

**V I O H A L C O**

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

**Interim Financial Statements**  
**in accordance with the International Financial**  
**Reporting Standards (“IFRS”)**

**March 2006**

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HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

**Balance Sheet**

<i>Amounts in Euros</i>	Note	CONSOLIDATED FIGURES		COMPANY FIGURES	
		31/3/2006	31/12/2005	31/3/2006	31/12/2005
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		1,731,734,132	1,741,327,602	149,896	162,311
Intangible assets		6,972,883	7,497,746	-	-
Investment in properties		34,069,159	34,159,151	108,266,570	108,236,436
Investments in companies consolidated based on the net worth method	6	15,591,512	16,553,444	-	-
Investments in companies consolidated based on the integrated consolidation method	7	-	-	729,015,107	728,801,964
Investments in other associate companies		-	-	-	-
Available-for-sale financial assets		9,032,997	7,969,560	30,269,714	29,927,613
Other investments		-	-	-	-
Deferred tax assets		1,965,484	1,783,864	-	-
Derivative financial instruments	8	1,306,150	540,236	-	-
Other receivables		12,447,556	11,345,520	6,514	6,489
		<u>1,813,119,873</u>	<u>1,821,177,123</u>	<u>867,707,801</u>	<u>867,134,813</u>
<b>Current assets</b>					
Inventories		731,639,688	669,778,732	-	-
Trade and other receivables		733,989,294	625,051,624	5,112,400	3,152,553
Other investments		-	-	-	-
Available-for-sale financial assets		12,715,524	12,141,799	10,000,000	10,000,000
Derivative financial instruments	8	21,585,081	21,622,488	-	-
Financial assets at fair value through profit & loss		884,874	1,002,873	-	-
Securities		-	-	-	-
Current income tax receivables		-	8,087,381	-	-
Cash and cash equivalents		77,910,479	83,313,042	13,037,963	14,191,249
		<u>1,578,724,940</u>	<u>1,420,997,939</u>	<u>28,150,363</u>	<u>27,343,802</u>
<b>Total assets</b>		<b><u>3,391,844,813</u></b>	<b><u>3,242,175,062</u></b>	<b><u>895,858,164</u></b>	<b><u>894,478,615</u></b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to company's equity holders</b>					
Share capital		59,842,229	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		-7,979,289	-7,911,289	-	-
Translation reserve		761,189	100,347	-	-
Other reserves		280,305,569	250,974,756	30,206,021	29,663,450
Profits/(losses) carried forward		254,091,073	258,938,793	368,941,125	368,644,328
Total		<u>998,638,923</u>	<u>973,562,986</u>	<u>870,607,525</u>	<u>869,768,157</u>
<b>Minority interest</b>		<b><u>524,206,735</u></b>	<b><u>508,473,719</u></b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b><u>1,522,845,658</u></b>	<b><u>1,482,036,705</u></b>	<b><u>870,607,525</u></b>	<b><u>869,768,157</u></b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					

### HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

Borrowings	9	712,745,972	720,592,279	-	-
Liabilities from leasing activities	10	1,498,418	1,918,993	-	-
Derivative financial instruments	8	1,104,884	2,683,180	-	-
Deferred tax liabilities		206,917,273	202,624,411	19,050,527	19,007,585
Retirement and termination benefit obligations		18,662,794	19,341,347	38,080	38,080
Government grants		30,266,798	31,001,614	-	-
Provisions		10,383,956	9,398,916	-	-
Other non-current liabilities		793,026	39,697	-	-
		<b>982,373,121</b>	<b>987,600,437</b>	<b>19,088,607</b>	<b>19,045,665</b>
<b>Current liabilities</b>					
Trade and other payables		293,217,443	254,360,956	4,076,458	3,957,522
Income tax liability		18,126,251	16,249,653	2,085,573	1,707,270
Borrowings	9	566,978,303	488,886,241	-	-
Liabilities from leasing activities	10	1,884,073	1,867,522	-	-
Derivative financial instruments	8	5,111,725	9,711,317	-	-
Provisions		1,308,239	1,462,231	-	-
		<b>886,626,034</b>	<b>772,537,920</b>	<b>6,162,031</b>	<b>5,664,792</b>
<b>Σύνολο υποχρεώσεων</b>		<b>1,868,999,155</b>	<b>1,760,138,357</b>	<b>25,250,638</b>	<b>24,710,457</b>
<b>Σύνολο ιδίων κεφαλαίων και υποχρεώσεων</b>		<b>3,391,844,813</b>	<b>3,242,175,062</b>	<b>895,858,163</b>	<b>894,478,614</b>

The notes on pages 9 to 45 are an integral part of these interim financial statements.

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

### Income Statement

<i>Amounts in Euros</i>	Note	CONSOLIDATED FIGURES		COMPANY FIGURES	
		3 months until 31/3/2006	3 months until 31/3/2005	3 months until 31/3/2006	3 months until 31/3/2005
<b>Sales</b>		<b>704,873,160</b>	<b>522,007,482</b>	<b>11,018</b>	<b>11,173</b>
Cost of sales		-602,564,083	-446,725,011	-10,500	-10,500
<b>Gross profit</b>		<b>102,309,077</b>	<b>75,282,471</b>	<b>518</b>	<b>673</b>
Selling expenses		-30,758,888	-30,418,920	-	-
Administrative expenses		-19,971,336	-20,048,154	-667,392	-609,188
Other operating income/(expenses) (net)		6,366,149	8,866,682	693,326	918,017
<b>Operating profit</b>		<b>57,945,002</b>	<b>33,682,079</b>	<b>26,452</b>	<b>309,502</b>
Finance costs - net		-11,949,887	-12,413,664	297,403	-13
Income from dividends		-	-	-	-
Share of profit/loss of associates	6	867,619	-	475,582	-
<b>Profits before taxation</b>		<b>46,862,734</b>	<b>21,268,415</b>	<b>799,437</b>	<b>309,489</b>
Income tax expense		-12,190,399	-7,944,127	-502,641	33,874
<b>Net profits of the period from ongoing activities</b>		<b>34,672,335</b>	<b>13,324,288</b>	<b>296,796</b>	<b>343,363</b>
<b>Attributable to:</b>					
Equity holders of the parent company		21,865,974	9,220,983	296,796	343,363
Minority interest		12,806,361	4,103,304	-	-
		<b>34,672,335</b>	<b>13,324,287</b>	<b>296,796</b>	<b>343,363</b>
<b>Earnings per share that are attributable to the equity holders of the parent company for the period</b> (expressed in Euros per share)					
Basic and diluted	17	0.110	0.046	0.001	0.002

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#### Statement of Changes in Equity

	Attributable to the equity holders of the parent company						Minority Interest	Total Equity
	Share capital	Fair value reserves	Other reserves	Accumulated profits	Translation reserve	Total		
<i>Amounts in Euros</i>								
<b>CONSOLIDATED FIGURES</b>								
<b>Balance at 1 January 2006</b>	<b>463,549,092</b>	<b>6,240,043</b>	<b>244,734,711</b>	<b>258,938,793</b>	<b>100,347</b>	<b>973,562,986</b>	<b>508,473,719</b>	<b>1,482,036,705</b>
Currency translation differences					660,842	660,842	890,279	1,551,121
Profit/(loss) recognised directly in equity	-	28,842,399	-	-29,681,368	-	-838,969	3,814,925	2,975,956
Net profit for the period				21,865,974		21,865,974	12,806,361	34,672,335
Total recognised net profit for the period	-	28,842,399	-	-7,815,394	660,842	21,687,847	17,511,565	39,199,412
Issuance of share capital / (reduction)	-	-	-	-	-	-	-	-
(Purchase) / Sale of own shares	-68,000	-	-	-	-	-68,000	-	-68,000
Increase in subsidiary holdings	-	306,826	-	3,149,262	-	3,456,088	-1,778,547	1,677,541
Transfer to reserves	-	181,589	-	-181,589	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
	-68,000	488,415	-	2,967,673	-	3,388,088	-1,778,547	1,609,541
<b>Balance at 31 March 2006</b>	<b>463,481,092</b>	<b>35,570,857</b>	<b>244,734,711</b>	<b>254,091,072</b>	<b>761,189</b>	<b>998,638,921</b>	<b>524,206,737</b>	<b>1,522,845,658</b>
<b>COMPANY FIGURES</b>								
<b>Balance at 1 January 2006</b>	<b>471,460,380</b>	<b>1,101,644</b>	<b>28,561,805</b>	<b>368,644,328</b>	<b>-</b>	<b>869,768,157</b>	<b>-</b>	<b>869,768,157</b>
Profit/(loss) recognised directly in equity	-	542,572	-	-	-	542,572	-	542,572
Net profit for the period	-	-	-	296,796	-	296,796	-	296,796
Total recognised net profit for the period	-	542,572	-	296,796	-	839,368	-	839,368
Transfer to reserves	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2006</b>	<b>471,460,380</b>	<b>1,644,216</b>	<b>28,561,805</b>	<b>368,941,124</b>	<b>-</b>	<b>870,607,525</b>	<b>-</b>	<b>870,607,525</b>

The notes on pages 9 to 45 are an integral part of these interim financial statements.

## Cash Flow Statement

	Note	CONSOLIDATED FIGURES		COMPANY FIGURES	
		1/1 to 31/3/2006	1/1 to 31/3/2005	1/1 to 31/3/2006	1/1 έως 31/3/2005
<b>Cash flows from operating activities</b>					
<i>Amounts in Euros</i>		34,672,335	13,324,288	296,796	343,363
Profits for the period					
Adjustments for					
Tax		12,190,399	7,944,127	502,641	-33,874
Depreciation of tangible and intangible assets		30,510,934	25,846,906	125,902	142,418
(Income) from interest		-1,995,031	-3,073,278	-67,077	-55,352
Interest charges		13,944,918	15,246,531	-	-
(Profits) / losses from associate companies		-867,618	-1,800,434	-	-
Other		-1,273,500	-3,305,376	-577,044	517,505
		<b>87,182,437</b>	<b>54,182,764</b>	<b>281,218</b>	<b>914,000</b>
<b>Changes in working capital</b>					
(Increase) / decrease in inventories		-61,860,954	-69,346,251	-	-
(Increase) / decrease in receivables		-110,039,705	-28,457,133	-1,959,940	-525,178
Increase / (decrease) in liabilities		32,345,777	36,634,909	37,789	643,658
Increase / (decrease) in provisions		2,293,279	-2,250,045	-	-
Interest paid		-10,075,304	-15,246,531	-	-
		-147,336,907	-78,665,051	-1,922,151	118,480
<b>Net cash (used in)/from operating activities</b>		<b>-60,154,470</b>	<b>-24,482,287</b>	<b>-1,640,933</b>	<b>1,032,540</b>
<b>Cash flows from investing activities</b>					
Purchase of tangible and intangible assets		-17,775,994	-10,431,270	-142,344	-
Interest received		2,000,845	3,073,278	67,077	55,352
Changes in holdings in subsidiary companies and other investments		-	-	562,914	11,190,395
<b>Net cash (used in)/from investing activities</b>		<b>-15,775,149</b>	<b>-7,357,992</b>	<b>487,647</b>	<b>11,245,747</b>
<b>Cash flows from financing activities</b>					
Increase in borrowings		70,527,056	43,628,795	-	-
<b>Net cash (used in)/from financing activities</b>		<b>70,527,056</b>	<b>43,628,795</b>	<b>0</b>	<b>0</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>-5,402,563</b>	<b>11,788,516</b>	<b>-1,153,286</b>	<b>12,278,287</b>
Cash and cash equivalents at beginning of period		83,313,042	82,770,453	14,191,249	25,068,574
<b>Cash and cash equivalents at end of period</b>		<b>77,910,479</b>	<b>94,558,969</b>	<b>13,037,963</b>	<b>37,346,861</b>

Athens, 30 May 2006

THE CHAIRMAN OF THE  
BOARD OF DIRECTORS

THE AUTHORISED  
DIRECTOR

THE FINANCIAL DIRECTOR

**V I O H A L C O**

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

Nikolaos M. Stasinopoulos

Id. Card No. A050486

Evangelos D. Moustakas

Id. Card No. B226935

**Interim Financial Statements  
March 2006**

Pantelis St. Mavrakis

Id. Card No. K259513

The notes on pages 9 to 45 are an integral part of these interim financial statements.

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

The Interim 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](http://www.viohalco.gr).

The interim financial statements have been approved for publication by the company's Board of Directors on 30 May 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**

New IFRS, amendments and interpretations have been issued that are mandatory for accounting years that begin from 1 January 2006 or thereafter. The estimation of the Group's and Company' Management 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 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 defined benefit accounting policy. In addition, it adds new disclosure requirements. The specific amendment does not apply to the group.

**IAS 39 (amendment) Financial Instruments: Recognition and Measurement (Hedging cash flows for anticipated inter-group transactions) (in effect as of 1 January 2006)**

The specific amendment allows the foreign exchange risk that may arise from a highly likely anticipated inter-group transaction to be characterised as an *item to be hedged* in the consolidated financial statements, under the condition that (a) the transaction is expressed 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's operations, since the Group has not concluded any inter-group transaction that could be characterised as an *item to be hedged*.

**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 financial tools that have been classified at their fair values through results and restricts the capacity of classifying financial tools in this category. The Group deems that the specific amendment will not have a significant effect on the classification of financial tools, since both it and the Company will be in a position to harmonise with the amended criteria for determining financial tools at their current value through the income statement. Both the Group and the Company will apply this amendment on the financial statements of fiscal year 2006.

**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 that the financial guarantees that have been issued, with the exception of those that have been accepted by the Company as insurance contracts, be recognised initially at their fair value and subsequently valued at the greater value between (a) the unamortized balance of the relative fees that have been collected and postponed and (b) the expenditure that is required to regulate the commitment on the balance sheet date. The Management has reached the conclusion that this amendment does not apply to the Group and Company.

**IFRS 1 (amendment) First-time adoption of the International Financial Reporting Standards and IFRS 6 Exploration for and Evaluation of Mineral Resources (in effect as of 1 January 2006)**

These amendments are 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 purpose of improving the information that is provided with regard to financial tools. It requires the disclosure of qualitative and quantitative information regarding the exposure to the risk that arises from financial tools. Specifically, it predetermines minimum required disclosures that are relative to credit risk, liquid risk and market risk (it imposes 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 Group and the Company estimated the effect of IFRS 7 and the adjustment to IAS 1 and concluded that the additional 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.

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

Interpretation 4 requires companies to determine whether or not an arrangement is or contains a lease. Specifically, it requires companies to evaluate the following information: (a) if fulfilment of the arrangement depends on the use of a specific property, plant and equipment and (b) if the arrangement gives the lessee only the right to use the property, plant and equipment. Management deems that Interpretation 4 does not affect the accounting presentation of existing arrangements.

## **2.2 Framework in which the financial statements have been prepared**

The Group's Interim financial statements dated 31 March 2006 cover the three months until 31 March 2006 and have been prepared in accordance with the IFRS.

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 income 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.

### **2.2.1 Increase in Subsidiary Holdings**

The Group, in the event that its holdings in subsidiary companies increase, estimates the goodwill thereof based on the book values of the subsidiary's assets. The relative goodwill is the difference between the transaction's value and the book value of third-party rights that are purchased and is recognised directly in equity.

### **2.2.2 Consolidated financial statements**

#### *(a) Subsidiary companies*

Subsidiary companies are companies that are controlled by the group. 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 acquisition was effected, plus any cost that is directly associated with the acquisition. Individual 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.

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, wherever this was deemed necessary, so that they may be consistent with those that have been adopted by the Group.

The Company records its investments in subsidiary companies 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 direct 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.

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

### **2.2.3 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 recorded 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 valuation 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:

Assets and liabilities are translated at the closing rate at the balance sheet date.

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

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 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.

#### **2.2.4 Property, plant and equipment**

Property, plant and equipment are recorded at their acquisition cost less accumulated depreciation and possible 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 Interim burdens during their expected useful lives, so that their cost may be deleted at their residual value, as follows:

Buildings	10-33 years
Mechanical equipment	5-20 years
Vehicles	6-7 years
Other equipment	3-8 years

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

When the carrying amount of the asset exceeds its recoverable amount, the difference (impairment) is recorded directly 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

### **2.2.5 Intangible assets**

#### **Software programs**

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

Expenses that are required for the software's development and maintenance are recorded as expenses in the Income Statement in the year in which they are incurred.

### **2.2.6 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 greater amount between an asset's fair value, less the costs to sell, and the value in use. Losses due to an asset's impairment are recorded in the Income Statement in the year in which they are incurred.

### **2.2.7 Financial assets**

#### **Accounting Principles from 1 January 2005**

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

The Group's investments are classified into the categories noted below based on the purpose for which they were acquired. The Group's management decides on the investment's classification at the time the investment was initially recognised and re-examines its designation at every 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) Borrowings 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-derivates with fixed or designated payments and with fixed maturities, and which the Group intends and has the capacity to hold onto until they mature.

*(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.

### **2.2.8 Derivative financial instruments**

#### *Cash flow hedge*

The effective part of any change in the fair value of a derivative financial instrument that has been characterised and classified as a “cash flow hedge” is recorded in the net worth. The gain or loss of the non-effective part of a derivative financial instrument is recorded directly in the income statement.

Amounts that have accumulated in net worth are recycled through the income statement when the actual movement is carried out. The gain/loss that relates to the effective part of a hedging derivative financial instrument is recorded in the income statement at financial cost.

When a derivative financial instrument expires, is sold or is deemed non-effective, any accumulated loss/gain is transferred from net worth to the income statement. When a forecasted transaction is no longer expected to be realised the progressive gain/loss is recorded directly in the income statement.

### **2.2.9 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. 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

**2.2.10 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.

**2.2.11 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and sight deposits.

**2.2.12 Segment reporting**

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

**2.2.13 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.

**2.2.14 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.

#### **2.2.15 Deferred income tax**

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

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.

#### **2.2.16 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.

The effect on results carried forward and minority interest due to changes in holding percentages are deemed as transactions between the Group's shareholders and, therefore, are recorded directly in Owner's Equity.

#### **2.2.17 Employee benefits**

(a) *Benefits following withdrawal from the Service*

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

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

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

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

*(b) 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.

### **2.2.18 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 deferred and 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 deferred government grants and are transferred as income to the income statement on the straight-line method over the expected service life of these assets.

### 2.2.19 Provisions

Provisions are recognised when:

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

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.

### 2.2.20 Revenue recognition

Revenue includes the fair value of goods that have been sold and of services that have been rendered, net of Value Added Tax, discounts and returns. In consolidated income statements, inter-company income within the Group is deleted in full. Income is recognised as follows:

#### (a) *Sale of goods*

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

#### (b) *Provision of services*

Revenue 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.

### **2.2.21 Leases**

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

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

### **2.2.22 Distribution of dividends**

The distribution of dividends to the parent Company's shareholders is recorded as a liability in the consolidated income statements when the distribution thereof is approved by the General Meeting of the shareholders.

## **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) *Market currency translation 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 due to the fact that there is sufficient cash in hand as well as sufficient credit limits with collaborating banks.

*(d) Interest rate fluctuation risk*

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

### **3.2 Determining fair values**

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

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

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

#### **4. Accounting Estimates and Judgements of the Management**

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

##### **4.1 Critical accounting estimates and assumptions**

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

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

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

No case whatsoever 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 3 months until 31 March 2005.

3 months until 31 March 2005 (Amounts in Euros)	Steel	Pipeworks	Copper products	Cable products	Aluminium	Services	Non-allocated	Total
<b>Total gross sales per segment</b>	<b>170,169,679</b>	<b>47,746,279</b>	<b>104,509,918</b>	<b>36,547,329</b>	<b>168,772,512</b>	<b>24,348,651</b>	<b>6,260,465</b>	<b>558,354,833</b>
Inter-company sales	-11,077,574	-3,108,150	-6,803,306	-2,379,130	-10,986,622	-1,585,030	-407,539	-36,347,351
<b>Net sales</b>	<b>159,092,105</b>	<b>44,638,129</b>	<b>97,706,612</b>	<b>34,168,199</b>	<b>157,785,890</b>	<b>22,763,621</b>	<b>5,852,926</b>	<b>522,007,482</b>
Operating profits	14,384,985	-531,198	6,323,613	1,860,716	9,675,770	634,652	1,333,541	33,682,079
Finance income – costs	-	-	-2,536,668	-877,663	-3,374,981	-245,238	-5,379,114	-12,413,664
Share in results of associate companies	-	-	109,901	49,627	-	36,375	-195,903	-
<b>Profits before taxes</b>	<b>14,384,985</b>	<b>-531,198</b>	<b>3,896,846</b>	<b>1,032,680</b>	<b>6,300,789</b>	<b>425,789</b>	<b>-4,241,476</b>	<b>21,268,415</b>
Income tax	-	-	-	-	-	-	-	-7,944,127
<b>Net profit</b>	<b>14,384,985</b>	<b>-531,198</b>	<b>3,896,846</b>	<b>1,032,680</b>	<b>6,300,789</b>	<b>425,789</b>	<b>-4,241,476</b>	<b>13,324,288</b>
<b>31/12/2005</b>	<b>Steel</b>	<b>Pipeworks</b>	<b>Copper products</b>	<b>Cable products</b>	<b>Aluminium</b>	<b>Services</b>	<b>Non-allocated</b>	<b>Total</b>
Assets	937,119,439	372,894,368	439,823,458	222,407,660	962,600,552	69,368,267	237,961,318	3,242,175,062
Total liabilities	428,524,565	277,463,250	285,945,716	121,025,432	337,667,240	33,652,269	275,859,885	1,760,138,357
Investments in tangible and intangible assets and investments in property	39,241,732	4,990,143	13,879,209	5,000,277	34,608,788	-	566,737	98,286,886

Other items per segment included in the results for the 3 months until 31 March 2005

3 months until 31 March 2005 (Amounts in Euros)	Steel	Pipeworks	Copper products	Cable products	Aluminium	Services	Non-allocated	Total
Impairment of receivables	-	-	160,703	-	-	-	-	160,703
Impairment of inventories	-	607,293	-	-	-	-	12	607,305

Results per segment for the 3 months until 31 March 2006

3 months until 31 March 2006 (Amounts in Euros)	Steel	Pipeworks	Copper products	Cable products	Aluminium	Services	Non-allocated	Total
<b>Total gross sales per segment</b>	<b>212,326,429</b>	<b>84,459,932</b>	<b>171,613,477</b>	<b>62,096,961</b>	<b>203,324,040</b>	<b>28,634,913</b>	<b>8,921,951</b>	<b>771,377,703</b>
Inter-company sales	-25,456,412	-	-21,452,667	-	-13,022,969	-1,936,010	-4,636,485	-66,504,543
<b>Net sales</b>	<b>186,870,017</b>	<b>84,459,932</b>	<b>150,160,810</b>	<b>62,096,961</b>	<b>190,301,071</b>	<b>26,698,903</b>	<b>4,285,466</b>	<b>704,873,160</b>
Operating profits	21,826,748	6,295,154	15,258,166	5,178,101	8,248,901	1,010,647	127,285	57,945,002
Finance income – costs	-	-	-3,168,011	-675,858	-1,845,201	-192,548	-6,068,269	-11,949,887
Share in results of associate companies	-	-	38,254	20,245	-	233,898	575,222	867,619
<b>Profits before taxes</b>	<b>21,826,748</b>	<b>6,295,154</b>	<b>12,128,409</b>	<b>4,522,488</b>	<b>6,403,700</b>	<b>1,051,997</b>	<b>-5,365,762</b>	<b>46,862,734</b>
Income tax	-	-	-	-	-	-	-	-12,190,399
<b>Net profit</b>	<b>21,826,748</b>	<b>6,295,154</b>	<b>12,128,409</b>	<b>4,522,488</b>	<b>6,403,700</b>	<b>1,051,997</b>	<b>-5,365,762</b>	<b>34,672,335</b>

31/3/2006	Steel	Pipeworks	Copper products	Cable products	Aluminium	Services	Non-allocated	Total
Assets	980,074,035	366,262,072	538,843,475	239,783,317	961,504,389	73,477,295	231,900,230	3,391,844,813

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Total liabilities	525,505,557	288,726,945	410,354,781	148,158,541	372,682,534	42,323,658	81,247,139	<b>1,868,999,155</b>
Investments in tangible and intangible assets and investments in property	10,686,208	385,501	2,972,961	1,164,300	4,225,412	-	36,738	<b>19,471,120</b>

### Other items per segment included in the results for the 3 months until 31 March 2006

<b>3 months until 31 March 2006</b> <i>(Amounts in Euros)</i>	<b>Steel</b>	<b>Pipeworks</b>	<b>Copper products</b>	<b>Cable products</b>	<b>Aluminium</b>	<b>Services</b>	<b>Non-allocated</b>	<b>Total</b>
Impairment of receivables	-	-	106,104	3,679	797,175	-	-	906,958
Impairment of inventories	-	-	-	-	-	-	-	-

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 associate companies**

<i>Amounts in Euros</i>	<b>CONSOLIDATED FIGURES</b>	
	<b>31/03/2006</b>	<b>31/12/2005</b>
<b>Beginning of period</b>	<b>16,553,444</b>	<b>14,521,206</b>
Share of profit/(loss) after taxes	392,037	2,153,671
Dividends received (-)	-	-
Additions	-	-
Sales	-8,935	-1,328
Other changes	-1,345,034	-120,105
<b>Balance at end of period</b>	<b>15,591,512</b>	<b>16,553,444</b>

Associate companies that are consolidated based on the Net Worth method are as follows:

<b>Name of Company</b>	<b>Country of incorporation</b>	<b>31 March 2006</b>	<b>31 December 2005</b>
SIDMA S.A.	Greece	24.05%	23.98%
V.EPE.M. A.B.E.E	Greece	50.00%	50.00%
JOINT VENTURE SIEMENS S.A. - PRISMA S.A.	Greece	50.00%	
ENERGY SOLUTIONS SA	Bulgaria	38.60%	38.60%
THISVIS POWER PLANT S.A.	Greece	20.00%	20.00%
HELLENIC STEELWORKS S.A.	Greece	20.63%	20.63%
INNOVAL S.A.	Greece	49.00%	49.00%
BONIFACI LIMITED	Cyprus	100.00%	100.00%
VIOHALCO EXPORTS LTD (COPPERPROM LTD)	Greece	20.00%	20.00%

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

	COMPANY FIGURES	
	31/03/2006	31/12/2005
<i>Amounts in Euros</i>		
<b>Beginning of the year</b>	<b>728,771,004</b>	<b>718,916,763</b>
Additions	1,217,521	9,854,241
Sales	-973,418	-
<b>Balance at end of the year</b>	<b>729,015,107</b>	<b>728,771,004</b>

Name of Company	Country of incorporation	Direct & Indirect Holding Percentage	Primary Activity
<b>2005</b>			
SIDENOR S.A.	GREECE	76.33%	STEEL
HALCOR S.A.	GREECE	69.43%	COPPER
ELVAL S.A.	GREECE	64.07%	ALUMINIUM
ANAMET S.A.	GREECE	86.47%	SCRAP METAL
SANITAS AGENCIES S.A.	GREECE	100.00%	INERT
ATTIKI S.A.	GREECE	50.00%	INSURANCE
NOVAL S.A.	GREECE	100.00%	AGENCY
			AKINHTA
			ADMINISTRATIVE
TEPRO METAL S.A.	BULGARIA	100.00%	SERVICES-REAL
VITRUVIT S.A.	GREECE	100.00%	ESTATE
	GREECE		SANITARY WARE
			SOFTWARE-
TEKA SYSTEMS S.A.		50.01%	COMPUTER
ALCOMET S.A.	GREECE	88.73%	SERVICES
DIATOUR S.A.	GREECE	97.19%	HOLDINGS
ANTIMET S.A.	GREECE	100.00%	HOLDINGS
TEPRO METAL AG	GERMANY	66.02%	AGENCY
ATTIKA METALWORKS S.A.	GREECE	38.16%	AGENCY
DIAPEM S.A.	GREECE	69.94%	RADIATORS
	GREECE		INERT
ELKEME S.A.		65.22%	METAL RESEARCH
			LABORATORY

Name of Company	Country of incorporation	Direct & Indirect Holding Percentage	Primary Activity
<b>2006</b>			
SIDENOR S.A.	GREECE	76.33%	STEEL
HALCOR S.A.	GREECE	69.38%	COPPER

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

ELVAL S.A.	GREECE	64.08%	ALUMINIUM
ANAMET S.A.	GREECE	86.48%	SCRAP METAL
SANITAS AGENCIES S.A.	GREECE	100.00%	INERT
	GREECE		INSURANCE
ATTIKI S.A.		50.00%	AGENCY
NOVAL S.A.	GREECE	100.00%	AKINHTEA
			ADMINISTRATIVE
			SERVICES-REAL
TEPRO METAL S.A.	BULGARIA	100.00%	ESTATE
VITRUVIT S.A.	GREECE	100.00%	SANITARY WARE
	GREECE		SOFTWARE-
			COMPUTER
TEKA SYSTEMS S.A.		50.01%	SERVICES
ALCOMET S.A.	GREECE	88.73%	HOLDINGS
DIATOUR S.A.	GREECE	97.19%	HOLDINGS
ANTIMET S.A.	GREECE	100.00%	AGENCY
			CLAY PRODUCTS-
			TILES
KERAMEIA AXIOU S.A.	GREECE	100.00%	AGENCY
TEPRO METAL AG	GERMANY	66.00%	RADIATORS
ATTIKA METALWORKS S.A.	GREECE	38.17%	INERT
DIAPEM S.A.	GREECE	69.93%	METAL RESEARCH
	GREECE		LABORATORY
ELKEME S.A.		65.18%	

**8. Derivative financial assets**

<b>Derivatives</b>	<b>CONSOLIDATED FIGURES</b>	
	<b>31/03/2006</b>	<b>31/12/2005</b>
<i>Amounts in Euros</i>		
<b>Non-current assets</b>		
Interest rate swaps	577,108	-
Fx future contracts)	729,042	25,657
Future contracts	-	514,579
<b>Total</b>	<b>1,306,150</b>	<b>540,236</b>
<b>Current assets</b>		
Foreign exchange swaps	106,606	41,961
Forwards for hedging cash flows	244,656	160,812
Fx future contracts	738,108	876,718
Future contracts	20,495,711	20,542,997
<b>Total</b>	<b>21,585,081</b>	<b>21,622,488</b>
<b>Non-current liabilities</b>		
Interest rate swaps	617,114	1,668,103
Foreign exchange swaps		361,797
Future contracts	487,770	653,279
<b>Total</b>	<b>1,104,884</b>	<b>2,683,179</b>
<b>Current liabilities</b>		
Interest rate swaps	615,512	751,787
Foreign exchange swaps	-	-
Forwards for hedging cash flows	65,089	2,555,509
Fx future contracts	434,588	818,781
Future contracts	3,996,536	5,585,240
<b>Total</b>	<b>5,111,725</b>	<b>9,711,317</b>
Amounts that were recorded in the results as income or (expense)	<b>-2,942,036</b>	<b>-9,797,460</b>

**Details regarding interest rate swaps**

Nominal value	363,809,089	388,201,621
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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 31 March 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 31 March 2006, shall be transferred to the Income Statement on various dates between one to four months from the balance sheet date.

## 9. Borrowings

### CONSOLIDATED FIGURES

*Amounts in Euros*

#### Non-current borrowings

	31/03/2006	31/12/2005
Bank loans	220,745,972	228,592,279
Liabilities from leasing activities	1,498,418	1,918,993
Debenture loans	492,000,000	492,000,000
<b>Total non-current borrowings</b>	<b>714,244,390</b>	<b>722,511,272</b>

#### Current borrowings

Open bank accounts	17,703,064	12,713,583
Bank loans	549,275,239	476,172,658
Debentures	-	-
Liabilities from leasing activities	1,884,073	1,867,523
<b>Total current loans</b>	<b>568,862,376</b>	<b>490,753,764</b>

#### Total loans

<b>1,283,106,766</b>	<b>1,213,265,036</b>
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The maturity dates of non-current loans are as follows:

*Amounts in Euros*

Between 1 and 2 years	177,436,170	172,852,126
Between 2 and 5 years	499,949,322	512,031,369
Over 5 years	35,360,480	35,708,784
	<b>712,745,972</b>	<b>720,592,279</b>

## 10. Leasing

<i>Amounts in Euros</i>	<b>CONSOLIDATED FIGURES</b>	
	<b>31/03/2006</b>	<b>31/12/2005</b>
<b>Liabilities from leasing activities – minimum rents</b>		
Up to 1 year	2,105,747	2,097,739
From 1 to 5 years	1,586,689	3,932,082
<b>Total</b>	<b>3,692,436</b>	<b>6,029,821</b>
Less: Future leasing financial charges	-309,945	-2,243,305
<b>Current value of liabilities from leasing activities</b>	<b>3,382,491</b>	<b>3,786,516</b>

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

Up to 1 year	1,884,073	1,867,522
From 1 to 5 years	1,498,418	1,918,993
<b>Current value of liabilities from leasing activities</b>	<b>3,382,491</b>	<b>3,786,515</b>

Leasing concerns machinery and transportation means of subsidiary companies.

## 11. Cash generated from operations

<i>Amounts in Euros</i>	Note	CONSOLIDATED FIGURES		COMPANY FIGURES	
		1/1 to 31/3/2006	1/1 to 31/3/2005	1/1 to 31/3/2006	1/1 to 31/3/2005
Profits for the period		34,672,335	13,324,288	296,796	343,363
<b>Adjustments for:</b>					
Tax		12,190,399	7,944,127	502,641	-33,874
Depreciation of property, plant equipment & intangible assets		30,510,934	25,846,906	125,902	142,418
Interest income		-1,995,031	-3,073,278	-67,077	-55,352
Interest expenses		13,944,918	15,246,531	-	-
(Profits)/losses from associate companies		-867,618	-1,800,434	-	-
Other		-1,273,500	-3,305,376	-577,044	517,505
		<b>87,182,437</b>	<b>54,182,764</b>	<b>281,218</b>	<b>914,060</b>
<b>Changes in working capital</b>					
(Increase)/decrease in inventories		-61,860,954	-69,346,251	-	-
(Increase)/decrease in trade and other receivables		-110,039,705	-28,457,133	-1,959,940	-525,178
Increase/(decrease) in trade and other payables		32,345,777	36,634,909	37,789	643,658
Increase/(decrease) in provisions		2,293,279	-2,250,045	-	-
Interest paid		-10,075,304	-15,246,531	-	-
		<b>-147,336,907</b>	<b>-78,665,051</b>	<b>-1,922,151</b>	<b>118,480</b>
<b>Net cash generated from operations</b>		<b>-60,154,470</b>	<b>-24,482,287</b>	<b>-1,640,933</b>	<b>1,032,540</b>

## 12. Commitments

### Contractual commitments

<i>Amounts in Euros</i>	<b>CONSOLIDATED FIGURES</b>	
	<b>31/03/06</b>	<b>31/12/2005</b>
Property, plant and equipment	22,729,680	20,962,221
Investment property	-	-
Intangible assets	-	-
Other	1,302,959	1,360,764
	<b>24,032,639</b>	<b>22,322,985</b>

The Group leases vehicles based on operating leases. The future total payable rents according to the operating leases are as follows:

### Liabilities from operating leases

<i>Amounts in Euros</i>	<b>CONSOLIDATED FIGURES</b>	
	<b>31/03/2006</b>	<b>31/12/2004</b>
Up to 1 year	1,885,222	2,162,470
Between 1 to 1-5 years	4,705,854	5,619,272
More than 5 years	933,395	982,552
	<b>7,524,471</b>	<b>8,764,294</b>
<b>Burden on results</b>	<b>253,575</b>	<b>785,612</b>

### Capital liabilities

There were no significant 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 and receivables in relation to banks, other guarantees and other matters that arise within the framework of its ordinary business activities:

<i>Amounts in Euros</i>	<b>CONSOLIDATED FIGURES 31/03/2006</b>
<b>Liabilities</b>	
Guarantees for securing liabilities to suppliers	62,235,226
Guarantees for securing the good performance of contracts with customers	59,501,929
Mortgages and statutory notices of mortgage filed against lots & buildings	126,203,666
Other liabilities	80,088,823
<b>Total</b>	<b>328,029,644</b>

<i>Amounts in Euros</i>	<b>CONSOLIDATED FIGURES 31/03/2006</b>
Lawsuits filed by employees due to a work-related accident in Corinth	1,300,000
Other lawsuits	5,516,651
Contractual liabilities	4,093,371
Letters of guarantee issued by Banks	13,860,724
Tax liabilities	4,072,533
<b>Total</b>	<b>28,843,279</b>

<i>Amounts in Euros</i>	<b>CONSOLIDATED FIGURES 31/03/2006</b>
<b>Receivables</b>	
Guarantees for securing receivables from customers	7,496,558
Other receivables	712,693
<b>Total</b>	<b>8,209,251</b>

HALCOR S.A. has issued a letter of guarantee in the total amount of 9.16 million Euros in relation to a fine that has been imposed thereon by the Competition Director General of the European Commission and which is currently pending before the courts. The company's Management deems that the abovementioned fine is unjustified and unfair and that the amount of the fine imposed was exorbitantly high. It has filed an appeal before the Tribunal of the European Communities against the Commission's decision. The Company's management, based on the opinion of its legal department as to the validity of its appeal, deems that the final amount of the abovementioned fine (if the validity of the fine is judicially justified and confirmed) will not exceed 5 million Euros. A relative provision has been raised which has burdened the 2004 operating results. A lawsuit has

been filed against the same company by a former employee thereof for unlawful contract rescission. The amount of the requested indemnification amounts to 150,000 Euros.

In the event that the 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 31 March 2006, an amount of 12,000 Euros was paid to plaintiffs, an amount of 34,000 Euros was transferred to results and an additional provision amounting to 120,000 Euros was raised.

Moreover, the subsidiary company until and including fiscal year 2005 raised a provision for losses that may arise as result of its contractual liabilities against customers amounting to 3,393,112 Euros. During the period that ended on 31 March 2006 the company raised an additional provision amounting to 619,166 Euros.

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

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 (CO<sub>2</sub>) emission permits. This directive was adopted, pursuant to a law, by Greece affecting, 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. The Group did not include this in its financial statements since ownership titles have not yet been issued. If the corresponding CO<sub>2</sub> 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 CO<sub>2</sub> 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.

In 2005, the competent tax authorities issued final audit certificates to ETIL 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 ETIL S.A. did not accepting 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 provision with a corresponding burden against the year's results.

The subsidiary company Stomana 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.

**14. Existing collateralised liens**

Mortgages and statutory notices of mortgage in the amount of 73,204 thousand Euros and 28,682 thousand Euros have been filed against the property of Corinth Pipeworks S.A. and STOMANA AD, respectively, in favour of banks.

Mortgages in the amount of 20 million Euros have been filed against the property ICME ECAB S.A., Romania, a subsidiary of the HELLENIC CABLES S.A group of companies.

## 15. Related parties

The following transactions concern transactions with related parties.

<i>Amounts in Euros</i>	<b>CONSOLIDATED FIGURES</b>		<b>COMPANY FIGURES</b>	
	<b>31/12/2005</b>	<b>31/12/2004</b>	<b>31/12/2005</b>	<b>31/12/2004</b>
<b>Sale of goods and services</b>				
Subsidiary companies				
Other associate entities	4,380,595	9,889,662		
	<u>4,380,595</u>	<u>9,889,662</u>	<u>0</u>	<u>0</u>
<b>Sale of property, plant and equipment</b>				
Subsidiary companies			423,615	2,395,973
Other associate entities		6,245,663	153,236	
	<u>-</u>	<u>6,245,663</u>	<u>576,851</u>	<u>2,395,973</u>
<b>Purchase of goods and services</b>				
Subsidiary companies			11,552	40,752
Other associate entities	1,497,763	8,607,917		
	<u>1,497,763</u>	<u>8,607,917</u>	<u>11,552</u>	<u>40,752</u>
<b>Benefits to Management</b>				
<i>Amounts in Euros</i>	<b>31/12/2005</b>	<b>31/12/2004</b>	<b>31/12/2005</b>	<b>31/12/2004</b>
Fees-remuneration to Directors and Executives		6,071,020		398,630
	<u>-</u>	<u>6,071,020</u>	<u>-</u>	<u>398,630</u>

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

<i>Amounts in Euros</i>	<b>CONSOLIDATED FIGURES</b>		<b>COMPANY FIGURES</b>	
	<b>31/12/2005</b>	<b>31/12/2004</b>	<b>31/12/2005</b>	<b>31/12/2004</b>
Receivables from associate entities:				
Subsidiary companies			3,022,998	1,327,251
Other associate entities	13,944,917	14,604,966	249,180	208,796
	<u>13,944,917</u>	<u>14,604,966</u>	<u>3,272,178</u>	<u>1,536,047</u>

Liabilities to associate companies:

Subsidiary companies			836,228	781,532
Other associate entities	<u>1,450,742</u>	<u>3,147,943</u>	<u>1,786</u>	<u>7</u>
	<u>1,450,742</u>	<u>3,147,943</u>	<u>838,014</u>	<u>781,539</u>

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. Earnings per share

### Basic and diluted

	CONSOLIDATED FIGURES		COMPANY FIGURES	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005
<i>Amounts in Euros</i>				
Profits that correspond to the shareholders of the parent company	21,865,974	9,220,983	296,796	343,363
Weighted average number of shares	199,474,091	199,474,091	199,474,091	199,474,091
<b>Basic earnings per share (Euros per share)</b>	<b>0.110</b>	<b>0.046</b>	<b>0.001</b>	<b>0.002</b>

	CONSOLIDATED FIGURES		COMPANY FIGURES	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005
<i>Amounts in Euros</i>				
Profits that correspond to the shareholders of the parent company	21,865,974	9,220,983	296,796	343,363
Weighted average number of shares	199,474,091	199,474,091	199,474,091	199,474,091
Adjustment for share options				
Total weighted average number of shares for diluted earnings per share	199,474,091	199,474,091	199,474,091	199,474,091
Diluted earnings per share (Euros per share)	0.110	0.046	0.001	0.002

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).

## 17. Unaudited fiscal years

The Company has been audited by the tax authorities until and including fiscal year 2002.

The table below presents the unaudited tax years of the companies that are consolidated by VIOHALCO S.A.:

<u>Company</u>	<u>Holding</u>	<u>Country of incorporation</u>	<u>Unaudited fiscal years</u>	<u>Method of consolidation</u>
VIOHALCO S.A.	Parent	Greece	2002-2005	-
HALCOR S.A.	69.38%	Greece	2002-2005	total integration
SIDENOR S.A.	76.33%	Greece	2005	total integration
ELVAL S.A.	64.08%	Greece	2003-2005	total integration
TEKA SYSTEMS s.a.	50.01%	Greece	2003-2005	total integration
ALCOMET S.A.	88.73%	Greece	2003-2005	total integration
VITRUVIT S.A.	100.00%	Greece	2001-2005	total integration
SANITAS AGENCIES S.A.	100.00%	Greece	2003-2005	total integration
NOVAL S.A.	100.00%	Greece	2003-2005	total integration
DIATOUR S.A.	97.19%	Greece	2003-2005	total integration
TEPRO METAL AG	66.00%	Germany	1992-2005	total integration
ANAMET S.A.	86.48%	Greece	2000-2005	total integration
ATTIKI S.A.	50.00%	Greece	2003-2005	total integration
TEPRO METAL S.A.	100.00%	Bulgaria	1998-2005	total integration
ANTIMET S.A.	100.00%	Greece	2001-2005	total integration
DIAPEM S.A.	69.94%	Greece	2003-2005	total integration
ELKEME S.A.	65.18%	Greece	2003-2005	total integration
ATTIKA METALWORKS S.A.	38.17%	Greece	2002-2005	total integration
KERAMEIA AXIOU S.A.	100.00%	Greece	-	total integration

**18. Personnel**

The number of persons employed by the Group and Company at the end of the current period amounted to 8,269 and 2 persons respectively.

**19. Events that took place after the balance sheet date**

In April 2006, the competent tax authorities issued a final audit certificate to SIDENOR S.A. concerning fiscal years 2002 to 2004. According to this certificate an additional tax in the amount of 1,172 thousand Euros arose. The company has raised an equivalent provision with a corresponding burden against the results of the present period.

On 3 April 2006, the Board of Directors of Corinth Pipeworks S.A. issued a decision according to which the mechanical equipment of the Corinth factory will be used.

On 14 April 2006, the Board of Directors of FITCO S.A. and GRAVIER LTD. decided to dissolve GRAVIER LTD.

On 14 April 2006, the Board of Directors of VECTOR S.A. and ELVAL COLOUR S.A. decided to proceed in the companies' merger according to which the latter company will be absorbed by the former company.