

VIOHALCO

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

**Interim Condensed Financial Statements
According to the International Accounting Standard 34
1st Semester 2006**

**VIOHALCO HELLENIC COPPER
AND ALUMINIUM INDUSTRY S.A.
Company Registration Registered Office Number: 6053/06/B/86/105
2-4 Messogion Ave., 115 27 Athens**

Table of Contents

Balance Sheet.....	2
Income Statement	4
Statement of Changes in Equity.....	6
Cash Flow Statement	8
Additional information on the interim condensed financial statements.....	9
1. General information	9
2. Overview of significant accounting principles	9
3. Management of financial risks	25
4. Accounting estimates and judgements of the management.....	27
5. Information per segment.....	28
6. Investments in Subsidiary companies	29
7. Derivative financial assets	31
8. Borrowings.....	33
9. Leasing	35
10. Inventories	36
11. Cash generated from operations	36
12. Commitments	37
13. Contingent Liabilities – Receivables	38
14. Existing collateralised liens.....	41
15. Transactions with related parties.....	42
16. Unaudited fiscal years	44
17. Earnings per share	44
18. Events that took place after the balance sheet date.....	45
19. Personnel	46
20. Significant events	46
Auditor's Review Report.....	48

Balance Sheet

<i>Amounts in Euros</i>	Note	CONSOLIDATED FIGURES		COMPANY FIGURES	
		30/6/2006	31/12/2005	30/6/2006	31/12/2005
ASSETS					
Non-current assets					
Property, plant and equipment		1,726,545,322	1,741,327,602	137,018	162,311
Intangible assets		5,955,282	7,497,746	-	-
Investment in properties		28,623,905	34,159,151	108,267,849	108,236,436
Investments in companies consolidated based on the net worth method		16,315,890	16,553,444	-	-
Investments in companies consolidated based on the integrated consolidation method	6	-	-	729,388,230	728,801,964
Available-for-sale financial assets		8,291,807	7,969,560	29,179,598	29,927,613
Deferred tax assets		3,987,703	1,783,864	-	-
Derivative financial instruments	7	1,427,480	540,236	-	-
Other receivables		12,990,277	11,345,520	6,489	6,489
		1,804,137,666	1,821,177,123	866,979,184	867,134,813
Current assets					
Inventories		822,656,913	669,778,732	-	-
Trade and other receivables		748,339,856	625,051,624	5,683,664	3,152,553
Receivables from dividends of associate companies		-	-	15,714,709	-
Available-for-sale financial assets		12,501,661	12,141,799	10,000,000	10,000,000
Derivative financial instruments	7	17,679,132	21,622,488	-	-
Financial assets at fair value through profit & loss		293,105	1,002,873	-	-
Current income tax receivables		49,010,662	8,087,381	-	-
Cash and cash equivalents		77,432,664	83,313,042	11,967,911	14,191,249
		1,727,913,993	1,420,997,939	43,366,284	27,343,802
Total assets		3,532,051,659	3,242,175,062	910,345,468	894,478,615
EQUITY					
Capital and reserves attributable to company's equity holders					
Share capital		59,842,227	59,842,227	59,842,227	59,842,227
Share premium account		411,618,152	411,618,152	411,618,152	411,618,152
Treasury stock		-8,005,437	-7,911,289	-	-
Translation reserve		195,204	100,347	-	-
Other reserves and fair value reserves		249,429,314	250,974,756	29,491,046	29,663,450
Profits carried forward		297,757,855	258,938,792	370,628,248	368,644,328
Total		1,010,837,315	973,562,985	871,579,673	869,768,157
		517,309,285	508,473,719	-	-
Minority interest		1,528,146,600	1,482,036,704	871,579,673	869,768,157
Total equity					
LIABILITIES					
Non-current liabilities					
Borrowings	8	594,547,085	720,592,279	-	-
Liabilities from leasing activities	9	1,066,624	1,918,993	-	-

Derivative financial instruments	7	594,314	2,683,180	-	-
Deferred tax liabilities		207,504,246	202,624,411	19,047,524	19,007,586
Retirement and termination benefit obligations		18,597,725	19,341,347	38,080	38,080
Government grants		29,537,562	31,001,614	-	-
Provisions		10,009,949	9,398,916	-	-
Other non-current liabilities		792,439	39,697	-	-
		862,649,944	987,600,437	19,085,604	19,045,666
Current liabilities					
Trade and other payables		298,874,835	254,360,957	3,083,189	3,957,522
Dividends payable		14,907,611	-	14,960,557	-
Income tax liability		19,934,480	16,249,653	1,636,445	1,707,270
Borrowings	8	789,463,598	488,886,241	-	-
Liabilities from leasing activities	9	1,887,097	1,867,522	-	-
Derivative financial instruments	7	14,397,638	9,711,317	-	-
Provisions		1,789,856	1,462,231	-	-
		1,141,255,115	772,537,921	19,680,191	5,664,792
Total liabilities		2,003,905,059	1,760,138,358	38,765,795	24,710,458
Total equity and liabilities		3,532,051,659	3,242,175,062	910,345,468	894,478,615

The notes on pages 9 to 48 are an integral part of these interim condensed financial statements

Income Statement

		CONSOLIDATED FIGURES			
<i>Amounts in Euros</i>		6 months until	3 months from 1/4	6 months until	3 months from
	Note	30/6/2006	to 30/6/2006	30/6/2005	1/4 to 30/6/2005
Sales	5	1,568,090,419	863,217,259	1,124,428,452	602,420,970
Cost of sales		-1,331,511,010	-728,946,927	-968,617,215	-521,892,204
Gross profit		236,579,409	134,270,332	155,811,237	80,528,766
Selling expenses		-77,765,791	-47,006,903	-62,823,704	-32,404,784
Administrative expenses		-41,498,095	-21,526,759	-41,194,983	-21,146,829
Other operating income/(expenses) (net)		15,546,885	9,180,736	12,729,476	3,862,794
Operating profit		132,862,408	74,917,406	64,522,026	30,839,947
Finance costs - net		-28,017,041	-16,067,154	-22,444,231	-10,030,567
Income from dividends		628,037	628,037	0	0
Share of profit of associates		1,121,413	253,794	2,301,104	2,301,104
Profits before taxation		106,594,817	59,732,083	44,378,899	23,110,484
Income tax expense		-23,425,142	-11,234,743	-18,394,490	-10,450,363
Net profits of the period from ongoing activities		83,169,675	48,497,340	25,984,409	12,660,121
Attributable to:					
Equity holders of the parent company		52,869,652	31,003,678	18,135,172	8,914,189
Minority interest		30,300,023	17,493,662	7,849,237	3,745,933
		83,169,675	48,497,340	25,984,409	12,660,122
Earnings per share that are attributable to the equity holders of the parent company for the period					
(expressed in Euros per share)					
Basic and diluted	17	0.266	0.160	0.091	0.045

		COMPANY FIGURES			
<i>Amounts in Euros</i>		6 months until	3 months from	6 months until	3 months from
	Note	30/6/2006	1/4 to 30/6/2006	30/6/2005	1/4 to 30/6/2005
Sales		21,049	10,031	22,143	10,970
Cost of sales		-20,000	-9,500	-21,000	-10,500
Gross profit		1,049	531	1,143	470
Selling expenses		-	-	-	-
Administrative expenses		-1,164,600	-497,208	-1,241,120	-631,932
Other operating income/(expenses) (net)		2,226,043	1,532,717	14,199,160	13,205,601
Operating profit		1,062,492	1,036,040	12,959,184	12,574,139
Finance costs - net		146,892	-150,511	-	-55,336

Income from dividends	15,834,607	15,834,607	-	-
Share of profit of associates	-	-475,582	-	-
Profits before taxation	17,043,991	16,244,554	12,959,183	12,518,803
Income tax expense	-446,516	56,124	-288,118	-321,992
Net profits of the period from ongoing activities	16,597,475	16,300,678	12,671,066	12,196,811
Attributable to:				
Equity holders of the parent company	16,597,475	16,300,678	12,671,066	12,196,811
Minority interest	-	-	-	-
	16,597,475	16,300,678	12,671,066	12,196,811
Earnings per share that are attributable to the equity holders of the parent company for the period (expressed in Euros per share)				
Basic and diluted	17	0.083	0.082	0.064
		0.062		0.062

The notes on pages 9 to 48 are an integral part of these interim condensed financial statements.

Statement of Changes in Equity

Attributable to the equity holders of the parent company

Amounts in Euros

	Share capital	Fair value reserves	Other reserves	Accumulated profits	Translation reserve	Own Shares	Total	Minority Interest	Total Equity
CONSOLIDATED FIGURES									
Balance at 31 December 2004	471,460,379		- 213,285,305	292,783,016	-168,075	-7,911,289	969,449,336	494,744,205	1,464,193,541
Application of IAS 32 & 39	-	8,953,940	-262,000	2,931,047	-	-	11,622,987	-1,718,461	9,904,526
Balance at 1 January 2005	471,460,379	8,953,940	213,023,305	295,714,063	-168,075	-7,911,289	981,072,323	493,025,744	1,474,098,067
Currency translation differences	-	-	-	-	3,273,853	-	3,273,853	480,596	4,204,449
Profit/(loss) recognised directly in equity	-	-12,799,240	-	-	-	-	-12,799,240	-889,339	-13,688,579
Net profit for the period	-	-	-	18,135,171	-	-	18,135,171	7,849,237	25,984,408
Total recognised net profit for the period	-	-12,799,240	-	18,135,171	3,723,853	-	9,059,784	7,440,494	16,500,278
Affect of the change in the percentage of holdings	-	-	10,225,752	-22,568,574	-	-	-12,342,822	8,601,438	-3,741,384
Issuance of share capital / (reduction)	-	-	-	-	-	-	-	-	-
(Purchase)/Sale of own shares	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-14,960,556	-	-	-14,960,556	-7,079,800	-22,040,356
			10,225,752	-37,529,130	-	-	-27,303,378	1,521,638	-25,781,740
Balance at 30 June 2005	471,460,379	-3,845,300	223,249,057	276,320,104	3,555,778	-7,911,289	962,828,729	501,987,876	1,464,816,605

Amounts in Euros

	Share capital	Fair value reserves	Other reserves	Accumulated profits	Translation reserve	Own Shares	Total	Minority Interest	Total Equity
CONSOLIDATED FIGURES									
Balance at 1 July 2005	471,460,379	-3,845,300	223,249,057	276,320,104	3,555,778	-7,911,289	962,828,729	501,987,876	1,464,816,605
Currency translation differences	-	-	-	-	-3,455,431	-	-3,455,431	-399,838	-3,855,269
Profit/(loss) recognised directly in equity	-	10,085,343	-	-	-	-	10,085,343	4,109,986	14,195,329
Net profit for the period	-	-	-	2,085,465	-	-	2,085,465	5,570,862	7,656,327
Total recognised net profit for the period	-	10,085,343	-	2,085,465	-3,455,431	-	8,715,377	9,281,010	17,996,387
Affect of the change in the percentage of holdings	-	-	-17,408,615	19,427,493	-	-	2,018,878	-2,795,167	-776,289
Issuance of share capital / (reduction)	-	-	-	-	-	-	-	-	-
(Purchase)/Sale of own shares	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	38,894,269	-38,894,269	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
	-	-	21,485,654	-19,466,776	-	-	2,018,878	-2,795,167	-776,289
Balance at 3 December 2005	471,460,379	6,240,043	244,734,711	258,938,793	100,347	-7,911,289	973,562,984	508,473,719	1,482,036,703

Amounts in Euros

	Share capital	Fair value reserves	Other reserves	Accumulated profits	Translation reserve	Own Shares	Total	Minority Interest	Total Equity
CONSOLIDATED FIGURES									
Balance at 1 January 2006	471,460,381	6,240,043	244,734,711	258,938,793	100,347	-7,911,289	973,562,986	508,473,719	1,482,036,705
Currency translation differences	-	-	-	-	94,856	-	94,856	472,642	567,498
Profit/(loss) recognised directly in equity	-	-2,519,114	-	-	-	-	-2,519,114	-1,730,140	-4,249,254
Net profit for the period	-	-	-	52,869,651	-	-	52,869,651	30,300,023	83,169,674
Total recognised net profit for the period	-	-2,519,114	-	52,869,651	94,856	-	50,445,393	29,042,525	79,487,918
Amounts in Euros	-	-	-	-	-	-94,148	-94,148	-	-94,148
(Purchase)/Sale of own shares	-	5,408	-3,678,776	5,557,010	-	-	1,883,642	-12,757,165	-10,873,523
Affect of the change in the percentage of holdings	-	-	4,647,042	-4,647,042	-	-	-	-	-
Transfer to reserves	-	-	-	-14,960,557	-	-	-14,960,557	-7,449,795	-22,410,352
Dividend	-	5,408	968,266	-14,050,589	-	-94,148	-13,171,063	-20,206,960	-33,378,023
Balance at 30 June 2006	471,460,381	3,726,337	245,702,977	297,757,855	195,203	-8,005,437	1,010,837,316	517,309,284	1,528,146,600

<i>Amounts in Euros</i>	Share capital and share premium	Fair value reserves	Other reserves	Accumulated profits	Total Equity
COMPANY FIGURES					
Balance at 31 December 2004	471,460,380	-	27,966,333	371,147,844	870,574,556
Application of IAS 32 & 39	-	516,608			516,608
Balance at 1 January 2005	471,460,380	516,608	27,966,333	371,147,844	871,091,164
Profit/(loss) recognised directly in equity	-	72,209	-	-	72,209
Net profit for the period	-	-	-	12,671,065	12,671,065
Total recognised net profit for the period	-	72,209	-	12,671,065	12,743,274
(Purchase)/Sale of own shares	-	-	-	-	-
Transfer to reserves	-	-	595,472	-595,472	-
Dividend	-	-	-	-14,960,557	-14,960,557
	-	-	595,472	-15,556,029	-14,960,557
Balance at 30 June 2005	471,460,380	588,817	28,561,805	368,262,880	868,873,881
Balance at 1 July 2005	471,460,380	588,817	28,561,805	368,262,880	868,873,881
Profit/(loss) recognised directly in equity	-	512,827	-	-	512,827
Net profit for the period	-	-	-	381,450	381,450
Total recognised net profit for the period	-	512,827	-	381,450	894,277
(Purchase)/Sale of own shares	-	-	-	-	-
Transfer to reserves	-	-	-	-	-
Dividend	-	-	-	-	-
	-	-	-	-	-
Balance at 31 December 2005	471,460,380	1,101,644	28,561,805	368,644,329	869,768,158
Balance at 1 January 2006	471,460,380	1,101,644	28,561,806	368,644,329	869,768,159
Profit/(loss) recognised directly in equity	-	174,597	-	-	174,597
Net profit for the period	-	-	-	16,597,476	16,597,476
Total recognised net profit for the period	-	174,597	-	16,597,476	16,772,073
Transfer to reserves	-	-	-347,000	347,000	-
Dividend	-	-	-	-14,960,558	-14,960,558
	-	-	-347,000	-14,613,558	-14,960,558
Balance at 30 June 2006	471,460,380	1,276,241	28,214,806	370,628,247	871,579,674

The notes on pages 9 to 48 are an integral part of these interim condensed financial statements.

Cash Flow Statement

<i>Amounts in Euros</i>	Note	CONSOLIDATED FIGURES		COMPANY FIGURES	
		1/1- 30/6/2006	1/1 - 30/6/2005	1/1- 30/6/2006	1/1 - 30/6/2005
Cash flows from operating activities					
Cash flows from operating activities		-92,857,842	35,539,556	-3,206,930	3,223,624
Interest paid		-28,133,712	-22,444,231	-	-
Income tax paid		-10,097,905	-14,124,168	-396,006	-840,117
Net cash (used in)/from operating activities		-131,089,459	-1,028,843	-3,602,937	2,383,507
Cash flows from investing activities					
Net additions to tangible and intangible assets		-41,004,331	-41,993,349	-258,557	-4,565
Changes in holdings in subsidiary companies and other investments		-8,843,100	4,761,563	262,200	1,623,988
Dividends received		628,036	-	119,898	12,458,591
Sale of available-for-sale financial assets		-	-	701,707	-
Interest received		1,891,794	936,715	146,892	120,176
Income from securities		-	-	407,457	468,393
Net cash flows (used in)/from investing activities		-47,327,601	-36,295,071	1,379,597	14,666,582
Cash flows from financing activities					
Purchase of treasury stock		-94,149	-	-	-
Dividends paid		-1,821,280	-22,040,357	-	-14,960,557
Increase in borrowing		174,532,162	87,484,292	-	-
Payments of leasing capital		-832,797	-	-	-
Other		752,746	-	-	-
Net cash (used in)/from financing activities		172,536,682	65,443,935	0	-14,960,557
Net (decrease)/increase in cash and cash equivalents		-5,880,378	28,120,021	-2,223,339	2,089,532
Cash and cash equivalents at beginning of period		83,313,042	82,770,453	14,191,249	25,068,574
Cash and cash equivalents at end of period		77,432,664	110,890,474	11,967,910	27,158,106

The notes on pages 9 to 48 are an integral part of these interim condensed financial statements.

Athens, 29 August 2006

THE CHAIRMAN OF THE BOARD OF
DIRECTORS

Nikolaos M. Stasinopoulos
Id. Card No. A050486

THE AUTHORISED DIRECTOR

Evangelos D. Moustakas
Id. Card No. B226935

THE FINANCIAL DIRECTOR

Pantelis St. Mavrakis
Id. Card No. K259513

Additional information on the interim condensed financial statements

1. General information

The interim condensed financial statements include the Interim corporate financial statements of VIOHALCO S.A. "Hellenic Copper and Aluminium Industry S.A." (the "Company") and the Interim consolidated financial statements of the Company and its subsidiaries (together the "Group").

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

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

The interim financial statements have been approved for publication by the company's Board of Directors on 30 August 2006.

2. Overview of significant accounting principles

The main accounting policies that the Group applied during the preparation of these financial statements are described below. These policies have been consistently applied through the years.

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

Certain new IFRS, amendments and interpretations have been issued that are mandatory for accounting periods that begin during the present fiscal year or thereafter. The Group's estimation regarding the effect of the application of these new standards and interpretations are presented below.

IAS 19 (Amendment,) Employee Benefits (In effect as of 1 January 2006)

This amendment provides companies with the capacity to select an alternative method of recognising actuarial profits and losses. It may impose new recognition conditions for cases in which multi-employer plans have been adopted for which companies do not have sufficient information to apply a method of defined benefits. In addition, it adds new disclosure requirements. The specific amendment does not apply to the group. Whereas, the Group does not intend to change the accounting principle that has been adopted in recognising actuarial profits or losses and does not participate in multi-employer plans, the adoption of this amendment will affect only the presentation and the extent of the disclosures that are presented in the financial statements.

IAS 39 (Amendment), Financial Instruments: Recognition and Measurement (Hedging cash flows for anticipated inter-company transactions) (In effect as of 1 January 2006)

The amendment allows the foreign exchange risk that arises from a highly likely anticipated inter-company transaction to be characterised as a *hedged item* in the consolidated financial statements, under the conditions that (a) the transaction is carried out in a currency other than the functional currency of the company that participates in the transaction and (b) the foreign exchange risk will affect the consolidated income statement. This amendment is not relative to the Group, since inter-group transactions are not carried out that meet the conditions in order to be characterised as a *hedged item* in the consolidated financial statements of the periods in which they appear.

IAS 39 (Amendment), Financial Instruments: Recognition and Measurement (Selection of Fair Value) (In effect as of 1 January 2006)

This amendment changes the definition of the financial instruments that have been classified at fair value through results and restricts the capacity of characterising these financial instruments as part of this category. The Group believes that this amendment will not affect the financial statements.

IAS 39 and IFRS 4 (Amendment), Financial Instruments: Recognition and Measurement and Insurance Contracts (Financial Guarantee Contracts) (In effect as of 1 January 2006)

This amendment requires the Group to recognise financial guarantees that have been issued, with the exception of those that have already been declared by the Group, as insurance contracts, initially at the fair value and subsequently at the greater value between (a) the unamortised balance of the relative fees that have been collected and postponed and (b) the expenditure that is required to settle the assumed obligation on the balance sheet date. This amendment of IAS 39 will not affect the Group.

IFRS 1 (Amendment), First-time adoption of the International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (application from 1 January 2006)

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

IFRS 6 Exploration for and Evaluation of Mineral Resources (In effect as of 1 January 2006)

IFRS 6 is not relative to the Group's operations.

IFRS 7 Financial instruments: Disclosures and supplementary adaptation to IAS 1 Presentation of Financial Statements (Capital disclosures) (In effect as of 1 January 2007)

IFRS 7 introduces additional disclosures with the ulterior purpose of improving the information that is provided with regard to financial instruments. It requires the disclosure of qualitative and

quantitative information regarding the exposure to the risk that arises from financial instruments, including predetermined minimum required disclosures relative to credit risk, liquid risk and market risk (it including a sensitivity analysis with regard to the market risk). IFRS 7 replaces IAS 30 (Disclosures in the Financial Statements of Bank and Similar Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Disclosure and Presentation). It applies to all companies that prepare financial statements in accordance with the IFRS. Adjustment to IAS 1 introduces disclosures relative to a company's capital and to the manner by which this capital is managed. The Company estimated the effect of IFRS 7 and the adjustment to IAS 1 and concluded that the additional main disclosures that are required from their application is a sensitivity analysis regarding market risk and capital disclosures. The Group will apply IFRS 7 and the amendment of IAS 1 from 1 January 2007.

IAS 21 (Amendment), The Effects of Changes in Foreign Exchange Rates (In effect as of 1 January 2006)

This amendment concerns net investments in foreign companies and does not affect the Group's financial statements.

Interpretation 4, Determining Whether an Arrangement Contains a Lease (In effect as of 1 January 2006)

According to Interpretation 4, determining whether or not an arrangement contains a lease is based on the arrangement's substance. Specifically, companies are required to examine the extent to which: (a) the arrangement's fulfilment depends on the use of a specific property, plant and equipment and (b) the arrangement gives the lessee the right to use the property, plant and equipment. Management deems that Interpretation 4 is not expected to affect the accounting presentation of existing arrangements.

Interpretation 5, Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (In effect as of 1 January 2006)

Interpretation 5 is not relative to the Group's operations.

Interpretation 6, Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment (In effect as of 31 December 2005)

Interpretation 6 is not relative to the Company's operations.

Interpretation 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (In effect as of 1 March 2006)

It does not apply to the Group and will not affect its financial statements.

Interpretation 8, Scope of IFRS 2 (In effect as of 1 May 2006)

It will not affect the Group's financial statements.

Interpretation 9, Reassessment of Embedded Derivatives (In effect as of 1 June 2006)

It will not affect the Group's financial statements.

2.2 Framework in which the financial statements have been prepared

The Group's Interim condensed financial statements of the period from 1 January 2006 to 30 June 2006 have been prepared in accordance with the IAS 34 ("Interim Financial Reporting").

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments and financial assets and liabilities at reasonable value through results.

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

The financial statements were prepared by the management in accordance with the International Financial Reporting Standards ("IFRS"), including the International Accounting Standards ("IAS") and interpretations that have been issued by the International Financial Reporting Interpretations Committee, as these have been adopted by the European Union, and the IFRS that have been issued by the International Accounting Standards Board (IASB).

All IFRS that have been issued by the IASB and are in force during the preparation of these financial statements have been adopted by the European Commission through the procedure of their ratification by the European Union ("EU"), with the exception of International Accounting Standards (IAS) 39 "Financial Instruments: Recognition and Measurement". Further to the recommendation of the Committee for Accounting Standardisation, the Commission adopted Directives 2086/2004 and 1864/2005 that require all listed companies to use IAS 39, with the exception of the specific provisions that concern deposit portfolio hedging, from 1 January 2005.

Whereas the Group is not affected by the provisions concerning deposit portfolio hedging, which are not required by the issuance of IAS 39, as this has been ratified by the EU, the present

financial statements have been prepared in accordance with the IFRS as these have been adopted by the EU and the IFRS that have been issued by the IASB.

2.3 Increase in Subsidiary Holdings

With regard to transactions that concern increases in the Group's holdings in subsidiary companies that lie outside the scope of IFRS 3, the Group recognises, directly in equity, any effect that arises due to differences between the fair value of the consideration that was paid and the book value of third-party rights that are purchased.

2.4 Consolidation

(a) Subsidiary companies

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The acquisition cost of a subsidiary is the fair value of its assets that were transferred, of its shares that were issued and of its liabilities that were undertaken on the day the transaction was carried out, plus any cost that is directly associated with the acquisition. Identifiable assets, liabilities and contingent liabilities that are acquired through a business combination are estimated at the time of the acquisition at their fair values regardless of the percentage holding. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets that were acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the Group's share of the identifiable net assets that were acquired, the difference is recognised in the income statement.

The affect of changes in holding on accumulated profits and minority interest are considered as transactions between the Group's shareholders and, therefore, are recognised directly in shareholders' equity (see note 2.3 above).

Inter-company transactions, balances and non-realised profits from transactions between Group companies are eliminated. The same applies to non-realised losses, but are taken into consideration as an indication that the value of the asset transferred has been impaired. The

accounting policies that are applied by the Group's subsidiary companies have been amended so that they may be consistent with those that have been adopted by the Group.

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

(b) Associate companies

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

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

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

(c) Joint Ventures

The Group's investments in joint ventures are accounted for based on the method of proportionate consolidation (with the exception of those that were inactive on the day the IFRS were adopted for the first time, which are consolidated based on the net worth method as described below). The Group merges its share from the revenues, expenses, assets, liabilities and cash flows of each joint venture.

The Group recognises the share from the profits or losses that arise from the sales that it makes to joint ventures that corresponds to the joint venture's partners. The Group does not recognise its share from the profits or losses of the joint ventures that arose from the purchases that it made from the joint ventures up to the items that were purchased in order to be sold to third parties. Losses from such a transaction are recognised immediately if a reduction of the liquid value of

current assets or impairment is established. The accounting principles of the joint ventures have been amended so that they may be consistent with those that have been adopted.

2.5 Segment reporting

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

2.6 Foreign currency translations

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

The figures recorded in the financial statements of the Group's companies are measured in the currency of the primary economic environment in which each company operates ("functional currency"). The consolidated financial statements are expressed in Euros, which constitutes both the parent company's functional currency and its presentation currency.

(b) Transactions and balances

Transactions that are carried out in a foreign currency are converted to the functional currency based on the exchange rate that is applicable on the date the transaction is carried out. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) The Group's Companies

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

- (1) Assets and liabilities are translated at the closing rate at the balance sheet date,
- (2) Income and expenses are translated at average exchange rates (unless the average exchange rate is not a reasonable estimation of the cumulative effect of the exchange rates prevailing on the days the transactions were carried out, in which case income and expenses

are translated using the actual exchange rates that were applicable on the days the transactions were carried out), and

- (3) All resulting foreign exchange differences that may arise are recorded in a separate equity reserve account and transferred to the income statement when these companies are sold.

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

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

2.7 Property, plant and equipment

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

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

Land is not depreciated. Other assets are depreciated on the straight line method with equal burdens during their expected useful lives, so that their cost may be deleted at their residual value, as follows:

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

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

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

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

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

2.8 Leases

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

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

2.9 Intangible assets

(a) Software programs

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

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

(b) Research and Development

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

commences on the straight line basis over the period the product is expected to generate benefits. The amortisation period adopted by the Group does not exceed 5 years.

2.10 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher amount between an asset's fair value, less the costs to sell, and the value in use. In order to assess impairment losses assets, are grouped into smaller cash-generating units. Losses due to an asset's impairment are recorded in the income statement as an expense in the year in which they are incurred.

2.11 Financial assets

Accounting Principles from 1 January 2005

Due to the application of IAS 32 and 39, the Group has classified Other Investments in Financial Assets at fair value through profit and loss.

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

(a) Financial assets recorded at fair value through profit and loss

This category includes financial assets that were acquired in order to be resold in the short-term. It also includes derivative financial instruments unless they are defined as risk hedging tools. Financial assets in this category are recorded as current assets if they are held for commercial purposes or if they are expected to be sold within 12 months of the balance sheet date.

(b) Loans and Receivables

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

(c) Held-to-maturity investments

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

(d) Available-for-sale financial assets

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

The purchase and sale of an investment is recognised on the trade-date, which is also the date on which the Group commits to purchase or sell the asset. Available-for-sale investments are initially recorded at their fair value plus transaction costs. Financial assets at fair value through profit and loss are initially recognised at fair value and transaction expenses are recorded as an expense in the results of the year. Investments are derecognised when the right to collect the cash flows arising therefrom expires or have been transferred and the Group has substantially transferred all the risks and rewards of ownership.

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

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

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

At each balance sheet date, the Group assess whether there is any objective evidence that leads to the conclusion that the values of its financial assets have decreased. With regard to shares that have been classified as "available-for-sale financial assets", such an indication would be a significant or prolonged decrease in their fair value in relation to their acquisition cost. If the asset's value has indeed decreased, the loss that has accumulated in the owner's equity account, which constitutes the difference between the acquisition cost and the fair value, is transferred to the

results. Devaluation losses regarding shares that are recorded in the results may not be reversed through the results.

2.12 Derivatives

Accounting principles from 1 January 2005

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

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

(a) Fair value hedge

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

(b) Cash flow hedge

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

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

(c) Net investment hedge

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

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

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

(d) Derivatives that are not considered as hedging instruments

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

2.13 Inventories

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

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

2.14 Trade and other short-term receivables

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

2.15 Cash and cash equivalents

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

2.16 Share capital

Ordinary shares are included in owner's equity.

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

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

2.17 Borrowings

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

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

2.18 Deferred income tax

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

Deferred tax assets are recognised to the extent that it is probable that a future taxable profit will arise from the use of the temporary difference that created the deferred tax asset.

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

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

2.19 Taxation

Income tax is estimated based on the tax legislation and tax rates that are in force in the countries where the Group is active and is recorded as an expense in the period in which income is earned.

2.20 Employee benefits

(a) Short-term benefits

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

(b) Benefits following withdrawal from the Service

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

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

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

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

(c) Employment termination benefits

Employment termination benefits are paid when employees decide to retire prior to their normal date of retirement. The Group records these benefits when it is bound, or when it terminates the employment of existing employees based on a detailed schedule for which there is no possibility of

withdrawal or when it offers these benefits as an incentive for voluntary retirement. Employment termination benefits that are due in 12 months after the balance sheet date are discounted to present value.

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

2.21 Grants

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

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

Government grants that have been granted for the purchase of property, [plant and equipment are recorded as non-current liabilities as government grants of subsequent financial years and are transferred as income to the income statement on the straight-line method over the expected service life of these assets.

2.22 Provisions

Provisions are recognised when:

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

Wherever there are various similar liabilities, the possibility that an outflow shall be required for the settlement thereof is determined by examining the liability category overall. A provision is recognised even when the possibility of an outflow regarding any asset included in the same liability category may be small.

2.23 Revenue recognition

(a) Sale of goods

Sales of goods are recognised when the Group delivers the goods to its customers, when the goods are received by the latter and when collection of the claim is reasonably guaranteed. In the case in which cash refunds regarding sales of goods is guaranteed, refunds are accounted for on each balance sheet date with a reduction in income, based on statistical data.

(b) Provision of services

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

(c) Income from interest

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

(d) Dividends

Dividends are accounted for as income when a right to collect has been established.

2.24 Distribution of dividends

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

2.25 Rounding

Differences between the figures of the financial statements and the corresponding figures recorded in the notes are due to rounding.

3. Management of financial risks

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) Foreign exchange rate risk

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

(b) Credit risk

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

(c) Liquidity risk

Liquidity risk is kept at a low level by having sufficient cash on hand, liquid securities and sufficient open credit limits.

(d) Interest rate fluctuation risk

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

(e) Raw material price fluctuating risk

The Group's activities are affected by the stock market prices of metals. In order to cover part of this risk the Group uses derivative financial instruments to hedge the risk of changes in the prices of metals.

3.2 Determining fair values

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

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

The nominal value commercial claims 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 use of similar financial-credit means.

4. Accounting estimates and judgements of the management

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

4.1 Critical accounting estimates and judgements of the management

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

- a) The group's judgement is required in order to raise an income tax provision. The provision is an area that management believes involves a significant risk that there will be substantial differentiations in the future due to the tax legislation that is in force in Greece, where the company's tax liabilities are deemed final only after the competent tax authorities conduct a tax audit. In order to determine the income tax provision the Group's judgment is necessary whereas there are many transactions and calculations due to which the ultimate tax determination is uncertain. If the final tax that shall be determined differs from the initially recognised tax, the difference shall affect the income tax and the provision for deferred taxation for the period.
- b) The Group raises a provision for disputed cases based on evidence provided by the Group's legal department.
- c) The Group raises provisions for contractual obligations to its clients, which are estimated based on historical and statistical data that arose from the outcome of corresponding past cases.
- d) The Group raises provisions for impairment of holdings by taking into consideration the future benefits that shall arise therefrom.
- e) During the semester that ended on 30 June 2006 the Management re-estimated the calculations and the cases relative to the recoverable value of property, plant and equipment and intangible assets.

4.2 Crucial judgements of the Management regarding the application of accounting principles

There are no cases that significantly affect the financial statements for which a need arose that required the use of the Management's estimates with regard to the application of accounting principles.

5. Information per segment

Primary type of information – business segments

The Group is divided into the following business segments:

- Steel products
- Pipework products
- Copper products
- Cables
- Aluminium products
- Services

Results for each segment for the 6 months until 30 June 2006

6 months until 30/6/2006 (Amounts in Euros)	Steel Products	Pipework Products	Copper Products	Cables	Aluminium Products	Services	Other	Non-Allocated	Total
Total gross sales per segment	431,447,207	162,258,160	383,402,844	142,423,175	428,420,676	56,391,957	125,527,255	21,049	1,729,892,323
Inter-company sales	-11,567,646	-737,631	-47,925,907	-2,036,635	-26,091,027	-6,352,654	-67,072,785	-17,619	-161,801,904
Net sales	419,879,561	161,520,529	335,476,937	140,386,540	402,329,649	50,039,303	58,454,470	3,430	1,568,090,419
Operating profits	56,340,380	14,177,459	26,249,507	10,370,198	19,936,548	2,164,702	2,637,262	986,352	132,862,408

Results for each segment for the 6 months until 30 June 2005

6 months until 30 June 2005 (Amounts in Euros)	Steel Products	Pipework Products	Copper Products	Cables	Aluminium Products	Services	Other	Non-Allocated	Total
Total gross sales per segment	346,204,593	102,002,695	200,310,766	80,476,697	341,807,000	43,941,589	77,227,169	1,639,302	1,193,609,811
Inter-company sales	-2,314,161	-1,054,008	-10,686,321	-2,733,039	-17,464,035	-722,389	-34,009,469	-197,937	-69,181,359
Net sales	343,890,432	100,948,687	189,624,445	77,743,658	324,342,965	43,219,200	43,217,700	1,441,365	1,124,428,452
Operating profits	25,135,271	3,336,982	12,334,421	1,511,846	14,902,894	3,172,218	3,485,103	643,291	64,522,026

Expenses per branch have been determined based on the operating actives thereof.

Transfers and transactions between segments are affected pursuant to commercial terms and conditions, pursuant to those that apply to transactions with third parties.

6. Investments in Subsidiary companies

Amounts in Euros	COMPANY FIGURES	
	30/6/2006	31/12/2005
Beginning of fiscal year	728,801,964	718,916,765
Currency translation differences	-	-
Additions	1,559,684	9,885,199
Sales	-973,418	-
Impairments	-	-
Other changes	-	-
Year-end balance	729,388,230	728,801,964

Investments in companies that are consolidated based on the Total Integration method

Name of Company	Direct & Indirect Holding Percentage	Primary Activity	Country of incorporation
SIDENOR S.A.	76.33%	STEEL	GREECE
HALCOR S.A.	68.32%	COPPER	GREECE
ELVAL S.A.	64.08%	ALUMINIUM	GREECE
ANAMET S.A.	86.48%	SCRAP METAL	GREECE
SANITAS AGENCIES S.A.	100.00%	INERT	GREECE
ATTIKI S.A.	50.00%	INSURANCE AGENCY	GREECE
NOVAL S.A.	100.00%	REAL ESTATE	GREECE
TEPRO METAL S.A.	100.00%	ADMINISTRATIVE SERVICES-REAL ESTATE	BULGARIA
VITRUVIT S.A.	100.00%	SANITARY WARE	GREECE
TEKA SYSTEMS S.A.	50.01%	SOFTWARE-COMPUTER SERVICES	GREECE
ALCOMET S.A.	88.73%	HOLDINGS	GREECE
DIATOUR S.A.	97.19%	HOLDINGS	GREECE
ANTIMET S.A.	100.00%	AGENCY	GREECE
KERAMEIA AKSIOU S.A.	100.00%	CERAMICS – TILES	GREECE
TEPRO METAL AG	65.54%	AGENCY	GERMANY
ATTIKA METALWORKS S.A.	38.17%	RADIATORS	GREECE
DIAPEM S.A.	69.58%	INERT	GREECE
ELKEME S.A.	64.86%	METAL RESEARCH LABORATORY	GREECE

On 1 June 2006 SIDENOR S.A. proceeded in the purchase of 6,650,000 shares of Corinth Pipeworks S.A. through Elmonte Holdings Ltd. (100% holding). With this purchase Elmonte

Holdings Ltd. increased its holding percentage in CORINTH PIPEWORKS S.A. from 76.58% to 82.21%.

During the period, DOJRAN STEEL, seated in FYROM and a subsidiary company (100%) of SIDENOR S.A., was established. DOJRAN STEEL has leased its real estate and mechanical equipment, exclusively and with the capacity for future buy-out, to VELDER Import–Export Ltd.

During the period, PROSAL TUBES was established as a subsidiary of PROSAL S.A. PROSAL TUBES is seated in Bulgaria and is mainly active in the production of tubes.

7. Derivative financial assets

	CONSOLIDATED FIGURES	
Derivatives	<u>30/6/2006</u>	<u>31/12/2005</u>
<i>Amounts in Euros</i>		
Non-current assets		
Interest rate swaps	805,891	-
Foreign exchange swaps	-	-
Forwards for hedging cash flows	-	-
Fx future contracts	-	25,657
Future contracts	621,589	514,579
Total	<u>1,427,480</u>	<u>540,236</u>
Current assets		
Interest rate swaps	239,815	-
Foreign exchange swaps	-	41,961
Forwards for hedging cash flows	505,558	160,812
Fx future contracts	1,400,320	876,718
Future contracts	15,533,439	20,542,997
Total	<u>17,679,132</u>	<u>21,622,488</u>
Non-current liabilities		
Interest rate swaps	594,314	1,668,104
Foreign exchange swaps	-	361,797
Future contracts	-	653,279
Total	<u>594,314</u>	<u>2,683,180</u>
Current liabilities		
Interest rate swaps	164,502	751,787
Foreign exchange swaps	-	-
Forwards for hedging cash flows	585,394	2,555,509
Fx future contracts	812,343	818,781
Future contracts	12,835,399	5,585,240
Total	<u>14,397,638</u>	<u>9,711,317</u>
Amounts that were recorded in the results as income or (expense)	<u>-2,669,450</u>	<u>-9,797,460</u>
Details regarding swaps		
Nominal value of swaps	177,200,000	417,886,381
Nominal value of forward contracts	60,965,160	40,476,914

The abovementioned derivative financial instruments cover risks from Market currency translations (US Dollar) and Changes in loan interest rates.

The term of the above derivative financial instruments and the nominal value thereof corresponds to those of underlined assets/liabilities.

On 30 June 2006, fixed interest rates that apply to non-current loans, which are covered with interest rate swaps, fluctuate between 2.3% and 5.3%. The basic floating interest rates are based on the EURIBOR.

Profits and losses recognised in Equity (fair value reserve) from forwards, as at 30 June 2006, shall be transferred to the Income Statement on various dates between one to four months from the balance sheet date.

8. Borrowings

<i>Amounts in Euros</i>	CONSOLIDATED FIGURES	
	30/6/2006	31/12/2005
Non-current borrowings		
Bank loans	203,713,751	228,592,279
Liabilities from leasing activities	1,066,624	1,918,993
Debenture loans	390,833,334	492,000,000
Total non-current borrowings	595,613,709	722,511,272
 Current borrowings		
Open bank accounts	30,429,777	12,713,583
Bank loans	759,033,821	476,172,658
Liabilities from leasing activities	1,887,097	1,867,522
Total current loans	791,350,695	490,753,763
 Total loans	1,386,964,404	1,213,265,035

The maturity dates of non-current loans are as follows:

Between 1 and 2 years	230,135,417	172,852,126
Between 2 and 5 years	348,066,950	512,031,369
Over 5 years	17,411,342	35,708,784
	595,613,709	720,592,279

The actual weighted average interest rates as of the balance sheet date are as follows:

	CONSOLIDATED FIGURES	
	30/6/2006	31/12/2005
Banks loans (non-current)	4.38%	5.30%
Banks loans (current)	4.03%	3.70%
Bonded loans	3.78%	3.40%
Liabilities from leasing activities	3.35%	3.30%

On 13 June 2006, the ordinary General Meeting of SIDENOR S.A. decided to additionally issue a joint bonded loan in the amount of 130 million Euros that would be covered, in its entirety, by banks

and which would be used, in part, to replace a current loan with a non-current loan and, in part, to fund the company's investment programmes and to participate in the share capital increases of subsidiary companies.

On 15 June 2006, the ordinary General Meeting of HALCOR S.A. approved the issuance of bonded loans of a total amount of 125 million Euros.

9. Leasing

	CONSOLIDATED FIGURES	
	30/6/2006	31/12/2005
Liabilities from leasing activities – minimum rents		
Up to 1 year	2,090,000	2,097,739
From 1 to 5 years	1,057,149	3,932,082
Over 5 years	-	-
Total	3,147,149	6,029,821
Less: Future leasing financial charges	-193,429	-2,243,306
Current value of liabilities from leasing activities	2,953,720	3,786,515

The current value of liabilities from leasing activities is analysed as follows:

Up to 1 year	1,887,097	1,867,522
From 1 to 5 years	1,066,623	1,918,993
Over 5 years	-	-
Current value of liabilities from leasing activities	2,953,720	3,786,515

Leasing concerns machinery and transportation means of subsidiary companies.

10. Inventories

Within the first semester of 2006, ELVAL S.A. raised a provision regarding the devaluation of spare parts and auxiliary materials in the amount of 580 thousand Euros, which burdened the cost of sales.

11. Cash generated from operations

	CONSOLIDATED FIGURES		COMPANY FIGURES	
	1/1- 30/6/2006	1/1 - 30/6/2005	1/1- 30/6/2006	1/1 - 30/6/2005
Profits after taxes	83,169,675	25,984,409	16,597,475	12,671,066
Adjustments for:				
Income tax	23,425,142	18,394,490	446,516	288,118
Depreciation & impairment of property, plant equipment & intangible assets	61,385,163	58,328,426	256,133	283,052
Interest income	-3,998,316	-936,715	-146,892	-120,176
Interest expenses	31,388,133	22,444,231	-	-
(Income) from dividends	-628,036	-	-15,834,607	-12,458,591
(Amortisation) of government grants	-1,464,052	-1,268,401	-	-
Losses from valuation	865,523	-	-	-
Profits from associate companies	-1,130,113	-2,300,602	-	-
Profits from sale of available-for-sale financial assets – income from securities	-635,098	-	-1,035,265	-468,394
Provisions	-324,645	-	-	-
Profit from sale of property, plant equipment	2,947,102	-	-3,698	-
	195,000,478	120,645,838	279,662	195,075
Changes in working capital				
Increase in inventories	-153,458,715	-117,819,639	-	-
Increase in trade and other receivables	-170,476,587	-541,335	-2,531,112	-12,497,010
Increase/(decrease) in trade and other payables	36,299,959	36,237,336	-955,480	15,525,559
Increase in provisions	611,033	-960,336	-	-
Decrease in retirement benefit obligations	-743,622	-	-	-
Decrease in derivative financial assets	-657,886	-6,226,757	-	-
Currency translations	567,498	4,204,449	-	-
	-287,858,320	-85,106,282	-3,486,592	3,028,549
Net cash generated from operations	-92,857,842	35,539,556	-3,206,930	3,223,624

12. Commitments

1. Contractual commitments

The Group has concluded contracts with suppliers of fixed assets regarding investments that concern subsidiary companies.

<i>Amounts in Euros</i>	CONSOLIDATED FIGURES	
	30/6/2006	31/12/2005
Tangible fixed assets	28,177,247	20,962,221
Other	1,248,213	1,360,764
	29,425,460	22,322,985

2. Liabilities from operating leases

The group leases forklift trucks, pallet trucks and passenger vehicles based on operating leases. The future total payable rents according to the operating leases are as follows:

<i>Amounts in Euros</i>	CONSOLIDATED FIGURES	
	30/6/2006	31/12/2005
Up to 1 year	2,138,889	2,162,470
Between 1 to 1-5 years	5,492,455	5,619,272
More than 5 years	841,433	982,552
	8,472,777	8,764,294
Burden on results	722,405	1,884,983

Capital liabilities

There were no assumed obligations for capital expenditures that had been undertaken but not executed as of the balance sheet date.

13. Contingent Liabilities – Receivables

The group has the following contingent liabilities in relation to banks, other guarantees and other matters that arise within the framework of its ordinary business activities:

	CONSOLIDATED FIGURES 30/6/2006
Liabilities	
Guarantees for securing liabilities to suppliers	72,650,421
Guarantees for securing the good performance of contracts with customers	84,887,848
Mortgages and statutory notices of mortgage filed against lots & buildings	126,156,539
Other liabilities	75,864,367
Total	359,559,175
	CONSOLIDATED FIGURES 30/6/2006
Lawsuits filed by employees due to a work-related accident in Corinth	1,000,000
Other lawsuits	4,023,731
Contractual liabilities	2,427,910
Letters of guarantee issued by Banks	12,264,637
Tax liabilities	3,430,902
Total	23,147,180
	CONSOLIDATED FIGURES 30/6/2006
Receivables	
Guarantees for securing receivables from customers	4,612,606
Other receivables	3,209,026
Total	7,821,632

- SIDENOR S.A and International Finance Corporation signed a contract according to which SIDENOR S.A. will act as the guarantor of its subsidiary company STOMANA Industry S.A., seated in Bulgaria, so that the latter may receive a non-current loan of 55 million Euros.

- In the event that pending lawsuits are not decided in the favour of Corinth Pipeworks S.A., the company raised a provision until and including fiscal year 2005 amounting to 921,855 Euros. During the period that ended on 30 June 2006, an amount of 140,000 Euros was paid to plaintiffs,

an amount of 320,279 Euros was transferred to results and an additional provision amounting to 120,000 Euros was raised. Moreover, the subsidiary company of SIDENOR S.A., until and including fiscal year 2005, raised a provision for losses that may arise as result of its contractual liabilities against its customers amounting to 3,393,112 Euros. During the period that ended on 30 June 2006 the company used an amount of 292,387 Euros to cover liabilities and raised an additional provision amounting to 1,210,341 Euros.

- The European Commission, as a countersigning party of the Kyoto Protocol, has committed itself to limiting the emission of gasses that contribute to the greenhouse effect. Within this framework, the European Commission issued a Community Directive that stipulates the commercialisation of carbon dioxide (CO₂) emission permits. This directive, which was adopted, pursuant to a law, by Greece, affects among other industries, the steel industry. The Group has been informed from 1 January 2005 of the allocation that corresponds thereto according to the National Allocation Plan, as this has been approved by the European Commission. If the corresponding CO₂ emission limit is less than the true emission, the Group shall be burdened with an additional cost either due to the purchase of gas emission allowances or to additional investments that shall be required in order to reduce the levels of CO₂ that are emitted, in order to avoid the imposition of a fine. The Group, based on the allocation that corresponds thereto, believes that it will not be burdened with additional costs when the gas emission permits shall be available. Any profit that may arise in the event of a surplus of allowances will be recognised when these allowances are sold.

- In 2005, the competent tax authorities issued final audit certificates to ETIL S.A. (a subsidiary company of SIDENOR S.A.) concerning fiscal years 1999 & 2000. According to these certificates additional taxes in the total amount of 2.728 thousand Euros arose, 938 thousand Euros of which constitutes the principle income tax while the remaining 1,790 thousand Euros constitute surcharges. Whereas the company did not accept this liability, it filed an appeal before the Administrative Courts on 15 February 2006. It concurrently filed a request before the committee of article 70 of Law 2238/94 with the purpose of requesting that the service sector be excluded from non-accounting computation. The company's management bases its opinion in the fact that the final decisions will significantly reduce the company's liability. Whereas the tax that will be paid cannot presently be determined, the company did not raise a relative provision.

- Stomana Industry S.A., a subsidiary company of SIDENOR S.A., estimated the amount of 1,344 thousand Euros as municipal duties to the Municipality of Pernik of Bulgaria. The company does not accept this liability since it does not have a compensating benefit for the Municipality of Pernik. The company has appealed to the courts and is expecting a significant reduction of this liability. In addition, lawsuits have been filed against Stomana Industry S.A. in the amount of 591 thousand Euros by former discharged employees. The Company, in its turn, has appealed to the local courts

and deems that a relative decision will be issued that will order the significant reduction of this liability.

- SIDENOR S.A., pursuant to article 2 of Law 3220/2004, and with regard to fiscal years 2003 and 2004, has formed untaxed reserves in the amount of 7,489 thousand Euros. The European Commission issued announcement 2006/C20/05 according to which it deems that untaxed reserves constitute a form of State aid and has requested from the Hellenic Government to officially state its position thereon. The outcome of the discussions that have been held between the European Commission and the Hellenic Government is presently undetermined and, therefore, the Company has not raised a provision for a contingent liability.

- During the period a decision was issued against SIDENOR S.A. by the Ministry of Economy according to which a fine was imposed thereon in the amount of 702 thousand Euros, concerning fiscal year 2002, following a combination of article 31 of Law 2238/94 and paragraph 2 of article 18 of Presidential Decree 186/92. The company has not accepted this decision and has filed an appeal before the Tax Courts and deems that a decision will be issued in its favour.

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

- Mortgages in the amount of 20 million Euros have been filed against the real estate of Hellenic Cables S.A. (a subsidiary company of HALCOR S.A.), ICME ECAB S.A. in Romania.

- A lawsuit has been filed against HALCOR S.A. by a former associate for unlawful rescission of a contract. The amount of the requested indemnification amounts to 150 thousand Euros.

- METAL AGENCIES LTD, which is seated in the United Kingdom and which is controlled, by a percentage of 93.28%, by HALCOR S.A., has filed a claim against the English State requesting a tax return of 62,6 thousand Euros.

- SOFIA MED AD, which is seated in Bulgaria and controlled, by a percentage of 100%, by HALCOR S.A., has filed a claim before the courts against the Bulgarian State requesting a V.A.T.

return of 299,5 thousand Euros. According to the reports of the company's legal department, the company's management deems that it is very possible (by 50%) that a decision will be issued in its favour.

- Pursuant to Directive 2003/87/EC (which has already been incorporated into Greek Legislation pursuant to Joint Ministerial Decision Η.Π. 54409/2632/27-12-2004) of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community, a National Allocation Plan for the three-year period 2005-2007 has been submitted. This Plan, the finalisation of which is pending, establishes the total amount of allowance, the allocation among liable installations, and the basic rules that govern allowance allocation and the operation of the relative system. ELVAL S.A., based on the initial allocation that corresponds thereto from 1 January 2005 according to the National CO₂ Emission Allocation Plan, has estimated possible deficiencies that have burdened the company's results.

14. Existing collateralised liens

Mortgages and statutory notices of mortgage in the amount of 73,200 thousand Euros and 28,682 thousand Euros have been filed against the property of Corinth Pipeworks S.A. (a subsidiary company of SIDENOR S.A.) and STOMANA AD, respectively, in favour of banks.

15. Transactions with related parties

The following transactions concern transactions with related parties.

<i>Amounts in Euros</i>	CONSOLIDATED FIGURES		COMPANY FIGURES	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Sale of goods				
Subsidiary companies	-	-	818,712	2,395,973
Other associate entities	9,122,421	9,889,662	351,415	-
	9,122,421	9,889,662	1,170,127	2,395,973
Sale of services				
Subsidiary companies	-	-	-	-
Other associate entities	218,366	-	-	-
	218,366	-	-	-
Sale of property, plant and equipment				
Subsidiary companies	-	-	-	-
Other associate entities	407	6,245,663	4,000	-
	407	6,245,663	4,000	-
Purchase of goods and services				
Subsidiary companies	-	-	23,527	40,752
Other associate entities	2,942,779	8,607,917	3,744	-
	2,942,779	8,607,917	27,271	40,752
Purchase of property, plant and equipment				
Subsidiary companies	-	-	-	-
Other associate entities	24,774	-	-	-
	24,774	-	-	-

Benefits to Management

	CONSOLIDATED FIGURES		COMPANY FIGURES	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Fees-remuneration to Directors	5,445,323	6,071,020	60,000	398,630

and Executives

	5,445,323	6,071,020		60,000	398,630
--	------------------	------------------	--	---------------	----------------

Year-end balances that arise from the sale-purchase of goods, services, property, plant and equipment, etc.

<i>Amounts in Euros</i>	CONSOLIDATED FIGURES		COMPANY FIGURES	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Receivables from associate entities:				
Subsidiary companies	-	-	3,768,147	1,327,251
Other associate entities	22,725,171	14,604,966	561,794	208,796
	22,725,171	14,604,966	4,329,941	1,536,047
Liabilities to associate companies:				
Subsidiary companies	-	-	94,684	781,532
Other associate entities	1,399,704	3,147,943	3,603	7
	1,399,704	3,147,943	98,287	781,539

Services to and from associate entities, as well as the purchase and sale of goods are carried out based on the pricelists that apply to non-associate entities.

16. Unaudited fiscal years

The Company has been audited by the tax authorities until and including fiscal year 2001.

Certain of the Group's subsidiary companies have not been audited by the tax authorities for various fiscal years from 1992 until and including 2005.

Company	From	To	Years
DIAPEM COMMERCIAL S.A.	2003	2005	3
ANTIMET S.A.	2001	2005	5
SANITAS AGENCIES S.A.	2005	2005	1
ANAMET S.A.	2000	2005	6
TEMPRO S.A.	1998	2005	8
BITROYBIT	2001	2005	5
ATTIKI	2003	2005	3
TEKA SYSTEMS S.A.	2003	2005	3
ALCOMET	2003	2005	3
DIATOUR	2003	2005	3
METALWORKS	2002	2005	4
ELKEME	2003	2005	3
KERAMEIA AXIOU	2006	2006	0
NOVAL S.A.	2003	2005	3
TEMPRO METAL AG	1992	2005	14
SIDENOR S.A.	2005	2005	1
ELVAL S.A.	2003	2005	3
HALCOR S.A.	2002	2005	4
VIOHALCO S.A.	2002	2005	4
TOTAL			76

17. Earnings per share

Basic and diluted

<i>Amounts in Euros</i>	CONSOLIDATED FIGURES		COMPANY FIGURES	
	30/6/2006	30/06/2005	30/6/2006	30/06/2005
Profits that correspond to the shareholders of the parent company	52,869,652	18,135,172	16,597,476	12,671,066

Weighted average number of shares	198,679,701	198,689,701	199,474,091	199,474,091
Basic earnings per share (Euros per share)	0.266	0.091	0.083	0.064

Basic and diluted earnings per share are estimated by dividing the earnings that correspond to the parent company's shareholders by the weighted average number of common shares during the period, not including own common shares that were purchased by the company (own shares).

18. Events that took place after the balance sheet date

On 14 July 2006, further to the Ordinary General Meeting of the shareholders of ELVAL S.A. of 14 June 2006 that was suspended, the Annual Financial Statements of fiscal year 2005 were approved and a dividend payment of 2,481 thousand euros was decided.

In June 2006, bonded loans in the amount of 35 million Euros were concluded, further to the decision of the Ordinary General Meeting of the shareholders of ELVAL S.A. of 14 June 2006. Additional bonded loans in the amount of 20 million Euros are expected to be concluded in the future.

Further to the decisions of the boards of directors of the subsidiary companies of ELVAL S.A., ELVAL COLOUR S.A. and VECTOR S.A., regarding the latter's absorption by the former, the draft merger agreement was published.

The General Meeting of the Shareholders of ETEM S.A. (a subsidiary company of ELVAL S.A.) of 14 June 2006 approved the reception of a bonded loan in the amount of 25 million Euros that would be used to replace existing current loan liabilities and to fund the company's investment programmes. Pursuant to this decision, on 28 July 2006, an amount of 5 million Euros was disbursed, which corresponds to 4 debentures of 1,25 million Euros each, according to an agreement that has been concluded with a credit institution, which will be settled in four equal annual instalments, beginning from the second year of the loan's conclusion. The loan is interest-bearing with an interest rate equal to the Euribor plus the rate of inflation.

19. Personnel

The number of persons employed by the Group and Company at the end of the current period amounted to 8,504 and 2 persons respectively.

20. Significant events

On 13 June 2006, the ordinary General Meeting of SIDENOR S.A. approved the annual financial statements of fiscal year 2005 with the relative report of the Board of Directors and the Auditor's report, the exemption of the members of the Board of Directors and Auditors from any liability for 2005, as well as the allocation and distribution of the profits of fiscal year 2005. In addition, the General Meeting approved, pursuant to article 23a of Codified Law, the purchase of 315,211 shares of SOVEL S.A. by VIOHALCO S.A.

In April 2006, final audit certificates were issued against SIDENOR S.A. concerning fiscal years 2002 to 2004. According to these certificates an additional tax in the amount of 1,172 thousand Euros arose, 450 thousand Euros of which constitutes a reserve tax pursuant to Law 3220/2004 in the amount of 1,285 thousand Euros. The company has recognised the said amount in its results and liabilities.

During the period, DOJRAN STEEL, seated in FYROM and a subsidiary company (100%) of SIDENOR S.A., was established. DOJRAN STEEL has leased its real estate and mechanical equipment, exclusively and with the capacity for future buy-out, to VELDER Import-Export Ltd.

In addition, during the period, PROSAL TUBES was established as a subsidiary of PROSAL S.A. PROSAL TUBES is seated in Bulgaria and is mainly active in the production of tubes.

In July and August 2006, HALCOR S.A. concluded bonded loan agreements of a total amount of 95,000 thousand Euros with the purpose of settling current loans.

The General Meeting of the Shareholders of Hellenic Cables S.A. (a subsidiary company of HALCOR S.A.) of 15 June 2006 approved the reception of a bonded loan in the amount of 50 million Euros that would be used to replace existing current loan liabilities and to fund the company's investment programmes. Pursuant to this decision, on 28 July 2006, an amount of 10 million Euros was disbursed, which corresponds to 4 debentures of 2,5 million Euros each, according to an agreement that has been concluded with a credit institution, which will be settled in four equal annual instalments, beginning from the second year of the loan's conclusion. The loan is interest-bearing with an interest rate equal to the Euribor plus the rate of inflation.

The Boards of Directors of FITCO S.A. (a subsidiary company of HALCOR S.A.) and HALCOR S.A., during their meetings of 30 January 2006, decided to merge the two companies through the

former's absorption by the latter with a balance sheet date of transformation the 31st of January and pursuant to the provisions of Law 2166/1993 and Codified Law 2190/1920. The merger was approved by the companies' General Meetings of 15 June 2006 and was completed pursuant to decision No. K2-9666 of the Minister of Development of 30 June 2006.

With the financial statements of the first semester of 2006, KERAMEIOU AXIOU S.A., which was established on 30 September 2005, was consolidated for the first time. The company had not been consolidated in the financial statements due to the fact it did not begin operating until 1 January 2006.

Within the first semester of 2006, BRIDGNORTH ALUMINIUM LTD, a subsidiary company of ELVAL S.A., within the framework of its restructuring activities, decided to interrupt the production of specific products. Within the context of this decision, the subsidiary company reduced its personnel at a cost of approximately 850 thousand Euros that burdened the consolidated results of the first semester. In addition, BRIDGNORTH ALUMINIUM LTD suspended the operation of mechanical equipment of an undepreciated value of 6 million Euros. The ELVAL S.A. Group is presently examining various alternative scenarios that will help it better exploit this equipment, and due to the fact that over the past three years significant investments have been made with regard to its modernisation, no reason concurs for the impairment thereof. In addition, within the first semester of 2006, the aforementioned subsidiary company of ELVAL S.A. sustained a loss due to a fire and, as a result thereof, its production process was interrupted for three weeks. Insurance indemnifications in the amount of 2,3 million Euros have been collected for loss of income, which have been recorded in the consolidated results of this period.

Auditor's Review Report

REVIEW REPORT OF THE CERTIFIED AUDITOR-ACCOUNTANT

**To the Shareholders of
VIOHALCO Hellenic Copper and Aluminium Industry S.A.**

We have reviewed the accompanying condensed interim balance sheet of VIOHALCO Hellenic Copper and Aluminium Industry S.A. (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".

Without qualifying our opinion, we draw attention to note 16 of the accompanying financial statements which cites in detail the uncertainties that exist in relation to the tax liabilities of some of the group's subsidiaries.

Athens, 30 August 2006

PricewaterhouseCoopers
Auditing Societe Anonyme

The Certified Auditor Accountant
Kiriakos Riris
Ass.of Cert.Aud.- Acc.Reg.No. 12111