ΕΛΑΣΤΡΟΝ
ΧΑΛΥΒΟΥΡΓΙΚΑ ΠΡΟΪΟΝΤΑ

# Annual Financial Report of "ELASTRON S.A. – STEEL SERVICE CENTERS" According to article 4 of L. 3556/2007 and the executive Decisions issued by the Board of Directors of the Hellenic Capital Market Commission

**March 2010**

ΕΛΑΣΤΡΟΝ
ΧΑΛΥΒΟΥΡΓΙΚΑ ΠΡΟΪΟΝΤΑ

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## NOTES ON THE FINANCIAL STATEMENTS

## STATEMENT BY THE BOARD OF DIRECTORS REPRESENTATIVES (pursuant to article 5 par. 2 of Law 3556/2007)

We hereby certify and declare that, to the best of our knowledge, the annual financial statements of the S.A. company 'ELASTRON S.A. – STEEL SERVICE CENTERS' for the period 01.01.2009 – 31.12.2009, which were prepared in accordance with the applicable accounting standards, truly reflect the assets and liabilities, the equity and the Company's results, as well as those of companies included in the consolidation, which are considered aggregately as a whole, according to the provisions of paragraphs 3 to 5 of article 4, Law 3556/2007 and the authorized decisions issued by the Hellenic Capital Market Commission's Board of Directors.

In addition, it is hereby certified and declared that, to the best of our knowledge, the Annual Management Report of the Board of Directors truly reflects the information required according to paragraph 6, article 4 of Law 3556/2007 and the authorized decisions issued by the Hellenic Capital Market Commission's Board of Directors.

Aspropyrgos March 26th 2010

The signatories

| | | |
|---|---|---|
| Simos Panagiotis | Kalpinis Athanasios | Koutsothanassis Stilianos |
| Chairman of the Board | Chief Executive Officer | Deputy Chief Executive Officer |

# ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS of ELASTRON S.A. for the period from January 1st to December 31st 2009

## INTRODUCTORY NOTE

The Board of Directors' Annual Management Report which was prepared according to the relevant provisions of Codified Law 2190/1920 (art. 16, 43a , 107, 136), Law 3556/2007 (art. 4, par 2,6,7,8) and the Decision No. 7/448/2007 issued by the Hellenic Capital Market Commission's Board of Directors, truly and accurately presents all the required and necessary information in accordance with the law, so that useful and safe conclusions may be derived regarding the Company's and Group's developments during the relative reporting period.

The companies which are included in the consolidation, besides the parent company, are as follows:

| | DOMICILE | BUSINESS ACTIVITY | PARTICIPATION STAKE | PARTICIPATION COST | CONSOLIDATION METHOD |
|---|---|---|---|---|---|
| TATA ELASTRON S.A. STEEL PROCESSING CENTER | Thessalonica | Processing-distribution and sale of steel and steel related products | 50.00% (Joint Venture) | 5,000,000.00 | Proportional |
| BALKAN IRON GROUP S.R.L. | Bucharest Romania | Processing-distribution and sale of steel and steel related products | 33.33% (Joint Venture) | 800,000.00 | Proportional |
| CORUS – KALPINIS – SIMOS S.A. COATING MATERIALS | Aspropyrgos Attica | Manufacturing of metal polyurethane panels | 50.00% (Joint Venture) | 3,081,750.00 | Proportional |

## A. FINANCIAL DEVELOPMENTS & PERFORMANCE

The effects from the international financial crisis and global recession that followed, marked the 2009 financial year. Demand for steel products stood at low levels due to the delay in infrastructure projects and also due to the decline in construction activity both in Greece and in the broader Balkans region. At the same time, prices of steel products globally continued their decline during the first half of the year, while during the second half prices stabilized at low levels, leading to reduced profit margins for the overall year.

The above events mainly set the base for the 2009 results of ELASTRON Group. Specifically, turnover amounted to € 92.1 mn, compared to € 198.5 mn in 2008. Consolidated gross profit amounted to € 3.2 mn compared to € 25.6 mn, while earnings before interest, tax, depreciation and amortization (EBITDA) corresponded to losses of € 3.9 mn, compared to earnings of € 8.5 mn in 2008. Finally, consolidated earnings after tax and minority interest corresponded to losses of € 5.5 mn, compared to earnings of € 2.4 mn the previous year. The above results were enhanced by the sale of part of the company's non-managed property in Ag. Ioannis Renti in Piraeus for a price of € 6.4 mn, with the net result from the sale amounting to € 2.4 mn.

At the parent level, turnover amounted to € 76.5 mn compared to € 182.3 mn the previous year. Gross profit amounted to € 1.9 mn compared to € 23.3 mn in 2008, while earnings before interest, tax, depreciation and amortization (EBITDA) amounted to losses of € 3.6 mn compared to earnings of € 7.9 mn the previous year. Respectively, results before tax amounted losses of € 5.6 mn compared to earnings of € 2.5 mn in 2008, while results after tax corresponded to losses of € 4.6 mn compared to earnings of € 2.5 mn during 2008.

For the companies included in the consolidated financial statements, results were as follows:

For CORUS – KALPINIS – SIMOS SA, which is the 1st joint venture with CORUS- TATA, turnover amounted to € 21.8 mn compared to € 34.5 mn in 2008, while results after taxes amounted to losses of € 627 thousand compared to earnings of € 310 thousand in 2008. During the year, the company reversed the provision for impairment of inventories amounting to € 750 thousand, that had been included in 2008. The participation stake in the aforementioned company is 50%. For TATA ELASTRON SA, turnover amounted to € 17.4 mn, compared to € 4.3 mn in 2008, during which the company operating from the 2nd half. Results after taxes amounted to losses of € 1.2 mn compared to losses of € 383 thousand in 2008. The participation stake in the latter company is 50%.

The above results clearly reflect the effects from the global recession that affected almost all sectors of the economy during 2009. Already from the second half of 2008 the management adjusted its strategy, with the objective to protect the group from the adverse effects of the crisis. The coordinated actions that aimed at improving liquidity, minimizing credit risk, reducing the needs in working capital and also at limiting operating expenses, continued to a larger extent throughout 2009 with exceptional results:

- Positive cash flows of € 47 mn, from which € 45 mn are operating.
- Decrease of net debt by 63% to € 27.4 mn, compared to € 74.0 mn in 2008.
- Decrease of total net liabilities by 50% at € 51 mn, compared to € 103.7 mn in 2008.
- Improvement of the Debt / Equity ratio from 117% in 208 to 62% in 2009.
- Decrease of operating expenses by 10%.
- Significant reduction of financial costs.
- Coverage of credit risk of receivables at a percentage over 90% of total.

The Group's strategic growth objective remains to expand to the broader South Eastern Europe region. TATA – ELASTRON (50-50 joint venture with TATA STEEL) in Thessalonica is already in full operation from the 2nd half of 2008, while the implementation of the planned investment in the Romanian market, amounting to € 14.5 mn, is ongoing gradually through BALKAN IRON GROUP SRL (1/3 joint venture). At the same time commercial activity in the remaining SE European countries is reinforced. Also, the five-year investment plan, amounting to € 14.7 mn, of the parent company in Greece is in progress (80% percentage of completion) with the objective to expand facilities and upgrade the mechanical equipment.

Despite the indications for recovery of the global economy, conditions in the global steel market remain volatile, a fact that hinders any forecast for 2010. The total demand for steel is estimated for the total year to be increased compared to 2009, with an upswing in demand currently present only for specific product categories. At the same time, market prices globally present an upward trend for the first quarter of the year, which is maintained is expected to improve efficiency. Specifically for Greece, the expected increase in demand and economic recovery may possibly lag the Eurozone and other Balkan countries due to the effects from the fiscal crisis currently underway in the country. In this context, the management's priorities for the new financial year are focused on maintaining working capital and debt at low levels and on completing and utilizing the investments in progress. Moreover, the efforts to reduce operating costs are further accelerated with the objective of improving profitability.

Following and in order to provide further information, we present the Company's financial ratios for 2009:

| | GROUP | COMPANY |
|---|---|---|
| ***(a) FINANCIAL STRUCTURE*** | | |
| **1. Current assets / Total assets**<br>This ratio shows the percentage of total Assets that consists of inventories, trade receivables and other direct liquidity accounts, such as shares-securities or cheques and cash equivalents. | **61%** | **59%** |
| **2. Equity / Total liabilities**<br>This ratio reflects the degree of the entity's financial adequacy. | **120%** | **149%** |
| **3. Current assets / Short-term liabilities**<br>This ratio depicts the overall liquidity of the entity, as it provides a clear picture of the percentage of assets that may be liquidated compared to the liabilities for the year. | **208%** | **228%** |
| ***(b) EFFICIENCY AND PERFORMANCE*** | | |
| **4. Net earnings before tax / Sales**<br>This ratio reflects the final net results before taxes as a percentage of total sales. | **N/A** | **N/A** |
| **5. Net earnings before taxes / Equity**<br>This ratio reflects the net results before taxes as a percentage of equity. | **N/A** | **N/A** |
| **6. Sales / Equity**<br>This ratio reflects the turnover of the previous year's equity during the present year. | **1.13** | **0.96** |
| ***(c) LEVERAGE*** | | |
| **7. Debt / Equity**<br>This ratio reflects debt as a percentage of equity. | **83%** | **67%** |
| **8. Bank debt / Equity**<br>This ratio reflects the bank debt as a percentage of equity. | **54%** | **42%** |
| ***(d) EVALUATION RATIOS***<br>(with the share's closing price at 31/12/2009 of EURO 0.58) | | |
| **9. Earnings multiplier (P/E) before tax**<br>This ratio is calculated by dividing the share's closing price with the quotient of the net earnings before tax of the period divided by the total outstanding number of shares. | **N/A** | **N/A** |
| **10. Earnings multiplier (P/E) after tax**<br>This ratio is calculated by dividing the share's closing price with the quotient of the net earnings after tax of the period divided by the total outstanding number of shares. | **N/A** | **N/A** |
| **11. Price to book value (P/BV)**<br>This ratio is calculated by divided the share's closing price with the book value of the share. | **0.26** | **0.27** |

## B. SIGNIFICANT EVENTS DURING 2009

### Developments in the sector

The developments of the ELASTRON Group's activity and results for 2009 was overshadowed to a large extent by the effects of the global economic recession, which hit Greece harder during the year. The significant growth rates during the first half of the previous year were replaced by containment of investments in the most significant sectors that absorb steel products, such as constructions, industry and shipping, thus affecting almost all companies that produce and distribute steel products. The huge drop of demand, the decline of prices globally as well as increased competition, led to significantly lower sale prices, thus limiting both turnover and profitability of the company and Group. In this context, companies in the sector gave large attention to limiting operating costs, reducing debt, as well as reducing needs in working capital through maintaining inventories at low levels and maintaining a more strict credit policy.

### Inauguration of the TATA ELASTRON S.A. joint venture

During 2009, CORUS and ELASTRON introduced their new joint venture, this time in North Greece, with the business activity of trading and processing flat and long steel products.
TATA ELASTRON S.A., a joint venture in which each company participates by 50%, offers products and services in the Greek, Balkan and in all neighboring markets. The steel processing center is strategically placed on a proprietary land-plot in the industrial area of Thessalonica.
Apart from its investments in buildings and land-plots, TATA ELASTRON has installed two but-to-length lines, one slitting line, one cold saw as well as one shot-blasting machine.
As is already known, ELASTRON currently operates a large distribution and processing center for steel products (flat and long) in Aspropyrgos Attica. The same location also accommodates the operation of two combined production lines of polyurethane panels in a 50/50 joint venture with the Steel Products Distribution and Production Systems division of Corus -- Corus' Distribution & Building Systems (CD&BS). CORUS DISTRIBUTION EUROPE also belongs to this division, and is the company that participates in the aforementioned joint venture in Thessalonica.

### Sale of a non-operating property of the Company

In August 2009, the company completed the sale of 78% of its property on 190 Thivon Avenue located at Agios Ioannis Renti at Piraeus, to ALDI HELLAS Supermarket. From the total area of the property (5,572 sq.m.), a total of 4,380 sq.m. were sold, while the remaining 1,192 sq.m. remain under the company's ownership. The sale price amounted to € 6.4 mn, while the net result from the sale amounted to €2.4 mn and enhanced the results of the year. This sale took place in the context of the company's strategy to disengage itself from its non-operating assets.

### Name change of Subsidiary

In the context of the new identity of ELASTRON group, based on which the parent company was recently renamed to ELASTRON S.A. from A. KALPINIS – N. SIMOS S.A., the process was completed for the name change of the subsidiary company CORUS KALPINIS SIMOS STEEL PROCESSING CENTER S.A., which is based in Thessalonica and now operated under its new name TATA ELASTRON S.A. STEEL PROCESSING CENTER.
We remind you that TATA STEEL, a member of TATA Group, is a colossus of the steel sector globally and the largest vertical steel group in India. Based in India, TATA group was established in 1907 and operates in 7 business sectors, which apart from steel and basic metals, also include constructions, energy, chemicals, consumer products, services as well as telecommunications and technology. Recently the value of TATA STEEL group was reinforced significantly from the acquisition of the international group CORUS, which offers steel and aluminum products and services. This acquisition resulted in the creation of the fifth largest steel group globally, with over 246,000 employees, turnover that exceeds € 18 billion and presence in 96 countries.

### Implementation of Investment Plans

A five-year investment plan (2007-2012) amounting to 14.7 mn of the parent company, which is subsidized by 35%, is in progress and on track according to its initial planning. The percentage of completion has almost reached 80%. The investment plan overall includes the following:

1. Construction of building and special facilities amounting to € 4.9 mn.
2. Mechanical equipment for processing steel products amounting to € 5.9 mn.
3. Technical equipment amounting to € 2.3 mn.
4. Other investments amounting to € 1.6 mn.

In Thessalonica, the joint venture TATA ELASTRON S.A. is close to the completion stage of its two-year investment plan (2008-2010) amounting to € 11.7 mn, with a subsidy of 25%. The investment plan overall includes the following:
1. Construction of building facilities amounting to € 5.1 mn.
2. Mechanical equipment for processing steel products amounting to € 5.4 mn.
3. Technical installations amounting to € 692 thousand.
4. Other investments amounting to € 474 thousand.

**Annual Ordinary General Meeting**

On 25.6.2009, the Ordinary General Shareholders' Meeting took place. Sixteen (16) shareholders attended the General Meeting (either in person or through a legal representative), who own 22,902,005 shares (or 61.41% of the paid up share capital).

The General Meeting made the following resolutions:
1. Approval of the reports of the Board of Directors and Certified Auditor on the Parent and Consolidated Financial Statements for fiscal year 2008.
2. Approval of the Parent and Consolidated Financial Statements for fiscal year 2008 as well as the distribution of earnings of fiscal year 2008. The General Meeting approved the payment of a 0.025 dividend per share to shareholders. 10% tax will be withheld from this amount (article 18 L. 3697/2008) and thus the net dividend amount to be paid shall be euro 0.0225 per share. July 7th 2009 was set as the ex dividend date. Beneficiaries of the aforementioned dividend based on the record date are investors that are registered in the Dematerialized Securities System as at July 9th 2009. The dividend payment will begin on July 15th 2009 through the bank ALPHA BANK.
3. Approval of the release of members of the Board of Directors and the Certified Auditor from all liabilities for compensation regarding the management and audit of fiscal year 2008.
4. Approval of the election of Mr. St. Pappas as Chief Certified Auditor and Mr. Th. Bakogeorgou as Deputy Certified Auditor of the audit firm SOL S.A. for the fiscal year 2009 and their fees were determined.
5. Approval of the remuneration of members of the Board of Directors for fiscal year 2008 and pre-approval of their remuneration for fiscal year 2009.
6. An Audit Committee was elected according to article 37 of L. 3693/2008, consisting of: Gianniris Konstantinos (Chairman), Irene Simou (Member) and Vasilios Malalitzoglou (Member).
7. The General Meeting granted permission for the participation of members of the Board of Directors and Managers of the Company in the Management of Related Companies pursuant to article 23, par 1 of Codified Law 2190/1920.
8. There was no other announcement.

All issues were approved unanimously.

**C. RISKS AND UNCERTAINTIES**

The Group is exposed to the following financial risks within the scope of its basic activity:

- Credit risk
- Liquidity risk
- Market risk

The Group's Risk Management policy is focused on the volatility of financial markets with the objective of minimizing the factors that may negatively affect the Group's financial performance.

The Group's Risk Management policies are applied in order to recognize and analyze risks which the Group faces, to set limits on risks assumed and to apply controls to such limits. The systems and policies applied are periodically reviewed to incorporate changes observed in market conditions and the Group's activities.

The risk management is performed by the Company's Finance Department, in cooperation with the Group's other departments and according to the guidelines and approvals of the Company's Board of Directors.

Adherence to risk management policies and procedures is controlled by the Internal Audit Department, which performs ordinary and extraordinary audits on the application of procedures, the findings of which are disclosed to the Board of Directors.

**Credit risk**

Due to the great dispersion of its clientele (no client exceeds 5% of total sales), the Group does not have a significant concentration of credit risk. Based on the credit policy approved by the Company's Board of Directors, which is applied throughout the Group, all new clients are examined on an individual basis in terms of their creditworthiness prior to the proposal of the standard payment terms. Credit limits are set for each client; these are reviewed depending on ongoing conditions and, if necessary, the sales and collection terms are adjusted. As a rule, customer credit limits are determined on the basis of the insurance limits set for them by the insurance companies. While monitoring credit risk of customers, such are grouped according to their credit profile, the maturity of their receivables and any prior collection problems that may have emerged. Clients and other receivables mainly include the Group's wholesale clients. Clients characterized as "high risk" are placed in a special client list and future sales are to be pre-collected and approved by the Board of Directors. The Group's management makes impairment provisions which reflect its estimation on losses related to clients and other receivables. This provision mainly consists of impairment loss of specific receivables which are estimated on the basis of given conditions that such will be collected, but have not yet been finalized. The amount of the impairment loss is estimated as the difference between the book value of receivables and the present value of estimated future cash flows, discounted by the initial effective interest rate. The impairment loss amount is accounted for as an expense in the results. Receivables which are assessed as bad debts are written off.
The credit risk is limited to 10% of the total trade receivables, on the basis of the Group's insurance policies. The margin of this risk is limited even further as tangible or other guarantees (such as letters of guarantee) are requested wherever deemed necessary.

**Liquidity risk**

Liquidity risk is the risk that the Group might be unable to meet its financial liabilities when these become due. The approach adopted by the Group to manage liquidity is to secure the necessary cash and sufficient credit limits from the banks with which it cooperates, so that there is sufficient liquidity to pay for its liabilities when such become due, under standard as well as strenuous conditions without incurring unacceptable loss or risking its reputation. In order to prevent liquidity risks, the Group makes provision for cash flows for the fiscal year when preparing its annual budget and a monthly rolling three-month provision so as to secure that it has the necessary cash to meet its operating needs, including its financial liabilities. This policy does not take into account the impact of extreme conditions, which cannot be foreseen. It is, however, emphasized that there is no security-guarantee for the total amount of loan liabilities to banks, which proves the Group's high creditworthiness.

The following table presents an analysis of the Group's and Company's liabilities, based on their expiration and remaining duration as at 31.12.2009.

**Group:**

| (Amounts in million) | **Up to 1 year** | **From 1 to 5 years** | **Total** |
|---|---|---|---|
| Loans | 25.9 | 18.5 | **44.4** |
| Suppliers & other liabilities | 18.4 | 5.2 | **23.6** |
| **Total liabilities** | **44.3** | **23.7** | **68.0** |

**Company:**

| (Amounts in million) | **Up to 1 year** | **From 1 to 5 years** | **Total** |
|---|---|---|---|
| Loans | 18.6 | 15.0 | **33.6** |
| Suppliers & other liabilities | 15.9 | 4.2 | **20.1** |
| **Total liabilities** | **34.5** | **19.2** | **53.7** |

**Market risk**

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of change in the foreign exchange rates that the Group conducts transactions in and the risk of change in interest rates that the Group borrows at and which can affect the Group's results. The purpose of risk management against market conditions is to control the Group's exposure to those risks, within the context of acceptable parameters while at the same time optimizing performance.

**Metal (iron, steel, etc.) Raw Material Price Volatility Risk**

The Group conducts its purchases mainly in the global steel market under normal market terms. Each change in the market price of raw materials is discounted for in the sales price, resulting in changes in the Group's profit margin during periods of big price fluctuations for raw materials in the world market. More specifically, in periods during which prices follow an upward trend, the Group's margins improve, as the upward trend is transferred to the sales prices. Accordingly, when raw material prices follow a declining trend, the Group's margins decrease.

The Group does not apply hedging to cover its basic operating reserve, which means that any increase/decrease of metal prices may affect its results accordingly through depreciation or appreciation of reserves. During 2008, the results were charged with devaluation losses on the net liquidation value amounting to € 5,267,604.53 for the company and € 5,642,604.53 for the Group. During 2009, there was a partial reversal of the devaluation loss by the amount of € 4,567,604.53 for the company and € 4,876,349.15 for the group.

**Foreign exchange risk**

The Group is exposed to foreign exchange risk from the purchase of inventories it makes in a currency other than the operating currency of the Group's companies, which is the Euro. The currency in which such transactions are made is the US Dollar and, in order to limit foreign exchange risk, it purchases foreign currency in advance. The Group's borrowings are euro denominated in their entirety while there are no receivables denominated in foreign currency. Foreign currency has been purchased in advance for an equal amount of the Group's total liabilities on 31.12.2009 and has been accounted for. As a result, there is no foreign exchange risk from the change in the dollar exchange rate.

**Interest rate risk**

The Group does not have significant interest-bearing assets and therefore income and operating cash flows are not materially affected by changes in interest rates. Interest rate risk arises mainly from long-term and short-term bank loans in Euros at a floating rate.
The Group finances its investments, as well as its need for working capital, through self-funding, bank loans and bond loans incurring interest expense in its results. Increasing trends in interest rates shall negatively affect results, as the Group incurs the additional borrowing cost. Interest rate risk is mitigated since part of the Group's debt is secured through the use of financial instruments (interest rate swaps).

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate (Euribor) would be 1% higher/lower on average during fiscal year 2009:

| (Amounts in million) | **Loans 31.12.2009** | **Effect on the results before taxes ( + / - )** |
|---|---|---|
| Group | 44.4 | 0.4 |
| Company | 33.6 | 0.3 |

This would occur due to the higher/lower financial cost of bank borrowing with a floating rate in euro.

## D. FUTURE OUTLOOK

2009 constituted one of the worst periods both for the production sector and for the sector of trade and processing of steel products. The recession that prevailed globally, as well as the drop in industrial production, immediately spread to the steel industry with a sharp decline in demand and prices which reached a low during the 2nd quarter of 2009. The fall in prices resulted in losses recorded by almost all companies in the sector, with companies that maintained a large amount of inventories posting the biggest losses.

As regards to our estimations for the present year, such will depend to a large extent both on the conditions that will prevail in the global steel market and on the general developments in the Greek economy. The large concentration of companies that extract steel as a raw material, as well as of steel product producers, combined with the continuously increasing demand from China, are expected to maintain an increasing trend in product prices at least for the first half of the year. In this context, and taking into account the developments until today, we are optimistic that the 2010 results will be improved compared to those of 2009. However, due to the fiscal crisis and extended recession faced by the Greek market, the Group's outlook will also depend on the outlook of significant sectors of the Greek economy, such as the sectors of constructions, industry, shipping and energy. Beyond borders, the Group's primary objectives still include the retention and increase of market shares, the entrance in new markets, innovation, as well as the continuous improvement of provided products and services. At the same time, with an eye on the Balkan markets, the Group continues its planned investment in the Romanian market through BIG SrL, with the objective to create a state-of-the-art steel processing and trade center. The total cost of the investment is expected to each almost 15 mn euro, covering building & other facilities as well as mechanical equipment. Moreover, the Group is developing its trade network in other Balkan countries also, taking into account the shortage such markets face in quality products and services.

## E. TRANSACTIONS WITH RELATED PARTIES

The amounts of the Group's and Company's sales and purchases, from and towards related parties, as well as the balances of receivables and liabilities, are analyzed as follows:

(a) Income

| | COMPANY 1.1-31.12 2009 | COMPANY 1.1-31.12 2008 |
|---|---|---|
| Sales of Inventories to Corus-Kalpinis-Simos S.A. | 1,264,953.73 | 950,682.20 |
| Sales of Inventories to Tata Elastron S.A. | 5,373,928.00 | 4,733,360.43 |
| Sales of Inventories to Steel Center S.A. | 92,287.03 | 375,038.87 |
| Rental Income by Corus –Kalpinis-Simos S.A. | 410,400.00 | 394,800.00 |
| Rental Income by Tata Elastron S.A. | 0.00 | 308.88 |
| Income from sales of fixed assets to Tata Elastron S.A. | 12,100.00 | 7,000.00 |
| Processing Income from Steel Center S.A. | 1,761.96 | 1,593.63 |
| Commission from Corus-Kalpinis-Simos S.A. | 0.00 | 17,828.86 |
| Income of transfer services from Tata Elastron | 3,278.40 | 0.00 |
| Processing income from Corus-Kalpinis-Simos S.A. | 46.80 | 0.00 |
| Processing income from Tata Elastron S.A. | 3,000.90 | 0.00 |
| | **7,161,756.82** | **6,480,612.87** |

(b) Expenses

| | COMPANY 1.1-31.12 2009 | COMPANY 1.1-31.12 2008 |
|---|---|---|
| Purchases of inventories from Corus-Kalpinis-Simos S.A. | 799,805.14 | 725,871.53 |
| Purchases of inventories from Tata Elastron S.A. | 763,426.29 | 45,765.86 |
| Purchases of inventories from Steel Center S.A. | 393,222.95 | 107,856.68 |
| Processing expenses from Tata Elastron S.A. | 38.00 | 30.00 |
| Processing expenses from Corus-Kalpinis-Simos S.A. | 0.00 | 0.00 |
| Purchases of consumables from Corus-Kalpinis-Simos S.A. | 2,708.39 | 11,932.27 |
| Purchases of consumables from Tata Elastron S.A. | 40.40 | 0.00 |
| Purchases of fixed assets from Steel Center S.A. | 1,514.16 | 0.00 |
| Processing expenses from Steel Center S.A. | 4,591.50 | 5,265.30 |
| Security expenses from Steel Center S.A. | 1,427.23 | 21,000.00 |
| | **1,966,774.06** | **917,721.64** |

(c) Receivables

| | COMPANY 1.1-31.12 2009 | COMPANY 1.1-31.12 2008 |
|---|---|---|
| From Tata Elastron S.A. | 2,388,330.98 | 5,433,323.82 |
| From Corus-Kalpinis-Simos S.A. | 128,631.12 | 127,572.14 |
| From Steel Center S.A. | 0.00 | 0.00 |
| From Balkan Iron Group S.R.L. | 150,000.00 | 800,000.00 |
| From Kalpinis Simos Bulgaria EOOD | 700,000.00 | 700,000.00 |
| | **3,366,962.10** | **7,060,895.96** |

(d) Liabilities

| | COMPANY | |
|---|---|---|
| | 1.1 - 31.12 | 1.1-31.12 |
| | 2009 | 2008 |
| To Corus-Kalpinis-Simos S.A. | 0.00 | 681.35 |
| To Tata Elastron S.A. | 366,277.15 | 0.00 |
| To Steel Center S.A. | 86,564.00 | 0.00 |
| | **452,841.15** | **681.35** |

(e) Income

| | GROUP | |
|---|---|---|
| | 1.1-31.12 | |
| | 2009 | 2008 |
| Sales of inventories to Steel Center S.A. | 117,875.00 | 375,038.87 |
| Processing Income from Steel Center S.A. | 1,761.96 | 1,593.63 |
| Sales Commissions from Steel Center S.A. | 0.00 | 0.00 |
| | **119,636.96** | **376,632.50** |

(f) Expenses

| | GROUP | |
|---|---|---|
| | 1.1-31.12 | |
| | 2009 | 2008 |
| Purchases of inventories from Steel Center S.A. | 488,329.12 | 325,526.76 |
| Security expenses from Steel Center S.A. | 1,427.23 | 21,000.00 |
| Processing expenses from Steel Center S.A. | 4,591.50 | 5,265.30 |
| Purchase of fixed assets from Steel Center S.A. | 1,514.16 | 0.00 |
| | **495,862.01** | **351,792.06** |

(g) Receivables

| | GROUP | |
|---|---|---|
| | 1.1 – 31.12 | 1.1-31.12 |
| | 2009 | 2008 |
| From Steel Center S.A. | 0.00 | 0.00 |

(h) Liabilities

| | GROUP | |
|---|---|---|
| | 1.1 – 31.12 | 1.1-31.12 |
| | 2009 | 2008 |
| To Steel Center S.A. | 116,489.50 | 0.00 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Transactions and remuneration of management executives and members of management | 1,573,295.09 | 1,430,569.35 | 1,104,189.86 | 1,073,578.31 |
| Receivables from management executives and members of management | 0.00 | 0.00 | 0.00 | 0.00 |
| Liabilities towards management executives and members of management | 0.00 | 0.00 | 0.00 | 0.00 |

## G. EXPLANATORY REPORT (Article 4, par. 7 L.3556/2007)

### a) Structure of the Company's share capital

The Company's share capital amounts to 14,918,400.00 Euro and is divided into 37,296,000 common registered shares with a nominal value of 0.40 euro each. The total shares are listed and traded freely on the Athens Exchange.

Each Company share incorporates all the rights and obligations stipulated by Law and the Company's Memorandum of Association, which however does not include provisions that limit those provided by the Law. Ownership of a share implies ipso jure acceptance by the owner of such of the Company's Memorandum of Association and the legal decisions made by the General Meeting of shareholders.
The responsibility of shareholders is limited to the nominal value of shares owned. Shareholders participate in the Company management and earnings according to the Law and provisions of the Memorandum of Association. The rights and obligations that emanate from each share follow such to any universal or special beneficiary of the shareholders.

Shareholders exercise their rights in relation to the Company's Management only through the General Meetings. Shareholders have a pre-emptive right to each future increase of the Company's Share Capital, according to their participation in the existing share capital, as stipulated by the provisions of law 2190/1920.

Lenders of shareholders and their beneficiaries cannot in any case cause confiscation or sealing of any asset or the books of the Company, nor can they request the sale or liquidation of the Company, or be involved in any way in the Company's management or administration.

All shareholders, regardless of where such reside, are considered to have the Company's domicile as their legal residence and are subject to Greek Law, as regards to their relationship with the Company. Any difference between the Company on the one hand and shareholders or any third party on the other, is subject to the exclusive jurisdiction of ordinary courts, while the Company can be prosecuted only before courts of its domicile.

Each share provides one voting right. Co-owners of a share, in order to exercise their voting right, must submit to the Company in written one joint representative for the share, which will represent them in the General Meeting, while the exercise of their right is postponed until such a representative is assigned.

Each shareholder is entitled to participate in the General Meeting of the Company's shareholders, either in person or through a representative. Shareholders who wish to participate in the Annual Ordinary General Meeting must bloc the total or part of their shares through their Official User in the Dematerialized Securities System (DSS) or (if their shares are located in the Special DSS Account) through Hellenic Exchanges S.A. (former Central Securities Depositary) and submit the relevant Share Blocking Certificate as well as the representation documents, five (5) full days at least before the General Meeting, to the company's registered offices at Ag. Ioannou (Refinery) Avenue area Ag. Ioannis in Aspropyrgos.

Shareholders that do not comply with the above will participate in the General Meeting only with the latter's permission.
Dividend on each share is paid to owners within two (2) months from the date of the Ordinary General Meeting that approved the annual financial statements and the latest in 7 business days from the date the beneficiaries were defined. The method and place of payment will be announced through the Press.

Dividends not claimed for five-years are transferred to the State.

**b) Limits on transfer of Company shares**

There are no limitations on the transfer of Company shares.

**c) Significant direct or indirect holdings according to the definition of L. 3556/2007**

The following table presents the Company's shareholders who own a percentage over 5% of its shares, according to data from the last General Meeting of 25.6.2009 and the most recently published data:

| SHAREHOLDER | NUMBER OF SHARES | PERCENTAGE OF SHARE CAPITAL |
|---|---|---|
| SIMOS PANAGIOTIS | 6,767,375 | 18.15% |
| KALPINIS ATHANASIOS | 6,208,500 | 16.65% |
| SIMOU EIRINI | 4,357,860 | 11.68% |
| KALPINI ELVIRA | 4,141,000 | 11.10% |

**d) Shares providing special control rights**

There are not such shares.

**e) Limitations on voting rights**

There are no limitations on voting rights.

**f) Agreements among Company shareholders**

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights.

**g) Rules for the appointment and replacement of members of the Board of Directors and the amendment of the Memorandum of Association**

There are no relevant rules that other than those stated by Codified Law 2190/20.

**h) Responsibility of the BoD or its members a) for the issue of new shares or b) the acquisition of treasury shares**

a) According to article of C.L. 2190/1920, with the limitations of paragraph 4, the Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting that is subject to the disclosure requirements of C.L. 2190/1920, to increase the Company's share capital with the issue of new shares, through a decision by the Board of Directors that is made with a majority of at least 2/3 of its total members. In this case, the Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors has a 5-year effect and may be renewed.
There is currently no such decision in effect.

According to article 13, par. 13, by means of a decision by the General Meeting, a stock option plan can be issued to members of the Board of Directors and to staff, with the form of stock options according to the specific terms of such a decision. The General Meeting decision defines the maximum number of shares that may be issued, which according to law cannot exceed 1/10 of existing shares. Also, the price and sale terms towards beneficiaries are set as well as the maximum number of shares that can be acquired if beneficiaries exercise their rights. The Board of Directors, by means of a relevant decision, defines any other relevant detail not provided for by the General Meeting. There is currently no such decision in effect.

b) According to article 16 of C.L. 2190/1920, the Board of Directors may convene a General Meeting of shareholders, with the objective to decide on the purchase of treasury shares. The General Meeting, in case such a decision is made, will define any such responsibilities and always according to the provisions in effect. There is currently no such decision in effect.

**i) Important agreements which are put into effect, amended or terminated in case of a change in the Company's control following a public offer**

There are no such agreements.

**j) Agreements with members of the Board of Directors or employees of the Company**

There are no agreements made between the Company and members of its Board of Directors or its employees, which define the payment of indemnity in the case of resignation or dismissal without reasonable cause or termination of their period of office or employment due to a public offer.

ASPROPYRGOS, MARCH 26th 2009

THE CHAIRMAN OF THE BOARD OF DIRECTORS

PANAGIOTIS SIMOS

# Audit Report by Independent Certified Auditor/Accountant

## Towards the Shareholders of the Company

## "ELASTRON S.A. – STEEL SERVICE CENTERS"

## Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Company **"ELASTRON S.A. – STEEL SERVICE CENTERS"** and its subsidiaries, which consist of the separate and consolidated statement of financial position of 31 December 2009, the separate and consolidated statements of comprehensive income, statements of changes in equity and cash flow statements for the year ended on the aforementioned date, as well as the summary of significant accounting principles and methods and other explanatory notes.

### Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated Financial Statements in accordance with the International Financial Reporting Standards, as such have been adopted by the European Union, as well as for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the separate and consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor reviews the internal control relevant to the preparation and fair presentation of the company's separate and consolidated financial statements, in order to design audit procedures that are appropriate for the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting principles and methods used and whether the estimates made by management are reasonable, as well as evaluating the overall presentation of the separate and consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at 31 December 2009, their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as such have been adopted by the European Union.

**Report on other Legal and Regulative issues**

We have verified the reconciliation and consistency of the contents of the Board of Directors' Management Report with the accompanying separate and consolidated financial statements, in the context of those defined by article 43a, 107 and 37 of C.L. 2190/1920.

Athens, March 29th 2010

The Certified Auditor Accountant
STERGIOS V. PAPPAS
Certified Auditor Reg. No. 16701

Chartered Auditors Accountants S.A. (SOL S.A.)
a member of Crowe Horwath International
3 Fokiono Negri Str, 11257 Athens Greece
Certified Auditors Association Reg. No. 125

ΣΟΛ
ΟΡΚΩΤΟΙ ΛΟΓΙΣΤΕΣ
Crowe Horwath

## 1. *Statement of Financial Position*

| (Amounts in €) | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| **ASSETS** | | | | | |
| | | | | | |
| **Non Current Assets** | | | | | |
| Self-used tangible assets | 5 | 54,537,154.83 | 50,378,313.89 | 43,340,677.61 | 40,823,640.72 |
| Investment property | 5,7 | 1,111,344.42 | 1,112,818.10 | 1,111,344.42 | 1,112,818.10 |
| Intangible assets | 5 | 135,256.87 | 97,736.93 | 81,988.59 | 93,261.01 |
| Non-Current assets held for sale | 6 | 0.00 | 4,009,287.18 | 0.00 | 4,009,287.18 |
| Investment in subsidiaries and joint ventures | 2,3 | 16,350.00 | 21,350.00 | 8,896,750.00 | 8,101,750.00 |
| Deferred Income Tax | 16 | 1,634,021.16 | 647,156.46 | 1,437,383.00 | 668,856.04 |
| Long term receivables | | 186,212.33 | 49,875.03 | 127,725.92 | 38,752.20 |
| **Total Non Current Assets** | | **57,620,339.61** | **56,316,537.59** | **54,995,869.54** | **54,848,365.25** |
| | | | | | |
| **Current Assets** | | | | | |
| Inventories | 10 | 22,679,005.86 | 38,760,916.77 | 18,646,333.52 | 33,694,946.44 |
| Customers | 9 | 45,801,476.44 | 88,550,748.29 | 38,730,986.36 | 80,438,216.86 |
| Other receivables | 9 | 6,341,019.64 | 8,083,744.12 | 4,641,622.49 | 5,633,372.89 |
| Cash and cash equivalents | 12 | 16,936,152.94 | 995,343.32 | 16,326,823.76 | 683,243.82 |
| Derivatives | 11 | 214,973.93 | 0.00 | 213,480.87 | 0.00 |
| **Total Current Assets** | | **91,972,628.81** | **136,390,752.50** | **78,559,247.00** | **120,449,780.01** |
| | | | | | |
| **Total Assets** | | **149,592,968.42** | **192,707,290.09** | **133,555,116.54** | **175,298,145.26** |
| | | | | | |
| **EQUITY** | | | | | |
| **Capital and Reserves attributed to shareholders of the parent** | | | | | |
| Share capital | 13 | 14,918,400.00 | 14,918,400.00 | 14,918,400.00 | 14,918,400.00 |
| Share premium | 13 | 14,900,777.70 | 14,900,777.70 | 14,900,777.70 | 14,900,777.70 |
| Other reserves | 13 | 21,447,441.84 | 21,322,216.83 | 20,894,493.73 | 20,770,493.73 |
| Retained earnings | 13 | 30,338,213.19 | 36,846,828.33 | 29,158,552.53 | 34,565,345.64 |
| Minority interest | 13 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total Equity** | | **81,604,832.73** | **87,988,222.86** | **79,872,223.96** | **85,155,017.07** |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Long-Term liabilities** | | | | | |
| Loans | 15 | 18,464,513.00 | 34,659,776.67 | 15,000,000.00 | 27,000,000.00 |
| Provisions for employee benefits | 17 | 581,948.84 | 596,900.98 | 536,273.51 | 563,296.01 |
| Grants | 27 | 4,640,352.91 | 3,741,018.02 | 3,625,705.27 | 2,366,670.37 |
| Leasing Liabilities | 26 | 0.00 | 6,671.52 | 0.00 | 0.00 |
| | | **23,686,814.75** | **39,004,367.19** | **19,161,978.78** | **29,929,966.38** |
| **Total Long-Term Liabilities** | | | | | |
| | | | | | |
| **Short-Term Liabilities** | 14 | 16,338,822.23 | 21,380,157.42 | 14,214,730.10 | 17,979,151.99 |
| Suppliers | 14 | 1,732,508.13 | 2,545,246.80 | 1,426,004.44 | 2,067,809.97 |
| Other liabilities | 18 | 0.00 | 1,348,846.07 | 0.00 | 1,262,302.69 |
| Income Tax | 14,26 | 6,671.52 | 9,505.09 | 0.00 | 0.00 |
| Leasing Liabilities | 14,27 | 319,959.38 | 177,345.50 | 268,282.77 | 123,545.50 |
| Grants | 15 | 25,903,359.68 | 40,253,599.16 | 18,611,896.49 | 38,780,351.66 |
| Short-Term Loans | | **44,301,320.94** | **65,714,700.04** | **34,520,913.80** | **60,213,161.81** |
| | | **67,988,135.69** | **104,719,067.23** | **53,682,892.58** | **90,143,128.19** |
| **Total Short-Term Liabilities** | | | | | |
| **Total Liabilities** | | **149,592,968.42** | **192,707,290.09** | **133,555,116.54** | **175,298,145.26** |

## *2. Statement of Comprehensive Income*

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| **(Amounts in €)** | **Note** | **1.1 – 31.12.09** | **1.1 – 31.12.08** | **1.1 – 31.12.09** | **1.1 – 31.12.08** |
| Sales | 19 | 92,097,527.76 | 198,479,726.02 | 76,538,002.19 | 182,345,100.99 |
| Cost of sales | 20 | -88,916,750.44 | -172,834,684.33 | -74,656,403.38 | 159,093,191.72 |
| **Gross profit / (loss)** | | **3,180,777.32** | **25,645,041.69** | **1,881,598.81** | **23,251,909.27** |
| Other income | 20 | 4,338,984.50 | 2,350,177.77 | 4,298,351.87 | 2,313,005.87 |
| Distribution expenses | 20 | -7,764,030.68 | -9,712,269.53 | -6,384,888.16 | -8,546,597.43 |
| Administration expenses | 20 | -3,867,877.67 | -3,500,599.13 | -3,263,870.47 | -2,999,722.20 |
| Other expenses | 20 | -1,597,876.13 | -7,968,041.71 | -1,476,087.94 | -7,492,209.28 |
| **Earnings / (losses) before interest and taxes (EBIT)** | | **-5,710,022.66** | **6,814,309.09** | **-4,944,895.89** | **6,526,386.23** |
| Financial income | 20 | 1,005,367.35 | 372,706.38 | 907,496.09 | 344,769.85 |
| Financial cost | 20 | -1,975,775.64 | -4,671,860.48 | -1,526,327.30 | -4,336,910.16 |
| Dividends from Subsidiary Companies | | 0.00 | 0.00 | 0.00 | 0.00 |
| **Earnings / (losses) before taxes (EBT)** | | **-6,680,430.95** | **2,515,154.99** | **-5,563,727.10** | **2,534,245.92** |
| Income Tax | 20 | 1,190,668.13 | -77,699.46 | 999,853.12 | -60,299.25 |
| | | | | | |
| **Earnings / (losses) after taxes (EAT) (a)** | | **-5,489,762.82** | **2,437,455.53** | **-4,563,873.98** | **2,473,946.67** |
| | | | | | |
| **Attributed to:** | | | | | |
| Shareholders of the parent | | -5,489,762.82 | 2,437,455.53 | -4,563,873.98 | 2,473,946.67 |
| Minority interest | | 0.00 | 0.00 | | |
| | | | | | |
| Other comprehensive income / (expenses) after taxes (b) | 20 | 38,772.70 | 0.00 | 213,480.87 | 0.00 |
| **Total comprehensive income after taxes (a) + (b)** | | **-5,450,990.12** | **2,437,455.53** | **-4,350,393.11** | **2,473,946.67** |
| | | | | | |
| **Attributed to:** | | | | | |
| Shareholders of the parent | | -5,450,990.12 | 2,437,455.53 | -4,350,393.11 | 2,473,946.67 |
| Minority interest | | 0.00 | 0.00 | | |
| | | | | | |
| Earnings / (losses) after taxes per share – basic (in €) | 21 | -0.1472 | 0.0654 | -0.1224 | 0.0663 |
| Proposed dividend per share | | | | | 0.025 |
| **Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)** | | **-3,908,376.80** | **8,470,007.77** | **-3,572,083.39** | **7,912,166.94** |

# 3. *Statement of Changes in Equity*

## (A) STATEMENT OF CHANGES IN GROUP'S EQUITY

| | | Corresponding to shareholders of the parent | | | Minority interest | Total Equity |
|---|---|---|---|---|---|---|
| | | Share Capital & Share Premium | Reserves | Retained earnings | | |
| **Balance on 1.1.2008** | | **29,819,177.70** | **20,501,526.86** | **38,959,662.77** | **0.00** | **89,280,367.33** |
| Total comprehensive income after taxes | | 0.00 | 0.00 | 2,437,455.53 | 0.00 | 2,437,455.53 |
| Non-recognition of tax-exempt reserves | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Transfer of earnings to reserves | | 0.00 | 820,689.98 | -820,689.98 | 0.00 | 0.00 |
| Proceeds from share issue | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2007 dividend | | 0.00 | 0.00 | -3,729,600.00 | 0.00 | -3,729,600.00 |
| Loss from liquidation of subsidiary | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Balance on 31.12.2008** | | **29,819,177.70** | **21,322,216.84** | **36,846,828.32** | **0.00** | **87,988,222.86** |
| Total comprehensive income after taxes | | 0.00 | 0.00 | -5,450,990.12 | 0.00 | -5,450,990.12 |
| Transfer of earnings to reserves | | 0.00 | 125,225.00 | -125,225.00 | 0.00 | 0.00 |
| Proceeds from share issue | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2008 dividend | | 0.00 | 0.00 | -932,400.00 | 0.00 | -932,400.00 |
| **Balance on 31.12.2009** | | **29,819,177.70** | **21,447,441.84** | **30,338,213.20** | **0.00** | **81,604,832.73** |

## (B) STATEMENT OF CHANGES IN COMPANY'S EQUITY

| | | Corresponding to shareholders of the parent | | | Minority interest | Total Equity |
|---|---|---|---|---|---|---|
| | | Share Capital & Share Premium | Reserves | Retained earnings | | |
| **Balance on 1.1.2008** | | **29,819,177.70** | **20,340,493.73** | **36,250,998.97** | **0.00** | **86,410,670.40** |
| Total comprehensive income after taxes | | 0.00 | 0.00 | 2,473,946.67 | 0.00 | 2,473,946.67 |
| Non-recognition of tax-exempt reserves | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Transfer of earnings to reserves | | 0.00 | 430,000.00 | -430,000.00 | 0.00 | 0.00 |
| Proceeds from share issue | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2007 dividend | | 0.00 | 0.00 | -3,739,600.00 | 0.00 | -3,729,600.00 |
| Loss from liquidation of subsidiary | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Balance on 31.12.2008** | | **29,819,177.70** | **20,770,493.73** | **34,565,345.64** | **0.00** | **85,155,017.07** |
| Total comprehensive income after taxes | | 0.00 | 0.00 | -4,350,393.11 | 0.00 | -4,350,393.11 |
| Transfer of earnings to reserves | | 0.00 | 124,000.00 | -124,000.00 | 0.00 | 0.00 |
| Proceeds from share issue | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Coverage of losses of subsidiary by parent | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2008 dividend | | 0.00 | 0.00 | -932,400.00 | 0.00 | -932,400.00 |
| **Balance on 31.12.2009** | | **29,819,177.70** | **20,894,493.73** | **29,158,552.53** | **0.00** | **79,872,223.96** |

# 4. Cash Flow Statement

| (Amounts in €) | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12.2009 | 1.1-31.12.2008 | 1.1-31.12.2009 | 1.1-31.12.2008 |
| **Operating Activities** | | | | |
| Earnings before Tax (EBT) | -6,680,430.95 | 2,515,154.99 | -5,563,727.10 | 2,534,245.92 |
| Plus / minus adjustments for: | | | | |
| Depreciation & amortization | 2,021,864.99 | 1,747,752.19 | 1,541,393.24 | 1,462,132.07 |
| Depreciation of grants | -220,219.11 | -92,053.51 | -168,580.74 | -76,351.36 |
| Provisions | -14,952.14 | 66,148.15 | -27,022.50 | 53,579.15 |
| Foreign exchange differences | 26,039.94 | 0.00 | 26,039.94 | 0.00 |
| Results (income, expenses, profit and loss) from investment activity | -2,572,012.71 | -167.90 | -2,574,645.37 | 26,379.63 |
| Debit interest and related expenses | 1,975,775.64 | 4,107,839.10 | 1,526,327.30 | 3,778,014.65 |
| | -5,463,934.34 | 8,344,673.02 | -5,240,215.23 | 7,778,000.06 |
| Plus/minus adjustments for changes in working capital accounts or those related to operating activities | | | | |
| Decrease / (increase) of inventories | 16,081,910.91 | -1,830,424.30 | 15,048,612.92 | 371,164.74 |
| Decrease / (increase) of receivables | 45,459,241.97 | -14,554,433.04 | 43,627,258.90 | -10,493,984.37 |
| (Decrease) / increase of liabilities (apart from banks) | -6,653,986.33 | 9,474,698.48 | -4,845,897.44 | 6,394,775.50 |
| Minus: | | | | |
| Debit interest and related expenses paid | -2,204,730.31 | -3,891,100.90 | -1,855,126.86 | -3,717,515.04 |
| Taxes paid | -2,238,828.94 | -2,919,803.23 | -2,048,228.25 | -2,603,113.26 |
| **Total inflows/(outflows) from operating activities (a)** | **44,979,672.96** | **-5,376,389.97** | **44,686,404.04** | **-2,270,672.37** |
| | | | | |
| **Investment Activities** | | | | |
| Acquisition of subsidiaries, affiliates, joint ventures and other investments | -5,000.00 | 0.00 | -795,000.00 | -2,800,000.00 |
| Purchase – Sale of Securities | 0.00 | 464,150.00 | 0.00 | 0.00 |
| Purchase of tangible and intangible fixed assets | -4,779,225.37 | -8,291,480.94 | -2,632,270.82 | -2,600,667.81 |
| Proceeds from sales of tangible and intangible assets | 6,893,960.45 | 126,000.00 | 6,893,960.45 | 126,000.00 |
| Interest received | 281,608.64 | 72,949.93 | 267,599.24 | 46,402.40 |
| Dividends received | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total cash inflows/(outflows) from investment activities (b)** | **2,391,343.72** | **-7,628,381.01** | **3,734,288.87** | **-5,228,265.41** |
| | | | | |
| **Financial Activities** | | | | |
| Proceeds from share capital increase | 0.00 | 0.00 | 0.00 | 0.00 |
| Amounts collected from issued / received Loans | 61,560,337.39 | 160,831,302.82 | 53,828,384.40 | 153,551,212.82 |
| Loan repayments | -91,876,885.87 | -144,583,119.08 | -85,668,040.00 | -142,753,029.08 |
| Dividends Paid | -937,457.37 | -3,720,088.58 | -937,457.37 | -3,720,088.58 |
| **Total cash inflows/(outflows) from financial activities (c)** | **-31,254,005.85** | **12,528,095.16** | **-32,777,112.97** | **7,078,095.16** |
| | | | | |
| Foreign exchange differences from cash flows | -176,201.22 | 0.00 | 0.00 | 0.00 |
| | | | | |
| **Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)** | **15,940,809.61** | **-476,675.82** | **15,643,579.94** | **-420,842.62** |
| Cash and cash equivalents at the beginning of the period | 995,343.33 | 1,472,019.14 | 683,243.82 | 1,104,086.44 |
| **Cash and cash equivalents at the end of the period** | **16,936,152.94** | **995,343.32** | **16,326,823.76** | **683,243.82** |

# *Notes on the Financial Statements*

## *1. General information*

The Company "ELASTRON S.A.- STEEL SERVICE CENTERS" was founded in 1958 as a Limited Liability Company and in 1965 was converted to an S.A. Company. It has its headquarters in Aspropyrgos Municipality (Ag. Ioannou venue, Stefani) and it is registered with the Ministry of Development, General Secretariat of Commerce, Corporations and Credit Directorate, under S.A. Company Registration Number 7365/06/B/86/32.

The Company's main activity is the import, processing, and trade of steel, steel plates, iron and metal goods, and similar goods.

The Company's shares are listed and traded on the Athens Exchange since 1990.

The Company has no disputes in litigation or in arbitration, nor are there any decisions by judicial or arbitration bodies that may have a significant impact on its financial position situation or operation.

The Company's website is http://www.elastron.gr.

The financial statements of 31.12.2009 were approved by the Company's Board of Directors on 26/03/2010.

## *2. Significant accounting principles used by the Group*

### 2.1 New standards, interpretations and amendments to existing standards

### Standards and interpretations with mandatory effect during 2009

The financial statements were prepared according to the accounting policies adopted for the preparation of the financial statements of the previous financial year, with the exception of the application of new standards and interpretations adopted by the group and company for accounting periods beginning on 1.1.2009.

**A. Standards and interpretations adopted from 1.1.2009**

**- IFRIC 13 "Customer loyalty programs",** with effect for annual periods beginning on or after 01.07.2008. IFRIC 13 provides guidance for the accounting treatment of loyalty credits offered by an entity to customers as part of a sales transaction. This Interpretation does not apply to the Group and Company.

**- IFRIC 15 "Agreements for the Construction of Real Estate"**, with effect for annual periods beginning on or after 01.01.2009. The Interpretation provides guidance on whether I.A.S. 18 or I.A.S. 11 should be applied in cases of real estate constructions. This Interpretation does not apply to the Group and Company.

**- IFRIC 16 "Hedges of a Net Investment in Foreign Operations"** with effect for annual periods beginning on or after 01.10.2008. The Interpretation states that in such cases, hedge accounting can be applied only for foreign exchange differences that arise between the operating currency of the foreign entity and the operating currency of the parent company. This interpretation currently does not apply to the Group and Company.

**- Amended I.F.R.S. 1 "First Implementation of I.F.R.S.",** with effect for annual periods beginning on or after 01.01.2009. According to the amendment, during the first implementation of I.F>R.S. the implied cost may be used, in the separate financial statements, for investments in subsidiaries, associates and joint ventures. This amendment does not apply to the Company.

**- Amended I.F.R.S. 2 "Share Based Payments"** with effect from 01.01.2009. The amendments deal with issues of vesting conditions and cancellations. Specifically the amendment defines that vesting conditions are service conditions and performance conditions and thus are taken into account for the definition of fair value during the concession date. Also, it defines that all cancellations of rights, regardless of whether such result from the entity or other parties, must have the same accounting treatment. The amendments do not apply to the Group and Company.

**- I.F.R.S. 8 "Operating Segments",** with effect for annual periods beginning on or after 01.01.2009. IFRS 8 replaces IAS 14 and imposes different disclosure requirements regarding segment reporting. The standard adopts the approach of presenting information on segments, according to the manner in which such is presented internally to those who make decisions regarding the allocation of resources and the evaluation of the effectiveness of the company's operations. IFRS 8 is applied from 1/1/2009.

**I.F.R.S. 7 "Improvements to Disclosures on Financial Instruments".** In March 2009 the IASB issued improvements as regards to the disclosures of financial data, with effect for annual accounting periods beginning on or after 01.01.2009 and concerning the inclusion and presentation of fair value measurements in three hierarchy levels (Level 1, where published prices are used, Level 2 where data that arise from prices observed in the market are used and Level 3 where data not based on prices observed in the market are used) and some additional disclosures regarding liquidity risk. The aforementioned amendments are not expected to have a significant effect on the group and company.

**Amendments to IAS 1 "Presentation of Financial Statements":** The revised standard requires that the statement of changes in equity includes only transactions with shareholders. It introduces a new statement of "comprehensive income" that combines all the income and expense items recognized in the income statement with "other comprehensive income". The information can be presented in one unique statement or in two connected statements. Also, the revision requires that any restatements in the financial statements or retrospective applications of new accounting policies be presented from the beginning of the earliest comparative period, namely in a third column of the statement of financial position. The Group made adjustments to include the necessary changes, as regards to the presentation of its financial statements and chose to presented comprehensive income in one unique statement.
Also, the standard was amended in May 2008 to clarify that some and not all financial assets and financial liabilities classified as held for trading purposes are examples of current assets and short-term liabilities.
This standard is applied by the company and group from 01.01.2009 and has no significant effect.

**Amendments to IAS 32, "Financial instruments: Presentation" and IAS 1, "Presentation of Financial Statements" as regards to "Puttable Instruments":** The amendment to IAS 32 was made in order to repeal the limitation that several "puttable" instruments" and liabilities that result during the liquidation of an entity be classified as Equity if specific criteria are met. This interpretation had no effect on the Group's financial statements.

**- Amended I.A.S. 23 "Borrowing Cost"** with effect for annual periods beginning on or after 01.01.2009. The amended standard requires the capitalization of the borrowing cost that is directly linked to the construction or acquisition of assets that meet specific conditions. The option to directly register the total borrowing cost as an expense was repealed. I.A.S. 23 was also amended in May 2008 in order to clarify that interest is calculated using of the effective interest rate method according to those defined by I.A.S. 39. This standard is not expected to have a significant effect.

**- Amended I.A.S. 16 "Tangible Fixed Assets",** with effect for annual periods beginning on or after 01.01.2009. The amendment replaces the term **"Net Sale Price"** with the term **"Fair value minus sale cost"** as regards to the recoverable value, in order to be consistent with IFRS 5 and IAS 36.
According to the amendment, entities that acquire tangible fixed assets with the intention to rent and subsequently sell such, present the price from the sale as income and transfer such assets from tangible assets to inventories when such are rendered intended for sale. The proceeds from the subsequent sale are presented as income. A relevant amendment was also made to I.A.S. 7 **"Cash flow statement"** according to which cash flows from the purchase, rent and sale of such assets are recognized in the cash flows from operating activities. The above amendments are not expected to affect the Group and Company.

**Amendments to I.A.S. "Employee Benefits",** with effect for annual periods beginning on or after 01.01.2009. According to the amendment, an amendment to a plan that results in the change of provided benefits being affected by future wage increases, is considered a cut-back, while an

amendment to plan that changes the benefits attributed to past working service is considered negative service cost, if it results in a reduction of the present value of the committed defined benefit.
- It revises the definition of **"Performance of plan assets"** excluding management costs of the plan if such have already been included in the actuarial assumptions based on which the committed defined benefits were measured. The amendment has retrospective effect and prior application is encouraged.
- It revises the definition of **"short-term"** and **"other long-term"** employee benefits in order to focus on the point where the liability is to be settled. The amendment has retrospective effect and prior application is encouraged.
- It repeals the reference to contingent liabilities in order to conform to IAS 37 **"Provisions, contingent liabilities and contingent assets".** IAS 37 does not permit the recognition of contingent liabilities. The amendment has retrospective effect and prior application is encouraged. The above amendments are not expected to affect the Group and Company.

**- Amended I.A.S. 20 "Accounting for Government Grants and Disclosures of Government Assistance",** with effect for annual periods beginning on or after 01.01.2009.
According to the amendments, loans received by the government with an interest rate lower than that of the market, is accounted for according to I.A.S. 20 and not I.A.S. 39. Because the implied interest rate of granted loans will be lower than the market interest rate, the difference between the amount received and the discounted amount is accounted for as a government grant. The amendments do not apply to the Group and Company.

**- Amended I.A.S. 28 "Investments in Associate Companies",** with effect for annual periods beginning on or after 01.01.2009. According to the amendment, an investment in an associate is a single assets for purposes of impairment reviews. Therefore, possible impairment losses are not allocated to goodwill and other assets of the investment and possible reversal of impairment losses concern the overall investment. Also, when an investment in an associate is accounted for according to I.A.S. 39, then all the disclosures of I.A.S. 28 are not required. The Group applies the above amendments from 01.01.2009.

**- Amended I.A.S. 29 "Financial Reporting in Hyperinflationary Economies"**, with effect for annual periods beginning on or after 01.01.2009. The amendments were made in order to emphasize the fact that a number of assets and liabilities are measured at fair value and not at cost. The amendments do not apply to the Group and Company.

**- Amended I.A.S. 31 "Interests in Joint Ventures",** with effect for annual periods beginning on or after 01.01.2009. The amendments define that when an interest in joint ventures are accounted for according to I.A.S. 39 (valued at fair value), then not all the disclosures of I.A.S. 31 are required. The above amendments do not apply to the Group and Company.

**- Amended I.A.S. 36 "Impairment of Assets",** with effect for annual periods beginning on or after 01.01.2009. The amendment clarifies the fact that when the discounted cash flow method is used for the calculation of "fair value minus sale cost", then disclosures equivalent as those required for the definition of the "value in use" are provided. The Group applies the above amendments from 01.01.2009.

**- Amendments to I.A.S. 38 "Intangible Assets",** with effect for annual periods beginning on or after 01.01.2009. According to the amendments, prepayments are recognized as an asset when such take place in advance for the acquisition of a right to access goods or to receive services. Also, there was an amendment to the definition regarding amortization of intangibles, which essentially also allows the free use of other methods, apart from the straight line method, on intangibles. The above amendments are not expected to affect the Group and Company.

**- Amended I.A.S. 39 "Financial Assets: Recognition and Measurement",** with effect for annual periods beginning on or after 01.01.2009. The amendments refer to issues of reclassification of derivatives from the category of measured at fair value through the results, to the case of termination or inception of a hedge, to amendments of the definition of assets measured at fair value through the results and to amendments regarding the definition of the effective interest rate in case where a debit instruments ceases to be a hedged item. The amendments are not expected to affect the Group and Company.

**- Amended I.A.S. 40 "Investment Property",** with effect for annual periods beginning on or after 01.01.2009. According to the amendments, property that is at the construction stage and intended for investment property after its completion, given that the company is unable to measure its fair value during construction, but only upon completion, will be measured at cost until the fair value can be measured. The above amendments are not expected to affect the Group and Company.

- **Amendments to IAS 8, "Accounting policies, changes in accounting estimations and errors",** applied for accounting periods beginning on or after January 1st 2009. The amendment clarifies that only the application guidance, which is considered an inseparable part of an IFRS, is mandatory during the selection of accounting policies.

**- Amendments to IAS 34, "Interim financial reporting"** applied for annual accounting periods beginning on or after January 1st 2009. The amendment clarifies that earnings per share are disclosed in the interim financial reports in case where the company is subject to the application scope of IAS 33.

**- Amended I.A.S. 41 "Agriculture",** with effect for annual periods beginning on or after 01.01.2009. According to the amendments, the prohibition to receive the biological transformation as a factor to measure the fair value of biological assets is repealed and the use of the market interest rate is required when the discounted future cash flow method is used for the measurement of fair value. The above amendments do not apply to the Group and Company.

**B. Standards and interpretations that will be adopted after 31.12.2009.**

**- IFRIC 17 "Distributions of Non-Cash Assets to Owners"**, with effect for annual periods beginning on or after 01.07.2009. The interpretation defines that the liability for distribution of non-cash assets to owners is measured at fair value during the date when the distribution is approved by the relevant body. At the end of each reference period and during the settlement date, any possible difference between the fair value of the asset provided and the liability to be distributed, is recognized in the results. The interpretation is not expected to apply to the Group and Company.

**- IFRIC 18 "Transfer of Assets from Customers"**, with effect for annual periods beginning on or after 01.07.2009. The interpretation deals with issues of tangible fixed assets received by customers, with the objective to connect such with a network or to provide customers with continuous access to goods or services, or both. The interpretation does not apply to the Group and Company.

**- Amended I.F.R.S. 5 "Non-Current assets held for sale and discontinued operations"** with effect for annual periods beginning on or after 01.07.2009. These amendments clarify that the total assets and liabilities of a subsidiary on which control is lost, are characterized as held for sale. This standard will be applied by the group and company from 01.01.2010.

**- Revised I.F.R.S. 3 "Business Combinations"** with effect for annual periods beginning on or after 01.07.2009. The revised standard induces significant changes compared to the previous IFRS 3, that concern the measurement of non-controlling rights for which there is the additional option now to measure such at fair value during acquisition, to categorize the cost related directly to the acquisition as an expense and to recognize the result from the re-measurement of the contingent price classified as a liability, in the result. This standard will be applied by the group and company from 01.01.2010.

**The amended IAS 27 "Consolidated and separate financial statements".** This standard requires that transaction which result in changes of participation stakes in a subsidiary, be classified in equity. Therefore such does not affect goodwill or create a result (profit or loss). Also, the amended standard changes the way in which losses of subsidiaries are accounted for, as well as the accounting treatment in case of loss of control on a subsidiary. All the changes of the above standards will be applied for business combinations after January 1st 2010 and will affect future acquisitions and transactions with minority shareholders from that date and after.

**• Interpretation 19 Extinguishing financial liabilities with equity instruments**
Applied for annual accounting periods beginning on or after July 1st 2010. The interpretation clarifies the accounting treatment followed in cases of re-negotiation of the terms of a liability between a company and a creditor, when the creditor accepts company shares or other company equity

instruments for the partial or total settlement of the liability. The interpretation clarifies the fact that such equity instruments constitute the price paid according to IAS 39, paragraph 41 and thus the financial liability is de-recognized and the equity instruments issued are treated as the price paid in order to extinguish the financial liability. The European Union has not yet adopted this amendment.

**• Interpretation 14 Prepayments of a minimum funding requirement (amendment)**
Applied for annual accounting periods beginning on or after January 1st 2011. The aim of the amendment is to allow companies to recognize specific voluntary prepayments for minimum capital requirements as assets. The amendment has retrospective effect, while prior application is permitted. The European Union has not yet adopted this amendment.

**• Amendment to IAS 39 Financial instruments: Recognition and measurement – Eligible hedged items**
Applied for annual accounting periods beginning on or after July 1st 2009. The amendment clarifies that a company may characterize part of the changes in fair value or the fluctuation of a financial instrument's cash flows as a hedged item. Also, the interpretation covers the characterization of inflation as risk to be hedged or part of such a risk in specific cases.

• **IFRS 9 Financial instruments – Phase 1, financial assets, classification and measurement**
Applied for annual accounting periods beginning on or after January 1st 2013. Phase 1 of this new standard introduces new requirements for the classification and measurement of financial assets. Earlier application of the standard is permitted. The European Union has not yet adopted this amendment.

**Amendment to IFRS 2 "Share based payments":** Applied for annual accounting periods beginning on or after January 1st 2010. This amendment clarifies the accounting treatment of share based transactions between companies of the same group and how such are treated in the separate financial statements of the subsidiary companies. The European Union has not yet adopted this amendment. The Group does not expect this amendment to affect its financial statements given that it has not performed any such transactions.

**Amendment to IAS 32 "Classification of rights issues":** Applied for annual accounting periods beginning on or after February 1st 2010. This amendment refers to the issue of rights at a defined amount in foreign currency, where such rights were treated by the existing standard as derivatives. Based on the amendment, in the case where such rights are issued proportionately to shareholders of a company who own the same category of the company's equity instruments, for a defined amount in foreign currency, then such must be classified as equity items regardless of the currency in which the exercise price of the right has been defined. The Group does not expect this amendment to affect its financial statements given that it has not performed any such transactions.

**• Revision of IAS 24 Related party disclosures**
Applied for annual accounting periods beginning on or after January 1st 2011. The revision refers to the estimation required in order to define whether the State and companies that are known to be controlled by the State may be considered as one and only one unique customer. To apply this definition, the company must consider the extent to which there is financial interaction between such countries. The amendment has retrospective effect, while prior application is permitted. The European Union has not yet adopted this amendment.

**• In April 2009 the IASB issued a second series of amendments to IFRS with the objective to eliminate inconsistencies and to provide clarifications.** The application dates are different for each amendment, the earliest of which is for accounting periods beginning on or after July 1st 2009. The European Union has not yet adopted the aforementioned improvements.

## 2.2 Basis for preparation of the financial statements

ELASTRON S.A Company and Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations, as such have been adopted by the European Union. The transition date of the Group to IFRS was set as January 1st 2004, during which the Opening Balance Sheet was prepared.

The above statements are based on the financial statements prepared by the Company and Group in accordance with Greek Trade Law, with the appropriate off-balance sheet adjustments made in order to comply with the IFRS, and they have been prepared according to the historic cost principle (tangible assets, land-plots, buildings – building facilities were valued at fair value during the transition date) except for financial derivatives that are valued at fair value.

The preparation of the financial statements in accordance with generally accepted accounting principles requires the use of evaluations and assumptions that affect the balances of asset and liabilities accounts, the disclosure of contingent receivables and payables on the preparation date of the financial statements, as well as the reported income during the financial years in question. Even though these specific evaluations are based on the Management's (the Group's) best knowledge, the actual results may eventually differ from such estimates.

## 2.3 Consolidation

The consolidated financial statements consist of the financial statements of the parent Company ELASTRON S.A. and the other Group companies, which are the following:

| | DOMICILE | BUSINESS ACTIVITY | PARTICIPATION STAKE | PARTICIPATION COST | CONSOLIDATION METHOD |
|---|---|---|---|---|---|
| TATA ELASTRON S.A. STEEL PROCESSING CENTER **(*)** | Thessalonica | Processing-distribution and sale of steel and steel related products | 50.00% (Joint Venture) | 5,000,000.00 | Proportional |
| CORUS – KALPINIS – SIMOS S.A. COATING MATERIALS | Aspropyrgos Attica | Manufacturing of metal polyurethane panels | 50.00% (Joint Venture) | 3,081,750.00 | Proportional |
| BALKAN IRON GROUP S.R.L. | Bucharest Romania | Processing-distribution and sale of steel and steel related products | 33.33% (Joint Venture) | 800,000.00 | Proportional |

(*) As of 5 October 2007, our participation was adjusted to 50% after "CORUS" joined "TATA STEEL", which is an Indian multinational giant in the metals sector. The agreement includes new commercial and industrial facilities in the industrial area of Sindos in Thessalonica. Finally, on 19.12.08, in accordance with the approval by the relevant prefecture it was renamed "TATA ELASTRON S.A. STEEL PROCESSING CENTER". We note that the Company was incorporated in the Group's financial statements on 31 December 2006 using the full consolidation method and on 31 December 2007 in the form of a joint venture.

Cross-company transactions, balances and unrealized profit from transactions between the companies of the Group are written-off. The unrealized losses are also written-off, unless the transaction provides indications of impairment of the transferred asset. During the acquisition of a company, the assets, liabilities as well as contingent obligations acquired are estimated at fair value on the acquisition date.
The acquisition cost, by the amount that exceeds the fair value of the acquired net assets (assets – liabilities – contingent obligations), is recorded as goodwill in the financial year when the acquisition took place.

In the event that the acquisition cost is less than the above fair value, the difference is recorded in the results of the financial year when the acquisition took place. Minority interest is recorded according to its proportion on fair value. In subsequent financial years, any losses are proportionally distributed to the minority, in addition to minority interest.
The results of the acquired or sold subsidiaries within the financial year are included in the consolidated statement of comprehensive income from or until the date of acquisition or sale, respectively. The accounting principles of the Group's companies have been amended so as to conform to those adopted by the Group. The participation of the above companies in the ELASTRON S.A. Company financial statements is measured at acquisition cost, minus any provision for

impairment of their value.

The participation in subsidiaries and associates, as presented in the consolidated statement of financial position, concerns the following entities:

- A subsidiary of CORUS – KALPINIS – N. SIMOS S.A. COATING MATERIALS in Romania under the trade name CORUS – KALPINIS – SIMOS ROM S.R.L., based in Bucharest. The participation in the aforementioned company is 50%. Its total assets amount to €1,350.00 and the participation value stands at €1,350.00. The company was not consolidated due to negligible interest in relation to the scope of Article 100, paragraph 3 of L. 2190/20.

- A subsidiary of ELASTRON S.A. in Bulgaria under the trade name KALPINIS – SIMOS BULGARIA E.O.O.D., based in Sofia. The participation in the aforementioned company stands at 100%. Its total assets amount to €701 thousand and the participation value is worth €10.000.00. The company was not consolidated due to negligible interest in relation to the scope of Article 100, paragraph 3 of L. 2190/20.

- A subsidiary of ELASTRON S.A. in Serbia under the trade name ELASTRON SERBIA LTD BELGRADE, based in Belgrade. The participation in the aforementioned company stands at 100%. Its total assets amount to €5 thousand and the participation value is worth €5 thousand. The company was not consolidated due to negligible interest in relation to the scope of Article 100, paragraph 3 of L. 2190/20.

## 2.4 Foreign Exchange conversions

The reference currency of the Group is the Euro and therefore the financial statements are presented in Euro (€). Transactions in foreign currency are converted to Euro using the applicable exchange rates on the date of the transactions. Receivables and liabilities in foreign currency on the date the financial statements were prepared are adjusted so as to reflect the exchange rates prevailing during the preparation date. The profits and losses that arise from such transactions are recorded in the results.

The operating currency of foreign subsidiaries is the official currency of the country where each respective company operates. As regards to foreign subsidiaries which operate in a country with a currency other than the Euro, all balance sheet figures of such during the preparation of the Financial Statements at the end of each year, are converted to Euro using the spot exchange rate as at the financial statements date, while the revenues and expenses are converted using the average exchange rate during the period. The cumulative difference that results from the aforementioned conversion is registered directly in equity until the sale, write-off of non-recognition of a subsidiary, in which case such are transferred to the results.

## 2.5 Consolidated Financial Statements

(a) Subsidiaries

Subsidiaries are companies over which the parent Company exercises control. The subsidiaries are fully consolidated using the full consolidation method from the date whereupon control over them is acquired and they stop being consolidated from the date upon which such control ceases to exist. The inter-company balances between the Group's companies, transactions between the Group's companies, as well as the unrealized profits are fully written-off in the consolidated financial statements. The consolidated financial statements are prepared using the same accounting principles, while necessary adjustments are made whenever deemed necessary. Investments in subsidiaries are registered at acquisition cost minus any impairment.

(b) Related – Associate Companies

Associated companies are those over which the parent Company exercises substantial influence and which are not considered subsidiaries or joint ventures. In general, ownership of 20% to 50% of voting rights indicates the existence of substantial influence. Investments in related companies are accounted for using the net equity method and are initially registered at acquisition cost.

(c) Joint Ventures (Entities under joint control)

The entity under joint control is a joint venture that consists of the incorporation of a Company in which each participant receives a share. It operates like any other entity except that there is a contractual arrangement between the participants that determines the joint control of the entity's financial activities. The Company consolidates its stake in joint ventures using the proportional consolidation method.

## 2.6 Tangible Fixed Assets

Tangible assets are recorded in the financial statements at their acquisition cost (historical cost) minus accumulated depreciation and any impairment in value. The acquisition cost of land plots and buildings/ building installations was determined on the transition date to market value. The Group assigned the appraisal of its properties to an independent appraiser in order to record such at fair value on the transition date. The acquisition cost includes all the expenses directly attributable to the acquisition of the assets. Subsequent additions and improvements are recorded as an increase in the cost of related assets, given that such increase the useful life or production capacity of the asset or decrease its operating cost. Repairs and maintenance are recorded as expenses in the period during which such were carried out.

Depreciation of tangible assets (apart from land plots, which are not depreciated) is calculated based on the straight-line method over their estimated useful life. The estimated useful life per class of fixed assets is as follows:

| | |
|---|---|
| Buildings/ Building Installations etc. | 10 – 30 years |
| Mechanical Equipment etc. | 10 – 30 years |
| Vehicles | 10 – 20 years |
| Other Equipment | 3.3 – 15 years |

When the book value of tangible assets exceeds their recoverable value, the difference (impairment) is recorded as an expense in the results. The related cost and accumulated depreciations of assets that are sold or withdrawn are written off from the corresponding accounts at the time of withdrawal or sale, and corresponding profits or losses are recorded in the period's results.

Installation Expenses

The depreciation of multi-year costs that did not meet the IAS recognition criteria have been written off. Asset acquisition expenses that were included in the depreciation of multi-year costs were transferred to an increase in the acquisition cost of property. The asset expenses that were transferred to an increase in acquisition cost of property on 31.12.2009 are 1,025,614.41 € for the Group and 1,025,614.41 € for the Company.

## 2.7 Intangible Assets

Intangible assets include software, which is valued at acquisition cost minus amortization. The amortization is estimated using the straight line method throughout the useful life of such assets, which is approximately 3.3 years. Expenses generated from the development and maintenance of software are acknowledged as expenses when they are incurred.

## 2.8 Investment property

Investments property corresponds to property (land plots or buildings or part of a building or both) that are owned (by the owner or by the lessee with financial leasing) in order to yield rents or an increase in their value or both, and not for:

- Use in production (plants) or procurement of goods (warehouses) or for administrative purposes (office buildings);
- Sale in the regular course of the Company's business.

Investments property is valued according to the acquisition cost method (in the exact manner as operational property) and are recorded in the balance sheet at acquisition cost minus accumulated amortization and accumulated impairment losses.

## 2.9 Non-current assets held for sale and discontinued operations

The aim of the present IFRS 5 is to determine the accounting treatment of the assets being held for sale and the presentation and disclosure of discontinued operations. Specifically, the present IFRS requires:

a) assets that fulfill the classification criteria of being held for sale should be valued at the lowest value between the book value and the fair market value minus the sales cost, while the amortization of these assets should cease, and

b) the assets that fulfill the classification criteria of being held for sale should be separately presented in the statement of financial position and the results of the discontinued operations should be separately presented in the results.

## 2.10 Impairment review of tangible and intangible assets

Assets that are depreciated are subject to and impairment review when there are indications that their book value is not recoverable. Recoverable value is the larger value between the net sale value (selling price less selling expenses) and value in use. Loss due to impairment of assets is recognized when the book value of these items or the cash-flow generating units is greater than their recoverable amount.

## 2.11 Segment reporting

IFRS 8 which replaces IAS 14, adopts the approach of presenting segment information, based on the manner in which such is presented internally to those that make decisions for the allocation of resources and the audit of the effectiveness of the company's operations. The segments constitute parts of an entity that are reviewed regularly by the entity's CEO / Board of Directors and are presented in the financial statements according to this internal categorization.
A business segment is defined as a group of assets and operations which include products and services that are subject to different risks and returns than those of other business segments. A geographic segment is defined as a geographic area where products and services are provided and which is subject to different risks and returns than other areas.

## 2.12 Borrowing Cost

The underwriting, legal, and other direct costs incurred related to the issue of a loan, readjust the borrowing amount recorded in the Results based on the effective interest rate method for the duration of the loan agreement. The borrowing costs are recorded in the results on the date they are incurred. The amount of the borrowing cost that corresponds to the construction period of tangible fixed assets is recognized as an increase to the latter's value.

## 2.13 Financial Assets

(a) Financial Assets measured at fair value with changes recorded in the results

Such concern financial assets that meet any of the following criteria:

- Financial assets held for commercial purposes (including derivatives, excluding those that are specified and effective as hedging instruments), are those acquired or created with the intent of sale or re- purchase, and finally those that are part of a portfolio of recognized financial instruments that are managed with the objective to create profit.

- Upon initial recognition, the company specifies the asset as measured at fair value by recording the changes in the results.
- On the Group's Balance Sheet, the transactions and fair value measurements of derivatives are recorded in separate accounts of the Assets and Liabilities under the title "Financial Derivatives." Fair value changes of derivatives are recorded in the results.

(b) Financial Derivatives and Hedging Instruments

The Group uses financial derivatives such as forward foreign exchange contracts. Derivatives are valued at fair value during the reference date. For purposes of hedge accounting, the hedges are classified as cash flow hedges when used to hedge the volatility of cash flows in relation to a recognized asset or liability, or in relation to a very possible commitment.
The overall hedged portion of the profit – loss in a measurement of derivatives, is recognized and recorded directly in equity if such is a cash flow hedge, while the non-effective portion is recorded in the results.
Amounts recorded as an equity reserve are transferred to the results in the period when the hedged item affects the profit or losses.
In cases of hedged of estimated future transactions, which lead to the recognition of a non-monetary item (inventory etc) or liability, then the profit or losses that had been recorded in equity are transferred to the acquisition cost of the resulting non-financial assets.

(c) Investment held until maturity

This category includes non-derivative financial assets with fixed or pre-defined payments and a specific maturity, which the Group has the intent and ability to hold until maturity.

(d) Financial assets available for sale

Such include non-derivative financial assets that cannot be included in any of the above categories. They are included in the non-current assets, provided that management does not intend to liquidate them within a 12-month period from the Balance Sheet date.
The purchase and sales of investments are recorded on the date of the transaction, which is the date that the Group commits itself to purchase or sell the asset. The investments are initially accounted for at fair value increased by the direct expenses ascribed to the transaction, with the exception as regards to the direct expenses ascribed to the transaction, for those assets that are measured at fair value with changes recorded in the results. Investments are written-off when the right to the cash flows from investments ceases to exist and the Group has transferred all the risks and rewards that the emanate from ownership. The financial assets available for sale are valued at fair value, while the profit or losses that may arise are recorded in the equity reserves until such assets are sold or designated as impaired. During the sale or when designated as impaired, the profit or losses are transferred to the results.
The fair values of financial assets that are traded on active markets are determined by their market prices. For the non-traded assets, the fair values are determined using valuation techniques, such as discounted future cash flows and option valuation models.

On each balance sheet date, the Group must proceed with estimations on whether its financial assets have been subject to impairment. For equity instruments, which have been classified as financial assets available for sale, such an indication constitutes a significant reduction to their fair value compared to their acquisition cost. If there is impairment, the cumulative loss in equity is transferred to the results. Impairment losses from equity instruments that have been registered in the results are not reversed through results.

(e) Recognition, write-off, definition of fair values

The purchase and sales of investments are recognized on the date of the transaction, which is the date that the Group commits itself to purchase or sell the asset. Investments are initially recognized at fair value plus the expenses directly attributed to the transaction, with the exception as regards to those expenses directly attributed to the transaction, for items that are valued at fair value with changes in the results.

The investments are written-off when the right to the cash flows from investments expires or is transferred and the Group has essentially transferred all the risks and rewards emanating from ownership.
The realized and unrealized profit or losses arising from changes in fair values of the financial assets measured at fair value with changes in the results are recorded in the results during the period in which such arise.

The fair values of the financial assets that are traded on active markets are determined by the current bid prices. For non-traded assets, fair values are determined using evaluation techniques such as the analysis of recent transactions, comparative assets traded, and discounted cash flows. The equity instruments, non-traded in an active market, that have been classified under the category Financial Assets Available For Sale and the fair value of which cannot be determined in a reliable way, are valued at acquisition cost.

(f) Impairment of financial assets

On every balance sheet date, the Group estimates whether there is objective evidence leading to the conclusion that the financial assets have been subject to impairment. For shares of companies classified as financial assets available for sale, such an indication consists of the significant or extended drop of their fair value in relation to their acquisition cost. If impairment is substantiated, the accumulated loss to equity, namely the difference between acquisition cost and fair value, is transferred to the results.

## 2.14 Inventories

Inventories are measured at the lower value between acquisition or production cost and their net liquidation value. The cost is determined by the weighted average cost method and includes expenses for acquiring the inventories or expenses for their production and the expenses for transporting them to their storage location. Borrowing cost is not included in the acquisition cost of inventories. The net liquidation value is estimated based on the current selling price of inventories in the context of normal activity, minus the given distribution cost, where applicable.

## 2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits.

## 2.16 Share capital and reserves

Share capital includes common registered shares of the company and reserves from the issue of shares above par (share premium). Expenses that were made for the issue of shares are recorded following the deduction of the relevant income tax, minus the issue product, in the share premium. The costs realized on the issue of shares, appear after deducting the related income tax in reduction of the issue proceeds, in the share premium.

We highlight the fact that the company’s Ordinary General Meeting on 29.06.2006 decided on the conversion of its shares from bearer to registered. The conversion process for the shares was completed on 8.9.2006, at which time the new registered shares began trading on the Athens Exchange.

## 2.17 Loans

Loans are initially recorded at fair value minus by any direct costs for the implementation of the transaction. They are subsequently measured at the net book cost, using the effective interest rate method. Loans for which the Company is entitled to defer repayment for more than 12 months are considered long term.

## 2.18 Income Tax – Deferred Income Tax

The burden of the financial year with income tax includes current taxes and deferred taxes, namely taxes or tax deductions related to the economic benefits arising in the current period but which have already been accounted for or will be accounted for by the tax authorities in different periods.

Deferred tax is calculated upon all the temporary differences of the balance sheet (the difference between the book value of each asset and its corresponding recognized tax value).

Concerning readjustment for non-depreciated fixed assets (sports fields, etc.) at their fair value, the deferred tax is calculated upon their liquidation (selling) value.

The cost of deferred taxes burdens the results of the financial year in which such are accounted. However, in the event that the temporary differences have been recorded in equity, the corresponding deferred tax is directly recorded in equity.

Deferred tax is not recorded for a tax liability that may be created solely pursuant to a decision made by the Company.

Deferred tax assets and liabilities are valued based on the expected tax rates to be applied during the fiscal period when the asset or liability will be settled, after considering the tax rates (and tax laws) in effect up to the Balance Sheet date. In case where the reversal time of the temporary differences cannot be determined, the tax rate to be applied is the tax rate in effect as of the date following the Balance Sheet date.

The recording of an asset for deferred income tax occurs only when there is certainty that the Company will achieve profits in the future, in order to offset the present asset with the future tax liability.

The loss during a financial year (or period) that is carried forward to the next financial year (or period) in order to offset the taxable profits of a following financial year (or period) contains a tax asset equal to the income tax that will be to the benefit of the Company in the next financial year (or period) in which the offsetting will occur. This asset is recorded when it is deemed certain that the Company will achieve profits in the future in order for it to be possible to offset the liability.
When there is a change in tax legislation, the tax liabilities and assets recorded in the books are adjusted accordingly. The adjustment differences are accounted for in the financial year results.

## 2.19 Employee benefits

(a) Short-Term Benefits:

Short-term employee benefits in cash and in goods are recorded as expenses when such become accrued.

b) Liabilities for staff retirement indemnities

Liabilities for staff retirement indemnities are calculated at the discounted value of future benefits at the end of each year, recognizing the benefit rights of employees during the employment period. Such liabilities are calculated annually by an independent actuary, using the projected unit credit method. The financial year's net retirement costs include the present value of the benefits accrued during the financial year, the actuarial profit and losses, as well as the interest on the benefit liabilities and are included in the statement of comprehensive income of the company and of the Group.

## 2.20 Provisions

Conditions for recording provisions:

- Legal Commitment

Contract, Legislation, or other application of the Law.

- or Constructive Obligation

This is an obligation that arises from past Company practice, published practices or a specific public statement.

- Reliable estimate of the amount

- Arises from past events (present obligation)
- Possible outflow of economic resources is possible from the settlement of the obligation.

The conditions for registration of provisions must apply cumulatively. A provision shall only be registered where the obligation exists, regardless of future Company actions. Where the Company can avoid the expense, no obligation exists and no provision is registered. A BoD decision does not suffice for the registration of a provision, since the BoD may revoke its decision. A provision may also represent future expenses necessary for the acquisition of future economic benefits. In these cases, the amount of the provision is capitalized as an asset.

Provisions are reviewed at the end of each period and are adjusted in order to reflect the best possible estimates and, where necessary, are discounted at a pre-tax discount rate.

### 2.21 Recognition of income

Income includes the fair value of sales of goods and the provision of services, net of VAT, discounts and refunds and are accounted for only when the economic benefits associated with the transaction shall be received by the Company.

Inter-Company income within the Group is written-off entirely.

Income recognition is carried out as follows:

(a) Income from sale of goods

Sales of goods are recognized when the Group has transferred the material risks and benefits arising from ownership of the goods to the buyer and the receivable amount can be reliably valued and its collection is reasonably assured.

(b) Income from provision of services

Income from the provision of services is calculated based on the service's completion stage with regard to its estimated total cost.

(c) Interest income

Interest income is recorded based on the time proportion (accrual principle) and by employing the effective interest rate.

(d) Income from dividends

Dividends are recognized as income when the shareholders' right to collect them has been established (that is, after their approval by the General Meeting).

### 2.22 Leases

Leases where risks and benefits of ownership are transferred from the lessor to the lessee are classified as financial leases, regardless of whether the ownership is eventually transferred or not. In this case, the fixed asset and liability are recorded at the lowest of the present value of minimum benefits guaranteed by the lessor or the fair value of the asset. Financial lease payments include the amount of principal and the financial expense. The financial expense should be allocated in the results so as to provide a fixed rate on the balance of the liability.

A lease is classified as financial or operating based on the essence of the transaction and not the type of contract.

If it arises from the lease agreement that all the benefits and risks derived from the ownership of the asset substantially remain with the lessor, then it is classified as an operating lease. The lease payments of an operating lease are registered as an expense in the results on a regular basis during the lease period.

### 2.23 Dividend distribution

Distribution of dividends to the parent Company's shareholders is recorded as a liability in the financial statements when distribution is approved by the shareholders' General Meeting.

### 2.24 Government Grants

Government grants are initially recognized in the Balance Sheet as deferred income, when the collection of the grant is fairly certain and the Group will comply with all required conditions. Grants that concern the Group's expenses are recognized as other operating income on a regular base in periods when the respective expenses are recognized. Grants that concern the acquisition cost of the Group's assets are recognized as other operating income on a regular base according to the useful life of the corresponding assets.

### 2.25 Earnings per share

Basic earnings per share are calculated by dividing the net earnings after taxes with the weighted average number of shares during each financial year.

### 2.26 Long-term Receivables / Liabilities

Long term receivables and liabilities, which are without interest or bear an interest lower than the given market rates, appear at their net present value. The discount differences are presented as financial income / expenses in the Results of the given year in which they occur.

### 2.27 Related parties

Transactions and balances with related parties appear separately in the Financial Statements Such related parties basically concern the major shareholders and the Management of a business and/or its subsidiary companies, companies with a joint ownership status and/or Management with the business and the consolidated subsidiaries or subsidiaries of these companies.

### 2.28 Capital management

It is the Group's policy to maintain a strong capital base in order to retain investors' and creditors' confidence and so that its future development will be supported. Management monitors equity, which it considers aggregately, with the exception of minority interest, so that the debt equity ratio (except for Company deposits) will amount to less than between 2 and 2.5 to 1.
In accordance with Codified Law 2190/1920, regarding societe anonymes (SAs), limitations are imposed in relation to equity, as follows:
The acquisition of treasury shares, with the exception of acquisition with the intent of distribution to employees, cannot exceed 10% of the paid share capital and cannot result in the decrease of equity to an amount less than the amount of the share capital augmented by the reserves for which distribution is prohibited by Law.
In the event where the company's total equity amounts to less than ½ of share capital, the Board of Directors is obligated to convene a General Meeting, within a period of six months from the end of the financial year, which will decide on the dissolution of the Company or the adoption of another measure.
When the Company's total equity reaches below 1/10 of the share capital and the General Meeting does not take the appropriate measures, the Company may be dissolved by a court decision following a claim by anyone with a lawful interest.
At least 1/20 of net earnings are deducted annually in order to form a statutory reserve, which is used exclusively to counterbalance, before any dividend distribution, any debit balance of the retained earnings account. The formation of this reserve is rendered optional when its amount reaches 1/3 of share capital. The payment of annual dividends to shareholders in cash, to an amount at least 35% of net earnings, after the deduction of the statutory reserve and the net result from the measurement of assets and liabilities at fair value, is mandatory. This is not applicable id decided by a General Shareholders' Meeting by a majority of at least 65% of the fully paid share capital.
In this case, the non-distributed dividend of up to at least 35% of the above net earnings is recorded in a special reserve for capitalization account, within four years with the issue of new shares that are offered at no charge to the entitled shareholders.

Finally, with a majority of at least 70% of the fully paid share capital, the General Meeting of shareholders may decide on the non-distribution of dividend.

The company complies fully with the relevant provisions imposed by law in relation to equity.

# *3. Financial risk management*

The Group is exposed to the following financial risks within the scope of its basic activity:

- Credit risk
- Liquidity risk
- Market risk

The Group's Risk Management policy is focused on the volatility of financial markets with the objective of minimizing the factors that may negatively affect the Group's financial performance.

The Group's Risk Management policies are applied in order to recognize and analyze risks which the Group faces, to set limits on risks assumed and to apply controls to such limits. The systems and policies applied are periodically reviewed to incorporate changes observed in market conditions and the Group's activities.

The risk management is performed by the Company's Finance Department, in cooperation with the Group's other departments and according to the guidelines and approvals of the Company's Board of Directors.

Adherence to risk management policies and procedures is controlled by the Internal Audit Department, which performs ordinary and extraordinary audits on the application of procedures, the findings of which are disclosed to the Board of Directors.

**A. Credit risk**

Due to the great dispersion of its clientele (no client exceeds 5% of total sales), the Group does not have a significant concentration of credit risk. Based on the credit policy approved by the Company's Board of Directors, which is applied throughout the Group, all new clients are examined on an individual basis in terms of their creditworthiness prior to the proposal of the standard payment terms.

Credit limits are set for each client; these are reviewed depending on ongoing conditions and, if necessary, the sales and collection terms are adjusted. As a rule, customer credit limits are determined on the basis of the insurance limits set for them by the insurance companies. While monitoring credit risk of customers, such are grouped according to their credit profile, the maturity of their receivables and any prior collection problems that may have emerged. Clients and other receivables mainly include the Group's wholesale clients. Clients characterized as "high risk" are placed in a special client list and future sales are to be pre-collected and approved by the Board of Directors. The Group's management makes impairment provisions which reflect its estimation on losses related to clients and other receivables. This provision mainly consists of impairment loss of specific receivables which are estimated on the basis of given conditions that such will be collected, but have not yet been finalized. The amount of the impairment loss is estimated as the difference between the book value of receivables and the present value of estimated future cash flows, discounted by the initial effective interest rate.

The impairment loss amount is accounted for as an expense in the results. Receivables which are assessed as bad debts are written off.

The credit risk is limited to 10% of the total trade receivables, on the basis of the Group's insurance policies. The margin of this risk is limited even further as tangible or other guarantees (such as letters of guarantee) are requested wherever deemed necessary.

**B. Liquidity risk**

Liquidity risk is the risk that the Group might be unable to meet its financial liabilities when these become due. The approach adopted by the Group to manage liquidity is to secure the necessary cash and sufficient credit limits from the banks with which it cooperates, so that there is sufficient liquidity to pay for its liabilities when such become due, under standard as well as strenuous conditions without incurring unacceptable loss or risking its reputation. In order to prevent liquidity risks, the Group makes provision for cash flows for the fiscal year when preparing its annual budget and a monthly rolling three-month provision so as to secure that it has the necessary cash to meet its operating needs, including its financial liabilities. This policy does not take into account the impact of extreme conditions, which cannot be foreseen. It is, however, emphasized that there is no security-guarantee for the total amount of loan liabilities to banks, which proves the Group's high creditworthiness.

The following table presents an analysis of the Group's and Company's liabilities, based on their expiration and remaining duration as at 31.12.2009.

**Group:**

| (Amounts in million) | **Up to 1 year** | **From 1 to 5 years** | **Total** |
|---|---|---|---|
| Loans | 25.9 | 18.5 | **44.4** |
| Suppliers & other liabilities | 18.4 | 5.2 | **23.6** |
| **Total liabilities** | **44.3** | **23.7** | **68.0** |

**Company:**

| (Amounts in million) | **Up to 1 year** | **From 1 to 5 years** | **Total** |
|---|---|---|---|
| Loans | 18.6 | 15.0 | **33.6** |
| Suppliers & other liabilities | 15.9 | 4.2 | **20.1** |
| **Total liabilities** | **34.5** | **19.2** | **53.7** |

On 31.12.2009 the Group and Company maintained **cash reserves** amounting to **16.9 mn** and **16.3 mn** respectively.

**C. Market risk**

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of change in the foreign exchange rates that the Group conducts transactions in and the risk of change in interest rates that the Group borrows at and which can affect the Group's results. The purpose of risk management against market conditions is to control the Group's exposure to those risks, within the context of acceptable parameters while at the same time optimizing performance.

**Metal (iron, steel, etc.) Raw Material Price Volatility Risk**

The Group conducts its purchases mainly in the global steel market under normal market terms. Each change in the market price of raw materials is discounted for in the sales price, resulting in changes in the Group's profit margin during periods of big price fluctuations for raw materials in the world market. More specifically, in periods during which prices follow an upward trend, the Group's margins improve, as the upward trend is transferred to the sales prices. Accordingly, when raw material prices follow a declining trend, the Group's margins decrease. The Group does not apply hedging to cover its basic operating reserve, which means that any increase/decrease of metal prices may affect its results accordingly through depreciation or appreciation of reserves. During 2008, the results were charged with devaluation losses on the net liquidation value amounting to € 5,267,604.53 for the company and € 5,642,604.53 for the Group. During 2009, there was a partial reversal of the devaluation loss by the amount of € 4,567,604.53 for the company and € 4,876,349.15 for the group.

**Foreign exchange risk**

The Group is exposed to foreign exchange risk from the purchase of inventories it makes in a currency other than the operating currency of the Group's companies, which is the Euro. The currency in which such transactions are made is the US Dollar and, in order to limit foreign exchange risk, it purchases foreign currency in advance. The Group's borrowings are euro denominated in their entirety while there are no receivables denominated in foreign currency.

Foreign currency has been purchased in advance for an equal amount of the Group's total liabilities on 31.12.2009 and has been accounted for. As a result, there is no foreign exchange risk from the change in the dollar exchange rate.

**Interest rate risk**

Interest rate risk arises mainly from long-term and short-term bank loans in Euros at a floating rate.

The Group finances its investments, as well as its need for working capital, through self-funding, bank loans and bond loans incurring interest expense in its results. Increasing trends in interest rates shall negatively affect results, as the Group incurs the additional borrowing cost. Interest rate risk is mitigated since part of the Group's debt is secured through the use of financial instruments (interest rate swaps).

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate (Euribor) would be 1% higher/lower on average during fiscal year 2009:

| (Amounts in million) | **Loans 31.12.2009** | **Effect on the results before taxes ( + / - )** |
|---|---|---|
| Group | 44.4 | 0.4 |
| Company | 33.6 | 0.3 |

This would occur due to the higher/lower financial cost of bank borrowing with a floating rate in euro.

## 4. *Significant accounting estimations and judgments by management*

The Group proceeds with estimates and assumptions regarding the progress of future events. Estimates and assumptions that entail significant risk of causing material adjustments to the book values of assets and liabilities within the coming 12 months are as follows:

Income Taxes

There are several transactions and calculations for which the final determination of tax is uncertain. On 31.12.2009 the Company and the Group have made a provision for accounting periods unaudited by the tax authorities amounting to € 150 thousand and € 165 thousand respectively.

## 5. *Analysis of tangible fixed assets*

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

| MOVEMENT OF FIXED ASSETS | Land-plots & buildings | Vehicles & Mechanical Equipment | Furniture & other equipment | Assets under construction | Intangible assets | Investment property | Total |
|---|---|---|---|---|---|---|---|
| Book value | 33,094,584.64 | 23,081,942.28 | 1,035,495.09 | 2,547,968.21 | 282,671.57 | 1,120,186.50 | 61,162,848.29 |
| Accumulated depreciation/amortization and impairment | -2,944,400.25 | -5,828,271.83 | -612,437.07 | 0.00 | -181,501.82 | -7,368.40 | -9,573,979.37 |
| **Net book value 31.12.08** | **30,150,184.39** | **17,253,670.45** | **423,058.02** | **2,547,968.21** | **101,169.75** | **1,112,818.10** | **51,588,868.92** |
| Book value | 33,768,462.87 | 24,695,403.53 | 1,050,626.40 | 5,537,455.46 | 373,022.94 | 1,120,186.50 | 66,545,157.70 |
| Accumulated depreciation/amortization and impairment | -3,681,715.35 | -6,148,466.16 | -684,611.93 | 0.00 | -237,766.06 | -8,842.08 | -10,761,401.58 |
| **Net book value 31.12.09** | **30,086,747.52** | **18,546,937.37** | **366,014.47** | **5,537,455.46** | **135,256.88** | **1,111,344.42** | **55,783,756.12** |

| MOVEMENT OF FIXED ASSETS | Land-plots & buildings | Vehicles & Mechanical Equipment | Furniture & other equipment | Assets under construction | Intangible assets | Investment property | Total |
|---|---|---|---|---|---|---|---|
| **Book value 1.1.2008** | **25,827,622.22** | **11,770,105.43** | **295,205.15** | **3,135,953.27** | **45,573.18** | **5,173,578.96** | **46,248,038.21** |
| Additions | 4,992,403.99 | 6,572,547.92 | 228,965.89 | 2,002,236.87 | 90,719.32 | 0.00 | 13,886,873.99 |
| Depreciation/ Amortization | -669,841.82 | -892,520.79 | -98,793.10 | 0.00 | -35,122.75 | -51,473.68 | -1,747,752.14 |
| Impairment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales - write-offs | 0.00 | -343,831.10 | -3,395.00 | 0.00 | 0.00 | 0.00 | -347,226.10 |
| Depreciation of assets sold/written-off | 0.00 | 147,368.99 | 1,075.08 | 0.00 | 0.00 | 0.00 | 148,444.07 |
| Transfer to property for sale | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -4,009,287.18 | -4,009,287.18 |
| Transfer to fixed assets | 0.00 | 0.00 | 0.00 | -2,590,221.93 | 0.00 | 0.00 | -2,590,221.93 |
| **Net book value 31.12.08** | **30,150,184.39** | **17,253,670.45** | **423,058.02** | **2,547,968.21** | **101,169.75** | **1,112,818.10** | **51,588,868.92** |
| Additions | 693,611.17 | 2,980,134.48 | 55,532.55 | 6,178,623.40 | 92,251.40 | 0.00 | 10,000,153.03 |
| Depreciation/ Amortization | -741,160.61 | -1,109,672.28 | -111,394.15 | 0.00 | -58,164.27 | -1,473.68 | -2,021,864.99 |
| Impairment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales - write-offs | -19,733.02 | -1,366,673.24 | -32,520.00 | 0.00 | -1,900.00 | 0.00 | -1,420,826.26 |
| Depreciation of assets sold/written-off | 3,845.56 | 789,477.96 | 31,338.05 | 0.00 | 1,900.00 | 0.00 | 826,561.57 |
| Transfer to fixed assets | 0.00 | 0.00 | 0.00 | -3,189,136.15 | 0.00 | 0.00 | -3,189,136.15 |
| **Net book value 31.12.09** | **30,086,747.52** | **18,546,937.37** | **366,014.47** | **5,537,455.46** | **135,256.88** | **1,111,344.42** | **55,783,756.12** |

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

| MOVEMENT OF FIXED ASSETS | Land-plots & buildings | Vehicles & Mechanical Equipment | Furniture & other equipment | Assets under construction | Intangible assets | Investment property | Total |
|---|---|---|---|---|---|---|---|
| Book value | 30,022,902.75 | 16,978,650.46 | 817,356.66 | 1,120,317.37 | 230,027.03 | 1,120,186.50 | 50,289,440.77 |
| Accumulated depreciation/amortization and impairment | -2,906,287.34 | -4,651,100.23 | -558,198.96 | 0.00 | -136,766.02 | -7,368.40 | -8,259,720.95 |
| **Net book value 31.12.08** | **27,116,615.41** | **12,327,550.23** | **259,157.70** | **1,120,317.37** | **93,261.01** | **1,112,818.10** | **42,029,719.82** |
| Book value | 30,150,564.94 | 18,333,142.94 | 806,721.62 | 2,843,750.65 | 260,469.51 | 1,120,186.50 | 53,514,836.16 |
| Accumulated depreciation/amortization and impairment | -3,560,344.36 | -4,627,677.22 | -605,480.96 | 0.00 | -178,480.92 | -8,842.08 | -8,980,825.54 |
| **Net book value 31.12.09** | **26,590,220.58** | **13,705,465.72** | **201,240.66** | **2,843,750.65** | **81,988.59** | **1,111,344.42** | **44,534,010.62** |

| MOVEMENT OF FIXED ASSETS | Land-plots & buildings | Vehicles & Mechanical Equipment | Furniture & other equipment | Assets under construction | Intangible assets | Investment property | Total |
|---|---|---|---|---|---|---|---|
| **Book value 1.1.2008** | **24,877,149.76** | **10,087,929.87** | **233,993.19** | **1,764,618.10** | **39,833.93** | **5,173,578.96** | **42,177,103.81** |
| Additions | 2,885,236.06 | 3,088,950.79 | 110,082.18 | 1,095,124.37 | 82,848.99 | 0.00 | 7,262,242.39 |
| Depreciation/Amortization | -645,770.41 | -652,868.32 | -82,597.75 | 0.00 | -29,421.91 | -51,473.68 | -1,462,132.07 |
| Impairment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales - write-offs | 0.00 | -343,831.10 | -3,395.00 | 0.00 | 0.00 | 0.00 | -347,226.10 |
| Depreciation of assets sold/written-off | 0.00 | 147,368.99 | 1,075.08 | 0.00 | 0.00 | 0.00 | 148,444.07 |
| Transfer to property for sale | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -4,009,287.18 | -4,009,287.18 |
| Transfer to fixed assets | 0.00 | 0.00 | 0.00 | -1,739,425.10 | 0.00 | 0.00 | -1,739,425.10 |
| **Net book value 31.12.08** | **27,116,615.41** | **12,327,550.23** | **259,157.70** | **1,120,317.37** | **93,261.01** | **1,112,818.10** | **42,029,719.82** |
| Additions | 127,662.18 | 2,717,988.28 | 21,884.96 | 4,515,515.36 | 32,342.48 | 0.00 | 7,415,393.26 |
| Depreciation/Amortization | -654,057.01 | -763,627.60 | -78,620.05 | 0.00 | -43,614.90 | -1,473.68 | -1,541,393.24 |
| Impairment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales - write-offs | 0.00 | -1,363,495.80 | -32,520.00 | 0.00 | -1,900.00 | 0.00 | -1,397,915.80 |
| Depreciation of assets sold/written-off | 0.00 | 787,050.61 | 31,338.05 | 0.00 | 1,900.00 | 0.00 | 820,288.66 |
| Transfer to investment property | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Transfer to fixed assets | 0.00 | 0.00 | 0.00 | -2,792,082.08 | 0.00 | 0.00 | -2,792,082.08 |
| **Net book value 31.12.09** | **26,590,220.58** | **13,705,465.72** | **201,240.66** | **2,843,750.65** | **81,988.59** | **1,111,344.42** | **44,534,010.62** |

## 6. Non-Current assets held for sale

| | 31.12.2008 | 31.12.2009 |
|---|---|---|
| Land Plot on Thivon Street | 4,009,287.18 | 0.00 |
| Building on land-plot | 250,000.00 | 0.00 |
| **Total Value** | **4,259,287.18** | **0.00** |
| Amortized | (250,000.00) | 0.00 |
| **Net book value** | **4,009,287.18** | **0.00** |

During 2009, the company completed the sale of 78% of its property on 190 Thivon Avenue located at Agios Ioannis Renti at Piraeus, to ALDI HELLAS Supermarket. From the total area of the property (5,572 sq.m.), a total of 4,380 sq.m. were sold, while the remaining 1,192 sq.m. remain under the company's ownership. The sale price amounted to € 6,390,000.00, while the net result from the sale amounted to €2,380,712.82.

## 7. Investment property

| | COMPANY | |
|---|---|---|
| | 31.12.2009 | 31.12.2008 |
| Land Plot on Thivon Street 1,191.7 sq.m. | 1,090,712.82 | 1,090,712.82 |
| Apartment at Filippiados Str. | 29,473.68 | 29,473.68 |
| **Total Value** | **1,120,186.50** | **1,120,186.50** |
| Amortized | 8,942.08 | 7,368.40 |
| **Net book value** | **1,111,344.42** | **1,112,818.10** |

## 8. Summary financial data of consolidated companies

The participation stakes of the Company in the consolidated subsidiaries and joint ventures, which are all non-listed, are as follows:

| | Domicile | Assets | Liabilities | Income from sales | Profit (losses) | Participation stake |
|---|---|---|---|---|---|---|
| **31.12.2009** | | | | | | |
| TATA ELASTRON S.A. STEEL PROCESSING CENTER | Greece | 30,054,613.23 | 21,795,011.55 | 17,428,758.49 | (1,496,054.77) | 50% |
| CORUS – KALPINIS – SIMOS – S.A. COATING MATERIALS | Greece | 22,740,438.87 | 11,025,701.27 | 21,825,888.68 | (737,888.57) | 50% |
| BALKAN IRON GROUP SRL | Romania | 2,478,122.12 | 474,704.73 | 111,787.00 | 158,087.90 | 33.33% |
| **TOTAL** | | **55,273,174.22** | **33,295,417.55** | **39,366,434.17** | **(2,075,855.44)** | |

| | Domicile | Assets | Liabilities | Income from sales | Profit (losses) | Participation stake |
|---|---|---|---|---|---|---|
| 31.12.2008 | | | | | | |
| TATA ELASTRON S.A. STEEL PROCESSING CENTER | Greece | 24,861,022.41 | 15,369,985.53 | 4,309,564.23 | (621,317.90) | 50% |
| CORUS – KALPINIS – SIMOS – S.A. COATING MATERIALS | Greece | 32,050,813.97 | 19,709,343.88 | 34,468,807.72 | 583,136.05 | 50% |
| BALKAN IRON GROUP SRL | Romania | 0.00 | 0.00 | 0.00 | 0.00 | 33.33% |
| TOTAL | | **56,911,836.38** | **35,079,329.41** | **38,778,371.95** | **(38,181.85)** | |

## 9. *Analysis of receivables*

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Customers | 22,368,488.98 | 35,422,707.58 | 20,194,171.16 | 33,702,553.14 |
| Notes | 463,872.81 | 288,642.90 | 402,494.39 | 288,642.92 |
| Post-dated cheques | 23,747,046.20 | 54,141,951.98 | 18,734,320.81 | 47,545,077.22 |
| Provisions for Bad Debt | (777,931.55) | (1,302,554.17) | (600,000.00) | (1,098,056.42) |
| | **45,801,476.44** | **88,550,748.29** | **38,730,986.36** | **80,438,216.86** |
| Other Receivables | 6,341,019.64 | 8,083,744.12 | 4,641,622.49 | 5,633,372.89 |
| **Trade and other receivables** | **52,142,496.08** | **96,634,492.41** | **43,372,608.85** | **86,071,589.75** |

The movement of the provision for bad debts is presented in the following table:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Initial balance | 1,302,554.17 | 610,860.94 | 1,098,056.42 | 488,819.24 |
| Additional provision (results) | 944,721.80 | 1,602,291.64 | 873,391.16 | 1,519,835.59 |
| Use of provision | -1,469,344.42 | -910,598.41 | -1,371,447.58 | -910,598.41 |
| **Final balance** | **777,931.55** | **1,302,554.17** | **600,000.00** | **1,098,056.42** |

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Receivables from employees | 21,785.62 | 24,330.24 | 18,335.00 | 17,744.09 |
| Receivables from other partners - third parties | 212,223.20 | 57,524.81 | 71,305.28 | 19,899.68 |
| Receivables from related companies | 700,000.00 | 1,500,325.00 | 850,000.00 | 1,500,000.00 |
| Greek State– tax receivable | 2,383,462.02 | 4,011,570.14 | 1,083,485.17 | 3,049,584.99 |
| Grants receivables | 3,023,548.80 | 2,489,993.93 | 2,618,497.04 | 1,046,144.13 |
| **Total** | **6,341,019.64** | **8,083,744.12** | **4,641,622.49** | **5,633,372.89** |

## 10. Analysis of inventories

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Merchandise | 11,715,453.58 | 27,819,515.76 | 10,723,458.27 | 27,056,622.49 |
| Impairment of merchandise | (307,915.99) | (2,885,652.00) | (270,000.00) | (2,885,652.00) |
| Merchandise in stock | 0.00 | 1,278,977.93 | 0.00 | 1,278,977.93 |
| Impairment of merchandise in stock | 0.00 | (71,682.53) | 0.00 | (71,682.53) |
| Products | 5,835,374.96 | 10,090,589.31 | 5,299,673.83 | 9,628,471.16 |
| Impairment of products | (436,966.17) | (2,310,270.00) | (430,000.00) | (2,310,270.00) |
| Orders | 3,548,330.59 | 1,136,765.55 | 3,323,201.42 | 998,479.39 |
| Raw materials | 2,346,102.11 | 4,077,672.75 | 0.00 | 0.00 |
| Impairment of raw materials | (21,373.22) | (375,000.00) | 0.00 | 0.00 |
| **Total** | **22,679,005.86** | **38,760,916.77** | **18,646,333.52** | **33,694,946.44** |

During 2008, the results were charged with impairment losses at the net liquidation value amounting to € 5,267,604.53 for the company and € 5,642,604.53 for the Group. During 2009, there was a partial reversal of the impairment loss by the amount of € 4,567,604.53 for the company and € 4,876,349.15 for the group.

## 11. Derivatives

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Forward foreign exchange contracts (current assets) | 214,973.93 | 0.00 | 213,480.87 | 0.00 |
| Amounts registered in the results | 0.00 | 0.00 | 0.00 | 0.00 |

The income or expenses transferred from equity to the results during the maturity of the hedged item, are registered in cost of sales.

## *12. Analysis of cash reserves*

The Group's and Company's cash & cash equivalents include the following:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Cash in hand | 14,381.82 | 62,508.54 | 9,913.82 | 59,563.54 |
| Demand deposits | 16,921,771.12 | 932,834.78 | 16,317,509.94 | 623,680.28 |
| **Total** | **16,936,152.94** | **995,343.32** | **16,326,823.76** | **683,243.82** |

## *13. Analysis of all equity accounts*

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Share Capital | **14,918,400.00** | **14,918,400.00** | **14,918,400.00** | **14,918,400.00** |
| | | | | |
| Share premium | **14,900,777.70** | **14,900,777.70** | **14,900,777.70** | **14,900,777.70** |
| | | | | |
| Statutory reserve | 3,444,106.95 | 3,316,736.60 | 3,334,000.00 | 3,210,000.00 |
| Extraordinary reserves | 5,270,400.00 | 5,270,400.00 | 5,270,400.00 | 5,270,400.00 |
| Tax-exempt reserves subject to special legal provisions | 11,985,901.87 | 11,985,901.87 | 11,885,777.86 | 11,885,777.86 |
| Free shares from profit capitalization | 344,862.50 | 344,862.49 | 0.00 | 0.00 |
| Reserves of tax-exempt income | 404,315.87 | 404,315.87 | 404,315.87 | 404,315.87 |
| Difference from adjustment in value of other assets | (2,145.35) | 0.00 | 0.00 | 0.00 |
| **Total Reserves** | **21,447,441.84** | **21,322,216.83** | **20,894,493.73** | **20,770,493.73** |
| | | | | |
| Retained earnings | 35,789,203.31 | 34,409,372.80 | 33,508,945.64 | 32,091,398.97 |
| Total comprehensive income | -5,450,990.12 | 2,437,455.53 | -4,350,393.11 | 2,473,946.67 |
| **Accumulated Earnings** | **30,338,213.19** | **36,846,828.33** | **29,158,552.53** | **34,565,345.64** |
| | | | | |
| **Total equity without minority interest** | **81,604,832.73** | **87,988,222.86** | **79,872,223.96** | **85,155,017.07** |
| | | | | |
| Minority interest | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | |
| **Total Equity** | **81,604,832.73** | **87,988,222.86** | **79,872,223.96** | **85,155,017.07** |

# *14. Analysis of suppliers and other liabilities*

The Group's and Company's liabilities towards suppliers are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Suppliers | 7,557,338.87 | 6,113,641.28 | 5,433,246.74 | 2,741,780.38 |
| Notes payable | 8,781,483.36 | 15,266,516.14 | 8,781,483.36 | 15,237,371.61 |
| | **16,338,822.23** | **21,380,157.42** | **14,214,730.10** | **17,979,151.99** |

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Insurance accounts & other taxes | 1,079,756.56 | 874,213.80 | 944,996.88 | 592,060.91 |
| Customer prepayments | 496,295.96 | 257,170.09 | 432,734.12 | 135,974.39 |
| Other liabilities / provisions | 124,554.24 | 1,376,904.17 | 16,372.07 | 1,302,815.93 |
| Dividends payable | 31,901.37 | 36,958.74 | 31,901.37 | 36,958.74 |
| | **1,732,508.13** | **2,545,246.80** | **1,426,004.44** | **2,067,809.97** |
| Short-term grants | 319,959.38 | 177,345.50 | 268,282.77 | 123,545.50 |
| Financial leasing liabilities | 6,671.52 | 9,505.09 | 0.00 | 0.00 |
| **Total** | **2,059,139.03** | **2,732,097.39** | **1,694,287.21** | **2,191,355.47** |

# *15. Analysis of loans*

The Group's and Company's loan liabilities are analyzed as follows:

**Long-term loans**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Bond loans | 18,464,513.00 | 34,659,776.67 | 15,000,000.00 | 27,000,000.00 |

**Short-term loans**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Bank loans | 17,220,006.35 | 40,070,245.83 | 10,111,896.49 | 33,762,311.66 |
| Short-term part of bond loans | 8,683,353.33 | 183,353.33 | 8,500,000.00 | 5,018,040.00 |
| **Total** | **25,903,359.68** | **40,253,599.16** | **18,611,896.49** | **38,780,351.66** |
| TOTAL LOANS | **44,367,872.68** | **74,913,375.83** | **33,611,896.49** | **65,780,351.66** |

| | GROUP | | | |
|---|---|---|---|---|
| | < 1 year | From 1 to 2 years | From 2 to 5 years | > 5 years |
| Bank loans 31.12.09 | 25,903,359.68 | 2,366,706.66 | 16,097,806.34 | 0.00 |

| | COMPANY | | | |
|---|---|---|---|---|
| | < 1 year | From 1 to 2 years | From 2 to 5 years | > 5 years |
| Bank loans 31.12.09 | 18,611,896.49 | 0.00 | 15,000,000.00 | 0.00 |

The net outflows (repayments) of loans for the period 1/1-31/12/2009 were € 30,316,548.48 for the Group and € 31,839,655.61 for the Company. For the respective financial year of 2008, net inflows (receipts) were € 16,248,183.74 for the Group and € 10,798,183.74 for the Company.

## 16. Analysis of deferred taxes

Deferred tax assets and liabilities are calculated at the level of each individual Company of the Group. If both assets and liabilities arise, such are offset against one another at the individual Company level.

The deferred tax assets (DTA) and liabilities (DTL) are offset when there is an applicable legal right for the current tax assets to be offset against current tax liabilities and when the deferred income taxes concern the same tax authority.

Deferred taxes are as follows:

a) For the Group

| | 1.1.2008 | 1.1-31.12.08 | 31.12.2008 | 1.1-31.12.09 | 31.12.09 |
|---|---|---|---|---|---|
| Intangible assets | -10,215.82 | -12,255.83 | -22,471.65 | -9,039.17 | -31,510.82 |
| Tangible assets | -1,840,715.41 | 837,396.50 | -1,003,318.91 | -692,025.78 | -1,695,344.69 |
| Installation expenses | 16,047.35 | -8,345.06 | 7,702.29 | 3,188.84 | 10,891.13 |
| Inventories | 11,424.33 | 1,380,476.81 | 1,391,901.14 | -1,180,088.06 | 211,813.08 |
| Long-term receivables | -120,000.00 | 120,000.00 | 0.00 | 1,438.49 | 1,438.49 |
| Trade & other receivables | 18,624.44 | 49,011.78 | 67,636.22 | 140,950.76 | 208,586.98 |
| Employee benefits | 132,688.21 | -13,308.02 | 119,380.19 | -3,150.43 | 116,229.76 |
| Government grants | -5,837.67 | -16,080.83 | -21,918.50 | -45,206.15 | -67,124.65 |
| Suppliers and other liabilities | 6,883.48 | -3,648.16 | 3,235.32 | 4,348.57 | 7,583.89 |
| Tax loss offset by taxable earnings of subsequent years | 4,552.83 | 101,461.53 | 106,014.36 | 2,752,948.50 | 2,858,962.86 |
| From unrealized profit of intercompany transactions | 229.20 | 0.00 | 229.20 | 12,609.19 | 12,838.39 |
| Other | -415.69 | -1,020.89 | -1,436.58 | 1,093.32 | -343.26 |
| **Total** | **-1,786,734.75** | **2,433,687.83** | **646,953.08** | **987,068.08** | **1,634,021.16** |

b) For the Company

| | 1.1.2008 | 1.1-31.12.08 | 31.12.2008 | 1.1-31.12.09 | 31.12.09 |
|---|---|---|---|---|---|
| Intangible assets | -9,958.45 | -12,599.00 | -22,557.45 | 3,383.08 | -19,174.37 |
| Tangible assets | -1,495,295.44 | 747,566.81 | -747,728.63 | -623,024.92 | -1,370,753.55 |
| Installation expenses | 0.00 | 0.00 | 0.00 | 4,306.68 | 4,306.68 |
| Inventories | 10,659.37 | 1,306,241.76 | 1,316,901.13 | -1,126,716.37 | 190,184.76 |
| Long-term receivables | -120,000.00 | 120,000.00 | 0.00 | 1,438.49 | 1,438.49 |
| Trade & other receivables | 0.00 | 29,522.20 | 29,522.20 | 136,574.44 | 166,096.64 |
| Employee benefits | 127,429.22 | -14,770.02 | 112,659.20 | -5,404.50 | 107,254.70 |
| Government grants | -5,837.67 | -14,102.74 | -19,940.41 | -33,716.14 | -53,656.55 |
| Suppliers and other liabilities | 0.00 | 0.00 | 0.00 | 6,249.58 | 6,249.58 |
| Tax loss offset by taxable earnings of subsequent years | 0.00 | 0.00 | 0.00 | 2,405,436.62 | 2,405,436.62 |
| Other | -415.68 | 415.68 | 0.00 | 0.00 | 0.00 |
| **Total** | **-1,493,418.65** | **2,162,274.69** | **668,856.04** | **768,526.96** | **1,437,383.00** |

The company and group consider that until 2014 the recognized tax losses will be fully offset with the respective earnings.

## *17. Analysis of post-employment benefits*

The Group has assigned an actuary to conduct a study in order to investigate and calculate the actuarial figures, based on the specifications set by International Accounting Standards (IAS 19), which must be recorded on the balance sheet and the statement of comprehensive income. When performing the actuarial estimate, all economic and population parameters related to the employees of the Group were taken into account.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| **Balance Sheet liabilities** | **581,948.84** | **596,900.98** | **536,273.51** | **563,296.01** |
| **Charges to the Results** | **215,059.18** | **112,963.69** | **169,932.61** | **96,050.15** |
| | | | | |
| Present value of financed liabilities | 780,349.08 | 770,945.39 | 727,137.51 | 727,137.51 |
| Non registered actuarial (profit) / losses | -174,044.41 | -174,044.41 | -163841.50 | -163,841.50 |
| Non registered prior working service cost | 0.00 | 0.00 | 0.00 | 0.00 |
| **Balance Sheet Liability** | **581,948.84** | **596,900.98** | **536,273.51** | **563,296.01** |
| | | | | |
| **Changes in the net liability recognized in the Balance Sheet** | | | | |
| Net liability at beginning of year | 596,900.98 | 530,752.83 | 563,296.01 | 509,716.86 |
| Employer contributions | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefits paid | -230,011.32 | -46,815.54 | -196,955.11 | -42,481.00 |
| Total expense recognized in the results | 215,059.18 | 112,963.69 | 169,932.61 | 96,060.15 |
| **Net liability at end of year** | **581,948.84** | **596,900.98** | **536,273.51** | **563,296.01** |
| | | | | |
| **Analysis of expenses recognized in the results** | | | | |
| Cost of current employment | 49,805.99 | 55,885.67 | 36,352.41 | 43,680.28 |
| Interest on liability | 45,485.78 | 35,303.25 | 42,901.11 | 33,324.50 |
| Cost of additional benefits | 111,447.70 | 12,109.94 | 82,855.11 | 10,246.43 |
| Cost of settlements from employee transfers | 0.00 | 0.00 | 0.00 | 0.00 |
| Actuarial (profit) / losses | 8,319.72 | 9,664.83 | 7,823.98 | 8,808.94 |
| Effect from employment termination benefits | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total expense recognized in the results** | **215,059.18** | **112,963.69** | **169,932.61** | **96,060.15** |
| | | | | |
| **Basic actuarial assumptions used for accounting purposes** | | | | |
| Discount rate | 5.9% | 5.9% | 5.9% | 5.9% |
| Future wage increases | 3.2% | 3.2% | 3.2% | 3.2% |

## 18. Analysis of tax liabilities

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Income tax liability | 0.00 | 2,078,020.27 | 0.00 | 1,871,322.34 |
| Prepayment of tax over earnings for next period | (1,657,661.36) | (1,944,086.20) | (1,517,251.72) | (1,709,019.65) |
| Tax provision for tax-exempt reserves of L. 3220/2004 | 0.00 | 750,000.00 | 0.00 | 750,000.00 |
| Provision for tax audit differences | 532,500.00 | 367,500.00 | 500,000.00 | 350,000.00 |
| Tax dues from previous years | 35,086.19 | 97,412.00 | 0.00 | 0.00 |
| **Total** | **(1,090,075.17)** | **1,348,846.07** | **(1,017,251.72)** | **1,262,302.69** |

By virtue of Law 3220/2004, the Company and the Group formed untaxed reserves amounting to € 2,520 thousand and € 2,960 thousand respectively for the years 2003 – 2004. The untaxed reserves are considered by the European Union as a form of government assistance and are subject to taxation. Due to this development, the company assumed that there tax will likely be imposed on these reserves and hence accounted for provisions which burdened the results of fiscal year 2006. Pursuant to the audit report by the Ministry of Economy and Finance dated 16/02/2009, as regards the realized investments of Law 3220/2004 , there is no reason for recovery of the tax exempt reserve and therefore the company proceeded to the reversal of the said provision.

## 19. Segment reporting

The Group operates only in one business segment, namely steel products. However, due to the requirements of IFRS 8, which replaces IAS 14, and adopts the approach of presenting segment information, based on the manner in which such is presented internally to those that make decisions for the allocation of resources and the audit of the effectiveness of the company's operations, the company redefined its segment reporting.
The business segments are now the following:

- Segment of polyurethane panels
- Segment of other long and flat steel products

a) Statement of Financial Position per segment on 31.12.2009 and 31.12.2008 respectively

| (Amounts in €) | 2009 | | | |
|---|---|---|---|---|
| | PANELS | OTHER STEEL PRODUCTS | CONSOLIDATION ENTRIES | CONSOLIDATED STATEMENT OF FINANCIAL POSITION |
| ASSETS | | | | |
| Tangible and intangible fixed assets | 3,119,578.57 | 52,665,094.37 | (916.82) | 55,783,756.12 |
| Other non-current assets | 56,836.40 | 1,766,908.70 | 12,838.39 | 2,926,658.66 |
| Inventories | 2,334,915.08 | 20,397,239.11 | (53,148.33) | 22,679,005.86 |
| Customers and other receivables | 5,678,415.81 | 48,923,223.06 | (2,244,168.86) | 51,267,394.84 |
| Cash and cash equivalents | 252,459.55 | 16,683,693.39 | | 16,936,152.95 |
| **Total Assets** | **11,442,205.41** | **140,436,158.63** | | **149,592,968.42** |
| | | | | |
| EQUITY & LIABILITIES | | | | |
| Equity | 5,857,368.79 | 75,788,690.70 | (41,226.76) | 81,604,832.74 |
| Long-term loans | 550,060.00 | 17,914,453.00 | | 18,464,513.00 |
| Other long-term liabilities | 278,911.97 | 4,943,389.78 | | 5,222,301.75 |
| Short-term loans | 2,625,367.24 | 23,277,992.44 | | 25,903,359.68 |
| Other short-term liabilities | 2,130,497.41 | 18,511,632.71 | (2,244,168.86) | 18,397,961.26 |
| **Total Equity & Liabilities** | **11,442,205.41** | **140,436,158.63** | | **149,592,968.42** |

| (Amounts in €) | 2008 | | | |
|---|---|---|---|---|
| | PANELS | OTHER STEEL PRODUCTS | CONSOLIDATION ENTRIES | CONSOLIDATED STATEMENT OF FINANCIAL POSITION |
| ASSETS | | | | |
| Tangible and intangible fixed assets | 3,233,031.31 | 48,356,754.43 | (916.82) | 51,588,868.92 |
| Other non-current assets | 9,472.83 | 708,908.66 | | 718,381.49 |
| Inventories | 3,782,509.20 | 34,979,221.03 | (813.46) | 38,760,916.77 |
| Customers and other receivables | 8,761,205.62 | 94,684,488.21 | (2,801,914.24) | 100,643,779.59 |
| Cash and cash equivalents | 239,188.01 | 756,155.31 | | 995,343.32 |
| **Total Assets** | **16,025,406.97** | **179,485,527.64** | | **192,707,290.09** |
| | | | | |
| EQUITY & LIABILITIES | | | | |
| Equity | 6,170,735.03 | 81,818,988.90 | (1,501.07) | 87,988,222.86 |
| Long-term loans | 641,736.67 | 34,018,040.00 | | 34,659,776.67 |
| Other long-term liabilities | 362,361.15 | 3,982,229.37 | | 4,344,590.52 |
| Short-term loans | 6,087,384.30 | 34,166,214.86 | | 40,253,599.16 |
| Other short-term liabilities | 2,763,189.82 | 25,500,054.51 | (2,802,143.45) | 25,461,100.88 |
| **Total Equity & Liabilities** | **16,025,406.97** | **179,485,527.64** | | **192,707,290.09** |

b) Statement of Comprehensive Income per segment on 1.1-31.12.2009 and 1.1-31.12.2008 respectively

| (Amounts in €) | 1.1-31.12.2009 | | | |
|---|---|---|---|---|
| | PANELS | OTHER STEEL PRODUCTS | CONSOLIDATION ENTRIES | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME |
| Sales | 10,912,944.34 | 85,289,643.77 | (4,105,060.35) | 92,097,527.76 |
| Cost of sales | -9,832,881.28 | -83,378,029.80 | 4,294,160.64 | -88,916,750.44 |
| **Gross profit / (loss)** | **1,080,063.06** | **1,911,613.97** | **189,100.29** | **3,180,777.32** |
| Other income | 157,268.36 | 4,392,749.93 | (211,033.79) | 4,338,984.50 |
| Distribution expenses | -978,364.86 | -6,849,877.55 | 64,211.74 | -3,867,877.67 |
| Administration expenses | -368,692.63 | -3,509,445.05 | 10,260.00 | -7,764,030.68 |
| Other expenses | -67,984.65 | -1,529,891.48 | 0.00 | -1,597,876.13 |
| **Earnings / (losses) before interest and taxes (EBIT)** | **-177,710.72** | **-5,584,850.18** | **52,538.24** | **-5,710,022.66** |
| Financial income | 4,968.83 | 1,000,398.52 | 0.00 | 1,005,367.35 |
| Financial cost | -196,702.41 | -1,779,073.23 | 0.00 | -1,975,775.64 |
| Dividends from Subsidiary Companies | 0.00 | 0.00 | 0.00 | 0.00 |
| **Earnings / (losses) before taxes (EBT)** | **-369,444.30** | **-6,363,524.89** | **52,538.24** | **-6,680,430.95** |
| Income Tax | 56,078.04 | 1,147,199.27 | (12,609.18) | 1,190,668.13 |
| | | | | |
| **Earnings / (losses) after taxes (EAT) (a)** | **-313,366.26** | **-5,216,325.62** | **39,929.06** | **-5,489,762.82** |
| | | | | |
| **Attributed to:** | | | | |
| Shareholders of the parent | -313,366.26 | -5,216,325.62 | 39,929.06 | -5,489,762.82 |
| Minority interest | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | |
| Other comprehensive income after taxes (b) | 0.00 | 38,772.70 | 0.00 | 38,772.70 |
| **Total comprehensive income after taxes (a) + (b)** | **-313,366.26** | **-5,177,552.92** | **39,929.06** | **-5,450,990.12** |
| | | | | |
| **Attributed to:** | | | | |
| Shareholders of the parent | -313,366.26 | -5,177,552.92 | 39,929.06 | -5,450,990.12 |
| Minority interest | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | |
| **Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)** | **96,668.33** | **-4,005,045.13** | | **-3,908,376.80** |

| (Amounts in €) | 1.1-31.12.2008 | | | |
|---|---|---|---|---|
| | PANELS | OTHER STEEL PRODUCTS | CONSOLIDATION ENTRIES | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME |
| Sales | 17,234,403.86 | 184,499,883.11 | (3,254,560.95) | 198,479,726.02 |
| Cost of sales | -14,932,954.08 | -161,284,616.20 | 3,382,885.95 | -172,834,684.33 |
| **Gross profit / (loss)** | **2,301,449.78** | **23,215,266.91** | **128,325.00** | **25,645,041.69** |
| Other income | 225,506.49 | 2,331,155.15 | (206,483.87) | 2,350,177.77 |
| Distribution expenses | -1,121,852.43 | -8,658,551.53 | 68,134.43 | -9,712,269.53 |
| Administration expenses | -353,111.42 | -3,157,512.15 | 10,024.44 | -3,500,599.13 |
| Other expenses | -469,984.11 | -7,498,057.60 | 0.00 | -7,968,041.71 |
| **Earnings / (losses) before interest and taxes (EBIT)** | **582,008.31** | **6,232,300.78** | **0.00** | **6,814,309.09** |
| Financial income | 1,761.91 | 370,944.47 | 0.00 | 372,706.38 |
| Financial cost | -292,202.19 | -4,379,658.29 | 0.00 | -4,671,860.48 |
| Dividends from Subsidiary Companies | 0.00 | 0.00 | 0.00 | 0.00 |
| **Earnings / (losses) before taxes (EBT)** | **291,568.03** | **2,223,586.96** | **0.00** | **2,515,154.99** |
| Income Tax | -136,312.75 | 58,613.29 | 0.00 | -77,699.46 |
| | | | | |
| **Earnings / (losses) after taxes (EAT) (a)** | **155,255.28** | **2,282,200.25** | **0.00** | **2,437,455.53** |
| | | | | |
| **Attributed to:** | | | | |
| Shareholders of the parent | 155,255.28 | 2,282,200.25 | 0.00 | 2,437,455.53 |
| Minority interest | 0.00 | 0.00 | 0.00 | |
| | | | | |
| Other comprehensive income after taxes (b) | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total comprehensive income after taxes (a) + (b)** | **155,255.28** | **2,282,200.25** | **0.00** | **2,437,455.53** |
| | | | | |
| **Attributed to:** | | | | |
| Shareholders of the parent | 155,255.28 | 2,282,200.25 | 0.00 | 2,437,455.53 |
| Minority interest | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | |
| **Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)** | **819,229.13** | **7,650,778.64** | **0.00** | **8,470,007.77** |

The geographic segment may be considered as the secondary reporting segment, and includes the following reporting sectors:

- Domestic Sales (approximately 90 %)
- Foreign Sales (approximately 10 %)

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Sales of Merchandise | 42,521,089.44 | 116,297,415.62 | 39,121,506.46 | 115,343524.97 |
| Sales of Products | 47,267,252.37 | 81,376,308.59 | 37,416,482.68 | 67,000,448.44 |
| Other Sales | 2,309,185.95 | 806,001.81 | 13.05 | 1,127.58 |
| **Total Sales** | **92,097,527.76** | **198,479,726.02** | **76,538,002.19** | **182,345,100.99** |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Domestic Sales | 82,665,791.74 | 181,366,643.93 | 71,119,263.66 | 169,318,558.27 |
| Foreign Sales | 9,431,736.02 | 17,113,082.09 | 5,418,738.53 | 13,026,542.72 |
| **Total Sales** | **92,097,527.76** | **198,479,726.02** | **76,538,002.19** | **182,345,100.99** |

## *20. Analysis of other results*

### (a) Other income

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Income from transport & delivery expenses | 1,213,979.08 | 1,900,951.36 | 1,024,625.81 | 1,687,231.37 |
| Rental Income | 205,448.26 | 198,754.44 | 410,600.00 | 396,308.88 |
| Income from commissions, brokerage etc | 66,530.13 | 105,836.03 | 68,072.98 | 114,765.46 |
| Income from Grants | 220,219.11 | 92,053.51 | 168,580.74 | 76,351.36 |
| Other Income | 130,627.93 | 52,582.43 | 124,292.35 | 38,348.80 |
| Profit from sale of fixed assets | 2,502,179.99 | 0.00 | 2,502,179.99 | 0.00 |
| **Total other operating income** | **4,338,984.50** | **2,350,177.77** | **4,298,351.87** | **2,313,005.87** |

## (b) Other expenses

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

| | GROUP 1.1-31.12 | | COMPANY 1.1-31.12 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Bad debts | 1,018,721.80 | 1,519,835.58 | 947,391.16 | 1,519,835.59 |
| Losses from sale of fixed assets | 206,010.83 | 77,594.78 | 195,133.87 | 72,782.03 |
| Provision for impairment of inventories | 0.00 | 5,642,604.53 | 0.00 | 5,267,604.53 |
| Previous years expenses | 43,328.56 | 11,459.33 | 40,661.96 | 0.00 |
| Other expenses | 329,814.94 | 716,547.49 | 292,900.95 | 631,987.13 |
| **Total other operating expenses** | **1,597,876.13** | **7,968,041.71** | **1,476,087.94** | **7,492,209.28** |

## (c) Expenses

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

| | GROUP 1.1-31.12.09 | | |
|---|---|---|---|
| | SALES COST | DISTRIBUTION EXPENSES | ADMINISTRATIVE EXPENSES |
| Employee fees & expenses | 2,772,203.73 | 3,472,022.49 | 1,594,348.94 |
| Third party fees & expenses | 462,384.12 | 492,235.79 | 737,165.63 |
| Third party benefits | 712,967.68 | 645,064.93 | 838,360.40 |
| Taxes - dues | 173,482.39 | 21,411.82 | 39,981.81 |
| Sundry expenses | 181,567.70 | 2,480,651.70 | 458,351.70 |
| Depreciation | 1,169,551.85 | 652,643.95 | 199,669.19 |
| Cost of inventories | 83,444,592.97 | 0.00 | 0.00 |
| **Total** | **88,916,750.44** | **7,764,030.68** | **3,867,877.67** |

| | GROUP 1.1-31.12.08 | | |
|---|---|---|---|
| | SALES COST | DISTRIBUTION EXPENSES | ADMINISTRATIVE EXPENSES |
| Employee fees & expenses | 2,935,156.85 | 3,624,321.44 | 1,513,182.17 |
| Third party fees & expenses | 373,797.21 | 1,113,066.27 | 213,287.91 |
| Third party benefits | 833,015.82 | 744,432.47 | 847,717.14 |
| Taxes - dues | 134,416.46 | 123,196.76 | 25,639.46 |
| Sundry expenses | 228,268.68 | 3,563,011.48 | 648,378.96 |
| Depreciation | 980,743.35 | 544,241.11 | 252,393.49 |
| Cost of inventories | 167,349,285.96 | 0.00 | 0.00 |
| **Total** | **172,834,684.33** | **9,712,269.53** | **3,500,599.13** |

| | COMPANY 1.1-31.12.09 | | |
|---|---|---|---|
| | SALES COST | DISTRIBUTION EXPENSES | ADMINISTRATIVE EXPENSES |
| Employee fees & expenses | 2,068,365.01 | 2,965,267.22 | 1,204,847.54 |
| Third party fees & expenses | 424,965.26 | 380,302.73 | 648,025.09 |
| Third party benefits | 462,225.46 | 463,000.49 | 800,046.21 |
| Taxes - dues | 134,782.10 | 9,896,.45 | 29,048.00 |
| Sundry expenses | 134,423.25 | 1,963,913.62 | 409,028.22 |
| Depreciation | 766,010.18 | 602,507.65 | 172,875.41 |
| Cost of inventories | 70,665,632.12 | 0.00 | 0.00 |
| **Total** | **74,656,403.38** | **6,384,888.16** | **3,263,870.47** |

| | COMPANY 1.1-31.12.08 | | |
|---|---|---|---|
| | SALES COST | DISTRIBUTION EXPENSES | ADMINISTRATIVE EXPENSES |
| Employee fees & expenses | 2,157,384.31 | 3,151,099.14 | 1,189,703.88 |
| Third party fees & expenses | 338,584.19 | 985,002.27 | 139,751.37 |
| Third party benefits | 591,314.49 | 626,665.33 | 822,542.08 |
| Taxes - dues | 122,550.74 | 115,335.30 | 15,906.70 |
| Sundry expenses | 184,252.94 | 3,138,245.33 | 588,378.25 |
| Depreciation | 719,942.09 | 530,250.06 | 243,439.92 |
| Cost of inventories | 154,979,162.96 | 0.00 | 0.00 |
| **Total** | **159,093,191.72** | **8,546,597.43** | **2,999,722.20** |

## (c) Financial expenses – income

The Group's and Company's financial expenses are analyzed as follows:

| | GROUP 1.1-31.12 | | COMPANY 1.1-31.12 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Debit interest | 1,290,401.30 | 3,564,667.18 | 1,186,234.33 | 3,560,743.10 |
| Other bank expenses and fees | 494,925.91 | 543,171.92 | 178,254.35 | 217,271.55 |
| Foreign exchange differences | 190,448.43 | 564,021.38 | 161,838.62 | 558,895.51 |
| **Total** | **1,975,775.64** | **4,671,860.48** | **1,526,327.30** | **4,336,910.16** |

The Group's and Company's financial income is analyzed as follows:

| | GROUP 1.1-31.12 | | COMPANY 1.1-31.12 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Credit interest | 575,152.78 | 294,164.23 | 561,143.38 | 283,308.33 |
| Income from participations & securities | 0.00 | 16,434.24 | 0.00 | 0.00 |
| Foreign exchange differences | 430,214.57 | 62,107.91 | 346,352.71 | 61,461.52 |
| **Total** | **1,005,367.35** | **372,706.38** | **907,496.09** | **344,769.85** |

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(c) Income tax expense

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Results before taxes (taxable) | (8,740,126.85) | 2,067,650.50 | (8,326,655.10) | 2,166,845.40 |
| Expenses not recognized | 847,250.56 | 5,599,986.62 | 1,737,780.17 | 5,195,728.00 |
| Income not subject to tax | (4,837,436.40) | 0.00 | (4,495,728.00) | 0.00 |
| | **(12,730,312.69)** | **7,667,637.12** | **(11,084,602.93)** | **7,362,573.40** |
| Income tax of current year | (12,070.49) | (2,046,475.29) | 0.00 | (1,872,573.94) |
| Deferred taxation | 987,068.08 | 2,433,687.83 | 768,526.96 | 2,162,274.69 |
| Tax provision on tax-exempt reserves | 750,000.00 | 0.00 | 750,000.00 | 0.00 |
| Tax audit differences | (655.62) | (97,412.00) | 0.00 | 0.00 |
| Provision for possible tax differences | (165,000.00) | (367,500.00) | (150,000.00) | (350,000.00) |
| Extraordinary tax contribution of L. 3808/2009 | (368,673.84) | 0.00 | (368,673.84) | 0.00 |
| **Effective tax burden** | **1,190,668.13** | **(77,699.46)** | **999,853.12** | **(60,299.25)** |

(d) Other comprehensive income / expenses after taxes

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Foreign exchange differences of consolidation | (176,201.23) | 0.00 | 0.00 | 0.00 |
| Result from cash flow hedge | 214,973.93 | 0.00 | 213,480.87 | 0.00 |
| **Total** | **38,772.70** | **0.00** | **213,480.87** | **0.00** |

# *21. Analysis of earnings per share*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Net earnings corresponding to shareholders | -5,489,762.82 | 2,437,455.53 | -4,563,873.98 | 2,473,946.67 |
| Number of shares | 37,296,000 | 37,296,000 | 37,296,000 | 37,296,000 |
| **Earnings / (losses) per share (€)** | **-0.1472** | **0.0654** | **-0.1224** | **0.0663** |

## *22. Transactions with related parties*

The amounts of the Group's and Company's sales and purchases, from and towards related parties, as well as the balances of receivables and liabilities, are analyzed as follows:

(a) Income

| | COMPANY | |
|---|---|---|
| | 1.1-31.12 | |
| | 2009 | 2008 |
| Sales of Inventories to Corus-Kalpinis-Simos S.A. | 1,264,953.73 | 950,682.20 |
| Sales of Inventories to Tata Elastron S.A. | 5,373,928.00 | 4,733,360.43 |
| Sales of Inventories to Steel Center S.A. | 92,287.03 | 375,038.87 |
| Rental Income by Corus –Kalpinis-Simos S.A. | 410,400.00 | 394,800.00 |
| Rental Income by Tata Elastron S.A. | 0.00 | 308.88 |
| Income from sales of fixed assets to Tata Elastron S.A. | 12,100.00 | 7,000.00 |
| Processing Income from Steel Center S.A. | 1,761.96 | 1,593.63 |
| Commission from Corus-Kalpinis-Simos S.A. | 0.00 | 17,828.86 |
| Income of transfer services from Tata Elastron | 3,278.40 | 0.00 |
| Processing income from Corus-Kalpinis-Simos S.A. | 46.80 | 0.00 |
| Processing income from Tata Elastron S.A. | 3,000.90 | 0.00 |
| | **7,161,756.82** | **6,480,612.87** |

(b) Expenses

| | COMPANY | |
|---|---|---|
| | 1.1-31.12 | |
| | 2009 | 2008 |
| Purchases of inventories from Corus-Kalpinis-Simos S.A. | 799,805.14 | 725,871.53 |
| Purchases of inventories from Tata Elastron S.A. | 763,426.29 | 45,765.86 |
| Purchases of inventories from Steel Center S.A. | 393,222.95 | 107,856.68 |
| Processing expenses from Tata Elastron S.A. | 38.00 | 30.00 |
| Processing expenses from Corus-Kalpinis-Simos S.A. | 0.00 | 0.00 |
| Purchases of consumables from Corus-Kalpinis-Simos S.A. | 2,708.39 | 11,932.27 |
| Purchases of consumables from Tata Elastron S.A. | 40.40 | 0.00 |
| Purchases of fixed assets from Steel Center S.A. | 1,514.16 | 0.00 |
| Processing expenses from Steel Center S.A. | 4,591.50 | 5,265.30 |
| Security expenses from Steel Center S.A. | 1,427.23 | 21,000.00 |
| | **1,966,774.06** | **917,721.64** |

(c) Receivables

| | COMPANY | |
|---|---|---|
| | 1.1-31.12 | 1.1-31.12 |
| | 2009 | 2008 |
| From Tata Elastron S.A. | 2,388,330.98 | 5,433,323.82 |
| From Corus-Kalpinis-Simos S.A. | 128,631.12 | 127,572.14 |
| From Steel Center S.A. | 0.00 | 0.00 |
| From Balkan Iron Group S.R.L. | 150,000.00 | 800,000.00 |
| From Kalpinis Simos Bulgaria EOOD | 700,000.00 | 700,000.00 |
| | **3,366,962.10** | **7,060,895.96** |

(d) Liabilities

| | COMPANY | |
|---|---|---|
| | 1.1 - 31.12 | 1.1-31.12 |
| | 2009 | 2008 |
| To Corus-Kalpinis-Simos S.A. | 0.00 | 681.35 |
| To Tata Elastron S.A. | 366,277.15 | 0.00 |
| To Steel Center S.A. | 86,564.00 | 0.00 |
| | **452,841.15** | **681.35** |

(e) Income

| | GROUP | |
|---|---|---|
| | 1.1-31.12 | |
| | 2009 | 2008 |
| Sales of inventories to Steel Center S.A. | 117,875.00 | 375,038.87 |
| Processing Income from Steel Center S.A. | 1,761.96 | 1,593.63 |
| Sales Commissions from Steel Center S.A. | 0.00 | 0.00 |
| | **119,636.96** | **376,632.50** |

(f) Expenses

| | GROUP | |
|---|---|---|
| | 1.1-31.12 | |
| | 2009 | 2008 |
| Purchases of inventories from Steel Center S.A. | 488,329.12 | 325,526.76 |
| Security expenses from Steel Center S.A. | 1,427.23 | 21,000.00 |
| Processing expenses from Steel Center S.A. | 4,591.50 | 5,265.30 |
| Purchase of fixed assets from Steel Center S.A. | 1,514.16 | 0.00 |
| | **495,862.01** | **351,792.06** |

(g) Receivables

| | GROUP | |
|---|---|---|
| | 1.1 – 31.12 | 1.1-31.12 |
| | 2009 | 2008 |
| From Steel Center S.A. | 0.00 | 0.00 |

(h) Liabilities

| | GROUP | |
|---|---|---|
| | 1.1 – 31.12 | 1.1-31.12 |
| | 2009 | 2008 |
| To Steel Center S.A. | 116,489.50 | 0.00 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Transactions and remuneration of management executives and members of management | 1,573,295.09 | 1,430,569.35 | 1,104,189.86 | 1,073,578.31 |
| Receivables from management executives and members of management | 0.00 | 0.00 | 0.00 | 0.00 |
| Liabilities towards management executives and members of management | 0.00 | 0.00 | 0.00 | 0.00 |

## 23. Contingent Liabilities - Receivables

There are no disputes in court or in arbitration, nor are there any decisions by judicial or arbitration bodies that may have a significant impact on the Company's or Group's financial position or operation. The Parent Company has been audited by the tax authorities up to fiscal year 2005 included. There tax audit for fiscal years 2006-2007 is currently in progress.

"CORUS-KALPINIS-SIMOS S.A. COATING MATERIALS" has been audited up to and including fiscal year 2007 and "TATA ELASTRON STEEL SERVICE CENTRE S.A." has been audited up to and including fiscal year 2006. Therefore, tax obligations have not been finalized for the non-audited fiscal years.

The results of fiscal year 2008 were charged with a tax audit provision €165 thousand for the Group and €150 thousand for the company.

The Group and Company incur contingent liabilities and receivables with regard to banks, suppliers, other guarantees and other issues that arise in the context of their ordinary activities, as follows:

| | 31.12.2009 | |
|---|---|---|
| | GROUP | COMPANY |
| Guarantees to secure obligations to suppliers | 31,705,465.12 | 26,838,004.55 |
| Guarantees to secure trade receivables | 2,302,215.57 | 2,302,215.57 |
| Other Guarantees | 1,659,689.15 | 0.00 |
| **Total** | **35,667,369.84** | **29,140,220.12** |

## 24. Dividends

According to Greek commercial law, companies are obligated to distribute at least 35% of earnings after the deduction of taxes and the statutory reserve, to shareholders. The Annual Ordinary General Meeting of the shareholders dated 25/06/2009 decided to distribute dividend for financial year 2008 amounting €0.025 per share, from which 10% tax is withheld pursuant to Law 3697/2008. Therefore the net dividend to be paid amounts € 0.0225 per share.

# 25. Staff information

## (a) Number of staff

The number of employees working for the Group and Company is presented in the following table:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Regular staff | 137 | 138 | 78 | 83 |
| Staff on day-wage basis | 163 | 175 | 118 | 125 |
| **Total staff** | **300** | **313** | **196** | **208** |

## (b) Staff remuneration

The remuneration of the Group's and Company's employees is presented in the following table:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12 | | 1.1-31.12 | |
| | 2009 | 2008 | 2009 | 2008 |
| Employee remuneration | 5,995,100.95 | 6,192,976.00 | 4,742,991.13 | 4,990,609.72 |
| Employer contributions | 1,605,172.21 | 1,683,813.01 | 1,285,425.44 | 1,374,506.86 |
| Other benefits | 93,475.57 | 82,506.23 | 40,130.59 | 37,010.60 |
| **Total** | **7,693,748.73** | **7,959,295.24** | **6,068,547.16** | **6,402,127.18** |

# 26. Financial Leasing

The Financial Leasing liability is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Up to 1 year | 6,827.68 | 10,241.52 | 0.00 | 0.00 |
| From 1 to 5 years | 0.00 | 6,827.68 | 0.00 | 0.00 |
| **Total** | **6,827.68** | **17,069.20** | **0.00** | **0.00** |
| Less future financial charges | (156.16) | (892.59) | 0.00 | 0.00 |
| **Current value of financial leasing liabilities** | **6,671.52** | **16,176.61** | **0.00** | **0.00** |
| | | | | |
| **Present value of financial leasing liabilities** | | | | |
| Up to 1 year | 6,671.52 | 9,505.09 | 0.00 | 0.00 |
| From 1 to 5 years | 0.00 | 6,671.52 | 0.00 | 0.00 |
| **Total** | **6,671.52** | **16,176.61** | **0.00** | **0.00** |

# 27. Government Grants

| | 31.12.2009 | | 31.12.2008 | |
|---|---|---|---|---|
| | GROUP | COMPANY | GROUP | COMPANY |
| Grants on completed investments | 5,295,935.57 | 4,162,270.81 | 4,033,767.70 | 2,589,917.90 |
| Grants on revenue for financial year 2009 / 2008 | (220,219.11) | (168,580.74) | (92,053.51) | (76,351.36) |
| Grants on revenue from previous financial years | (115,404.18) | (99,702.03) | (23,350.67) | (23,350.67) |
| **Balance on deferred income** | **4,960,312.28** | **3,893,988.04** | **3,918,363.52** | **2,490,215.87** |
| Short-term portion | 319,959.38 | 268,282.77 | 177,345.50 | 123,545.50 |
| Long-term portion | 4,640,352.91 | 3,625,705.27 | 3,741,018.02 | 2,366,670.37 |
| Received Prepayment | 2,272,386.77 | 1,543,773.77 | 1,543,773.77 | 1,543,773.77 |
| Receivable from Grant | 3,023,548.80 | 2,618,497.04 | 2,489,993.93 | 1,046,144.13 |

(a) ELASTRON S.A. - STEEL PRODUCTS

On 22 December 2006 the Ministry of Development approved a five-year investment plan worth € 14.7 million. A grant for 35% of the above amount is anticipated.

(b) CORUS - KALPINIS – SIMOS S.A. COVERING MATERIALS S.A

On 13 October 2008 the Ministry of Economy and Finance approved a new two-year investment plan worth € 2.43 million. A grant for 25% of the above amount is anticipated.

(c) TATA ELASTRON S.A. STEEL SERVICE CENTRE S.A.

On 23.07.08 the Ministry of Economy and Finance approved a new two-year investment plan worth €11.6 million. A grant for 25% of the above amount is anticipated.

The investment cost grant is subject to limitations and conditions that are reasonably expected to be implemented in whole. For this reason the Company and Group account for grant receivables against completed investments.

(d) Proceeds on account of Grants

In June 2007 ELASTRON S.A. received an advance payment of €1.54 million, corresponding to 30% of the total grant amount, making use of the option of a lump sum advance payment. Until 31.12.09, CORUS - KALPINIS – SIMOS S.A. have not received an amount against the grant. On 15/04/2009 TATA ELASTRON S.A. received an advance payment of €1,457,226.

# 28. Exchange rates

The exchange rates used to convert the financial statements of the company “BALKAN IRON GROUP SRL”, from foreign currency to € are the following:

1 € = 4.2363 RON (Exchange rate used in the Statement of Financial Position)
1 € = 4.2399 RON (Exchange rate used in the Statement of Comprehensive Income)

On 31.12.2008 there were no financial statements of consolidated companies in foreign currency.

# 29. Accounting principles and methods – Changes in accounting estimations and errors

The comparative separate and consolidated financial statements of 31/12/2008 included several reclassifications of accounts, which resulted in no change on the turnover and results before tax and on the results after tax and minority interest of the Company and Group.

## (a) Separate financial statements

From the account “Other income” in the Statement of Comprehensive Income an amount of 61,461.52 was deducted and concerned income from foreign exchange differences, which was added to the account “financial income”. Therefore following the transfer, the account “other income” amounted to 2,313,005.87 versus the published amount of 2,374,467.39, and the account “financial income” amounted to 344,769.85 compared to the published amount of 283,308.33. Respectively, an amount of 558,895.51 was deducted from the account “other expenses”, and was charged to the account “financial cost”. Therefore, following the transfer, the account “other expenses amounted to 7,492,209.28 compared to the published amount of 8,051,107.79, and the account “financial cost” amounted to 4,336,910.16 compared to the published amount of 3,778,014.65. From the above transfers, the operating result (EBIT) amounted to 6,526,386.23 compared to the published amount of 6,028,952.24. Also, the account “earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)”, by omission, did not include an offset of depreciations of fixed assets with the respective amortizations of grants (income) received for such assets. This amount (income) of grants corresponds to 76,351.36. Therefore, taking into account the above reclassifications, EBITDA amounts to 7,912,166.94 compared to the published amount of 7,491,084.31.

## (b) Consolidated financial statements

From the account “Other income” in the Statement of Comprehensive Income an amount of 62,107.91 was deducted and concerned income from foreign exchange differences, which was added to the account “financial income”. Therefore following the transfer, the account “other income” amounted to 2,350,177.77 versus the published amount of 2,412,285.68, and the account “financial income” amounted to 372,706.38 compared to the published amount of 310,598.47. Respectively, an amount of 564,021.38 was deducted from the account “other expenses”, and was charged to the account “financial cost”. Therefore, following the transfer, the account “other expenses” amounted to 7,968,041.71 compared to the published amount of 8,532,063.09, and the account “financial cost” amounted to 4,671,860.48 compared to the published amount of 4,107,839.10.
From the above transfers, the operating result (EBIT) amounted to 6,814,309.09 compared to the published amount of 6,312,395.63. Also, the account “earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)”, by omission, did not include an offset of depreciations of fixed assets with the respective amortizations of grants (income) received for such assets. This amount (income) of grants corresponds to 92,053.51. Therefore, taking into account the above reclassifications, EBITDA amounts to 8,470,007.77 compared to the published amount of 8,060,147.82.

## *30. Information of article 10 L. 3401/2005*

| SUBJECT | PUBLICATION | DATE |
|---|---|---|
| PUBLICATION OF CORPORATE PRESENTATION | www.elastron.gr & www.ase.gr | 10/12/2009 |
| P.R. PRESENTATION OF GROUP TO ASSOCIATION OF GREEK INSTITUTIONAL INVESTORS | www.elastron.gr & www.ase.gr | 09/12/2009 |
| P.R COMMENTARY ON 9M 2009 RESULTS | www.elastron.gr & www.ase.gr | 26/11/2009 |
| 9M 2009 FINANCIAL STATEMENTS | www.elastron.gr & www.ase.gr | 26/11/2009 |
| P.R. RENEWAL OF MARKET-MAKING | www.elastron.gr & www.ase.gr | 30/10/2009 |
| P.R COMMENTARY ON 6M 2009 RESULTS | www.elastron.gr & www.ase.gr | 27/08/2009 |
| 6M 2009 FINANCIAL STATEMENTS | www.elastron.gr & www.ase.gr | 27/08/2009 |
| P.R. ANNOUNCEMENT OF SALE OF COMPANY PROPERTY | www.elastron.gr & www.ase.gr | 07/08/2009 |
| ANNOUNCEMENT OF 2008 DIVIDEND PAYMENT | www.elastron.gr & www.ase.gr | 03/07/2009 |
| DECISIONS BY THE ORDINARY GENERAL MEETING | www.elastron.gr & www.ase.gr | 25/06/2009 |
| INVITATION TO ORDINARY GENERAL MEETING | www.elastron.gr & www.ase.gr | 02/06/2009 |
| P.R COMMENTARY ON 1Q 2009 RESULTS | www.elastron.gr & www.ase.gr | 28/05/2009 |
| 1Q 2009 FINANCIAL STATEMENTS | www.elastron.gr & www.ase.gr | 28/05/2009 |
| P.R COMMENTARY ON 2008 ANNUAL RESULTS | www.elastron.gr & www.ase.gr | 30/03/2009 |
| 2008 ANNUAL FINANCIAL STATEMENTS | www.elastron.gr & www.ase.gr | 30/03/2009 |
| P.R. INAUGURATION OF SUBSIDIARY | www.elastron.gr & www.ase.gr | 19/02/2009 |
| P.C. NAME CHANGE OF SUBSIDIARY | www.elastron.gr & www.ase.gr | 07/01/2009 |

## *31. Availability of Financial Statements*

The annual Financial Statements of the Group and Company as well as the financial statements of consolidated companies, the Audit Report by the Certified Auditor and the Management Report by the Board of Directors for the financial year ended on 31/12/2009, have been posted on the company's website http://www,elastron,gr.

## 32. Events after the Balance Sheet date

There were no events that would affect the financial statements.

Aspropyrgos, March 23rd 2010

| THE CHAIRMAN OF THE BOARD | THE DEPUTY CEO | THE CHIEF FINANCIAL OFFICER |
|---|---|---|
| PANAGIOTIS SIMOS | STYLIANOS KOUTSOTHANASSIS | MICHAEL KALLITSIS |
| ID No.AE 063856/07 | ID No.AB 669589/06 | ID No. Σ180798/97 |
| | | Prof. License No. 0015459 |