b) of C.L. 2190/1920 and the article 5 of the Articles of Association, the Company's Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting that is subject to the publicity announcements of article 7b of C.L. 2190/1920, to increase the Company's share capital with the issuance of new shares, through a decision by the Board of Directors that is made with a majority of at least two thirds (2/3) of its total members.

In this case, Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting, This power of the Board of Directors may be renewed by the General Meeting for a period that may not exceed five year per instance of renewal..

B) According to the provisions of article 13 par. 9 item b) of C.L. 2190/1920, the General Meeting may establish a stock option plan for the members of the Board of Directors and Company's staff, in accordance with the specific terms of such decision. The decision of the General Meeting defines, in particular, the highest number of shares to be issued, which may not exceed, by law, this number cannot extragate the 1/10 of the existed shares.

The BoD regulates by resolution any other detail not otherwise regulated by the General Meeting, issues stock options certificates and shares for the the entitled persons, who exercise their options, increasing the share capital accordingly and certifying such increase in December of every year.

According to the decision of the A' Repeated of General Meeting of the Shareholder at 1.6.2006 was established a plan for the acquisition of shares by the members of BoD and employees, which are going to last from three to five years, in form of options for the acquisition of shares (stock option), on the basis of which, a maximum of 1.558.518 options may be granted for the acquisition of shares at a price equivalent with the 80% of the antedate six month average stock exchange price of the approval. With the above decision the BoD is entitled to specify, according to the decision of the General Assembly, the details for the execution of the program along with the prerequisites for the stock options release and the beneficiaries. As of today no decision has been taken by the Board of Directors of the company.

C) As of today no decision has been taken by the General Meeting of Shareholders of the company for acquiring own shares according to the provisions of the paragraphs 5-13 of article 16 par. 9 item b) of C.L. 2190/1920.

#### **IX. Important agreement which is amended / terminated in case a change arises in the company's control following a public offer**

There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer..

**X. Agreement between the Company and BoD members or employees regarding the termination of their terms / employment**

There is no agreement between the Company and the BoD members or staff providing for the payment of any compensation specifically in the event of resignation or dismissal without cause, or termination of their mandate or employment as a result of a Public Acquisition Offer

The provisions formed for retirement compensations as a result of the provisions of the L.3371/2005, amounts to 1.242.146 € on 31.12.2006. From the above amount, 67.486 € concerns the members of the

For the BoD

**The President of the Board**

**Ioannis Mytilineos**

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of «METAL CONSTRUCTIONS OF GREECE AE» ("the Company") as well as the consolidated financial statements of the Company ("the Group"), which comprise (for both the Company and the Group), the balance sheet as at December 31, 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 that 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 based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 abovementioned financial statements present fairly, in all material respects, the financial position of the Company and that of the Group as of December 31, 2006, and the financial performance and

the cash flows of the Company and those of the Group for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

### **Report on other Legal and Regulatory Requirements**

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


Athens, 26 February 2007

The Certified Public Accountant

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George N. Deligiannis

A.M. S.O.E.L. 15791

**Grant Thornton** 

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## Balance sheet

Amounts in €

	Note	THE GROUP		THE COMPANY	
		31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Property, plant and equipment	7	67.069.326	69.656.807	49.232.588	51.798.994
Goodwill	8	1.831.406	1.829.630	0	0
Intangible assets	9	7.101.687	9.309.316	7.088.786	9.291.770
Investments in Subsidiaries	10	0	0	35.150.134	38.671.777
Deffered Tax Asset	11	1.256.345	1.391.383	560.537	624.366
Available for sale financial assets	12	364.951	6.159.684	123.201	5.917.934
Other non-current assets	13	2.034.068	2.185.738	1.907.510	2.065.409
		<b>79.657.783</b>	<b>90.532.558</b>	<b>94.062.754</b>	<b>108.370.250</b>
<b>Current Assets</b>					
Inventories	14	23.107.257	30.314.526	21.728.857	28.696.653
Trade and other receivables	15	111.785.940	113.474.949	96.916.494	100.222.944
Other Receivables	16	1.952.960	8.743.680	801.779	7.114.742
Other Current Assets	16	568.610	1.712.778	531.252	1.666.499
Financial Assets at fair value through profit or loss	17	3.743.846	2.027.729	0	1.994.390
Cash and cash equivalent	18	4.958.940	19.821.624	1.298.030	8.259.394
		<b>146.117.553</b>	<b>176.095.287</b>	<b>121.276.412</b>	<b>147.954.621</b>
<b>Total Assets</b>		<b>225.775.336</b>	<b>266.627.845</b>	<b>215.339.166</b>	<b>256.324.871</b>
<b>SHAREHOLDERS' EQUITY</b>					
<b>Equity</b>					
Share Capital	20	16.624.192	16.624.192	16.624.192	16.624.192
Other reserves	20	26.371.322	21.255.571	21.774.224	16.994.444
Retained Earnings	20	68.047.454	48.121.923	74.160.665	56.057.099
<b>Total equity attributable to equity holders of the parent</b>		<b>111.042.969</b>	<b>86.001.685</b>	<b>112.559.081</b>	<b>89.675.735</b>
<b>Minority Interests</b>		<b>11.679.713</b>	<b>14.650.047</b>	<b>0</b>	<b>0</b>
<b>Total Equity</b>		<b>122.722.682</b>	<b>100.651.732</b>	<b>112.559.081</b>	<b>89.675.735</b>
<b>LIABILITIES</b>					
<b>Non - current Liabilities</b>					
Deffered Tax Liabilities	13	15.465.413	13.889.089	12.199.219	9.822.692
Accrued pension and retirement obligations	21	1.866.198	1.836.607	1.242.146	1.152.985
Other long term liabilities	22	10.292.289	20.147.223	11.317.668	20.506.963
<b>Total Non-Current Liabilities</b>		<b>27.623.901</b>	<b>35.872.918</b>	<b>24.759.033</b>	<b>31.482.641</b>
<b>Current Liabilities</b>					
Trade and other payables	23	58.923.199	102.516.547	67.312.445	111.131.206
Income tax payable	24	6.370.339	13.058.957	3.810.190	12.434.813
Short-term borrowings	25	2.208.168	769.522	2.592	12.605
Other current liabilities	26	7.693.451	13.573.328	6.845.771	11.587.872
Current provisions	27	233.596	184.841	50.055	0
<b>Total Current Liabilities</b>		<b>75.428.754</b>	<b>130.103.194</b>	<b>78.021.053</b>	<b>135.166.496</b>
<b>Total Liabilities</b>		<b>103.052.654</b>	<b>165.976.113</b>	<b>102.780.085</b>	<b>166.649.136</b>
<b>Total Equity and Total Liabilities</b>		<b>225.775.336</b>	<b>266.627.845</b>	<b>215.339.166</b>	<b>256.324.871</b>

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

## Income Statement

Amounts in €

	Note	THE GROUP		THE COMPANY	
		01/01 - 31/12/2006	01/01 - 31/12/2005	01/01 - 31/12/2006	01/01 - 31/12/2005
<b>Continuing Operations</b>					
Sales Turnover	28	294.146.698	212.800.527	266.422.849	198.865.281
Cost of Sales	29	(225.854.035)	(156.061.058)	(210.240.631)	(149.740.531)
<b>Gross profit (loss)</b>		<b>68.292.664</b>	<b>56.739.469</b>	<b>56.182.219</b>	<b>49.124.750</b>
Other Operating Income	31	785.002	1.164.049	703.091	1.077.458
Selling & Distribution costs	29	(1.456.751)	(627.918)	(314.701)	(404.316)
General & Administrative expenses	29	(10.814.261)	(8.528.602)	(7.830.439)	(6.810.967)
Other Operating Expenses	31	(934.809)	(762.937)	(541.544)	(406.604)
<b>Profit before interest and income tax</b>		<b>55.871.844</b>	<b>47.984.061</b>	<b>48.198.626</b>	<b>42.580.320</b>
Financial income	32	325.450	702.668	136.807	660.090
Financial Expenses	32	(351.257)	(159.301)	(184.736)	(138.584)
Other financial results	33	(989.845)	3.176.980	2.188.211	3.492.053
Share of profit of Subsidiaries		0	(279.259)	0	0
Share of profit of Associates		0	641.186	0	0
<b>Profit before income tax</b>		<b>54.856.192</b>	<b>52.066.335</b>	<b>50.338.909</b>	<b>46.593.879</b>
Income Tax Expense	34	(14.448.346)	(13.813.622)	(11.870.383)	(12.253.979)
<b>Profit after tax from continued operations</b>		<b>40.407.846</b>	<b>38.252.713</b>	<b>38.468.526</b>	<b>34.339.900</b>
<b>Discontinued operations</b>					
Profit for the Period from discontinued operations	6	356.425	453.325		
<b>Profit after tax for the current period</b>		<b>40.764.271</b>	<b>38.706.038</b>		
<b>Attributable to:</b>					
Equity holders of the parent		40.635.408	37.397.417		
Minority Interests		128.863	1.308.621		
		<b>40.764.271</b>	<b>38.706.038</b>		
Basic earnings per Share (in euro /share)	35	0,78	0,72	0,74	0,66
Basic earnings per Share (in euro /share) from Continued Operations	35	0,78	0,72	0,74	0,66
Basic earnings per Share (in euro /share) from Discontinued Operations	35	0,01	0,00		

It is noted that the values of the income statement of year 2005 have been adjusted in order to content only the values from the continued operations. The income statement of the discontinued operations according to IFRIC 5, appears to note 6.

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

## Consolidated Statement of Changes in Equity

Amounts in €	Share Capital Attributable To Shareholders						Minority Interest	Total
	Share Capital	Share Premium	Fair Value Reserve	Other Reserves	Retained Earnings	Total		
<b>Balance at 1st January 2005</b>	<b>16.624.192</b>	<b>63.430.696</b>	<b>1.271.097</b>	<b>23.432.290</b>	<b>26.120.907</b>	<b>130.879.182</b>	<b>13.459.092</b>	<b>144.338.274</b>
<i>Changes in Equity for the period 01/01 - 31/12/2005</i>								
Gains/Losses from the sale of financial assets available for sale recognized in profit and loss accounts	0	0	(1.271.097)	0	0	(1.271.097)	0	(1.271.097)
Share Capital increase through capitalization of share premium and reserve funds	70.133.310	(63.430.696)	0	(6.702.614)	0	(0)	0	(0)
Expenses coming from the share capital increase	0	0	0	0	(480.387)	(480.387)	0	(480.387)
Decrease of share capital and return to the shareholders (in cash)	(70.133.310)	0	0	0	0	(70.133.310)	0	(70.133.310)
Increase of Minority Rights (Shares issued by subsidiaries)	0	0	0	0	0	0	1.123	1.123
Dividend relating to 2004	0	0	0	0	(10.390.120)	(10.390.120)	(450.246)	(10.840.366)
Net Profit for the year 2005	0	0	0	0	37.397.417	37.397.417	1.308.621	38.706.038
Transfer to Reserves	0	0	0	4.525.894	(4.525.894)	0	0	0
Increase of Minority Rights (from acquisition of subsidiaries)	0	0	0	0	0	0	331.456	331.456
<b>Total recognized income and expense for 2005</b>	<b>0</b>	<b>(63.430.696)</b>	<b>(1.271.097)</b>	<b>(2.176.719)</b>	<b>22.001.016</b>	<b>(44.877.496)</b>	<b>1.190.955</b>	<b>(43.686.542)</b>
<b>Equity Balance at 31st December 2005</b>	<b>16.624.192</b>	<b>0</b>	<b>0</b>	<b>21.255.571</b>	<b>48.121.923</b>	<b>86.001.685</b>	<b>14.650.047</b>	<b>100.651.732</b>
<b>Balance at 1st January 2006</b>	<b>16.624.192</b>	<b>0</b>	<b>0</b>	<b>21.255.571</b>	<b>48.121.923</b>	<b>86.001.685</b>	<b>14.650.047</b>	<b>100.651.732</b>
<i>Changes in Equity for the period 01/01 - 31/12/2006</i>								
Decrease of Minority Rights (from sale of subsidiaries)	0	0	0	0	0	0	(991.179)	(991.179)
Increase of Minority Rights (from acquisition of subsidiaries)	0	0	0	0	0	0	15.000	15.000
Expenses coming from a subsidiary's share capital increase	0	0	0	0	(7.235)	(7.235)	(10.852)	(18.087)
Reversion of a subsidiary's (3KP) share capital	0	0	0	0	0	0	(1.509.600)	(1.509.600)
Transfer to Reserves	0	0	0	5.117.462	(5.117.462)	0	0	0
Tax paid for tax-exempt reserves of technical companies	0	0	0	(1.710)	0	(1.710)	(2.566)	(4.276)
Dividend relating to 2005	0	0	0	0	(15.585.180)	(15.585.180)	(600.000)	(16.185.180)
Net Profit for the year 2006	0	0	0	0	40.635.408	40.635.408	128.863	40.764.271
<b>Total recognized income and expense for 2006</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5.115.752</b>	<b>19.925.531</b>	<b>25.041.283</b>	<b>(2.970.334)</b>	<b>22.070.949</b>
<b>Equity Balance at 31st December 2006</b>	<b>16.624.192</b>	<b>0</b>	<b>0</b>	<b>26.371.322</b>	<b>68.047.454</b>	<b>111.042.969</b>	<b>11.679.713</b>	<b>122.722.682</b>

## Company Statement of Changes in Equity

Amounts in €	Share Capital Attributable To Shareholders					Total
	Share Capital	Share Premium	Fair Value Reserve	Other Reserves	Retained Earnings	
<b>Balance at 1st January 2005</b>	<b>16.624.192</b>	<b>63.430.696</b>	<b>1.271.097</b>	<b>20.015.184</b>	<b>36.269.578</b>	<b>137.610.748</b>
<i>Changes in Equity for the period 01/01 - 31/12/2005</i>						
Gains/Losses from the sale of financial assets available for sale recognized in profit and loss accounts			(1.271.097)			(1.271.097)
Share Capital increase through capitalization of share premium and reserve funds	70.133.310	(63.430.696)		(6.702.614)		0
Expenses coming from the share capital increase					(480.387)	(480.387)
Decrease of share capital and return to the shareholders (in cash)	(70.133.310)					(70.133.310)
Dividend relating to 2004					(10.390.120)	(10.390.120)
Net Profit for the year 2005					34.339.900	34.339.900
Transfer to Reserves				3.681.873	(3.681.873)	0
<b>Total recognized income and expense for 2005</b>	<b>0</b>	<b>(63.430.696)</b>	<b>(1.271.097)</b>	<b>(3.020.741)</b>	<b>19.787.520</b>	<b>(47.935.014)</b>
<b>Equity Balance at 31st December 2005</b>	<b>16.624.192</b>	<b>0</b>	<b>0</b>	<b>16.994.444</b>	<b>56.057.099</b>	<b>89.675.735</b>
<b>Balance at 1st January 2006</b>	<b>16.624.192</b>	<b>0</b>	<b>0</b>	<b>16.994.444</b>	<b>56.057.099</b>	<b>89.675.735</b>
<i>Changes in Equity for the period 01/01 - 31/12/2006</i>						
Transfer to Reserves				4.779.780	(4.779.780)	0
Dividend relating to 2005					(15.585.180)	(15.585.180)
Net Profit for the year 2006					38.468.526	38.468.526
<b>Total recognized income and expense for 2006</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4.779.780</b>	<b>18.103.566</b>	<b>22.883.346</b>
<b>Equity Balance at 31st December 2006</b>	<b>16.624.192</b>	<b>0</b>	<b>0</b>	<b>21.774.224</b>	<b>74.160.665</b>	<b>112.559.081</b>

## Cash Flow Statement

Amounts in €	THE GROUP		THE COMPANY	
	12 months until 31 December 2006	12 months until 31 December 2005	12 months until 31 December 2006	12 months until 31 December 2005
<b>Operating Activities</b>				
<b>Profit after Tax</b>	<b>40.764.271</b>	<b>38.706.038</b>	<b>38.468.526</b>	<b>34.339.900</b>
Plus (Less) Adjustments:	36 19.608.720	14.986.687	12.993.078	12.229.993
	<b>60.372.991</b>	<b>53.692.726</b>	<b>51.461.604</b>	<b>46.569.893</b>
<b>Working Capital changes</b>				
Increase / (Decrease) in Inventories	7.207.270	(17.000.687)	6.967.795	(16.839.253)
Increase / (Decrease) in Trade and other Receivables	9.101.326	(1.800.529)	10.001.405	(8.745.794)
Increase / (Decrease) in other current assets	1.144.167	6.072.141	1.135.247	6.090.895
Increase / (Decrease) in Trade and other Payables	(56.540.529)	47.729.020	(55.559.033)	55.547.749
	<b>(39.087.767)</b>	<b>34.999.945</b>	<b>(37.454.586)</b>	<b>36.053.598</b>
<b>Cash flow from Operating Activities</b>	<b>21.285.224</b>	<b>88.692.671</b>	<b>14.007.019</b>	<b>82.623.491</b>
<b>Cash flow from Operating Activities</b>				
Less: Debit interest and similar expenses Paid	(148.547)	(81.709)	(28.912)	(9.355)
Less: Income Taxes Paid	(21.027.779)	(10.883.679)	(18.563.706)	(8.411.408)
<b>Net cash flow from Operating Activities</b>	<b>108.898</b>	<b>77.727.283</b>	<b>(4.585.599)</b>	<b>74.202.728</b>
<b>Investing Activities</b>				
Purchases of tangible assets	(3.759.116)	(3.606.323)	(1.989.570)	(3.162.655)
Purchases of intangible assets	(14.779)	(3.976)	0	0
Disposals from sale of tangible assets	424.981	373.755	262.846	364.565
Proceeds from dividends	297.848	10.591	4.990.681	411.843
Purchase of financial assets at fair value through profit and loss	(3.703.000)	(2.444.390)	0	(1.994.390)
Acquisition of associates and other investments	0	(817.080)	0	(817.080)
Acquisition of subsidiaries (less the cash & cash equivalent of the Subsidiary)	(3.000)	(3.351.661)	0	(3.507.000)
Sales of subsidiaries (less the cash & cash equivalent of the Subsidiary)	(2.448.287)	0	993.600	0
Sales of Investments to associates	0	1.322.220	0	1.322.220
Sales of financial assets available for sale	5.794.733	8.546.581	5.794.733	8.546.581
Sales of financial assets at fair value through profit and loss	1.994.390	4.813.512	1.994.390	0
Interest received	340.481	725.346	136.807	660.090
Proceeds from borrowing of affiliated parties	0	8.300.000	0	8.300.000
Proceeds from returning of share capital of the subsidiaries	1.006.400	0	1.006.400	0
Other	0	(6.595)	0	(6.595)
<b>Net cash flow from Investing Activities</b>	<b>(69.350)</b>	<b>13.861.979</b>	<b>13.189.887</b>	<b>10.117.578</b>
<b>Financing Activities</b>				
Subsidiary's increase of the Share capital	15.000	1.123	0,00	(748)
Dividends Paid	(16.355.879)	(10.763.052)	(15.555.639)	(10.313.051)
Return of the Share Capital to the Share holders	0	(70.133.310)	0	(70.133.310)
Proceeds from Borrowings	33.804.983	5.000.000	22.243.752	5.000.000
Borrowings Paid	(32.298.533)	(5.000.000)	(22.243.752)	(5.000.000)
Payments of finance lease liabilities (capital)	(67.803)	(30.177)	(10.013)	(30.177)
<b>Net cash flow from Financing Activities</b>	<b>(14.902.232)</b>	<b>(80.925.416)</b>	<b>(15.565.652)</b>	<b>(80.477.286)</b>
<b>Net increase / decrease in cash and cash equivalents</b>	<b>(14.862.684)</b>	<b>10.663.846</b>	<b>(6.961.364)</b>	<b>3.843.019</b>
Cash and cash equivalents at the beginning of the period	19.821.624	9.157.778	8.259.394	4.416.374
<b>Cash and cash equivalents at the end of the period</b>	<b>4.958.940</b>	<b>19.821.624</b>	<b>1.298.030</b>	<b>8.259.394</b>

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

## **1. General Information of the Company**

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

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

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

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

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

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

Now, the company acquires the 99, 98% of SERVISTEEL S.A., the 100% of RODAX S.A., the 40% of EKME S.A. and the 83, 50% of ELEMKA S.A.

The annual financial statements of 2006 were approved by the Board of Directors, on 20<sup>th</sup> February 2007. The above statements are to be approved by the General Shareholders Meeting.

## **2. Nature of operations**

The company operates in the metal construction industry and deals mainly with the manufacturing and construction of complex and advanced metal and mechanical structures, as well as with Energy Projects,

Infrastructure Projects, Defence projects, etc. Its registered office is in Neo Irakleio Attiki, Greece, its duration is over 50 years and its objectives, according to article 4 of its statutes are:

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

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

To achieve the above objectives, the Company may:

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

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

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

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

The company is rather competitive in the Energy sector (construction of Thermoelectric and Hydroelectric Power Stations), in the Co-manufacturing defence sector and Infrastructure sector.

Especially, in the Energy sector the company operates dynamically, mainly because of her long-term experience.

Especially, in the co-manufacturing defense sector, METKA is growing rather rapidly, because of the well equipped plants the company processes in Volos and Thessalonica, and the well-experienced personnel.

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

METKA, as a member of "Mytilineos Holdings S.A", has achieved important synergies and economies of scales, such as reduction of cost, especially for the supply of materials.

### **3. Basis for preparation of the financial statements**

The consolidated financial statements of METKA S.A. for the year ended December 31, 2006 have been prepared based on the historic cost principle as this is amended by the readjustment of specific asset and liability items into market values, the going concern principle and are in accordance with the International Financial Reporting Standards (IFRS) that have been issued by the International Accounting Standards Board (IASB) and their interpretations that have been issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

The compilation of financial statements according to the IFRS requires the use of estimates and judgments during the application of the Company's accounting principles. Important assumptions made by the

management for the application of the company's accounting methods have been appropriately highlighted whenever this has been deemed necessary.

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

The financial statements fall under IFRS 1 "First-Time adoption of IFRS" since they constitute the first financial statements, which are prepared and published on such a basis. The date of transition is January 1<sup>st</sup>, 2004.

### **3.1 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

#### **3.1.1 Amendments to published standards effective in 2006**

##### **IAS 19 (Amendment), Employee Benefits**

- This amendment is mandatory for the Group's accounting periods beginning on or after 1 January 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.

##### **IFRIC 10 Interim Financial Reporting and Impairment**

The Interpretation addresses the apparent conflict between the requirements of IAS 34 *Interim Financial Reporting* and those in other standards on the recognition and reversal in financial statements of impairment losses on goodwill and certain financial assets. IFRIC 10 states that such impairment losses recognized in an interim financial statement must not be reversed in subsequent interim or annual financial statements. IFRIC 10 is used for the annual fiscal years that begin on or after 1<sup>st</sup> November 2006. The group has not been affected by the adoption of this Interpretation, since it has not made any reversion of impairment losses.

##### **IAS 39 (Amendment), The fair value option**

This amendment restricts the classification of the financial assets as a financial asset at fair value through profit and loss. The company is not expected to be affected, by the adoption of this amendment, since all the financial assets that are classified at fair value in the income statement, are held for commercial purposes.

#### **IFRIC 4, Determining whether an arrangement contains a Lease**

IFRIC 4 gives guidance on determining whether arrangements that do not take the legal form of a lease (eg some take-or-pay contracts) should, nonetheless, be accounted for in accordance with IAS 17 Leases. It specifies that an arrangement contains a lease if it depends on the use of a specific asset and conveys a right to control the use of that asset. The application of IFRIC 4 is not expected to change the accounting handling of any of the current arrangements of the Group.

#### **3.1.2 Standards, amendments and interpretations effective in 2006 but not relevant to the Group's operations**

- The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:
- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards; IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment;
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies;
- IFRIC 8, Scope of IFRS 2;
- IFRIC 9, Reassessment of Embedded Derivatives and

The above policies, amendments and interpretations are not expected to have any impact to the financial statements.

### **3.1.3. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted.**

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2006 or later periods but that the Group has not early adopted:

#### **IAS 1 Presentation of Financial Statements**

Due to the issuance of IFRS 7 some amendments to IAS 1 Presentation of Financial Statements were necessary. Requirements were added to IAS 1 that an entity shall disclose information that enables users of its financial statements to evaluate the goals, policies and management of the Group's capital.

#### **IFRS 7 Financial Instruments: Disclosures**

IFRS 7 applies to all risks arising from all financial instruments, except those instruments specifically excluded (e.g. interests in subsidiaries, associates and joint ventures, etc.). The objective of the disclosures is to provide an overview of the entity's use of financial instruments and the exposure to risks they create. The IFRS is effective for annual periods beginning on or after 1 January 2007. The extent of the disclosure required depends on the extent of the entity's use of financial instruments and of its exposure to risk. IFRS 7 supersedes IAS 30 and the disclosure requirements of IAS 32 but the presentation requirements of IAS 32 remain unchanged. The Group and Company will apply the IFRS as of 1 January 2007.

#### **IFRS 8 Operating Segments**

IFRS 8 retains the general scope of IAS 14. It requires entities whose equity or debt securities are publicly traded and entities that are in the process of issuing equity or debt securities in public securities markets to disclose segment information. If a financial report contains both the consolidated financial statements of a parent that is within the scope of IFRS 8 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. IFRS 8 applies for annual periods beginning on or after 1 January 2009.

#### **IFRIC 11 IFRS 2- Group and Treasury Share Transactions**

IFRIC 11 provides guidance on whether specific share-based payment arrangements should be accounted for as equity-settled or cash-settled schemes in accordance with IFRS 2. This is an important distinction because there are significant differences in the required accounting treatment. For example, obligations under cash-settled schemes are re-measured to fair value at each reporting date. By contrast, in an equity-settled scheme the fair value of the award is determined at the grant date and recognized over the period in which the related services are provided.

## **IFRIC 12 Service Concession Arrangements**

This interpretation is mandatory for the accounting periods beginning on or after 1 January 2008. IFRIC 12 provides guidance on accounting for some arrangements in which (i) a public sector body ("the grantor") engages a private sector entity ("the operator") to provide services to the public; and (ii) those services involve the use of infrastructure by the operator ("public to private service concessions").

### **3.2 Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **3.2.1 Judgments**

In the process of applying the entity's accounting policies, judgments, apart from those involving estimations, made by the management that have the most significant effect on the amounts recognized in the financial statements mainly relate to:

- **classification of investments**

Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, carried at fair value through income statement, or available for sale. For those deemed to be held to maturity management ensures that the requirements of IAS 39 are met and in particular the Group has the intention and ability to hold these to maturity. The Group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit. Classification of investments as fair value through income statement depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through income statement. All other investments are classified as available for sale.

- **recoverability of accounts receivable**
- **obsolescence in inventory; and**
- **whether a lease entered into with an external lessor is a financial lease or an operational lease.**

### **3.2.2 Estimates and assumptions**

Certain amounts included in or affecting our financial statements and related disclosure must be estimated, requiring us to make assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared. A "critical accounting estimate" is one which is both important to the portrayal of the company's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Group evaluates such estimates on an ongoing basis, based upon historical results and experience, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as our forecasts as to how these might change in the future. Also see note 4 which discusses accounting policies that the Group has selected.

- **estimated impairment of goodwill**

The Group test goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of a reporting unit. Determining whether an impairment has occurred requires valuation of the respective reporting unit, which we estimate using a discounted cash flow method. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. In applying this methodology, we rely on a number of factors, including actual operating results, future business plans, economic projections and market data.

If this analysis indicates goodwill is impaired, measuring the impairment requires a fair value estimate of each identified tangible and intangible asset. In this case we supplement the cash flow approach discussed above with independent appraisals, as appropriate.

We test other identified intangible assets with defined useful lives and subject to amortization by comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We test intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 4. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

- **Budget of construction contracts**

The handling of the earnings and the expenses of a construction contract, depends whether the final result, at the completion of contractual project can be estimated with credibility (and is expected to bring gain or loss). When the result of a contractual project can be estimated with credibility, then the earnings and the expenses of the contract are recognised, through the duration of the project, correspondingly as earning and expense. The Group uses the method of percentage of completion, to determine the appropriate amount of income and expense that will be recognised in a specific period. The percentage of completion is measured,

according to the contractual expenses that have been realised until the date of the financial statements of the total expected contractual cost of every project.

As a result, the management is required to estimate the gross profit of every construction contract (estimated cost of completion).

- **Income taxes**

The Group and the Company are subjects to income taxes in numerous jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Provisions**

Doubtful accounts are reported at the amounts likely to be recoverable based on historical experience of customer default. As soon as it is learned that a particular account is subject to a risk over and above the normal credit risk (e.g., low creditworthiness of customer, dispute as to the existence or the amount of the claim, etc.), the account is analyzed and written down if circumstances indicate the receivable is uncollectible. Accumulated write-downs of receivables amounted to € 2.457 thous. as of December 31, 2006 (2005: € 2308 thous.).

- **Contingencies**

The Group is involved in litigation and claims in the normal course of operations. Management is of the opinion that any resulting settlements would not materially affect the financial position of the Group as at December 31, 2006. However, the determination of contingent liabilities relating to the litigation and claims is a complex process that involves judgments as to the outcomes and interpretation of laws and regulations. Changes in the judgments or interpretations may result in an increase or decrease in the Company's contingent liabilities in the future.

#### **4. Basic accounting principles**

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

#### **4.1 Consolidation**

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

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

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

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

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

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

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

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

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

#### **4.2 Foreign currency conversion**

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

Transactions in foreign currencies are converted to the operating currency using the rates in effect at the date of the transactions.

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

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

arise during the consolidation, are converted to euro using the exchange rates that are in effect as at the balance sheet date.

### 4.3 Tangible assets

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

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

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

Land	25-35 years
Mechanical equipment	4-20 years
Vehicles	4-10 years
Other equipment	4-7 years

The residual values and useful economic lives of tangible fixed assets are subject to reassessment at each balance sheet date. When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately booked as an expense in the results.

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value are booked as profit or loss to the results. Expenditure on repairs and maintenance is booked as an expense in the period it relates to.

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

#### **4.4 Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. The acquirer test goodwill for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

#### **4.5 Intangible assets**

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

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

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

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

#### **4.6 Impairment of Assets**

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

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

#### **4.7 Financial instruments**

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

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

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

These comprise of assets that satisfy any of the following conditions:

- Financial assets that are held for trading purposes (including derivatives, except those that are designated and effective hedging instruments, those that are acquired or incurred for the purpose of sale or repurchase and, finally, those that are part of a portfolio of designated financial instruments).
- Upon initial recognition it is designated by the company as an instrument valued at fair value, with any changes recognized through the Income Statement.

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

#### **ii) Loans and receivables**

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

- a) Receivables from down payments for the purchase of goods or services,
- b) receivables relating to tax transactions, which have been legislatively imposed by the state,
- c) any receivable not covered by a contract which gives the company the right to receive cash or other financial fixed assets.

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

#### **iii) Investments held to maturity**

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

The Group did not hold investments of this category.

#### **iv) Financial assets available for sale**

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

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

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

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

The loans and receivables are recognized in the net book value based on the real interest rate method. The realized and unrealized profit or losses that arise from changes in the fair value of financial assets valued at fair value with changes in the results, are recognized in the results of the period they result in.

The fair values of financial assets that are traded in active markets, are defined by the current ask prices. For non-traded assets, fair values are defined with the use of valuation techniques such as analysis of recent transactions, comparative items that are traded and discounted cash flows.

The securities that are not traded in an active market that have been classified in the category Financial assets available for sale, and whose fair value cannot be determined with credibility, are valued at their acquisition cost.

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

#### **4.8 Inventories**

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

#### **4.9 Trade receivables**

Receivables from customers are initially booked at their fair value and are subsequently valued at their net book cost using the method of the effective interest rate, less the provision for impairment. In the event that the net book value or the cost of a financial asset exceeds the present value, then this asset is valued at its

recoverable amount, i.e. at the present value of the future cash flows of the asset, which is calculated using the real initial interest rate.

The relevant loss is immediately transferred to the period's results. The impairment losses, i.e. when there is objective evidence that the Group is unable to collect all the amounts owed based on the contractual terms, are recognized in the income statement.

#### **4.10 Cash and cash equivalents**

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

#### **4.11 Share capital**

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

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

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

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

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

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

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

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

Deferred income tax is recognized for the temporary differences that result from investments in subsidiaries and associates, except for the case where the reversal of the temporary differences is controlled by the Group and it is possible that the temporary differences will not be reversed in the foreseeable future. Deferred income tax liabilities are defined after taking into account the contingent income liabilities for expenses that may arise due to tax auditing.

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

#### **4.13 Employee benefits**

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

**Post-employment benefits:** Post-employment benefits include defined contribution schemes as well as defined benefits schemes.

- **Defined contribution scheme**

According to the defined contributions scheme, the (legal or implied) obligation of the company is limited to the amount that it has been agreed that it will contribute to the entity (i.e. pension fund) that manages the contributions and provides the benefits. Thus the amount of benefits the employee will receive

depends on the amount the company will pay (or even the employee) and from the paid investments of such contributions.

The payable contribution from the company to a defined contribution scheme, is recognized as an expense.

- **Defined benefits scheme**

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

The liability that is reported in the balance sheet with respect to this scheme is the present value of the liability for the defined benefit depending on the accrued right of the employee and the period to be rendered.

The commitment of the defined benefit is calculated annually by an independent actuary with the use of the projected unit credit method. The yield of long-term Greek Government Bonds is used as a discount rate.

#### **4.14 Grants**

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

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

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

#### **4.15 Provisions**

Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, their settlement through an outflow of resources is probable and the exact amount of the obligation can be reliably estimated. Provisions are reviewed during the date when each balance sheet is compiled so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability that there will be an outflow of resources that embody economic benefits is very small. Contingent claims are not recognized in the financial statements but are disclosed provided that the inflow of economic benefits is probable.

#### 4.16 Recognition of income and expenses

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

- **Construction Contracts:** The income from the execution of construction contracts is accounted for in the period the project is constructed, based on its completion stage (para.3.17).
- **Sale of goods:** Sales of goods are recognized when the Group transfers goods to customers, the goods are accepted by them and the collection of the resulting claim is reasonably assured.
- **Rendering of services:** Income from rendering of services is accounted for in the period during which the services are rendered, based on the stage of completion of the service rendered in relation to the total services to be rendered.
- **Income from exploitation rights of tangible assets (compensative profits):** The fair value of the exploitation rights is recognized as accrued income and is depreciated in the profit and loss account in proportion to the execution stage of the contracts to which it serves as a compensative profit.
- **Income Interest:** Interest income is recognized on a time proportion basis using the effective interest rate. When there is impairment of assets, their book value is reduced to their recoverable amount which is the present value of the expected future cash flows discounted using the initial real interest rate. Interest is then booked using the same interest rate calculated on the impaired (new book) value.
- **Dividends:** Dividends are accounted for as revenue when the right to receive payment is established.

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

#### 4.17 Leases

**Group company as Lessee:** Leases of fixed assets with which all the risks and benefits related with ownership of an asset are transferred to the Group, regardless of whether the title of ownership of the asset is eventually transferred or not, are finance leases.

These leases are capitalized at the inception of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments. Each lease payment is apportioned between the reduction of the liability and the finance charge so that a fixed interest rate on the remaining financial liability is achieved. The relevant liabilities from leases, net of finance charges, are reported as liabilities. The part of the finance charge that relates to finance leases is recognized in the income statement during the term of the lease.

Fixed assets acquired through finance leases are depreciated over the shorter of their useful lives and the lease term.

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

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

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

#### **4.18 Construction contracts**

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

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

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

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

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

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

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

#### 4.19 Dividend distribution

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

#### 4.20 Segment reporting

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

A geographical segment is defined as a geographical region in which goods and services are provided and which is subject to different risks and returns than other regions.

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

### 5. Group Structure and consolidation method

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

Company	Headquarters	Participation Percentage	Participation	Relation dictated consolidation	that the
METAL CONSTRUCTIONS OF GREECE S.A.	N.IRAKLION, ATTIKIS	Mother Company			
GREEK STEEL INDUSTRY (SERVISTEEL)	S.A. VOLOS	99,98%	Direct	The participation percentage	

EKME S.A.	IONIA THESSALONIKIS	40,00%	Direct	Control over the entity
RODAX ATEE	N.IRAKLION, ATTIKIS	100,00%	Direct	The participation percentage
ELEMKA	N.IRAKLION, ATTIKIS	83,50%	Direct	The participation percentage
Drosco Holdings Limited	CYPROUS	83,5%	Indirect	The participation percentage
Bridge Accessories & Construction Systems	MAROUSI, ATTIKIS	62.63	Indirect	The participation percentage

The associate companies that are consolidated until the 30/12/2005 in the financial statements with the equity method are:

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

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

The financial statements of METKA Group are included in the consolidated financial statements of Mytilineos Group that is based in Greece and owns 52,913% of METKA Group.

### **Changes of the Group structure during the year 2006**

In the Group consolidated financial statements 3KP is consolidated until 03/05/2006 with the participation % of 40%. The above company was sold after the approval of the board of directors on 02/05/2006 the transaction was made on 03/05/2006 for the amount of € 993.600. The sale of the subsidiary was found proper at the time, even though 3KP was profitable for all the years that was participated in the Group, since the proper synergy was not developed and it didn't seem likely on the future. In addition, the company has received the amount of € 1.006.400 as a return of capital, after the approval of the General Shareholders Meeting of 3KP.

From the sale of the above subsidiary the Group had a profit of € 332.814. The operation of 3KP is included in the consolidated financial statements of 31.12.2006 and 31.12.2005 for comparison reasons.

According to the approval of the Board of Directors on 10/10/2006 ELEMKA has acquired the whole 100% of the Cyprus company named "Drosco Holdings Limited" for the amount of € 3.000. Drosco Holdings Limited was found at 10/01/2003 as a private company that was activated in investments.

At 12/10/2006 was found the company "Bridge Accessories & Construction Systems" with headquarters in Marousi, Attikis. The company has a share capital of € 60.000 and 75% of the company is owned by Drosco Holdings Limited.

## 6. Discontinued Operations

In order to have better information of the compared values the income statement of discontinued operations has to be showed in case of having changes in the structure of the group (sale of subsidiaries or changes in sectors). As we mentioned in note 5 "Changes of the Group structure during the year 2006" at 03/05/2006 the subsidiary company 3KP was sold.

The analysis of income statement from discontinued operations is as follows:

Amounts in €	THE GROUP	
	01/01 - 31/12/2006	01/01 - 31/12/2005
<b>Discontinued Operations</b>		
Sales Turnover	460.715	12.155.238
Cost of Sales	(366.926)	(10.985.307)
<b>Gross Profit</b>	<b>93.790</b>	<b>1.169.931</b>
Other Operating Income	73.321	10.463
Distribution Expenses	0	0
Administration Expenses	(135.824)	(497.505)
Other Operating Expenses	(3.252)	(69.472)
<b>Profit before interest and income tax</b>	<b>28.035</b>	<b>613.417</b>
Financial income	15.031	22.677
Financial Expenses	(5.909)	(23.676)
<b>Profit before income tax</b>	<b>37.157</b>	<b>612.418</b>
Income Tax Expense	(13.546)	(159.093)
<b>Profit after tax from discontinued operations</b>	<b>23.611</b>	<b>453.325</b>
Profit from the sale of the discontinued operation	332.814	0
<b>Profit for the Period from discontinued operations</b>	<b>356.425</b>	<b>453.325</b>

The analysis of changes of cash from discontinued operations is as follows:

Amounts in €	<b>12 months until 31 December 2006</b>	<b>12 months until 31 December 2005</b>
Net cash flow from Operating Activities	(459.348)	161.002
Net cash flow from Investing Activities	(2.271.407)	14.272
Net cash flow from Financing Activities	(200.240)	(350.160)
<b>Net increase / decrease in cash and cash equivalents</b>	<b>(2.930.995)</b>	<b>(174.885)</b>

Amounts in €	<b>2006</b>	<b>2005</b>
Basic earnings per Share (in cent /share) from Discontinued Operations	0,01	0,00

## 7. Property, plant & equipment

Land, buildings and machinery were valued as at the transition date to IFRS (01/01/2004) at deemed cost, according to the provisions of IFRS 1. The "deemed cost" cost is considered as the fair value of the fixed assets as at the transition date to IFRS, which was defined after a study by an independent evaluator. There are no mortgages or collateral on the fixed assets for borrowing.

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

**THE GROUP**

Amounts in €

	Land	Buildings	Machinery	Vehicles	Furniture & Fittings	Construction in progress	Total
Gross Book value (or estimated cost of acquisition) as at 1st January 2005	17.299.000	22.656.899	36.410.039	1.369.698	4.888.503	314.495	82.938.634
minus : Accumulated depreciation and value impairment	0	(1.294.707 )	(6.342.488 )	(930.914 )	(3.525.997 )	0	(12.094.106 )
<b>Book value as at January 1st 2005</b>	<b>17.299.000</b>	<b>21.362.192</b>	<b>30.067.551</b>	<b>438.784</b>	<b>1.362.506</b>	<b>314.495</b>	<b>70.844.527</b>
Additions	0	471.954	3.076.697	96.696	535.630	155.247	4.336.225
Transfers	0	(107.844 )	(1.527 )	0	0	0	(109.371 )
Sales - Reductions	0	0	(471.305 )	(113.634 )	(1.432 )	(370.081 )	(956.451 )
Depreciations of year 2005	0	(725.799 )	(3.646.635 )	(107.480 )	(519.390 )	0	(4.999.304 )
Depreciations of Sold - Reduced Assets	0	107.844	254.845	65.035	1.346	0	429.070
Gross Book value (or estimated cost of acquisition) as at 31st December 2005	17.299.000	23.021.009	39.013.904	1.352.761	5.422.701	99.661	86.209.036
minus : Accumulated depreciation and value impairment	0	(1.912.662 )	(9.734.278 )	(973.360 )	(4.044.041 )	0	(16.664.340 )
Adjustments	0	0	(663 )	(838 )	0	0	(1.501 )
Gross Book value of Assets from the Acquisition of the Subsidiary company ELEMKA as at 31st December 2005	0	21.466	384.458	80.777	148.743	0	635.444
minus : Accumulated depreciation of ELEMKA	0	(20.131 )	(297.941 )	(79.133 )	(124.626 )	0	(521.832 )
<b>Book value as at December 31st 2005</b>	<b>17.299.000</b>	<b>21.109.682</b>	<b>29.365.481</b>	<b>380.207</b>	<b>1.402.777</b>	<b>99.661</b>	<b>69.656.807</b>
Additions	243.254	102.635	2.292.704	135.457	660.523	455.973	3.890.545
Adjustments	0	269.090	12.840	0	0	(281.931 )	0
Sales - Reductions	0	0	(865.066 )	(89.797 )	(81.112 )	0	(1.035.975 )
Depreciations of year 2006	0	(741.046 )	(3.711.181 )	(76.153 )	(556.989 )	0	(5.085.369 )
Depreciations of Sold - Reduced Assets	0	0	417.912	87.920	75.840	0	581.671
minus : Gross Book value of Sold Company as of 3rd May 2006	(540.000 )	(272.000 )	(338.415 )	(124.662 )	(114.643 )	0	(1.389.721 )
Accumulated depreciation of 3KP	<b>0</b>	<b>16.320</b>	<b>234.417</b>	<b>98.554</b>	<b>102.076</b>	<b>0</b>	<b>451.367</b>
Gross Book value (or estimated cost of acquisition) as at 31st December 2006	17.002.254	23.142.200	40.500.425	1.354.535	6.036.212	273.703	88.309.329
minus : Accumulated depreciation and value impairment	0	(2.657.519 )	(13.091.734 )	(943.010 )	(4.547.740 )	0	(21.240.003 )
<b>Book value as at December 31st 2006</b>	<b>17.002.254</b>	<b>20.484.681</b>	<b>27.408.691</b>	<b>411.525</b>	<b>1.488.472</b>	<b>273.703</b>	<b>67.069.326</b>

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

**THE COMPANY**

Amounts in €

	<b>Land</b>	<b>Buildings</b>	<b>Machinery</b>	<b>Vehicles</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>
Gross Book value (or estimated cost of acquisition) as at 1st January 2005	11.967.000	13.934.736	31.678.091	865.618	3.557.830	62.003.273
minus : Accumulated depreciation and value impairment	0	(991.110 )	(5.361.641 )	(529.209 )	(2.458.376 )	(9.340.336 )
<b>Book value as at January 1st 2005</b>	<b>11.967.000</b>	<b>12.943.626</b>	<b>26.316.450</b>	<b>336.409</b>	<b>1.099.453</b>	<b>52.662.938</b>
Additions	0	157.272	2.863.423	96.696	405.085	3.522.476
Transfers	0	(107.844 )	(1.527 )		0	(109.371 )
Sales - Reductions	0	0	(442.280 )	(111.286 )	(199 )	(553.765 )
Depreciations of year 2005	0	(455.545 )	(3.271.421 )	(60.375 )	(353.157 )	(4.140.498 )
Depreciations of Sold - Reduced Assets	0	107.844	248.070	62.687	113	418.715
Gross Book value (or estimated cost of acquisition) as at 31st December 2005	11.967.000	13.984.164	34.097.706	851.028	3.962.716	64.862.614
minus : Accumulated depreciation and value impairment	0	(1.338.811 )	(8.384.991 )	(526.896 )	(2.811.420 )	(13.062.119 )
Adjusments	0	0	(663 )	(838 )	0	(1.501 )
<b>Book value as at December 31st 2005</b>	<b>11.967.000</b>	<b>12.645.353</b>	<b>25.712.052</b>	<b>323.293</b>	<b>1.151.296</b>	<b>51.798.994</b>
Additions	0	99.699	1.378.001	73.635	569.950	2.121.285
Adjusments	0	0	0	0	0	0
Sales - Reductions	0	0	(853.018 )	(84.460 )	(29.252 )	(966.730 )
Depreciations of year 2006	0	(462.923 )	(3.301.894 )	(58.053 )	(420.833 )	(4.243.703 )
Depreciations of Sold - Reduced Assets	0	0	416.179	82.583	23.980	522.742
Gross Book value (or estimated cost of acquisition) as at 31st December 2006	11.967.000	14.083.863	34.622.688	840.203	4.503.414	66.017.169
minus : Accumulated depreciation and value impairment	0	(1.801.734 )	(11.271.369 )	(503.205 )	(3.208.273 )	(16.783.080 )
Adjusments	0	0			0	(1.501 )
<b>Book value as at December 31st 2006</b>	<b>11.967.000</b>	<b>12.282.129</b>	<b>23.351.319</b>	<b>336.999</b>	<b>1.295.141</b>	<b>49.232.588</b>

The Group holds intangible assets under finance lease. Leased assets analysed as follows

Amounts in €	<b>THE GROUP</b>				<b>THE COMPANY</b>			
	<b>Mechanical equipment</b>	<b>Vehicles</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>	<b>Mechanical equipment</b>	<b>Vehicles</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>
Gross Book value (or estimated cost of acquisition) as at 1st January 2005	0	138.770	2.727	141.497	0	138.770	2.727	141.497
minus : Accumulated depreciation	0	(95.855 )	(1.818 )	(97.673 )	0	(95.855 )	(1.818 )	(97.673 )
<b>Book value as at January 1st 2005</b>	<b>0</b>	<b>42.915</b>	<b>909</b>	<b>43.824</b>	<b>0</b>	<b>42.915</b>	<b>909</b>	<b>43.824</b>
Additions	0	0	0	0	0	0	0	0
Sales - Reductions	0	(40.310 )	0	(40.310 )	0	(40.310 )	0	(40.310 )
Depreciations of year 2005	0	(14.764 )	(545 )	(15.310 )	0	(14.764 )	(545 )	(15.310 )
Depreciations of Sold - Reduced Assets	0	26.359	0	26.359		26.359	0	26.359
Gross Book value (or estimated cost of acquisition) as at 31st December 2005	0	98.460	2.727	101.187	0	98.460	2.727	101.187
minus : Accumulated depreciation	0	(84.261 )	(2.363 )	(86.624 )	0	(84.261 )	(2.363 )	(86.624 )
<b>Book value as at December 31st 2005</b>	<b>0</b>	<b>14.199</b>	<b>364</b>	<b>14.562</b>	<b>0</b>	<b>14.199</b>	<b>364</b>	<b>14.562</b>
Additions	173.515	31.517	0	205.032	0	0	0	0
Sales - Reductions	0	(43.132 )	0	(43.132 )	0	(43.132 )	0	(43.132 )
Depreciations of year 2006	(19.291 )	(13.203 )	(364 )	(32.858 )	0	(10.576 )	(364 )	(10.940 )
Depreciations of Sold - Reduced Assets	<b>0</b>	<b>43.132</b>	<b>0</b>	<b>43.132</b>	<b>0</b>	<b>43.132</b>	<b>0</b>	<b>43.132</b>
Gross Book value (or estimated cost of acquisition) as at 31st December 2006	173.515	86.844	2.727	263.087	0	55.327	2.727	58.054
minus : Accumulated depreciation	(19.291 )	(54.331 )	(2.727 )	(76.350 )	0	(51.705 )	(2.727 )	(54.432 )
<b>Book value as at December 31st 2006</b>	<b>154.224</b>	<b>32.513</b>	<b>0</b>	<b>186.737</b>	<b>0</b>	<b>3.623</b>	<b>(0)</b>	<b>3.623</b>

## 8. Goodwill

Amounts in €	ELEMKA SA	DROSCO HOLDINGS LTD	Total
Gross carrying amount at 1st January 2005	0	0	0
Accumulated Impairment losses	0	0	0
<b>Net Book Value at 1st January 2005</b>	<b>0</b>	<b>0</b>	<b>0</b>
Goodwill from acquisitions in year 2005	1.829.630	0	1.829.630
Gross carrying amount at 31st December 2005	1.829.630	0	1.829.630
Accumulated Impairment losses	0	0	0
<b>Net Book Value at 31st December 2005</b>	<b>1.829.630</b>	<b>0</b>	<b>1.829.630</b>
Goodwill from acquisitions in year 2006		1.776	1.776
Gross carrying amount at 31st December 2006	1.829.630	1.776	1.831.406
Accumulated Impairment losses	0	0	0
<b>Net Book Value at 31st December 2006</b>	<b>1.829.630</b>	<b>1.776</b>	<b>1.831.406</b>

The amount of Goodwill that was recognized in year 2006 concerns the acquisition of Drosco Holding Limited. Specifically, the Group acquired 83,5% of the company's share capital as of 10/10/2006. The goodwill recognized in 2005 pertains to the acquisition of ELEMKA S.A. Specifically, the Group acquired 83,5% of the company's share capital as of 30/12/2005.

### Impairment tests for goodwill

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

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

## 9 Intangible assets:

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

<b>THE GROUP</b>			
	<b>Licences and franchises</b>	<b>Software</b>	<b>Total</b>
Amounts in €			
Gross Book value as at January 1st 2005	9.980.000	154.580	10.134.580
Accumulated amortization & value impairment	0	(130.714)	(130.714)
<b>Book value as at January 1st 2005</b>	<b>9.980.000</b>	<b>23.867</b>	<b>10.003.867</b>
Additions	0	3.976	3.976
Amortization & value impairment	(688.230)	(15.263)	(703.493)
Gross Book value as at December 31st 2005	9.980.000	158.556	10.138.556
Accumulated amortization & value impairment	(688.230)	(145.977)	(834.207)
Gross Book value of Assets from the Acquisition of the Subsidiary company ELEMKA as at December 31st 2005	0	10.231	10.231
minus : Accumulated amortization & value impairment of ELEMKA	0	(5.264)	(5.264)
<b>Book value as at December 31st 2005</b>	<b>9.291.770</b>	<b>17.546</b>	<b>9.309.316</b>
Additions	0	14.779	14.779
Sales - Reductions	0	0	0
Depreciations of year 2006	(2.202.985)	(18.558)	(2.221.543)
Depreciations of Sold - Reduced Assets	0	0	0
minus : Gross Book value of Sold Company as of 3rd May 2006	0	(3.864)	(3.864)
Accumulated depreciation of 3KP	0	2.998	2.998
Gross Book value as at 31st December 2006	9.980.000	179.703	10.159.703
minus : Accumulated depreciation	(2.891.214)	(166.801)	(3.058.016)
<b>Book value as at December 31st 2006</b>	<b>7.088.786</b>	<b>12.902</b>	<b>7.101.687</b>

## THE COMPANY

	Licences and franchises	Software	Total
Amounts in €			
Gross Book value as at January 1st 2005	9.980.000	68.300	10.048.300
Accumulated amortization & value impairment	0	(68.300)	(68.300)
<b>Book value as at January 1st 2005</b>	<b>9.980.000</b>	<b>0</b>	<b>9.980.000</b>
Additions	0	0	0
Amortization & value impairment	(688.230)	0	(688.230)
Gross Book value as at December 31st 2005	9.980.000	68.300	10.048.300
Accumulated amortization & value impairment	(688.230)	(68.300)	(756.530)
<b>Book value as at December 31st 2005</b>	<b>9.291.770</b>	<b>0</b>	<b>9.291.770</b>
Additions	0	0	0
Depreciations of year 2006	(2.202.985)	0	(2.202.985)
Gross Book value as at 31st December 2006	9.980.000	68.300	10.048.300
minus : Accumulated depreciation	(2.891.214)	(68.300)	(2.959.515)
<b>Book value as at December 31st 2006</b>	<b>7.088.786</b>	<b>0</b>	<b>7.088.786</b>

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

### 10. Investment in subsidiaries

Investments in subsidiaries were valued at acquisition cost, in the company's financial statements. Investments in subsidiaries have as follows:

Amounts in €	<b>31/12/2006</b>	<b>31/12/2005</b>
<b>Opening carrying amount</b>	<b>38.671.777</b>	<b>35.164.028</b>
Acquisition of Companies		3.507.000
Increase of share capital		749
Sale of companies	(3.521.643)	
Decrease of Share Capital		
Impairment losses		
<b>Closing carrying amount</b>	<b>35.150.134</b>	<b>38.671.777</b>

There are no constraints in the ability of the above companies to transfer in capital by receiving dividends, payments from borrowings and down payments.

## 10.1 Changes in year 2006

The amount of Goodwill that was recognized in year 2006 concerns the acquisition of Drosco Holding Limited. Specifically, the Group acquired 83,5% of the company's share capital as of 10/10/2006. The fair value of the company, the day of the acquisition, is as follows:

Amounts in €	10/10/2006
Commercial & other Receivable amounts	1.740
Commercial & other Payable amounts	(516)
<b>Total</b>	<b>1.224</b>
<i>Percentage of buy out from the Group</i>	100,00%
Fair value of net assets acquired from the Group	1.224
Plus: Goodwill	1.776
<b>Cost of Acquisition</b>	<b>3.000</b>
Minus: the cash & cash equivalent of the Subsidiary	0
<b>Subsidiary</b>	<b>3.000</b>

The above values don't differ from the IFRS values of Assets and Liabilities right before the acquisition. The acquired company had zero earnings and net losses (€ 435). The goodwill concerns the synergies that are expected to be made in the future.

At 03/05/2006 the subsidiary company, 3KP, was sold therefore the results of the discontinued operations comes to € 356.425. The above value is analyzed as follows: € 23.611 is the profit after tax and € 332.814 is the profit from the sale of the subsidiary.

## 10.2 Changes in year 2005

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

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

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

The Group's goodwill is analyzed as follows:

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

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

The above mentioned values of net assets do not differ substantially from their carried amount recognized in the financial statements of the subsidiary, before the acquisition based on the IFRS.

The income statement of the subsidiary was not incorporated in the consolidated profit and loss account for the year 2005 since it was acquired at the end of the fiscal year. The turnover of the subsidiary was €7.547.629 and the net loss for the year amounted to €200.197.

A substantial part of the acquisition cost concerns the subsidiary's know-how in technical projects and its trade partnerships. The above cannot be recognized as intangible assets though, so they are incorporated in goodwill. In addition, deferred tax receivable of €197 th. was incorporated in the calculation of goodwill as it was not recognized separately.

## **11. Deferred tax**

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

The amounts offset are the following:

Amounts in €	THE GROUP				THE COMPANY			
	31/12/2006		31/12/2005		31/12/2006		31/12/2005	
	Assets	Liability	Assets	Liability	Assets	Liability	Assets	Liability
<b>Non Current Assets</b>								
Intangible Assets	6.157	0	2.664	0	0	0	0	0
Tangible Assets	14.046	(9.582.824)	18.472	(11.675.632)	0	(7.391.853)	0	(8.986.106)
<b>Current Assets</b>								
Construction contracts	7.891.431	(11.645.536)	7.847.596	(7.443.174)	7.635.317	(11.641.198)	6.950.936	(6.998.178)
Other Receivables	457.097	(179.469)	0	(1.048)	0	0	0	0
<b>Reserves</b>								
De-taxation of reserves	0	(1.270.383)	0	(1.655.195)	0	(502.133)	0	(642.730)
<b>Long-term Liabilities</b>								
Employee Benefits	763.984	0	918.585	(4.074)	560.537	0	624.366	0
Other Long-term Liabilities	0	(703.000)	0	(509.283)	0	(300.000)	0	(150.000)
<b>Short-term Liabilities</b>								
Provisions	499	1.473	0	(269)	0	0	0	(269)
Liabilities from financing leases	648	36.811	3.655	0	648	0	3.655	0
<i>Total</i>	<i>9.133.862</i>	<i>(23.342.929)</i>	<i>8.790.971</i>	<i>(21.288.676)</i>	<i>8.196.501</i>	<i>(19.835.183)</i>	<i>7.578.957</i>	<i>(16.777.283)</i>
Compensation	(7.877.516)	7.877.516	(7.399.587)	7.399.587	(7.635.965)	7.635.965	(6.954.591)	6.954.591
<b>Total</b>	<b>1.256.345</b>	<b>(15.465.413)</b>	<b>1.391.383</b>	<b>(13.889.089)</b>	<b>560.537</b>	<b>(12.199.219)</b>	<b>624.366</b>	<b>(9.822.692)</b>

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

The deferred tax is calculated based on the tax rate applied in the next period. Specifically, the income tax rate applicable for 2005 is 29%, while for 2006 is 25%.

The Group in the current year has tax losses in which corresponds a demand of deferred tax amounted to € 190.947.

## 12. Financial assets available for sale

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Opening carrying amount</b>	6.159.684	12.477.783	5.917.934	12.236.033
Sales/write-offs	(5.794.733)	(6.318.099)	(5.794.733)	(6.318.099)
<b>Adaptation at fair value</b>	<b>364.951</b>	<b>6.159.684</b>	<b>123.201</b>	<b>5.917.934</b>

Throughout the period 01/01-31/12/2006, the Company made a sale of "financial assets available for sale" to MYTILINEOS S.A. that concerned its share of participation in ELVO S.A. (Subsidiary of MYTILINEOS S.A.). The sale price was at the cost of acquisition (€ 5.792.803) therefore the sale had zero profit. The sale's tax was € 395.805 and transferred to the financial results.

In addition the company sold its share of the company "Defense Industries – Mytilineos" to MYTILINEOS S.A. The sale price was the cost of acquisition (€ 1.931) therefore the sale had zero profit.

### 13. Other non-current receivables

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

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Customers- Over 12 months retained receivable guarantees	1.819.689	1.982.000	1.819.689	1.982.000
Given Guarantees	210.534	199.893	87.821	83.409
Other	3.845	3.845	0	0
<b>Total other non-current assets</b>	<b>2.034.068</b>	<b>2.185.738</b>	<b>1.907.510</b>	<b>2.065.409</b>

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

### 14. Inventories

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

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Raw materials	17.356.219	24.737.657	17.157.980	24.355.939
Work in Progress	4.242.426	4.185.501	4.146.899	4.088.602
Merchandise	1.048.340	0	2.985	0
Spare parts & consumables	1.028.976	888.474	951.170	819.826
Packing materials	492.364	459.981	436.037	398.075
Other goods & inventories	67.227	1.171.208	33.785	34.212
<b>Total</b>	<b>24.235.551</b>	<b>31.442.821</b>	<b>22.728.857</b>	<b>29.696.653</b>
Minus: Provisions for useless and destroyed inventories	(1.128.294)	(1.128.294)	(1.000.000)	(1.000.000)
<b>Net book value</b>	<b>23.107.257</b>	<b>30.314.526</b>	<b>21.728.857</b>	<b>28.696.653</b>

The value of the Inventories that were consumed to the Group's and Company's cost of goods sold is € 141.198.812 and € 112.219.307 respectively (2005: Group € 83.242.02 and Company € 69.515.028).

### 15. Customers and other trade receivables

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

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Amounts in €				
Customers	52.762.607	40.958.225	41.835.517	32.413.697
Withholding money for fine completion of contracts	7.042.922	13.695.006	6.515.377	11.733.532
Receivables in customers from the implementation of work (note 19)	48.000.778	43.393.018	46.831.806	41.687.136
Bills receivable	3.815	3.815	0	0
Checks receivable	2.962.815	2.494.775	0	0
Less: Provisions fall	(1.508.596)	(1.591.917)	0	0
<b>Net trade &amp; other receivables</b>	<b>109.264.342</b>	<b>98.952.923</b>	<b>95.182.700</b>	<b>85.834.365</b>
Advances for purchases and subcontractors	4.341.288	16.504.026	3.553.483	16.370.579
<b>Total</b>	<b>113.605.629</b>	<b>115.456.949</b>	<b>98.736.183</b>	<b>102.204.944</b>
Non-current assets (note 13)	1.819.689	1.982.000	1.819.689	1.982.000
Current assets	111.785.940	113.474.949	96.916.494	100.222.944
	<b>113.605.629</b>	<b>115.456.949</b>	<b>98.736.183</b>	<b>102.204.944</b>

## 16. Other receivables – other current assets

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

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Amounts in €				
State Taxes	1.224.918	5.945.777	417.900	5.068.302
Advances to employees and others	58.267	493.303	34.112	263.944
Dividends	21.382	297.848	4.387	289.350
Receivables under sub judice	127.051	287.051	0	0
Other receivables	1.469.716	2.435.878	345.381	1.493.146
Less: Provisions for impairment of other receivables	(948.375 )	(716.178 )		
<b>Total or Other Receivables</b>	<b>1.952.960</b>	<b>8.743.680</b>	<b>801.779</b>	<b>7.114.742</b>
<b>Other current assets</b>				
Prepayment expenses	568.610	1.712.778	531.252	1.666.499

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

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

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Amounts in €				
Bank bonds	3.709.800	1.994.390	0	1.994.390
Mutual funds	34.046	33.340	0	0
<b>Total Financial assets</b>	<b>3.743.846</b>	<b>2.027.729</b>	<b>0</b>	<b>1.994.390</b>

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

## 18. Cash and cash equivalents

They represent cash and bank accounts available at first demand.

Cash and cash equivalents are as follows:

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Cash at bank and on hand	4.958.940	14.655.173	1.298.030	3.308.666
Short-term bank deposits	0	5.166.451	0	4.950.728
<b>Total</b>	<b>4.958.940</b>	<b>19.821.624</b>	<b>1.298.030</b>	<b>8.259.394</b>

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

The effective interest rate of short term investments is 3,4% (2005: 3%).

## 19. Construction contracts

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

Amounts in €	THE GROUP		THE COMPANY	
	01/01 - 31/12/2006	01/01 - 31/12/2005	01/01 - 31/12/2006	01/01 - 31/12/2005
Sales turnover due to project execution of the period	278.948.199	207.393.494	263.151.494	195.516.987
Total cost that have been occurred from the beginning of the projects	467.441.431	549.109.212	444.857.681	518.662.084

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

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Customer Advance payments	(13.865.795 )	(37.244.011 )	(13.383.165 )	(37.009.935 )
Customer Withholding of good performance	7.042.922	13.695.006	6.515.377	11.733.532
Customer receivables from the implementation of work	48.000.778	43.393.018	46.831.806	41.687.136
Customer liabilities from the implementation of work	(700.758 )	(17.726.899 )	(267.015 )	(17.555.488 )

## 20. Total equity

### 20.1 Share Capital

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

Amounts in €	Number of shares	Ordinary Shares	Share Premium	Treasury Shares	Total
<b>Balance at 1/1/2005</b>	<b>51.950.600</b>	<b>51.950.600</b>	<b>16.624.192</b>	<b>63.430.696</b>	<b>80.054.888</b>
Proceeds from shares issued	0	0	70.133.310	(63.430.696)	6.702.614
Return of the Share Capital to the Share holders	0	0	(70.133.310)		(70.133.310)
<b>Balance at 31/12/2005</b>	<b>51.950.600</b>	<b>51.950.600</b>	<b>16.624.192</b>	<b>0</b>	<b>16.624.192</b>
Increase of Share Capital					0
<b>Balance at 31/12/2006</b>	<b>51.950.600</b>	<b>51.950.600</b>	<b>16.624.192</b>	<b>0</b>	<b>16.624.192</b>

### 20.2 Other reserves

Other reserves for the Company / Group are as follows:

#### THE GROUP

Amounts in €	Legal Reserve	Special Reserve	Contingency reserve	Tax-exempt reserves under special laws	Total
<b>Balance at 1 January 2005</b>	<b>3.391.457</b>	<b>826.575</b>	<b>9.340.385</b>	<b>9.873.873</b>	<b>23.432.290</b>
<i>Adjustments for the period 01/01-31/12/2005</i>					
- Formation of reserves due to profits of year 2004	829.281	0	142.155	3.747.972	4.719.409
- Increase of share capital by capitalization of reserves	0	0	(6.291.396)	(411.218)	(6.702.614)
- Taxes from the reserve distribution				(193.514)	(193.514)
<b>Balance at 31 December 2005</b>	<b>4.220.738</b>	<b>826.575</b>	<b>3.191.145</b>	<b>13.017.113</b>	<b>21.255.571</b>
<i>Adjustments for the period 01/01-31/12/2006</i>					
- Formation of reserves due to profits of year 2006	1.751.548	0	217.045	3.148.870	5.117.462
- Tax paid for Tax-exempt reserves of technical companies	0	0	0	(1.710)	(1.710)
- Transfer to Contingency reserves	0	0	3.176	(3.176)	0
<b>Balance at 31 December 2006</b>	<b>5.972.286</b>	<b>826.575</b>	<b>3.411.366</b>	<b>16.161.096</b>	<b>26.371.323</b>

#### THE COMPANY

Amounts in €	Legal Reserve	Special Reserve	Contingency reserve	Tax-exempt reserves under special laws	Total
<b>Balance at 1 January 2005</b>	<b>2.895.373</b>	<b>826.575</b>	<b>6.254.368</b>	<b>10.038.868</b>	<b>20.015.184</b>
<i>Adjustments for the period 01/01-31/12/2005</i>					
- Formation of reserves due to profits of year 2004	661.780	0	37.027	3.176.579	<b>3.875.387</b>
- Increase of share capital by capitalization of reserves	0	0	(6.291.396)	(411.218)	<b>(6.702.614)</b>
- Taxes from the reserve distribution				(193.514)	<b>(193.514)</b>
<b>Balance at 31 December 2005</b>	<b>3.557.154</b>	<b>826.575</b>	<b>0</b>	<b>12.610.716</b>	<b>16.994.444</b>
<i>Adjustments for the period 01/01-31/12/2006</i>					
- Formation of reserves due to profits of year 2006	1.716.995	0	0	3.062.785	4.779.780
<b>Balance at 31 December 2006</b>	<b>5.274.149</b>	<b>826.575</b>	<b>0</b>	<b>15.673.500</b>	<b>21.774.224</b>

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

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

### 20.3 Retained earnings

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Amounts in €				
Intended Divident	20.780.240	15.585.180	20.780.240	15.585.180
Remaining Earnings	47.267.214	32.536.743	53.380.425	40.471.919
<b>Total</b>	<b>68.047.454</b>	<b>48.121.923</b>	<b>74.160.665</b>	<b>56.057.099</b>

The General Shareholders Meeting unanimously approved at 16/05/2006 the appropriation account for the fiscal year 2005 and the distribution of €15.585.180 out of the profit for the year 2005, which represents a dividend of €0,30 per share.

It is suggested to form "Legal Reserve" amounting to € 267.851 and also to distribute € 20.780.240 as a dividend (€0,40 per share), out of the net profit of the year 2006 amounting to €38.468.526. The distribution of dividend has to be approved by the General Shareholders Meeting therefore no obligation has been recognized in the financial statements of 2006.

### 21. Liabilities for pension plans

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

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

This liability is analyzed as follows:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Amounts in €				
<b>Opening carrying amount</b>	<b>1.836.607</b>	<b>1.936.085</b>	<b>1.152.985</b>	<b>1.343.978</b>
Pension benefits	236.027	170.360	153.557	121.837
Pension benefits of the acquired Subsidiary company	0	49.914	0	0
Period payments	(87.750)	(319.753)	(64.396)	(312.829)
Minus: reduction of liability due to the selling of a subsidiary	(118.686)	0	0	0
<b>Balance at 31/12/2006</b>	<b>1.866.198</b>	<b>1.836.607</b>	<b>1.242.146</b>	<b>1.152.985</b>

The amounts concerning pension benefits are as follows:

Amounts in €

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Analysis of Pension benefits</b>				
Cost of current period employment	145.445	100.584	72.933	61.358
Interest cost	76.208	69.776	66.250	60.479
(Profit)/loss from the Pension plan	14.374	0	14.374	0
<b>Total cost of pension benefits</b>	<b>236.027</b>	<b>170.360</b>	<b>153.557</b>	<b>121.837</b>

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

	31/12/2006	31/12/2005
Discount Rate	4,5%	4,5%
Future wage increases	3,5%	3,5%
Percentage of retirement	0,5%	0,5%
Inflation	2,5%	2,5%

## 22. Other long-term liabilities

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

	THE GROUP					
	Received Grants	Rights of use free of charge granted constant	Tax Liabilities & fees of previous years	Other Provisions	Customer Downpayments	Total
Amounts in €						
<b>Balance at 1 January 2005</b>	141.147	9.980.000	0	8.191	16.524.000	26.653.338
Additions	0	0	450.368	0	36.410.000	36.860.368
Period Amortization to Gains	0	(688.230)	0	0	(2.760.736)	(3.448.966)
Transfer to Short-Term Liabilities	(73.873)	(2.986.958)	0	0	(36.856.686)	(39.917.518)
<b>Balance at 31 December 2005</b>	<b>67.273</b>	<b>6.304.812</b>	<b>450.368</b>	<b>8.191</b>	<b>13.316.578</b>	<b>20.147.222</b>
Additions	0	0	0	0	0	0
Period Amortization to Gains	0	(2.202.985)	0	0	(6.886.700)	(9.089.684)
Taxes paid	0	0	0	0	0	0
Transfer to Short-Term Liabilities	(33.445)	(315.801)	(416.003)	0	0	(765.249)
<b>Balance at 31 December 2006</b>	<b>33.828</b>	<b>3.786.027</b>	<b>34.365</b>	<b>8.191</b>	<b>6.429.878</b>	<b>10.292.289</b>

Amounts in €

	THE COMPANY					
	Received Grants	Rights of use free of charge granted constant	Tax Liabilities & fees of previous years	Withholding money for fine completion of contracts	Customer Downpayments	Total
Amounts in €						
<b>Balance at 1 January 2005</b>	111.838	9.980.000	0	0	16.524.000	26.615.838
Additions	0	0	450.368	397.241	36.410.000	37.257.609
Period Amortization to Gains	0	(688.230)	0	0	(2.760.736)	(3.448.966)
Transfer to Short-Term Liabilities	(73.874)	(2.986.958)	0	0	(36.856.686)	(39.917.518)
<b>Balance at 31 December 2005</b>	<b>37.964</b>	<b>6.304.812</b>	<b>450.368</b>	<b>397.241</b>	<b>13.316.578</b>	<b>20.506.963</b>
Additions	0	0	0	663.999	0	663.999
Period Amortization to Gains	0	(2.202.985)	0	0	(6.886.700)	(9.089.684)
Taxes paid	0	0	0	0	0	0
Transfer to Short-Term Liabilities	(31.806)	(315.801)	(416.003)	0	0	(763.610)
<b>Balance at 31 December 2006</b>	<b>6.158</b>	<b>3.786.027</b>	<b>34.365</b>	<b>1.061.240</b>	<b>6.429.878</b>	<b>11.317.668</b>

The variation in the account "Rights of use free of charge granted constant" during 2006, amounting to €2.202.985 concerns depreciation effected on these rights.

## 23 Trade and other Payables

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

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Suppliers	43.792.526	47.545.637	53.098.145	56.565.783
Customers' Advances	13.865.795	37.244.011	13.383.165	37.009.935
Liabilities due to the implementation of work (note 19)	700.758	17.726.899	267.015	17.555.488
Checks payable	564.120	0	564.120	0
<b>Total</b>	<b>58.923.199</b>	<b>102.516.547</b>	<b>67.312.445</b>	<b>111.131.206</b>

All the trade transactions have no interest and they are settled regularly.

## 24. Tax Payable

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

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Current period tax liabilities	5.469.411	12.623.957	3.394.187	11.999.813
Tax liabilities coming from previous years	900.929	435.000	416.003	435.000
<b>Total</b>	<b>6.370.339</b>	<b>13.058.957</b>	<b>3.810.190</b>	<b>12.434.813</b>

During the current year, the subsidiary company RODAX was tax-audited for the fiscal years 2001-2004. The tax audit was concluded within 2006, while the final sheets for the tax imposed were issued at 20/9/2006. The total tax imposed amounted to € 477.343 (included in the consolidated financial statements), which € 323.791 will be paid within the next year.

In addition during the current year, the subsidiary company ELEMKA was tax-audited for the fiscal years 2000-2004. The tax audit was concluded within 2006, while the final sheets for the tax imposed were issued at 7/12/2006. The total tax imposed amounted to € 201.430 (included in the consolidated financial statements), which € 161.135 will be paid within the next year.

For the unaudited fiscal years of the companies of the Group, please revert to para. 39 "Contingent Liabilities – Receivables".

## 25. Short-term debt

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

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Short-term Borrowing</b>				
Bank Debt	2.058.334	756.917	0	0
Other (Leasing)	149.834	12.605	2.592	12.605
<b>Total short term debt</b>	<b>2.208.168</b>	<b>769.522</b>	<b>2.592</b>	<b>12.605</b>

The short-term debt of the Group concerns short-term debt of a subsidiary. The total amount is expressed in Euros. The weighted average borrowing rate in 2006 amounts to 5,08% (2005: 4,54%), as at the balance sheet date.

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

## 26. Other short-term liabilities

The other short-term liabilities are analyzed as follows:

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Social security insurance	783.023	742.259	482.364	434.685
Other tax liabilities	0	2.485.287	0	1.439.165
Dividends payable	620.696	791.394	620.539	590.998
Accrued income	3.334.565	3.023.894	3.334.565	3.023.894
Accrued expenses	193.785	112.627	98.984	94.627
Others Liabilities	2.761.382	6.417.867	2.309.319	6.004.503
<b>Total</b>	<b>7.693.451</b>	<b>13.573.328</b>	<b>6.845.771</b>	<b>11.587.872</b>

## 27. Current portion of non-current provisions

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

Amounts in €

	THE GROUP		
	Provisions for losses of Construction Contracts	Provisions for employee lay-offs	Total
<b>Balance at 1 January 2005</b>	50.610	0	50.610
Additional provisions of the year 2005	177.069	0	177.069
Unused provisions that have been reversed	0	0	0
Provisions used during the year	(42.838)	0	(42.838)
<b>Balance at 31 December 2005</b>	<b>184.841</b>	<b>0</b>	<b>184.841</b>
Additional provisions of the year 2006	4.478	50.055	54.533
Unused provisions that have been reversed	0	0	0
Provisions used during the year	(5.777)	0	(5.777)
<b>Balance at 31 December 2006</b>	<b>183.541</b>	<b>50.055</b>	<b>233.596</b>

Amounts in €

	THE COMPANY		
	Provisions for losses of Construction Contracts	Provisions for employee lay-offs	Total
<b>Balance at 1 January 2005</b>	18.426	0	18.426
Additional provisions of the year 2005	0	0	0
Unused provisions that have been reversed	0	0	0
Provisions used during the year	(18.426)	0	(18.426)
<b>Balance at 31 December 2005</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional provisions of the year 2006	0	50.055	50.055
Unused provisions that have been reversed	0	0	0
Provisions used during the year	0	0	0
<b>Balance at 31 December 2006</b>	<b>0</b>	<b>50.055</b>	<b>50.055</b>

## 28. Sales turnover

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

Amounts in €	THE GROUP		THE COMPANY	
	01/01 - 31/12/2006	01/01 - 31/12/2005	01/01 - 31/12/2006	01/01 - 31/12/2005
Income from the execution of construction contracts	278.948.199	207.393.494	263.151.494	195.516.987
Sales of apartments	851.028	1.732.529	851.028	1.732.529
Income from trading	8.699.978	0	3.658	0
Sales of Products	0	1.833.349	0	0
Income from maintenance and other services	4.045.114	181.483	923.684	0
Sales of scrap	1.602.380	1.659.672	1.492.985	1.615.765
<b>Total</b>	<b>294.146.698</b>	<b>212.800.527</b>	<b>266.422.849</b>	<b>198.865.281</b>

## 29. Analysis of expenses by their nature

The expenses analysis by the nature of expense of the year 2006 is as follows:

	THE GROUP				THE COMPANY		
	Cost of sales	Distribution Expenses	Administrative Expenses	Total	Cost of sales	Distribution Expenses	Administrative Expenses
Amounts in €							
Pension benefits	262.782	0	171.800	434.582	262.782	0	171.800
Wages & other benefits of the employees	13.896.890	552.748	2.648.545	17.098.182	8.447.146	184.827	1.778.733
Cost of reserves recognized as expense	141.197.769	674	369	141.198.812	112.218.264	674	369
Depreciation of Tangible Assets	4.504.779	23.123	557.467	5.085.369	3.795.113	1.493	447.097
Amortization of Intangible Assets	0	0	18.558	18.558	0	0	0
Wage and expenses of Subcontractors	56.813.424	0	115.997	56.929.421	80.619.098	0	108.458
Third person expenses & benefits	6.010.023	229.181	3.830.998	10.070.202	3.178.040	32.310	2.890.143
Insurance expenses	2.035.938	7.914	27.385	2.071.237	1.975.418	0	2.302
Rents of operating leases	615.607	117.579	548.574	1.281.760	523.290	13.851	255.093
Expenses of fixing and maintainance	535.209	84.647	422.261	1.042.117	364.149	1.195	403.508
Other third person expenses	793.297	60.093	482.078	1.335.467	485.986	7.696	340.057
Taxes & Duties Payable	195.860	7.725	112.887	316.472	143.064	727	51.158
Publicity	36.512	4.391	286.534	327.437	36.512	4.391	286.534
Reversal of Provisions	(5.777)	0	(64.396)	(70.173)	0	0	(64.396)
Other expenses	3.208.691	367.254	1.566.592	5.142.537	2.451.649	67.538	1.090.678
Other Provisions	4.478	0	50.055	54.533	0	0	50.055
Provisions for liabilities of settled benefits	105.465	1.422	38.558	145.445	54.082	0	18.851
Compensation for damages	(3.197.092)	0	0	(3.197.092)	(3.197.092)	0	0
<b>Total</b>	<b>227.013.855</b>	<b>1.456.751</b>	<b>10.814.261</b>	<b>239.284.867</b>	<b>211.357.500</b>	<b>314.701</b>	<b>7.830.439</b>
Less Tangible assets under construction	(1.159.820)	0	0	(1.159.820)	(1.116.869)	0	0
<b>TOTAL</b>	<b>225.854.035</b>	<b>1.456.751</b>	<b>10.814.261</b>	<b>238.125.047</b>	<b>210.240.631</b>	<b>314.701</b>	<b>7.830.439</b>

The expenses analysis by the nature of expense of the year 2005 is as follows:

	THE GROUP				THE COMPANY		
	Cost of sales	Distribution Expenses	Administrative Expenses	Total	Cost of sales	Distribution Expenses	Administrative Expenses
Amounts in €							
Pension benefits	329.983	0	337.063	667.046	320.460		337.063
Wages & other benefits of the employees	11.965.612	375.165	2.198.832	14.539.609	7.524.032	302.228	1.637.127
Cost of reserves recognized as expense	83.239.785	1.658	577	83.242.020	69.512.792	1.658	577
Depreciation of Tangible Assets	4.442.213	19.991	482.262	4.944.466	3.735.758	11.287	393.454
Amortization of Intangible Assets	0	0	14.642	14.642	0	0	0
Wage and expenses of Subcontractors	44.805.984	0	282.190	45.088.174	61.123.644		282.190
Third person expenses & benefits	5.074.452	80.047	3.117.527	8.272.027	2.393.302	29.164	2.761.040
Insurance expenses	1.585.600	0	21.669	1.607.269	1.531.860	0	2.998
Rents of operating leases	265.808	22.230	524.385	812.423	211.485	22.230	235.947
Expenses of fixing and maintainance	632.413	11.111	265.300	908.823	498.338	9.266	249.523
Other third person expenses	551.193	17.720	341.858	910.771	366.860	11.584	263.452
Taxes & Duties Payable	189.196	2.293	186.955	378.443	147.551	727	121.855
Publicity	44.495	1.083	100.679	146.257	44.495	1.083	100.679
Reversal of Provisions	(42.838)	0	(312.830)	(355.668)	(18.426)		(312.830)
Other expenses	4.639.806	94.234	946.849	5.680.889	4.131.912	13.267	723.829
Other Provisions	177.069	0	5.266	182.335		0	
Provisions for liabilities of settled benefits	77.555	2.386	15.377	95.318	45.472	1.823	14.063
Compensation for damages	0	0	0	0	0	0	0
<b>Total</b>	<b>157.978.326</b>	<b>627.918</b>	<b>8.528.602</b>	<b>167.134.845</b>	<b>151.569.534</b>	<b>404.316</b>	<b>6.810.967</b>
Less Tangible assets under construction	(1.917.267)	0	0	(1.917.267)	(1.829.003)	0	0
<b>TOTAL</b>	<b>156.061.058</b>	<b>627.918</b>	<b>8.528.602</b>	<b>165.217.578</b>	<b>149.740.531</b>	<b>404.316</b>	<b>6.810.967</b>

### 30. Employee benefits

The number of employees is analyzed in the following table:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Monthly Wage employees	307	250	188	194
Daily Wage employees	199	243	102	91
<b>Σύνολο</b>	<b>506</b>	<b>493</b>	<b>290</b>	<b>285</b>

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

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Amounts in €				
Employee wages	13.146.634	11.228.982	8.115.353	7.432.986
Social Security Expenses	3.450.078	2.870.648	2.033.840	1.828.329
Retirement Benefits	520.606	689.381	434.582	657.522
Pension benefits	145.445	95.318	72.933	61.358
Other benefits	415.446	417.645	261.511	202.073
<b>Total</b>	<b>17.678.210</b>	<b>15.301.973</b>	<b>10.918.220</b>	<b>10.182.268</b>
Amount that was used to the Income statement	17.163.286	14.174.534	10.403.297	9.128.405
Amount that was used for the under construction tangible assets	514.923	1.127.440	514.923	1.053.862
<b>Total</b>	<b>17.678.210</b>	<b>15.301.973</b>	<b>10.918.220</b>	<b>10.182.268</b>

### 31. Other ordinary income and expense

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

	THE GROUP		THE COMPANY	
	01/01 - 31/12/2006	01/01 - 31/12/2005	01/01 - 31/12/2006	01/01 - 31/12/2005
Amounts in €				
<b>Other operating income</b>				
Depreciation of received grants	38.576	36.937	36.937	36.937
Grants and sundry sales income	63.103	77.158	58.426	71.728
Profit from foreign exchange differences	271.003	459.772	271.003	458.569
Income from Rents	75.554	88.121	73.441	83.158
Income from previous years	2.117	52.000	2.117	52.000
Other	314.977	309.499	241.496	235.345
Profit from sale of tangible assets	19.672	140.562	19.672	139.722
<b>Total</b>	<b>785.002</b>	<b>1.164.049</b>	<b>703.091</b>	<b>1.077.458</b>
<b>Other operating expenses</b>				
Losses from foreign exchange differences	33.106	232.596	31.967	229.198
Uncertain receivables	343.360	304.754	0	0
Loss from sale of fixed assets	211.130	38.434	200.814	21.080
Other	313.322	83.600	292.867	81.395
Other taxes	21.641	54.019	3.646	25.399
Compensations	12.250	49.533	12.250	49.533
<b>Total</b>	<b>934.809</b>	<b>762.937</b>	<b>541.544</b>	<b>406.604</b>

### 32. Financial income / expenses

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

	THE GROUP		THE COMPANY	
	01/01 - 31/12/2006	01/01 - 31/12/2005	01/01 - 31/12/2006	01/01 - 31/12/2005
Amounts in €				
<b>Interest income from:</b>				
Banks	323.912	390.252	136.009	348.226
Granted Loans	0	311.416	0	311.416
Tax discount for the entire payment of the taxes in once	1.538	1.000	799	448
	<b>325.450</b>	<b>702.668</b>	<b>136.807</b>	<b>660.090</b>
<b>Interest expenses from:</b>				
Discount of Liabilities coming from personnel pension benefits	76.208	69.776	66.250	60.479
Bank Loans	140.246	9.355	28.461	9.355
Financing Leases	8.308	1.170	459	1.170
Other Banking Expenses	126.494	79.000	89.566	67.580
	<b>351.257</b>	<b>159.301</b>	<b>184.736</b>	<b>138.584</b>

### 33. Other financial results

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

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Amounts in €				
Profit / (loss) from the sale of financial assets available for sale	0	3.475.701	0	3.432.812
Profit / (loss) from valuation of financial assets at fair value through profit or loss	7.506	549	0	0
Income from dividends	21.382	300.041	4.705.718	621.293
Losses from sales of subsidiaries	0	0	(1.521.643)	0
Commissions of letter of guarantees	(573.249)	(599.312)	(550.379)	(562.052)
Expenses from the sale of financial assets available for sale	(395.805)	0	(395.805)	0
Exxpenses from the sale of subsidiaries	(49.680)	0	(49.680)	0
<b>Total</b>	<b>(989.845)</b>	<b>3.176.980</b>	<b>2.188.211</b>	<b>3.492.053</b>

### 34. Income tax expense

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

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Amounts in €				
Current tax	11.864.942	15.561.795	9.430.027	13.584.169
Deferred tax (Note 11)	1.904.631	(1.974.780)	2.440.356	(1.556.797)
Tax differences from previous year	678.773	226.606	0	226.606
<b>Total Income tax</b>	<b>14.448.346</b>	<b>13.813.622</b>	<b>11.870.383</b>	<b>12.253.979</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies. The relationship between the expected tax expense based on the effective tax rate of the Group and the tax expense actually recognised in the income statement can be reconciled as follows:

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Profit before income tax as Income Statement	54.856.192	52.066.335	50.338.909	46.593.879
<b>Applicatory Income Tax rate</b>	<b>29%</b>	<b>32%</b>	<b>29%</b>	<b>32%</b>
Income Tax according to the applicable Income tax rate	15.908.296	16.661.227	14.598.283	14.910.041
<b><i>Tax that corresponds to tax-exempt income</i></b>				
- Profit from the sale of associates	0	(205.179)		
- Dividends	(6.201)	(96.659)	(1.364.658)	(198.814)
- Profit from financial assets at fair value through profit or loss	(39.351)	(1.146.352)	0	(1.133.097)
- Other tax-free income	(214)	(177)		
<b><i>Tax that corresponds to expenditures not recognized from the Tax authority</i></b>				
- Losses from equity participations in associates	0	89.363		
- Tax & fees	15.902	66.010	10.631	56.614
- Other tax-exempt expenditures	660.601	379.339	964.239	238.192
Tax Reduction through the formation of tax-exempt discounts and reserves under special law provisions	(504.663)	(986.384)	(468.037)	(980.091)
Adjustement of deferred tax according to the change of the Income tax rate	(2.269.228)	(1.178.451)	(1.874.445)	(869.544)
Supplementary Income tax from land - plot & buildings	4.433	4.278	4.370	4.072
Correspondent tax to the capitalization of reserves	0	193.514	0	193.514
Income tax coming from previous years	678.773	33.092	0	33.092
<b>Tax expense in the profit &amp; loss statement</b>	<b>14.448.346</b>	<b>13.813.622</b>	<b>11.870.383</b>	<b>12.253.979</b>

### 35. Earnings per share

The basic earnings per share (in euro / share) of the Group/Company are as follows:

Amounts in €

	THE GROUP		THE COMPANY	
	01/01 - 31/12/2006	01/01 - 31/12/2005	01/01 - 31/12/2006	01/01 - 31/12/2005
Profit before income tax	55.226.163	52.678.753	50.338.909	46.593.879
Income Tax Expense	(14.461.892)	(13.972.715)	(11.870.383)	(12.253.979)
<b>Profit after income tax (1)</b>	<b>40.764.271</b>	<b>38.706.038</b>	<b>38.468.526</b>	<b>34.339.900</b>
<b>Attributable to:</b>				
<b>Equity holders of the parent (2)</b>	40.635.408	37.397.417		
Minority Interests	128.863	1.308.621		
	<b>40.764.271</b>	<b>38.706.038</b>		
<b>Weighted average number of shares (3)</b>	<b>51.950.600</b>	<b>51.950.600</b>		
<b>Basic earnings per Share (in Euro /share) (2)/(3)</b>	0,78	0,72	0,74	0,66

The basic earnings per share (in euro / share ) of the Group/Company for the continued operations are as follows:

Amounts in €	THE GROUP		THE COMPANY	
	01/01 - 31/12/2006	01/01 - 31/12/2005	01/01 - 31/12/2006	01/01 - 31/12/2005
Profit before income tax from continued operations	54.856.192	52.066.335	50.338.909	46.593.879
Income Tax Expense	(14.448.346 )	(13.813.622 )	(11.870.383)	(12.253.979)
<b>Profit after income tax from continued operations (4)</b>	<b>40.407.846</b>	<b>38.252.713</b>	<b>38.468.526</b>	<b>34.339.900</b>
<b>Attributable to:</b>				
<b>Equity holders of the parent (5)</b>	40.293.150	37.216.087		
Minority Interests	114.696	1.036.626		
	<b>40.407.846</b>	<b>38.252.713</b>		
<b>Weighted average number of shares (6)</b>	<b>51.950.600</b>	<b>51.950.600</b>		
<b>Basic earnings per Share (in Euro /share) (5)/(6)</b>	0,78	0,72	0,74	0,66

The basic earnings per share (in euro / share) of the Group/Company for the discontinued operations are as follows:

Amounts in €

	THE GROUP	
	01/01 - 31/12/2006	01/01 - 31/12/2005
<b>Discontinued operations</b>		
Profit from discontinued operations attributed to the shareholders of the parent company	342.259	181.330
Weighted average number of shares	51.950.600	51.950.600
<b>Basic earnings from discontinued operations per Share (in Euro /share)</b>	0,01	0,00

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

### 36. Analysis of Cash Flow Adjustments

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

Amounts in €

	THE GROUP		THE COMPANY	
	12 months until 31 December 2006	12 months until 31 December 2005	12 months until 31 December 2006	12 months until 31 December 2005
<b>Adjustments to Profit after Tax for:</b>				
Income Tax	14.461.892	13.972.715	11.870.383	12.253.979
Depreciation of tangible assets	4.970.765	4.639.481	4.111.988	3.780.677
Depreciation of intangible assets	18.763	15.263	0	0
Provisions	691.274	1.712.960	189.238	1.121.837
Income from reverse of provisions	(70.173)	(362.591)	(64.396)	(331.256)
Profit / Loss from the Disposal of tangible assets	118.137	(105.582)	181.142	(118.642)
Losses from the fair value recognition of financial assets through profit and loss	(7.506)	(549)	0	0
Losses from sale of subsidiaries	0	0	1.521.643	0
Gains from sale of financial assets available for sale	0	(3.542.468)	0	(3.499.579)
Έσοδα τόκων	(340.481)	(725.346)	(136.807)	(660.090)
Credit interest and similar income	148.547	81.709	28.912	9.355
Debit interest and similar expenses	(21.382)	(300.041)	(4.705.718)	(289.350)
Proceeds from dividends	(38.576)	(36.937)	(36.937)	(36.937)
Changes in pension obligations	(8.980)	0	14.374	0
Gains from sale of subsidiaries	(332.814)	0	0	0
Share in net (profit) loss of subsidiaries	0	279.259	0	0
Share in net (profit) loss of associates	0	(641.186)	0	0
Unrealised foreign currency gains / (losses)	19.256	0	19.256	0
<b>Total Adjustments to Profit after Tax</b>	<b>19.608.720</b>	<b>14.986.687</b>	<b>12.993.078</b>	<b>12.229.993</b>

### 37. Related party transactions

Transactions with these companies are carried out on an arm's length basis. The Group was not a party to any transaction of an unusual nature or structure that was material to it or to companies or persons closely associated with it, nor does it intend to be party to such transactions in the future. None of the transactions incorporate special terms and conditions and no guarantee was given or received.

The earnings from other associated companies concerns the construction contract between METKA S.A and ALUMINUM OF GREECE SA (subsidiary of MYILINEOS SA). According to the contract METKA SA has to construct a power station. The execution of the project has begun since 2005 and the backlog as of 31/12/2006 is € 35.719 thous.. The invoicing and payments are made according to the contract. Finally there no conditions or terms in the contract that are out of the ordinary trade practice.

## Related party transactions

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Income from execution of projects and other income</b>				
Parent company	250.400	21.068	250.400	0
Subsidiaries	0	0	4.792	6.966
Other Parent company's subsidiaries	148.816.528	5.735.730	147.321.111	5.726.263
<b>Total</b>	<b>149.066.928</b>	<b>5.756.798</b>	<b>147.576.303</b>	<b>5.733.230</b>
<b>Income from sales of tangible assets</b>				
Parent company	5.794.733	1.322.220	5.794.733	1.322.220
Subsidiaries	0	0	100.000	0
<b>Total</b>	<b>5.794.733</b>	<b>1.322.220</b>	<b>5.894.733</b>	<b>1.322.220</b>
<b>Other income</b>				
Parent company				
Subsidiaries	0	0	4.705.718	329.749
Other Parent company's subsidiaries	40.477	681.993	2.400	653.727
Directors and key management of the Company	0	0	0	0
<b>Total</b>	<b>40.477</b>	<b>681.993</b>	<b>4.708.118</b>	<b>983.476</b>
<b>Purchases and compensations from the supply of services</b>				
Parent company	631.399	1.453.735	601.644	1.243.794
Subsidiaries	0	0	48.022.828	42.638.698
Other Parent company's subsidiaries	396.346	183.662	396.346	183.662
Directors and key management of the Company	3.252.589	2.747.103	2.558.531	2.449.303
<b>Total</b>	<b>4.280.334</b>	<b>4.384.500</b>	<b>51.579.348</b>	<b>46.515.457</b>
<b>Purchases of assets</b>				
Parent company	0	3.507.000		3.507.000
<b>Total</b>	<b>0</b>	<b>3.507.000</b>	<b>0</b>	<b>3.507.000</b>
<b>Demands from customers and project under progress</b>				
Subsidiaries	0	727.328	103.619	5.666
Associates	0	41.631		
Other Parent company's subsidiaries	23.083.178	134.217	22.561.360	132.285
<b>Total</b>	<b>23.083.178</b>	<b>903.176</b>	<b>22.664.979</b>	<b>137.951</b>
<b>Demands from the sale of tangible assets</b>				
Parent company	0	1.322.220	0	1.322.220
Subsidiaries	0	0	119.000	
<b>Total</b>	<b>0</b>	<b>1.322.220</b>	<b>119.000</b>	<b>1.322.220</b>
<b>Other Demands</b>				
Parent company				
Other Parent company's subsidiaries	141.089	375.290	79.916	333.659
<b>Total</b>	<b>141.089</b>	<b>375.290</b>	<b>79.916</b>	<b>333.659</b>
<b>Obligation to suppliers and other liabilities</b>				
Parent company	10.119	536.560	640	536.560
Subsidiaries	0	0	25.127.382	22.694.563
Other Parent company's subsidiaries	151.901	88.583	151.901	88.583
Directors and key management of the Company	1.448.924	1.272.655	1,448,924	1,272,655
<b>Total</b>	<b>1.610.945</b>	<b>1.897.799</b>	<b>26.728.848</b>	<b>24.592.361</b>
<b>Obligation to customers and project under progress</b>				
Other Parent company's subsidiaries	0	38.541.413	0	38.541.413
<b>Total</b>	<b>0</b>	<b>38.541.413</b>	<b>0</b>	<b>38.541.413</b>
<b>Obligation from the purchase of tangible assets</b>				
Parent company		3.507.000		3.507.000
<b>Total</b>	<b>0</b>	<b>3.507.000</b>	<b>0</b>	<b>3.507.000</b>
<b>Commitments among the related parties</b>				
Subsidiaries	733.675		733.675	
Associates	0	2.500.000	0	2.500.000
<b>Total</b>	<b>733.675</b>	<b>2.500.000</b>	<b>733.675</b>	<b>2.500.000</b>
<b>Balance of Commitments among the related parties</b>				
<b>Payable</b>				
Parent company	26.284.688	54.237.288	26.284.688	54.237.288
Subsidiaries	733.675		733.675	
Associates	2.949.010	4.540.000	2,949,010	4,540,000
<b>Total</b>	<b>29.967.373</b>	<b>58.777.288</b>	<b>29.967.373</b>	<b>58.777.288</b>

### 37.1 Transactions with key management personnel

The remuneration of the individual members of the Board of Management for 2006 was as follows:

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Short-term employee benefits</b>				
- Salaries	103.027	102.482	86.327	86.327
- Social security costs	9.929	9.773	6.198	6.065
- Variable bonus	50.000	45.000	50.000	45.000
- Remuneration in kind and other payments	3.087.914	2.588.297	2.414.611	2.310.611
<b>Post-employment benefits, relating to</b>				
- Defined contribution pension schemes	1.719	1.550	1.396	1.300
<b>Total</b>	<b>3.252.589</b>	<b>2.747.103</b>	<b>2.558.531</b>	<b>2.449.303</b>

### 38. Commitments

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

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Commitments from construction contracts</b>				
Value of unexecutable construction contracts	223.710.867	445.822.976	197.186.443	384.814.468
Granted guarantees of good performance	111.744.450	77.166.752	105.502.642	75.785.583

Amounts in €	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Commitments from Financing Leases</b>				
Until 1 year	11.431	10.013	2.592	10.013
From 1-5 years	138.403	2.592	0	2.592
<b>Total</b>	<b>149.834</b>	<b>12.605</b>	<b>2.592</b>	<b>12.605</b>

### 39. Contingent Assets & Contingent Liabilities

#### 39.1. Information about Contingent Liabilities

There are no substantial disputes in Courts or in Arbitration that can influence the operation and the financial results of the company. None of these contingencies will be discussed here in detail so as not to seriously prejudice the Group's position in the related disputes.

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

### **39.2 Unaudited fiscal years**

The company EKME S.A. is been taxaudited for the years 2001-2004.

During 2006, the subsidiary company RODAX was tax-audited for the fiscal years 2001-2004. The tax audit was concluded within 2006, while the final sheets for the tax imposed were issued at 20/9/2006. The total tax imposed amounted to € 477.343 (included in the consolidated financial statements).

In addition during 2006, the subsidiary company ELEMKA was tax-audited for the fiscal years 2000-2004. The tax audit was concluded within 2006, while the final sheets for the tax imposed were issued at 7/12/2006. The total tax imposed amounted to € 201.430 (included in the consolidated financial statements).

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

- METKA S.A :2005-2006
- SERVISTEEL :2003-2006
- RODAX S.A. :2005-2006
- EKME S.A. :2001-2006
- ELEMKA S.A. :2005-2006

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

### **39.3 Information regarding contingent receivables**

There were cumulative receivables of the company amounting to €3,1 mil. from insurance companies regarding damages in the projects execution, that have been collected in total as of 31/12/06. In addition to the company has current cumulative receivables amounting to €1,4 mil. from insurance companies regarding damages in the projects execution, which are the final stage of acceptance. Furthermore, the company has submitted to its clients claims amounting to €1,5m., regarding supplementary works in various projects.

## **40. Risk management objectives and policies**

The risk management policy is being applied by the Treasury Department. The steps followed are the following:

- evaluating the risks related to the Group's activities and operations,
- design the methodology and choose the appropriate financial products to mitigate the risks and,

- execute/implement, according to the approved procedure by the management, the risk management strategy.

#### **40.1 Financial Risk Factors**

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

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

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

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

#### **40.2 Marker Risk**

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

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

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

##### **Price Risk**

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

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

#### **40.3 Credit Risk**

The credit risk of the Group mainly consists from the customer's inability to pay in time partially or in total his liabilities. The Group's turnover mainly comes from transactions with public institutions and also with foreign companies of low risk rating. As a result, the credit risk is minimal. According to the above the Credit risk of the Group is estimated to be minimum.

Given that 42% of the company's turnover comes from one client (PPC), and 32% comes an associate company, Aluminum of Greece (a subsidiary of MYTILINEOS S.A.). The high credit rating of PPC and Aluminum of Greece, minimizes the Group's credit risk.

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

#### 40.4 Liquidity Risk

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

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

Good execution and procurement risk

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

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

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

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

#### 41. Subsequent events

According to the signed contract on 23 January 2007, the company has taken the obligation of constructing a Prower Station of total power 220 MW, at Karatsi of Pakistan in favor of <<THE KARACHI ELECTRIC SUPPLY CORPORATION Ltd (KESC). The contractual price of the above project is € 111 mil.

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

Athens, 20 February 2007

THE PRESIDENT OF THE BORD	THE MANAGING DIRECTOR	THE FINANCIAL DIRECTOR	THE CHIEF ACCOUNTANT
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