



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

1st Semester 2006

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

2-4 Mesogheion Ave.

Athens

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

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Balance Sheet

Amounts in €	Note	CONSOLIDATED		COMPANY	
		30/6/2006	31/12/2005	30/6/2006	31/12/2005
ASSETS					
Non-current assets					
Land & Buildings		258.634.770	260.983.774	47.553.922	47.881.187
Machinery		438.448.120	446.070.276	90.604.631	92.406.795
Other Tangible Assets		37.364.445	31.799.654	3.683.523	3.770.803
Intangible assets		137.836	213.087	23.794	30.283
Investments in associates	6	18.047.081	17.665.947	5.836.460	5.836.460
Investments in subsidiaries	7	-	-	193.481.981	192.703.801
Available for sale financial assets		1.555.151	1.555.166	1.406.537	1.406.537
Deferred income tax assets		12.980	325.314	-	-
Derivative financial instruments	8	436.222	-	-	-
Trade and other receivables		4.040.837	4.085.802	1.238.034	1.262.415
		758.677.442	762.699.021	343.828.882	345.298.280
Current Assets					
Inventories		276.082.864	276.981.244	77.221.602	74.027.032
Trade and other receivables		268.937.930	254.670.552	205.126.994	145.574.368
Derivative financial instruments		505.558	160.812	-	-
Financial assets in fair value through profit and loss statements		356.474	1.002.873	-	-
Cash and cash equivalents		17.709.041	18.389.841	1.540.573	7.864.506
		563.591.867	551.205.323	283.889.169	227.465.905
Total assets		1.322.269.309	1.313.904.344	627.718.051	572.764.186
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital		39.157.717	39.157.717	39.157.717	39.157.717
Share premium		118.091.070	118.091.070	118.091.070	118.091.070
Translation differences		-195.845	-35.859	-	-
Other reserves		87.202.229	84.384.022	53.209.590	53.627.983
Retained earnings/(losses)		168.931.899	155.906.311	58.716.446	62.357.376
Total		413.187.070	397.503.261	269.174.823	273.234.146
Minority interest		111.596.688	104.049.509	-	-
Total equity		524.783.758	501.552.770	269.174.823	273.234.146
LIABILITIES					
Non-current liabilities					
Borrowings	9	288.093.690	359.589.540	120.613.637	164.068.183
Obligations under financial lease	10	962.716	1.844.730	-	-
Derivative financial instruments	8	492.919	1.344.199	387.667	820.835
Deferred income tax liabilities		84.450.049	81.399.308	23.246.009	23.671.909
Retirement benefit obligations		4.623.085	5.680.325	1.466.016	1.772.579
Grants		15.502.085	16.152.065	502.074	561.082
Provisions		4.311.066	3.990.417	-	-
Other liabilities		750.000	-	-	-
		399.185.611	470.000.584	146.215.403	190.894.587
Current liabilities					
Trade and other payables		153.469.736	126.520.535	77.718.052	25.997.773
Current income tax liabilities		7.329.115	1.715.999	5.925.152	700.202
Obligations under financial lease	9	233.433.455	208.454.958	128.529.254	81.937.478
Obligations under financial lease	10	1.820.333	1.789.668	-	-
Derivative financial instruments	8	625.344	2.679.909	-	-
Provisions		1.621.957	1.189.922	155.367	-
		398.299.941	342.350.991	212.327.825	108.635.453
Total liabilities		797.485.552	812.351.575	358.543.228	299.530.041
Total equity and liabilities		1.322.269.310	1.313.904.344	627.718.051	572.764.186

The notes on pages 7 to 29 constitute an integral part of these interim financial statements.

Income Statement

<i>Amounts in Euro</i>	CONSOLIDATED				COMPANY			
	6months till 30/6/2006	3months from 1/4 till 30/6/2006	6months till 30/6/2005	3months from 1/4 till 30/6/2005	6months till 30/6/2006	3months from 1/4 till 30/6/2006	6months till 30/6/2005	3months from 1/4 till 30/6/2005
Sales	593.705.368	316.577.842	448.207.266	246.847.994	154.189.582	82.203.766	186.828.780	86.036.198
Cost of sales	-466.435.682	-243.111.433	-367.898.178	-205.779.394	-119.270.127	-61.757.802	-168.640.344	-77.631.455
Gross profit	127.269.686	73.466.409	80.309.088	41.068.599	34.919.455	20.445.965	18.188.435	8.404.744
Selling costs	-50.258.733	-28.036.671	-38.634.804	-19.504.851	-9.476.418	-5.585.778	-11.772.206	-6.223.477
Administrative expenses	-16.795.617	-8.841.761	-18.791.502	-9.481.542	-5.938.995	-3.610.255	-5.165.090	-2.882.757
Other operating income - net	10.302.503	6.480.617	5.531.009	2.930.578	876.405	743.327	2.283.859	1.807.057
Operating profit	70.517.839	43.068.594	28.413.790	15.012.784	20.380.448	11.993.258	3.534.998	1.105.567
Finance costs - net	-13.373.764	-6.912.942	-12.085.541	-5.658.425	-4.942.417	-2.523.855	-4.550.483	-2.217.805
Dividends	594.106	594.106	1.213.329	1.213.329	1.496.977	1.253.287	3.512.516	2.641.647
Share of profit of associates	340.152	314.062	912.622	592.731	-	-	-	-
Profit before income tax	58.078.334	37.063.820	18.454.201	11.160.418	16.935.007	10.722.690	2.497.031	1.529.408
Income tax expense	-11.353.746	-6.035.608	-9.300.126	-6.855.872	-6.038.147	-3.017.089	-960.354	-618.927
Profit for the year from continued operations	46.724.588	31.028.212	9.154.075	4.304.547	10.896.860	7.705.601	1.536.677	910.482
Attributable to:								
Equity holders of the Company	36.080.827	24.080.180	10.349.899	4.683.968	10.896.860	7.705.601	1.536.677	910.482
Minority interest	10.643.760	6.948.031	-1.195.825	-379.421	-	-	-	-
	46.724.588	31.028.212	9.154.075	4.304.547	10.896.860	7.705.601	1.536.677	910.482
Shares per profit to the shareholders for period (expressed in € per share)								
Basic & Diluted	0,378	0,252	0,108	0,049	0,114	0,081	0,016	0,010
Depreciations in period	25.163.996	12.803.190	24.426.551	15.424.164	5.081.563	2.525.583	4.952.763	2.444.122

The notes on pages 7 to 29 constitute an integral part of these interim financial statements.

Statement of changes in equity

Amounts in €	Attributable to equity holders of the company					Total	Minority Interests	Total Equity
	Share capital & Share Premium	Reserves of fair value	Other reserves	Retained earnings	Translation Differences			
CONSOLIDATED								
Balance at 31 December 2004	157.166.163	-	60.798.798	179.549.345	-244.738	397.269.568	100.672.581	497.942.148
IFRS 32-39 Adoption	-	-2.260.998	-	-	-	-2.260.998	-535.280	-2.796.278
Balance at 1st of January 2005	157.166.163	-2.260.998	60.798.798	179.549.345	-244.738	395.008.570	100.137.301	495.145.870
Currency translation differences	-	-	-	45.047	127.972	173.019	-	173.019
Profit or loss recognised directly to equity	-	-3.568.394	-	784.679	-	-2.783.716	-774.975	-3.558.690
Net profit for the period	-	-	-	10.349.899	-	10.349.899	-1.195.825	9.154.075
Total of recognised net profit of period	-	-3.568.394	-	11.179.625	127.972	7.739.203	-1.970.799	5.768.404
Buy -sell of self shares	82.624	-	-	-	-	82.624	-	82.624
Raise in % at participation in subsidiaries	-	-	1.562.182	-5.759.688	-	-4.197.505	4.422.595	225.089
Transfer of reserves	-	-	23.435.511	-23.435.511	-	-	-	-
Divident	-	-	-	-9.547.525	-	-9.547.525	-19.095.050	-28.642.575
	82.624	-	24.997.693	-38.742.723	-	-13.662.407	-14.672.456	-28.334.863
Balance at 30 June 2005	157.248.787	-5.829.392	85.796.490	151.986.247	-116.766	389.085.366	83.494.046	472.579.411
Balance at 30 June 2005	157.248.787	-5.829.392	85.796.490	151.986.247	-116.766	389.085.366	83.494.046	472.579.411
Currency translation differences	-	-	-	-45.047	80.907	35.860	-	35.860
Profit or loss recognised directly to equity	-	3.488.483	-	-784.679	-	2.703.804	753.692	3.457.496
Net profit for the period	-	-	-	5.938.685	-	5.938.685	2.444.493	8.383.179
Total of recognised net profit of period	-	3.488.483	-	5.108.959	80.907	8.678.349	3.198.186	11.876.535
Issue of share capital	-	-	-	-	-	-	214.499	214.499
Raise in % at participation in subsidiaries	-	-	-405	-256.911	-	-257.316	-20.151	-277.467
Transfer of reserves	-	-	928.847	-928.847	-	-	-	-
Divident	-	-	-	-3.138	-	-3.138	-1.242.621	-1.245.759
	-	-	928.442	-1.188.895	-	-260.454	-1.048.273	-1.308.727
Balance at 31 December 2005	157.248.787	-2.340.910	86.724.932	155.906.311	-35.859	397.503.261	85.643.958	483.147.219
Balance at 1st of January 2006	157.248.787	-2.340.910	86.724.932	155.906.311	-35.859	397.503.261	85.643.958	483.147.219
Currency translation differences	-	-	-	-	-159.986	-159.986	-	-159.986
Profit or loss recognised directly to equity	-	2.316.380	-	-	-	2.316.380	448.729	2.765.109
Net profit for the period	-	-	-	36.080.827	-	36.080.827	10.643.760	46.724.586
Total of recognised net profit of period	-	2.316.380	-	36.080.827	-159.986	38.237.221	11.092.489	49.329.710
Raise in % at participation in subsidiaries	-	-120.231	831.495	-7.983.615	-	-7.272.352	-3.275.244	-10.547.596
Transfer of reserves	-	-	-209.437	209.437	-	-	-	-
Divident	-	-	-	-15.281.060	-	-15.281.060	-270.066	-15.551.126
	-	-120.231	622.058	-23.055.239	-	-22.553.412	-3.545.309	-26.098.721
Balance at 30 June 2006	157.248.787	-144.761	87.346.990	168.931.899	-195.845	413.187.070	93.191.137	506.378.207
COMPANY								
Balance at 31 December 2004	157.248.787	-	46.220.134	69.392.182	-	272.861.103	-	272.861.103
IFRS 32-39 Adoption	-	-742.668	-	-	-	-742.668	-	-742.668
Balance at 1st of January 2005	157.248.787	-742.668	46.220.134	69.392.182	-	272.118.435	-	272.118.435
Profit or loss recognised directly to equity	-	-964.407	-	-	-	-964.407	-	-964.407
Net profit for the period	-	-	-	1.536.677	-	1.536.677	-	1.536.677
Total of recognised net profit of period	-	-964.407	-	1.536.677	-	572.271	-	572.271
Transfer of reserves	-	-	8.023.475	-8.023.475	-	-	-	-
Divident	-	-	-	-9.550.663	-	-9.550.663	-	-9.550.663
	-	-	8.023.475	-17.574.138	-	-9.550.663	-	-9.550.663
Balance at 30 June 2005	157.248.787	-1.707.075	54.243.609	53.354.722	-	263.140.043	-	263.140.043
Balance at 30 June 2005	157.248.787	-1.707.075	54.243.609	53.354.722	-	263.140.043	-	263.140.043
Profit or loss recognised directly to equity	-	1.091.448	-	-	-	1.091.448	-	1.091.448
Net profit for the period	-	-	-	9.002.654	-	9.002.654	-	9.002.654
Total of recognised net profit of period	-	1.091.448	-	9.002.654	-	10.094.102	-	10.094.102
Balance at 31 December 2005	157.248.787	-615.627	54.243.609	62.357.376	-	273.234.146	-	273.234.146
Balance at 1st of January 2006	157.248.787	-615.627	54.243.609	62.357.376	-	273.234.146	-	273.234.146
Profit or loss recognised directly to equity	-	324.876	-	-	-	324.876	-	324.876
Net profit for the period	-	-	-	10.896.860	-	10.896.860	-	10.896.860
Total of recognised net profit of period	-	324.876	-	10.896.860	-	11.221.736	-	11.221.736
Transfer of reserves	-	-	-743.269	743.269	-	-	-	-
Divident	-	-	-	-15.281.060	-	-15.281.060	-	-15.281.060
	-	-	-743.269	-14.537.791	-	-15.281.060	-	-15.281.060
Balance at 31 March 2006	157.248.787	-290.750	53.500.340	58.716.446	-	269.174.822	-	269.174.822

The notes on pages 7 to 29 constitute an integral part of these interim financial statements.

Cash Flow Statement

<i>Amounts in €</i>	Note	CONSOLIDATED		COMPANY	
		1/1 till 30/6/2006	1/1 till 30/6/2005	1/1 till 30/6/2006	1/1 till 30/6/2005
Cash flows from operating activities					
Cash generated from operations	11	96.227.180	3.747.235	10.514.536	43.971.795
Interest paid		-14.041.333	-12.462.356	-5.229.836	-4.898.028
Income tax paid		-3.076.114	-8.303.796	-797.450	-1.259.652
Net cash generated from operating activities		79.109.733	-17.018.917	4.487.251	37.814.115
Cash flows from investing activities					
Purchase of property, plant and equipment (PPE)		-21.213.503	-16.900.198	-2.944.439	-1.127.382
Purchase of intangible assets		-	-214.806	-	-36.865
Proceeds from sale of PPE		336.669	1.131.866	87.565	555.837
Disposals of subsidiaries		-	-	-	-
Dividends received		5.870	-	245.000	1.000.664
Acquisition of other investments/available for sale investments		-	-900.000	-	-
Disposals of financial assets at fair value through profit and loss		650.000	523.500	-	-
Interest received		142.433	253.010	-	168.139
Raise in participation to subsidiaries		-10.588.578	-	-11.378.180	-21.420.000
Other		1.320	-50.375	-	-7.704
Net cash generated from investing activities		-30.665.789	-16.157.003	-13.990.054	-20.867.311
Cash flows from financing activities					
Issue of ordinary shares		-	47.878	-	-
Sale/(purchase) of treasury shares		-	82.624	-	-
Dividends paid to parent company's shareholders		-152	-6.084	-152	-6.084
Borrowings received		104.030.392	104.529.352	48.714.193	14.054.994
Repayment of borrowings		-150.547.744	-70.284.451	-45.576.962	-30.280.093
Changes in leasing capital		-851.349	-821.853	-	-
Dividends paid to minority interests		-1.672.024	-	-	-
Grants for the period		-	1.486.347	-	-
Receivables from raise of share capital (minority proportion)		-	-	-	-
Other		98.111	-	41.791	-
Net cash generated from financing activities		-48.942.766	35.033.812	3.178.870	-16.231.183
Net decrease or raise in cash and cash equivalents		-498.822	1.857.893	-6.323.933	715.621
Cash and cash equivalents at beginning of the period		18.389.841	16.880.226	7.864.506	879.202
Exchange differences on cash and cash equivalents		-181.978	80.106	-	-
Cash and cash equivalents at end of the period		17.709.041	18.818.224	1.540.572	1.594.822

Georgios
Kalfarentzos

Chairman
of Board of
Directors

Grigoris
Konstantakopoulos

Vice President
of Board of
Directors

Dimitrios
Paraskevopoulos

General Director

Konstantinos Natsis

Financial Director

The notes on pages 7 to 29 constitute an integral part of these interim financial statements.

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

The interim financial statements include the interim corporate financial statements of SIDENOR STEEL PRODUCTS MANUFACTURING COMPANY S.A. (the "Company") and the interim consolidated financial statements of the Company and its subsidiaries (together the "Group"). The corporate names of the Company's subsidiaries are presented in Note 6 & 7 of the financial statements.

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

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

The Company is seated in Greece, 2-4 Mesogheion Ave. of the Municipality of Athens of the Prefecture of Attiki. The Company's electronic address is www.sidenor.gr.

The Company's financial statements have been approved for publication by its Board of Directors on May 11 2006.

2. Overview of significant accounting policies

The basic accounting principles that were applied during the preparation of the present financial statements are described below. These principles have been applied with consistency in all the presented periods.

2.1 New standards, interpretations and amendment of existing International Accounting Standards

New International Financial Reporting Standards (IFRS), amendments and interpretations have been issued, whose implementation is mandatory for accounting periods beginning on January 1st 2006 and onwards. The Group's and Company's assessment regarding the effect from the implementation of the aforementioned new standards and interpretations is presented below:

IAS 19 (amendment) Employee Benefits (effective from January 1st 2006)

This amendment provides companies with the opportunity to choose an alternative recognition method for actuarial profit and losses. New recognition conditions for cases of multi-employer pension plans, for which there is inadequate information for the accounting implementation of defined benefits, may be imposed. Moreover, new disclosure demands have been added. The specific amendment does not apply to the group.

IAS 39 (amendment) Accounting of Cash Flow Hedging for anticipated intra-group transactions (effective from January 1st 2006).

This amendment allows the foreign exchange risk from a highly probable intra-group transaction to be characterized as an item for hedging in the consolidated financial statements with the condition that: (a) the transaction is in a currency different than the currency of the company participating in the transaction and (b) the foreign exchange risk will affect the consolidated income statement. This amendment does not relate to the Group's operations, as the Group does not have intra-group transactions that could be characterized as items for hedging.

IAS 39 (amendment) Fair Value Option (effective from January 1st 2006).

This amendment changes the definition of financial instruments classified at fair value through P&L and limits the ability to classify financial instruments in this category. The Group considers that the specific amendment will not have a material affect on the classification of financial instruments, as the Group and the Company will be in a position to adjust to the amended criteria for the definition of financial instruments at market value through P&L. The Group and Company will apply this amendment in annual financial statements of 2006.

IAS 39 and IFRS 4 (amendment) Financial Guarantee Contracts (effective from January 1st 2006).

This amendment requires the recognition of issued financial guarantees, except for those that have been proved by the Company as constituting insurance contracts, initially at fair value and following to be valued at the largest value between (a) the net book value of relevant payments received and postponed and (b) the expense required to settle the commitment at the balance sheet date. The Management has reached the conclusion that this amendment does not apply to the Group and the Company.

IFRS 1 (amendment) First Time Adoption of International Financial Reporting Standards & IFRS 6, Exploration and Evaluation of Mineral Sources (effective from January 1st 2006).

These amendments are not relevant to the Group's operations.

IFRS 7, Financial instruments: Disclosures and additional adjustment to IAS 1, Presentation of Financial Statements, Capital Disclosures (effective from January 1st 2007).

IFRS 7 introduces further disclosures aiming at improving the provided information as regards to financial instruments. It requires the disclosure of qualitative and quantitative information relating to the exposure to risk from financial instruments. Specifically, it pre-defines minimum required disclosures related to credit risk, liquidity risk and market risk (it requires sensitivity analysis concerning the market risk). IFRS 7 replaces IAS 30 (Disclosures in Financial Statements of Banks and Financial Institutions) and the requirements of IAS 32, (Financial Information Disclosures and Presentation). It applies to all companies that compile financial statements according to IFRS. The adjustment to IAS 1 introduces disclosures relating to the amount of the company's capital and the way such is managed. The Group and Company assessed the effect of IFRS 7 and the adjustment to IAS 1 and concluded that the additional disclosures required by their implementation are the sensitivity analysis for market risk and the capital disclosures. The Group will apply IFRS 7 and the amendment of IAS 1 from January 1st 2007.

Interpretation 4, Definition of business agreements that include financial leasing (effective from January 1st 2006).

Interpretation 4 requires definition of whether a business agreement includes financial leasing or not. Specifically, it requires an evaluation of the following information: a) if the fulfilment of the agreement depends on the use of a specific fixed asset(s) and b) if the agreement provides the lessee the right to use the fixed asset and only. The Management considers that Interpretation 4 is not expected to affect the accounting of existing business agreements.

Interpretation 5, Rights to Interests in Decommissioning, Restoration and Environment Rehabilitation Funds (effective from 1st January 2006).

Interpretation 5 does not apply to the Group and the Company.

Interpretation 6, Liabilities arises from the participation in specific markets – Processing of Electric and Electronic Equipment waste (effective from 1st January 2006).

Interpretation 5 does not apply to the Group and the Company.

Interpretation 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective from 1st March 2006).

Interpretation 7 has no implementation to the Group and will not affect its financial statements.

Interpretation 8, Scope of IFRS 2 (effective from 1st May 2006).

Interpretation 8 will not affect Group's financial statements.

Interpretation 9, Reassessment of incorporated derivatives (effective from 1st June 2006).

Interpretation 9 will not affect Group's financial statements.

2.2 Framework for the compilation of the financial statements

The Group's interim financial statements dated June 30th 2006 cover the three months period until June 2006, have been prepared according to IFRS.

The financial statements have been prepared according to the historical cost principle.

The preparation of financial statements according to IFRS requires the use of certain important accounting estimations and the exercise of judgment on behalf of the Management during the application of accounting policies. In addition, it requires the use of calculations and assumptions that affect asset and liability figures, the disclosure of potential receivables and liabilities on the day the financial statements are prepared and income and expense figures during the said period. Despite the fact that these calculations are based on the Management's best possible knowledge of current conditions and actions, actual results may differ from these calculations.

The financial statements have been compiled by the Management based on the International Financial Reporting Standards ("IFRS"), as well as the International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee, as such have been adopted by the European Union, and the IFRS issued by the International Accounting Standards Board (IASB).

All IFRS issued by the IASB and that are in effect during the compilation of the present financial statements, have been adopted by the European Council through their validation procedure by the European Union ("EU"), except for the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Valuation". Following the proposal by the Accounting Standards Committee, the Council adopted Regulations 2086/2004 and 1864/2005 that require the use of IAS 39, except for specific provisions that refer to hedging of deposit portfolios, by all listed companies from January 1st 2005.

As the Group is not affected by the provisions that refer to hedging of deposit portfolios, which are not required by the issuance of IAS 29 as such has been verified by the EU, the present financial statements have been compiled according to IFRS as such have been adopted by the EU and the IFRS that have been issued by the IASB.

2.2.1 Increase of Participation in Subsidiaries

In case of an increase in its participation percentage in subsidiaries, the Group calculates goodwill based on the book values of the subsidiary's assets. The goodwill results from the comparison of the transaction cost with the book value of third party interest bought and is recognized directly in equity.

Consolidated financial statements

(a) Subsidiary companies

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

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

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

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

(b) Affiliated companies

Affiliated companies are companies over which the Group exercises significant influence, but not control, which, in general, applies when the participation percentage in the voting rights of an affiliated company ranges between 20% and 50%. Investments in affiliated companies are recorded in accounting books according to the net worth method and are initially recognised at their acquisition cost. The account in which investments in affiliated companies are recorded also includes the goodwill that arises during the buy-out (decreased by possible impairment losses).

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

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

The Company records its investments in affiliated companies at their acquisition cost less impairment.

2.2.2 Foreign exchange conversions

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

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

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

(b) Transactions and balances

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

(c) The Group's Companies

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

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

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

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

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

2.2.3 Tangible Fixed Assets

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

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

Land is not depreciated. Other tangible fixed assets are depreciated based on the straight line method with equal interim charges during the asset's expected service life, so that the asset's cost may be recorded at its residual value at the end thereof. The service lives of tangible fixed assets are set as follows:

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

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

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

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

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

2.2.4 Intangible Assets

Software programs

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

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

2.2.5 Impairment of Assets

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

2.2.6 Other Financial Assets

Financial Principles from 1st January 2005

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

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

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

(b) Loans and Receivables

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

(c) Investments that are held until maturity

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

(d) Available financial assets

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

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

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

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

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

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

2.2.7 Derivative Financial Instruments

Hedging of Cash Flows

The efficient part of changes in the fair value of financial derivative, which are characterized and categorized as "cash flow hedging", is recognized in the net worth. The profit / loss of the non-efficient part is recognized directly in the period's results.

The amounts accumulated in equity are recycled through P&L at the time the natural movement is realized. The profit / loss that is related to the effective part of the financial derivative used for hedging purposes, is recognized in the period's P&L, specifically in the financial cost.

At the time a financial derivative matures, is sold or is considered non-efficient, then any cumulative loss / profit is transferred from the net worth to the period's results. When an expected transaction is no longer expected, then the gradual profit / loss is registered directly in the period's results.

2.2.8 Stocks

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

2.2.9 Clients and other short-term receivables

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

2.2.10 Cash and equivalent cash accounts

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

2.2.11 Reporting per sector

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

2.2.12 Share capital

Common shares are included in owner's equity.

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

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

2.2.13 Borrowings

Loans are initially recorded at their fair value, decreased by any possible direct expenses that are required in order to complete the transaction. They are subsequently evaluated at their unamortized cost based on the true interest rate method. Any difference between the amount that has been collected (net of relative expenses) and the settlement value is recorded in the results during the term of the loan based on the true interest rate method.

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

2.2.14 Deferred Income Tax

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

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

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

2.2.15 Income Tax

Income tax is calculated based on the tax legislation and the tax rates that are in effect in the countries where the Group's operations take place, and is registered as an expense during the period in which the income arises.

The effect on results carried forward and minority interest due to change of percentage in subsidiaries, is considered as transactions between the Group's shareholders and is thus recognized directly in Total Equity.

2.2.16 Personnel benefits

(a) Benefits following withdrawal from the Service

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

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

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

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

(b) Employment termination benefits

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

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

2.2.17 Government Grants

Government Grants are recognised at their fair value when it is certain that the grant will be received and that the Group will comply with all stipulated terms.

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

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

2.2.18 Share Options Plan to employees

The company has granted Rights for the acquisition of action (Share Options Plans) in certain executives which are guaranteed progressively by year 2002 up to year 2011. The price of exercise of right was fixed as the medium price of closure of action of companies in the Greek Stock Exchange. Based on the transient provisions of "IAS" 2 and since the particular rights were granted

before 7 November 2002 the company did not apply the provisions of particular Model with the exception of the notifications in paragraphs 44 and the 45 "IAS" 2.

2.2.19 Allowances

Allowances are recognised when:

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

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

2.2.20 Recognition of income

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

(a) Sale of goods

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

(b) Provision of services

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

(c) Income from interest

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

(d) Dividends

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

2.2.21 Financial Leasing

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

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

2.2.22 Dividend distribution

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

3 Financial risk management

3.1 Financial risk factors

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

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

(a) *Market risk in currency transactions*

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

(b) *Credit risk*

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

(c) *Liquidity risk*

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

(d) *Interest rate fluctuation risk*

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

3.2 Fair value estimation

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

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

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

4 Critical accounting estimates and judgements of the Administration

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

4.1 Significant accounting evaluations and acknowledgments

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

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

4.2 The Administration's decisive judgments on the application of accounting principles

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

5 Segment Information
Primary reporting format – business segments

The Group is divided into two business sectors:

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

The results per segment for the 6 month until 30 of June 2005 and 30 of June 2006 are the following

6 months till 30 of June 2005 (values in Euro)	Steel Products	Tubes	Non Allocated	Total
Sales	450.012.921	106.171.579	-	556.184.500
Intragroup Sales	-103.808.350	-4.168.884	-	-107.977.234
Sales Net	346.204.571	102.002.695	-	448.207.266
Operating Profits	25.076.769	3.337.022	-	28.413.790
Financial Income - Expenses (net)	-	-	-12.085.541	-12.085.541
Share in Affiliate companies' results	-	-	2.125.951	2.125.951
Profits beffore taxes	25.076.769	3.337.022	-9.959.590	18.454.200
Income Tax	-	-	-9.300.126	-9.300.126
Net Profit	25.076.769	3.337.022	-19.259.716	9.154.074

31/12/2005	Steel Products	Tubes	Non Allocated	Total
Assets	936.826.458	372.894.368	4.183.518	1.313.904.344
Liabilities	442.599.190	286.637.078	83.115.307	812.351.575
Investements in Tangible & Intangible Assets	37.731.585	4.798.106	-	42.529.692

Other items per segment included in the results for the 6 month period ending 30 of June 2005

6 months till 30 of June 2005 (values in Euro)	Steel Products	Tubes	Non Allocated	Total
Tangible Assets Depreciation	18.239.973	6.116.493	-	24.356.466
Intangible Assets Depreciation	70.085	-	-	70.085
Sum of Depreciation	18.310.058	6.116.493	-	24.426.551
Receivables Impairment	-936.358	-	-	-936.358
Imairement of Inventories	-	-1.279.091	-	-1.279.091

6 months till 30 of June 2006 (values in Euro)	Steel Products	Tubes	Non Allocated	Total
Sales	520.079.355	168.575.949	-	688.655.304
Intragroup Sales	-88.632.147	-6.317.789	-	-94.949.936
Sales Net	431.447.207	162.258.160	-	593.705.368
Operating Profits	56.340.380	14.177.459	-	70.517.839
Financial Income - Expenses (net)	-	-	-13.373.764	-13.373.764
Share in Affiliate companies' results	-	-	934.258	934.258
Profits beffore taxes	56.340.380	14.177.459	-12.439.506	58.078.334
Income Tax	-	-	-11.353.746	-11.353.746
Net Profit	56.340.380	14.177.459	-23.793.252	46.724.588

30/6/2006	Steel Products	Tubes	Non Allocated	Total
Assets	1.016.178.636	306.090.673	-	1.322.269.309
Liabilities	564.257.091	233.228.461	-	797.485.552
Investements in Tangible & Intangible Assets	18.682.778	2.530.724	-	21.213.503

Other items per segment included in the results for the 6 month period ending 30 of June 2005

6 months till 30 of June 2006 (values in Euro)	Steel Products	Tubes	Non Allocated	Total
Tangible Assets Depreciation	19.146.848	5.941.851	-	25.088.699
Intangible Assets Depreciation	75.297	-	-	75.297
Sum of Depreciation	19.222.145	5.941.851	-	25.163.996
Receivables Impairment	-725.982	932.023	-	206.041
Impairment of Inventories	-	1.261.903	-	1.261.903

The expenses per sector have been defined by the operating activities of each sector.

Transfers and transactions between segments are conducted under real commercial terms and conditions, according to those in effect for transactions with third parties.

The assets do not include the deferred tax receivable, the participations and the derivatives held for commercial purposes.

The liabilities include the operating liabilities (including those from derivatives used for hedging of future transactions). Tax liabilities and possible corporate borrowings that cannot be allocated to the sectors are not included.

Leased mechanical equipment and vehicles included in the above based on financial leasing:

6 Investments in associates

<i>Values in Euro</i>	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Beginning Balance	17.665.947	16.337.458	5.836.460	5.839.751
Profit/loss (after taxes) share	340.152	2.377.043	-	-
Dividends	-	-1.045.280	-	-
Sales	-	-3.292	-	-3.292
Other Changes	40.982	19	-	-
Ending Balance	18.047.081	17.665.947	5.836.460	5.836.460

The Companies that consolidated with equity method are the following

Corporate Name	Country	Participation Percentage	
		30/6/2006	31/12/2005
SIDMA SA	Greece	24,05%	23,98%
DIAPEM SA	Greece	33,35%	33,35%
VEPEM SA	Greece	50,00%	50,00%
METALLOURGIA OF ATTICA	Greece	50,00%	50,00%
ELKEME SA	Greece	20,00%	20,00%

	30/6/2006	31/12/2005	30/6/2005
Assets	191.685.348	164.450.641	-
Liabilities	123.568.168	97.748.145	-
Sales	73.272.205	-	64.729.483
Profits after Taxes	4.151.077	-	2.381.073

7 Investments in companies that are consolidated with Full Consolidation method
Amounts in Euro
Balance at the beginning of the period

Additions

Balance at the end of the period

COMPANY	
30/6/2006	31/12/2005
192.703.801	158.435.518
778.180	34.268.282
193.481.981	192.703.801

Corporate Name	Country	(%) direct interest held	(%) indirect interest held	Direct and indirect interest held	Business segment
2005					
SOVEL SA	Greece	61,45%	0,49%	61,94%	Steel
DEPAL SA	Greece	90,92%	0,00%	90,92%	Steel
STOMANA INDUSTRY S.A.	Bulgaria	85,97%	0,00%	85,97%	Steel
ERLIKON SA	Greece	98,92%	0,00%	98,92%	Steel
AEIFOROS SA	Greece	90,00%	0,00%	90,00%	Steel
ETAL SA	Greece	83,26%	10,29%	93,55%	Steel
PROSAL SA	Greece	70,00%	0,00%	70,00%	Tubes
TEPRO STEEL EAD	Bulgaria	100,00%	0,00%	100,00%	Steel
ELMONTE HOLDINGS LIMITED	Cyprus	100,00%	0,00%	100,00%	Steel
BOZETTI LTD	Cyprus	100,00%	0,00%	100,00%	Steel
VEMET SA	Greece	100,00%	0,00%	100,00%	Steel
ETIL SA	Greece	3,89%	60,10%	63,98%	Steel
PRAKSYS SA	Greece	51,00%	0,00%	51,00%	Steel
DIADIPETHIV SA	Greece	30,50%	39,53%	70,03%	Tubes
AEIFOROS BULGARIA SA	Bulgaria	0,00%	90,00%	90,00%	Steel
VET SA	Greece	0,00%	60,52%	60,52%	Tubes
VEAT SA	Greece	0,00%	39,94%	39,94%	Steel
SIGMA SA	Bulgaria	0,00%	63,34%	63,34%	Steel
ARGOS AEVEX	Greece	0,00%	63,34%	63,34%	Steel
CORINTH PIPEWORKS	Greece	0,00%	76,58%	76,58%	Tubes

Corporate Name	Country	(%) direct interest held	(%) indirect interest held	Direct and indirect interest held	Business segment
2006					
SOVEL A.E.	Greece	62,22%	0,00%	62,22%	Steel
DEPAL SA	Greece	90,92%	0,00%	90,92%	Steel
STOMANA INDUSTRY S.A.	Bulgaria	85,97%	0,00%	85,97%	Steel
ERLIKON SA	Greece	98,92%	0,00%	98,92%	Steel
AEIFOROS SA	Greece	90,00%	0,00%	90,00%	Steel
ETAL SA	Greece	83,26%	10,41%	93,68%	Steel
PROSAL SA	Greece	70,00%	0,00%	70,00%	Tubes
PROSAL TUBES SA	Bulgaria	0,00%	70,00%	70,00%	Tubes
TEPRO STEEL EAD	Bulgaria	100,00%	0,00%	100,00%	Steel
DOJLAN STEEL LLCOP	FYROM	100,00%	0,00%	100,00%	Steel
ELMONTE HOLDINGS LIMITED	Cyprus	100,00%	0,00%	100,00%	Steel
BOZETTI LTD	Cyprus	100,00%	0,00%	100,00%	Steel
VEMET SA	Greece	100,00%	0,00%	100,00%	Steel
ETIL SA	Greece	3,89%	60,10%	63,98%	Steel
PRAKSYS SA	Greece	51,00%	0,00%	51,00%	Steel
DIADIPETHIV SA	Greece	30,50%	42,44%	72,94%	Tubes
AEIFOROS BULGARIA SA	Bulgaria	0,00%	90,00%	90,00%	Steel
VET SA	Greece	0,00%	61,28%	61,28%	Tubes
VEAT SA	Greece	0,00%	40,44%	40,44%	Steel
SIGMA SA	Bulgaria	0,00%	63,34%	63,34%	Steel
ARGOS AEVEX	Greece	0,00%	63,34%	63,34%	Steel
CORINTH PIPEWORKS	Greece	0,00%	82,21%	82,21%	Tubes

The 1/6/2006, SIDENOR S.A. proceeded in the purchase of 6.650.000 shares of Corinth Pipeworks S.A. via her subsidiary company at 100% Elmonte Holdings Ltd., with this buy of shares Elmonte Holdings Ltd. increased the rate of participation in Corinth Pipeworks S.A from 76,58% in 82,21%.

During that period was founded a company called DOJRAN STEEL with registered office in FYROM which is 100% subsidiary company of SIDENOR S.A. DOJRAN STEEL has let at exclusivity and with possibility of future repurchase, the real estates and the mechanical equipment of VELDER Import - Export Ltd.

Also, during that period PROSAL TUBES was founded with registered office in Bulgaria as subsidiary company of PROSAL S.A, with main activity the pipes production.

8 Derivatives

	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
<i>Amounts in Euro</i>				
Non - Current Assets				
Interest rate Swaps Contracts	436.222	-	-	-
Total	436.222	-	-	-
Current Assets				
Non - Current Assets				
Foreing Exchange Swaps Contracts	505.558	160.812	-	-
Total	505.558	160.812	-	-
Long Term Liabilities				
Interest rate Swaps Contracts	492.919	1.344.199	387.667	820.835
Total	492.919	1.344.199	387.667	820.835
Short Term Liabilities				
Interest rate Swaps Contracts	39.950	124.400	-	-
Forward Contracts	585.394	2.555.509	-	-
Total	625.344	2.679.909	-	-
Amounts that were charges in the P&L as income or expense	-2.669.450	-8.231.894	-	-
Details about interest rate swap contracts				
Nominal Values	177.200.000	177.200.000	113.000.000	113.000.000
	60.965.160	40.476.914	-	-

The above financial derivatives cover foreign exchange risk (US Dollar) as well as interest rate risk.

The duration of the above derivatives, as well as their nominal value, is in proportion to that of the underlying assets/liabilities.

On June 30th 2006, the fixed interest rates of long-term loans covered by interest rate swaps ranged from 2.3% to 5.3%. The basic floating rates are based on EURIBOR.

Profit and losses recognized in Total Equity (fair value reserve) from forward foreign exchange contracts, on 30/06/2006 will be transferred to the Income Statements at several dates ranging from one and four months from the balance sheet date.

9 Bank Loans

<i>Amounts in Euro</i>	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Long-term lending				
Bank borrowings	100.010.356	115.839.540	19.363.637	25.318.183
Finance Lease Obligations	962.716	1.844.730	-	-
Bond loans	188.083.334	243.750.000	101.250.000	138.750.000
Total long-term loans	289.056.405	361.434.270	120.613.637	164.068.183
Short-term loans				
Overdrafts	30.429.777	12.665.217	26.870.163	6.327.985
Bank borrowings	203.003.678	195.789.740	101.659.091	75.609.493
Finance Lease Obligations	1.820.333	1.789.668	-	-
Total short-term loans	235.253.789	210.244.626	128.529.254	81.937.478
Total loans	524.310.194	571.678.895	249.142.891	246.005.660
The maturity dates of long-term loans are:				
<i>Amounts in Euro</i>				
Between 1 and 2 years	108.367.938	107.911.724	58.159.091	58.159.091
Between 2 and 5 years	166.249.407	228.345.088	62.454.546	105.909.092
Beyond 5 years	14.439.060	25.177.457	-	-
	289.056.405	361.434.270	120.613.637	164.068.182

The 13-6-2006 regular General Assembly of company decided the additional publication of common compulsory loan of biggest height €130 mil. from that they will be covered in its entirety their by banks and will be used, partly for the replacement of existing short-term lending with long-term and partly for the financing of investment programs of company as well as for the attendance in increases of participial capital of affiliated Companies.

10 Finance Lease

<i>Amounts in Euro</i>	CONSOLIDATED	
	30/6/2006	31/12/2005
Finance Lease Obligations-minimum leases		
Up to 1 year	2.014.143	2.014.518
Between 1 and 5 years	947.905	3.854.665
Total	2.962.048	5.869.183
Less: Future finance lease payments	-178.999	-2.234.785
Present Value Finance Lease Obligations	2.783.049	3.634.398
The present value of finance lease obligations is analysed as follows:		
Up to 1 year	1.820.333	1.789.668
Between 1 and 5 years	962.716	1.844.730
Present Value Finance Lease Obligations	2.783.049	3.634.398

The financial leasing concerns machinery and vehicles of the subsidiary companies Corinth Pipelines and AEIFOROS S.A.

11 Operating Cash Flows

<i>Amounts in Euro</i>	Nt	CONSOLIDATED		COMPANY	
		1/1 - 30/6/2006	1/1 έως 31/3/2005	1/1 - 30/6/2006	1/1 έως 31/3/2005
Profits of the period		46.724.588	9.154.075	10.896.860	1.536.677
Adjustments for:					
Tax		11.353.746	9.300.126	6.038.147	960.354
Depreciation of tangible assets		25.088.699	24.356.466	5.075.074	4.947.234
Amortisation of intangible assets		75.297	70.085	6.489	5.530
Impairment		-1.261.903	1.279.092	-	-
Profits/(losses) from the sale of tangible assets (see below)		124.132	-366.837	-1.490	322.616
Profits/(losses) from the fair value of other financial assets at fair value through P&L		-3.600	21.411	-	-
(Income) interest		-142.433	-253.010	-4.056	-168.139
Interest charges		13.614.308	12.492.572	4.984.208	4.720.097
(Income) from dividends		-594.106	-1.213.329	-1.496.977	-3.512.516
(Amortisation) of grants		-649.980	-624.105	-59.008	-87.293
(Profits)/losses from associate companies		-340.152	-	-	-
Loss from the destruction of fixed assets		108.812	-	-	-
Other (please clarify)		-98.111	22.749	-37.735	-169.493
		93.999.297	54.239.297	25.401.513	8.555.067
Changes in working capital					
Increase/(decrease) in stocks		2.160.283	-32.600.177	-3.194.571	19.798.091
Increase/(decrease) in receivables		-13.428.136	-3.122.054	-48.402.250	-10.538.952
Increase/(decrease) in liabilities		14.006.333	-7.571.269	36.135.057	26.542.186
Increase/(decrease) in provisions		367.756	-6.202.675	725.982	-
Increase/(decrease) in personnel retirement benefit obligation		-878.353	-995.887	-151.196	-384.598
		2.227.883	-50.492.061	-14.886.977	35.416.728
Net cash flows from operating activities		96.227.180	3.747.235	10.514.535	43.971.795
<i>Profits/(loss) from the sale of tangible assets include:</i>					
<i>Amounts in Euro</i>					
Net book value		460.801	1.662.762	86.074	878.453
Profits/(losses) from the sale of tangible assets		-124.132	-366.837	1.490	-322.616
Income from the sale of tangible assets		336.669	1.295.925	87.565	555.837

12 Commitments
1. Capital commitments

<i>Amounts in Euro</i>	CONSOLIDATED	
	30/06/06	31/12/2005
Tangible assets	20.274.356	13.328.343
Other (please clarify)	1.248.213	1.360.764
	21.522.569	14.689.107

2. Liabilities from operating leases

<i>Amounts in Euro</i>	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2004	30/6/2006	31/12/2004
Up to 1 year	932.946	937.035	343.970	323.354
Between 1 and 5 years	2.073.873	2.036.521	728.763	671.197
More than 5 years	265.541	365.814	-	-
	3.272.360	3.339.370	1.072.733	994.551
Charged in P&L	342.059	785.612	210.926	360.188

There are no significant capital liabilities that have been taken but not executed as at the Balance Sheet date.

13 Contingent Liabilities - Receivables

The group has contingent liabilities and receivables related to banks, other guarantees and other issues that emerge in the context of its basic activity, as follows:

Amounts in Euro

	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Υποχρεώσεις				
Guarantees for securing liabilities towards suppliers	52.190.924	52.794.027	11.466.215	21.734.513
Guarantees for securing good execution of contracts with customers provided mortgages and collateral - lands & buildings	72.183.250	48.283.426	1.006.671	1.006.671
other liabilities	101.882.285	73.490.541	-	-
Total	248.122.085	202.204.577	13.175.372	22.741.183

Amounts in Euro

	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Lawsuits of employees due to labor accident in Corinth	1.000.000	1.000.000	-	-
Other Lawsuits	3.873.731	6.041.404	-	-
Contractual Liabilities	2.427.910	4.010.095	-	-
Bank Letters of Guarantee	11.133.084	13.856.670	-	-
Tax Liabilities	3.430.902	2.728.415	702.487	-
Total	21.865.626	27.636.584	702.487	-

Amounts in Euro

	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Receivables				
Guarantees for securing receivables from customers	1.204.846	949.346	1.204.846	1.354.846
Other Receivables	303.668	303.667	-	-
Total	1.508.513	1.253.013	1.204.846	1.354.846

Between the company and the international organism "International Finance Corporation" it has signed a convention according to which the company is guarantor in order that the affiliated STOMANA Industry SA in Bulgaria, to receive a long-term loan of value €55 millions. The subsidiary company Corinth Pipelines SA created a provision of a total amount of € 921,855 for the negative outcome of lawsuits until the fiscal year 2005 included. During the current period (30/6/2006), the amount of € 140,000 was paid to plaintiffs and an additional provision of € 320,279 was formed and € 120,000 charges P&L.

Furthermore, up until the fiscal year 2005 included, the company made a provisions for losses that may emerge as a result of its contractual liabilities towards customers, amounting to a total of €3,393,112. During the present period (30/6/2006) and in relation to the above an amount of €292,387 was expensed and the company created an additional provision of €1,210,341.

As part of the Kyoto Protocol, the European Union has committed itself to reduce gas emissions which produce the greenhouse effect. Within this context a Community Directive was issued that foresees the commercialisation of CO2 emission licences. The directive has been transposed to Greek Legislation, impacting amongst other industries the cement industry. The Company has been made aware of its allocation, from 1 January 2005 through 31 December 2007, in terms of the National Allocation Plan for CO2 emissions. In the event that the allocated amount will be lower than the Company's present emissions, the Company will incur costs by either having to acquire rights or via an investment in equipment that reduces the emission of the gas, otherwise it will be subject to penalties. Presently the Company believes that it will not incur such an obligation, once the handing of the CO2 emission licenses becomes effective.

During the fiscal year 2005, final tax audit reports were issued against the subsidiary company ETIL SA, which concern the tax audit of fiscal years 1999 & 2000. According to these tax audit reports, additional taxes have been imposed amounting to €2,728 thousand, which is analyzed as €938 thousand as basic income tax and €1,790 thousand as additions. The subsidiary company did not accept this liability and legally objected such by filing an appeal to the Administrative Courts on 15/2/2006. At the same time it submitted a request towards the committee, of article 70 L. 2238/94, aiming at exempting the service rendering sector from the off-balance sheet definition. The company's management's view is that the issue will be solved with a significant reduction in the company's final liability. The definition of the tax that will finally be paid cannot be defined at the time, and as such the company has not made a relevant provision with a respective burden on the current period's results.

Stomana Industry AD calculated the amount of € 1,344 as municipality tax to the Municipality of Pernik in Bulgaria. The company does not accept the obligation because it does not get reciprocal benefits from the municipality of Pernik. Therefore the company appeals in court and expects significant reduction of the amount due.

Moreover, at the affiliated company Stomana Industry SA exist resorts of released employees of €591millinos. The company has resorted with her line in the local courts from where it is also appreciated that will befall important reduction of this obligation. The company based on the article of 2 Law 3220/2004 and for uses 2003 and 2004 has shaped duty-free reserve funds of height €7.489 thousands. The European Committee published the Statement 2006/C20/05, according to which, it considers that the duty-free reserve funds constitute form of government owned aid and have asked from the Greek Government to be placed officially on this statement. On the present, the result of discussions between the European Committee and the Greek Government is uncertain and in consequence the Company has not realised forecast for potential obligation.

At the duration of period it was published at the company decision of imposition of fine of Min. of Finances €702.000, that concerns use 2002, then from combination of article of 31 Law 2238/94 and article 18§2 of 186/92 Presidential Decree. The company not accepting this decision resorted in the Tax Courts where it appreciates also that it will be vindicated.

14 Existing collateral assets

There are mortgages and collateral written on the real estate property of subsidiaries Corinth Pipelines S.A. and STOMANA AD, amounting to €73,204 thousand and €28,682 thousand respectively, in favour of banks.

15 Related Parties

<i>Amounts in Euro</i>	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Sale of goods				
Subsidiary companies	-	-	42.651.166	23.741.578
Other related parties	18.632.597	16.434.380	2.573.743	2.764.106
	18.632.597	16.434.380	45.224.909	26.505.684
Sale of services				
Subsidiary companies	-	-	15.543.123	9.756.580
Other related parties	643.710	422.844	54.349	1.036
	643.710	422.844	15.597.473	9.757.616
Sale of fixed assets				
Subsidiary companies	-	-	87.415	555.000
Other related parties	407	-	-	-
	407	-	87.415	555.000
Purchase of goods				
Subsidiary companies	-	-	24.326.737	60.462.006
Other related parties	34.683.110	26.212.089	6.732.780	4.779.594
	34.683.110	26.212.089	31.059.517	65.241.599
Purchase of services				
Subsidiary companies	-	-	279.526	6.825.162
Other related parties	6.141.432	3.902.274	2.120.221	539.537
	6.141.432	3.902.274	2.399.747	7.364.700
Purchase of fixed assets				
Subsidiary companies	-	-	543.420	-
Other related parties	446.550	5.254.941	100.295	-
	446.550	5.254.941	643.715	-

Benefits to Key Management Personnel

<i>Amounts in Euro</i>	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Fees - benefits to the members of the Board of Directors and executive	1.653.620	1.325.151	701.796	471.791
	1.653.620	1.325.151	701.796	471.791

Balances at year end that arise from the sale-purchase of goods, services, fixed assets, etc.

<i>Amounts in Euro</i>	CONSOLIDATED		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Receivables from related parties:				
Subsidiary companies	-	-	43.411.691	21.717.859
Other related parties	52.672.732	26.415.650	29.899.171	14.773.519
	52.672.732	26.415.650	73.310.862	36.491.378
Liabilities to related parties:				
Subsidiary companies	-	-	34.194.253	5.374.802
Other related parties	7.879.854	8.557.824	1.884.112	1.570.327
	7.879.854	8.557.824	36.078.365	6.945.129

16 Earnings per share
Ongoing activities

<i>Amounts in Euro</i>	CONSOLIDATED				COMPANY			
	<i>1/1 έως 30/6/06</i>	<i>1/4 έως 30/6/06</i>	<i>1/1 έως 30/6/05</i>	<i>1/4 έως 30/6/05</i>	<i>1/1 έως 30/6/06</i>	<i>1/4 έως 30/6/06</i>	<i>1/1 έως 30/6/05</i>	<i>1/4 έως 30/6/05</i>
Profits that correspond to the shareholders of the parent company	36.080.827	24.080.180	10.349.899	4.683.968	10.896.860	7.705.601	1.536.677	910.482
Weighted average number of shares	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626
Basic profits per share (Euros per share)	0,378	0,252	0,108	0,049	0,114	0,081	0,016	0,010

<i>Amounts in Euro</i>	CONSOLIDATED				COMPANY			
	<i>1/1 έως 30/6/06</i>	<i>1/4 έως 30/6/06</i>	<i>1/1 έως 30/6/05</i>	<i>1/4 έως 30/6/05</i>	<i>1/1 έως 30/6/06</i>	<i>1/4 έως 30/6/06</i>	<i>1/1 έως 30/6/05</i>	<i>1/4 έως 30/6/05</i>
Profits that correspond to the shareholders of the parent company	36.080.827	24.080.180	10.349.899	4.683.968	10.896.860	7.705.601	1.536.677	910.482
Weighted average number of shares	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626
Total weighted average number of shares for reduced profits per share	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626	95.506.626
Reduced profits per share (Euros per share)	0,378	0,252	0,108	0,049	0,114	0,081	0,016	0,010

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

17 Non-audited Fiscal Years

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

Some of the Group's subsidiary companies have not been audited by tax authorities for various fiscal years from 1999 until and including 2005.

Company	Fiscal Years
SIDENOR SA	2005
SOVEL SA	2001 - 2005
DEPAL SA	2002 - 2005
STOMANA INDUSTRY S.A.	2005
ERLIKON SA	2001 - 2005
AEIFOROS SA	2003 - 2005
ETAL SA	1999 - 2005
PROSAL SA	2004 - 2005
TEPRO STEEL EAD	2001 - 2005
ELMONTE HOLDINGS LIMITED	2001 - 2005
BOZETTI LTD	2003 - 2005
VEMET SA	2003 - 2005
ETIL SA	2001 - 2005
PRAKSYS SA	2005
DIADIPETHIV SA	2002 - 2005
AEIFOROS BULGARIA SA	2005
VET SA	2003 - 2005
VEAT SA	2003 - 2005
SIGMA SA	2002 - 2005
ARGOS AEVEX	2005 - 2005
CORINTH PIPEWORKS	2003 - 2005
SIDMA SA	--
DIAPEM SA	2003 - 2005
VEPEM SA	2003 - 2005
METALOURGIA OF ATTICA SA	2002 - 2005
ELKEME SA	2003 - 2005
DOJLAN STEEL LLCOP	--
PROSAL TUBES SA	--

Number of personnel employed at the end of the current period: Group: 3,501 and Company: 341.

18 Events after the Balance Sheet date

In 13th June 2006, the regular Company's General Assembly approved the annual economic situations of corporate use 2005 with the on these reports of Administrative Council and Controllers, the exemption of members of Administrative Council and Controllers from each responsibility on use 2005, as well as the disposal and distribution of profits of use 2005.

Furthermore, the General Assembly approved according to the article of 23rd K.N.2190/1920, the buy of 315.211 shares of company SOVEL S.A., from the VIOHALCO S.A.

During April 2006, it was published at mother company SIDENOR S.A, final leaf of control that concerns tax control of uses 2002 until 2004. According to this resulted additional tax of sum €1.172 thousands from which €450 thousands concerns tax of reserve Law of 3220/2004 amounted to €1.285 thousands. The company has recognized this sum so much in the results and also in her obligations.

19 REVIEW REPORT OF THE CERTIFIED AUDITORS- ACCOUNTANTS**To the Shareholders of the SIDENOR Steel Products Manufacturing Company S.A.**

We have reviewed the accompanying condensed interim balance sheet of SIDENOR Company (the "Company") and the condensed interim consolidated balance sheet of the Company and its subsidiaries (the "Group") as of 30 June 2006 and the related condensed interim Company and consolidated statements of income, cash flows and changes in shareholders' equity for the six months ended 30 June 2006. Our review was restricted to financial information for the six months period ended 30 June 2006 and did not encompass a review of financial information relating to the Company's performance for the three months period ended 30 June 2006 as a separate quarter which is presented in the income statement of the accompanying condensed interim financial statements. These condensed interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400, as required by the Greek Standards on Auditing. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the condensed company and consolidated interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim company and consolidated financial statements for the six monthly period ended 30 June 2006 has not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Athens, 1 August 2006

PricewaterhouseCoopers