

**Semi-Annual Financial Report  
of “ELASTRON S.A. – STEEL SERVICE CENTERS”  
According to IAS 34 “Interim Financial Report”, article 5 of L. 3556/2007  
and the executive Decisions issued by the Board of Directors of the  
Hellenic Capital Market Commission**

**August 2012**

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**STATEMENT BY THE BOARD OF DIRECTORS' REPRESENTATIVES**  
**(pursuant to article 5 of Law 3556/2007)**

We hereby certify and declare that, to the best of our knowledge, the semi-annual financial statements of the Société Anonyme Company "ELASTRON S.A. – STEEL SERVICE CENTERS" for the period 01.01.2012 – 30.06.2012, which were prepared in accordance with the applicable accounting standards, truly reflect the assets and liabilities, the equity and results of the issuer as well as of the companies included in the consolidation, which are considered aggregately as a whole, according to the provisions of paragraphs 3 to 5 of article 5, 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 Semi-Annual Management Report of the Board of Directors truly reflects the information required according to paragraph 6, article 5 of Law 3556/2007 and the authorized decisions issued by the Hellenic Capital Market Commission's Board of Directors.

Aspropyrgos August 28<sup>th</sup> 2012

The signatories

Simos Panagiotis

Kalpinis Athanasios

Koutsothanassis Stilianos

Chairman of the Board

Chief Executive Officer

Deputy Chief Executive Officer

## SEMI-ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS of ELASTRON S.A. for the period from January 1<sup>st</sup> to June 30<sup>th</sup> 2012

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 level of the Group's activities during the 2<sup>nd</sup> quarter of 2012 presented a small improvement as a result of higher demand for steel products from the energy sector and the completion of several small scale private projects. At the same time, the more intense efforts to stimulate exports began delivering results, with an increasing portion of the Group's products now distributed abroad. However, following the 1<sup>st</sup> quarter, total demand of steel products, both in Greece and in the broader Balkan region, remained subdued. Specifically in the domestic market, the prolonged recession, lack of financing from banks, as well as the high uncertainty that prevailed up until almost the end of the 1<sup>st</sup> half of the year, limited the level of activity and therefore the Group's results.

In this context, the Group's management continued to implement its strategy with the objective to optimize management of working capital, through maintaining the necessary level of inventories, minimizing credit risk, utilizing existing liquidity and limiting liabilities. Specifically, the Group's total receivables decreased by € 3.7 mil or 10% from the levels of 31/12/11, while respectively trade liabilities posted a significant decline of 33%. At the same time, the level of the Group's cash reserves remained at almost the same levels as the end of 2011 and amounted to € 25.3 mil, while it must be noted that with the completion of the approval of the parent company's subsidized investment plan, the Group's liquidity will be further enhanced.

As regards to results, the group's turnover amounted to € 32.8 mil, compared to € 45.0 mil during the respective period of 2011. Consolidated gross profit amounted to € 2.4 mil, or 7.3 % of sales compared to € 5.6 mil or 12.5% of sales during the 1<sup>st</sup> half of 2011, while results before interest, tax, depreciation & amortization (EBITDA) amounted to losses of € 0.7 mil, compared to earnings of € 1.6 mil. Finally, results before tax and minority interest amounted to losses of € 2.5 mil, compared to losses of € 0.4 mil during the respective period last year.

For the parent company, turnover amounted to € 27.9 mil compared to € 37.9 mil the previous year. Gross profit amounted to € 2.1 mil or 7.6% of sales, compared to € 4.9 mil or 12.9% of sales during the 1<sup>st</sup> half of 2011, while results before interest, tax, depreciation & amortization (EBITDA) amounted to losses of € 0.6 mil compared to earnings of € 1.7 mil the respective period of last year. Finally, results before tax and minority interest amounted to losses of € 1.8 mil, compared to earnings of € 0.2 mil in 2011.

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

For CORUS – KALPINIS – SIMOS SA, turnover amounted to € 4.9 mil compared to € 7.1 mil in 2011, while results after taxes amounted to losses of € 0.7 mil compared to losses of € 0.9 mil in 2011. The participation stake in the aforementioned company is 50%. For TATA ELASTRON SA, turnover amounted to € 11.7 mil compared to € 10.6 mil the previous year, while results after taxes amounted to losses of € 0.6 mil compared to losses of € 0.2 mil in 2011. The participation stake in the latter company is 50%. Finally, for the company BALKAN IRON GROUP SRL (distinctive title BIG) that is based in Bucharest, results after taxes corresponded to losses of € 0.04 mil compared to losses of € 0.05 mil the respective period of 2011. The participation stake in the latter company is 33.3%.

Following and in order to provide further information, we present the Company's financial ratios for the 1<sup>st</sup> half of 2012:

	GROUP	COMPANY
<b>(a) FINANCIAL STRUCTURE</b>		
<b>1. Current assets / Total assets</b> 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.	<b>60.5%</b>	<b>139.3%</b>
<b>2. Equity / Total liabilities</b> This ratio reflects the degree of the entity's financial adequacy.	<b>111.8%</b>	<b>142.8%</b>
<b>3. Current assets / Short-term liabilities</b> 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.	<b>175.7%</b>	<b>197.8%</b>
<b>(b) EFFICIENCY AND PERFORMANCE</b>		
<b>4. Net earnings before tax / Sales</b> This ratio reflects the final net results before taxes as a percentage of total sales.	<b>N/A</b>	<b>N/A</b>
<b>5. Net earnings before taxes / Equity</b> This ratio reflects the net results before taxes as a percentage of equity.	<b>N/A</b>	<b>N/A</b>
<b>6. Sales / Equity</b> This ratio reflects the turnover of the previous year's equity during the present year.	<b>44.5%</b>	<b>37.1%</b>
<b>(c) LEVERAGE</b>		
<b>7. Debt / Equity</b> This ratio reflects debt as a percentage of equity.	<b>89.5%</b>	<b>70.0%</b>
<b>8. Bank debt / Equity</b> This ratio reflects the bank debt as a percentage of equity.	<b>74.2%</b>	<b>58.2%</b>

## B. SIGNIFICANT EVENTS DURING THE 1<sup>ST</sup> HALF OF 2012

### Developments in the sector

Demand for steel products remained at particularly low levels during the 1<sup>st</sup> half of 2012, as a result of the prolonged recession and extraordinary conditions that prevailed in the market. The inactivity on almost all public sector products, as well as the significant limitation of private projects, negatively affected a large part of companies in the sector by pressuring their activity and leading their profitability to negative levels. Under such conditions, attention was focused on further limiting operating costs, reducing the requirements of working capital, avoiding losses from doubtful debts, as well as at maintaining capital adequacy.

### Acquisition of Companies

Within these negative economic conditions, ELASTRON's management proceeded with implementing its strategic planning with the objective to enter sectors with significant growth prospects. In this context, during the 3<sup>rd</sup> quarter of the year the Company completed the acquisition of a majority stake in companies that operate in the sector of energy production and trade from photovoltaic stations. Specifically, a majority stake (93%) was acquired in the companies PHOTOENERGY LTD, PHOTODEVELOPMENT LTD, ILIOSKOPIO LTD, PHOTOKYPSELI LTD and PHOTODIODOS LTD. These companies have licenses for the production and trade of electric energy from a photovoltaic station with total capacity of 3.05 MWp. This activity will enhance the Group's results in the Group's financial statements for the 9-month of 2012.

### Implementation of Investment Plans

A five-year investment plan amounting to 14.7 mil of the parent company, which is subsidized by 35%, is in progress and on track according to its initial planning. The company has submitted a request to extend completion of the approved investment until August 2013. The percentage of completion of the investment plan has exceeded 95% and overall includes the following:

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

The aforementioned investments are implemented at the company's facilities in Aspropyrgos and Skaramaga in Attica.

In Thessalonica, the joint venture TATA ELASTRON S.A. completed its two-year investment plan (2008-2010) during 2010, which amounted to € 11.7 mil, with a subsidy of 25%. The investment plan overall included the following:

1. Construction of building facilities amounting to € 5.1 mil.
2. Mechanical equipment for processing steel products amounting to € 5.4 mil.
3. Technical installations amounting to € 692 thousand.
4. Other investments amounting to € 474 thousand.

Until 31.12.2011 the company had received the total amount of the grant, namely € 2,885,504.

In Attica the joint venture CORUS – KALPINIS – SIMOS S.A. COATING MATERIALS, completed an investment plan of 2.43 mil euro during 2008 for the purchase of a new production line. A 15% grant was expected on the former amount. Until 31.12.2011 the company had received the total amount of the grant, namely € 364,500.

### Annual Ordinary General Meeting

On 28.6.2012, the Ordinary General Shareholders' Meeting took place at the Company's registered offices. Twenty one (21) shareholders attended the General Meeting (either in person or through a legal representative), who own 11,702,580 shares (or 62.76% of the paid up share capital). The General Meeting made the following resolutions:

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1. Approval of the reports of the Board of Directors and Certified Auditor on the Parent and Consolidated Financial Statements for fiscal year 2011.
2. Approval of the Parent and Consolidated Financial Statements for fiscal year 2011, and the decision was made to not distribute dividend.
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 2011.
4. Approval of the election of Mr. I. Karalis as Chief Certified Auditor and Mr. St. Pappas as Deputy Certified Auditor of the audit firm SOL S.A. for the fiscal year 2012 and their fees were determined.
5. Approval of the fees-remuneration of members of the Board of Directors for fiscal year 2011 and pre-approval of their remuneration for fiscal year 2012.
6. Approval of the share buyback program in accordance with article 16 of C.L. 2190/20, as currently in effect, and provision of the necessary authorizations to the Board of Directors to implement the program.
7. Approval of a contracted agreement in the context of article 23a of C.L. 2190/20.
8. Approval of an acquisition of the company in accordance with article 23a of C.L. 2190/20.
9. No other announcement was made.

All the issues on the daily agenda were approved unanimously, namely with a percentage of 100% of those present.

## C. RISKS AND UNCERTAINTIES

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

- 1) Credit risk
- 2) Liquidity risk
- 3) 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 its financial performance.

The 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.

### 1) Credit risk

Due to the great dispersion of its clientele (no client exceeds 10% 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 20% 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.

## 2) 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 Company's and Group's liabilities, based on their expiration and remaining duration as at 30.06.2012.

### Company:

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	33,110,000.01	10,500,000.00	43,610,000.01
Suppliers & other liabilities	4,181,963.97	387,463.00	4,569,426.97
<b>Total liabilities</b>	<b>37,291,963.98</b>	<b>10,887,463.00</b>	<b>48,179,426.98</b>

### Group:

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	42,640,930.61	11,991,676.67	54,632,607.28
Suppliers & other liabilities	5,094,971.28	419,040.59	5,514,011.87
<b>Total liabilities</b>	<b>47,735,901.89</b>	<b>12,410,717.26</b>	<b>60,146,619.15</b>

On 30.06.2012 the Company and Group maintained cash & cash equivalents amounting to 23.12 mil and 25.34 mil respectively.

## 3) Market risk

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of exchange rate changes, as well as interest rate changes, namely risks that may 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 inventories.

➤ **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 in foreign currency on 30.06.2012 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 and as a result is burdened by interest expenses. Increasing trends in interest rates shall negatively affect results, as the Group incurs the additional borrowing cost.

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 the 1<sup>st</sup> half of 2012:

(Amounts in million)	<b>Loans 30.06.2012</b>	<b>Effect on results before tax ( + / - )</b>
Group	52.3	0.3
Company	40.8	0.2

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

A smaller effect on cash flows results from income on term deposits in euro.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate on term deposits would be 1% higher/lower on average during the 1<sup>st</sup> half of 2012:

(Amounts in million)	<b>Site and term deposits 30.06.2012</b>	<b>Effect on results before tax ( + / - )</b>
Group	25.3	0.1
Company	23.1	0.1

This would occur due to the higher/lower financial income from term deposits.

## **D. FUTURE OUTLOOK ΚΑΙ ΕΞΕΛΙΞΗ**

Given the circumstances that are present in the domestic market, it is difficult to estimate significant changes during the 2<sup>nd</sup> half of the year, compared to the current conditions. In this context, securing trade receivables, increasing exports, reducing operating costs, as well as managing the financial circuit, are expected to be the basic objectives for the next months. At the same time, measures to enhance liquidity in the market, reverse the economic climate and revive the construction and infrastructure sector must be taken in order to enhance the level of activity for the overall steel sector.

## 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	
	1.1-30.06	
	2012	2011
Sales of Inventories to Corus-Kalpinis-Simos S.A.	151,010.48	120,129.80
Sales of Inventories to Tata Elastron S.A.	993,284.01	1,400,565.46
Sales of other inventories to Tata Elastron S.A.	475.00	0.00
Sales of Inventories to Steel Center S.A.	45,032.85	118,034.71
Rental Income by Corus –Kalpinis-Simos S.A.	85,050.00	170,100.00
Processing Income from Steel Center S.A.	1,445.37	1,276.27
Income of transfer services from Tata Elastron	1,025.00	3,490.00
Processing income from Corus-Kalpinis-Simos S.A.	3,820.20	6,134.50
Processing income from Tata Elastron S.A.	561.34	1,213.41
	<b>1,281,704.25</b>	<b>1,820,944.15</b>

### (b) Expenses

	COMPANY	
	1.1-30.06	
	2012	2011
Purchases of inventories from Corus-Kalpinis-Simos S.A.	383,864.35	1,001,768.47
Purchases of inventories from Tata Elastron S.A.	1,855,941.94	913,806.36
Purchases of inventories from Steel Center S.A.	247,077.64	474,687.66
Processing expenses from Tata Elastron S.A.	0.00	3,704.50
Purchases of consumables from Corus-Kalpinis-Simos S.A.	809.16	70.80
Processing expenses from Steel Center S.A.	0.00	117.72
Purchases of consumables from Steel Center S.A.	224.22	1,005.88
	<b>2,487,917.31</b>	<b>2,395,161.39</b>

### (c) Receivables

	COMPANY	
	1.1-30.06	1.1-31.12
	2012	2011
From Tata Elastron S.A.	946,534.96	1,610,502.86
From Steel Center S.A.	5,993.50	0.00
From Balkan Iron Group S.R.L.	150,000.00	150,000.00
From Kalpinis Simos Bulgaria EOOD	735,000.00	725,000.00
	<b>1,837,528.46</b>	<b>2,485,502.86</b>

(d) Liabilities

	COMPANY	
	1.1-30.06	1.1-31.12
	2012	2011
To Corus-Kalpinis-Simos S.A.	353,561.20	1,533,547.44
To Steel Center S.A.	20,374.67	13,993.73
To Balkan Iron Group Srl	95,500.00	68,000.00
	<b>469,435.87</b>	<b>1,615,541.17</b>

(e) Income

	GROUP	
	1.1-30.06	
	2012	2011
Sales of inventories to Steel Center S.A.	53,504.88	118,034.71
Processing Income from Steel Center S.A.	1,445.37	1,276.27
Income from transfer services from Steel Center S.A.	0.00	80.00
Rental income from Steel Center S.A.	250.00	84.23
	<b>55,200.25</b>	<b>119,475.21</b>

(f) Expenses

	GROUP	
	1.1-30.06	
	2012	2011
Purchases of inventories from Steel Center S.A.	256,623.64	506,343.03
Purchases of consumables from Steel Center S.A.	224.22	1,005.88
Processing expenses from Steel Center S.A.	90.52	420.20
	<b>256,938.38</b>	<b>507,769.11</b>

(g) Receivables

	GROUP	
	1.1 – 30.06	1.1-31.12
	2012	2011
From Steel Center S.A.	40,473.01	2,117.06

(h) Liabilities

	GROUP	
	1.1 – 30.06	1.1-31.12
	2012	2011
To Steel Center S.A.	3,247.76	30,613.48

(i) Transactions and remuneration of senior executives

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Transactions and remuneration of Board Members	153,750.00	218,000.00	153,750.00	218,000.00
Transactions and remuneration of senior executives	357,762.25	297,599.33	284,132.47	107,539.78
Transactions and remuneration of other related entities	8,900.83	9,583.43	8,900.93	9,583.43
Receivables from senior executives and Board members	0.00	0.00	0.00	0.00
Liabilities to senior executives and Board members	0.00	0.00	0.00	0.00

The remuneration of the company's and group's senior executives on 30.06.2012 also include retirement / termination indemnities amounting to € 196 thousand. The respective indemnities on 30.06.2011 for the company and group amount to € 75 thousand.

Senior executives according to IAS 24 are those individuals that have the authority and responsibility for the planning, management and control of the entity's activities, directly or indirectly, and include all members of the Board of Directors (executive and non-executive) of the entity, as well as all other senior executives according to the above definition.

Following the above, the number of senior executives for the 1<sup>st</sup> half of 2011 and therefore their transactions and remuneration, were adjusted in order to meet the requirements of IAS 24.

## **Report on Review of Interim Financial Information Towards the shareholders of the Company “ELASTRON STEEL SERVICE CENTERS S.A.”**

### **Introduction**

We reviewed the accompanying condensed statement of financial position of the Company “ELASTRON S.A. – STEEL SERVICE CENTERS” for 30 June 2012 and the relevant condensed statements of comprehensive income, changes in equity and cash flows of the six month period that ended on that date, as well as the explanatory notes that comprise the interim condensed financial reporting, which constitutes an integral part of the semi-annual financial report required under Law 3556/2007. The Company’s Management has the responsibility of drafting and presenting this interim condensed financial information according to the International Financial Reporting Standards, as have been adopted by the European Union and are applicable to Interim Financial Reporting (International Accounting Standard “IAS” 34). Our responsibility is the expression of a conclusion on this interim condensed financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying critical analysis and other review procedures. The scope of the review is substantially less than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on the conducted review, nothing has come to our attention causing us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Reference to other Legal and Regulatory Requirements**

Our review has not identified any inconsistency or discrepancy of other items of the semi-annual financial report, as required by article 5 of Law 3556/2007, with the accompanying interim condensed financial information.

Athens, 29 August 2012



The Certified Auditor Accountant

IOANNIS TR. KARALIS  
Certified Auditor Reg. No. 10801

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

## 1. Statement of Financial Position

(Amounts in €)

	Note	GROUP		COMPANY	
		30.06.2012	31.12.2011	30.06.2012	31.12.2011
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Self-used tangible assets	5	52,398,097.22	53,501,050.68	42,112,957.11	42,951,024.38
Investment property	5,6	1,107,660.22	1,108,397.06	1,107,660.22	1,108,397.06
Intangible assets	5	58,277.03	61,951.63	27,769.83	33,943.43
Investment in subsidiaries and joint ventures	2.3	20,000.00	20,000.00	8,901,750.00	8,901,750.00
Deferred Income Tax	15	742,958.25	825,271.15	260,626.90	307,887.11
Long term receivables	8	751,040.25	833,763.28	884,367.96	874,487.08
<b>Total Non Current Assets</b>		<b>55,078,032.97</b>	<b>56,350,433.80</b>	<b>53,295,132.02</b>	<b>54,177,489.06</b>
<b>Current Assets</b>					
Inventories	9	24,224,553.40	23,133,275.07	20,405,253.51	19,131,586.73
Customers	8	29,801,765.59	32,514,609.14	26,041,981.16	28,427,815.50
Other receivables	8,17	5,051,527.13	5,999,987.48	4,652,046.39	4,973,601.25
Cash and cash equivalents	11	25,344,235.02	26,043,475.79	23,121,120.69	23,472,317.76
Derivatives	10	1,183.19	17,267.58	1,183.19	12,599.93
<b>Total Current Assets</b>		<b>84,423,264.33</b>	<b>87,708,615.06</b>	<b>74,221,584.94</b>	<b>76,017,921.17</b>
<b>Total Assets</b>		<b>139,501,297.30</b>	<b>144,059,048.86</b>	<b>127,516,716.96</b>	<b>130,195,410.23</b>
<b>EQUITY</b>					
<b>Shareholders' equity</b>					
Share capital	12	18,648,000.00	18,648,000.00	18,648,000.00	18,648,000.00
Share premium	12	11,171,177.70	11,171,177.70	11,171,177.70	11,171,177.70
Other reserves	12	21,246,377.06	21,279,099.07	20,895,676.92	20,907,093.66
Retained earnings	12	22,558,408.76	25,982,937.26	24,280,727.83	26,989,207.44
Minority interest	12	0.00	0.00	0.00	0.00
<b>Total equity</b>		<b>73,623,963.52</b>	<b>77,081,214.03</b>	<b>74,995,582.45</b>	<b>77,715,478.80</b>
<b>LIABILITIES</b>					
<b>Long-Term liabilities</b>					
Loans	14	11,991,676.67	8,108,389.35	10,500,000.00	6,000,036.00
Provisions for employee benefits	16	418,737.86	498,884.09	387,463.00	465,402.72
Grants (deferred income)	25	5,424,231.07	5,609,459.05	4,107,612.09	4,255,637.19
Other Long-term Liabilities		302.73	89,756.87	0.00	0.00
<b>Total Long-term Liabilities</b>		<b>17,834,948.33</b>	<b>14,306,489.36</b>	<b>14,995,075.09</b>	<b>10,721,075.91</b>
<b>Short-Term Liabilities</b>					
Suppliers		4,176,523.89	6,209,971.61	3,501,185.99	5,621,156.78
Other liabilities	13	918,447.39	977,508.11	680,777.98	741,969.84
Grants (deferred income)	25	306,483.56	275,038.54	234,095.44	203,118.06
Short-Term Loans	14	42,640,930.61	45,208,827.21	33,110,000.01	35,192,610.84
<b>Total Short-Term Liabilities</b>		<b>48,042,385.45</b>	<b>52,671,345.47</b>	<b>37,526,059.42</b>	<b>41,758,855.52</b>
<b>Total Liabilities</b>		<b>65,877,333.78</b>	<b>66,977,834.83</b>	<b>52,521,134.51</b>	<b>52,479,931.43</b>
<b>Total Equity and Liabilities</b>		<b>139,501,297.30</b>	<b>144,059,048.86</b>	<b>127,516,716.96</b>	<b>130,195,410.23</b>

## 2. Statement of Comprehensive Income

### 2a. Statement of Comprehensive Income - Group

(Amounts in €)	Note	1.1 – 30.06.12	1.1 – 30.06.11	1.4 – 30.06.12	1.4 – 30.06.11
Sales	18	32,753,674.16	45,003,684.16	18,041,624.20	23,351,040.16
Cost of sales	19	-30,357,713.32	-39,394,170.91	-16,715,909.72	-20,971,677.82
<b>Gross profit / (loss)</b>		<b>2,395,960.84</b>	<b>5,609,513.25</b>	<b>1,325,714.48</b>	<b>2,379,362.34</b>
Other income	19	642,406.93	803,474.14	337,775.58	419,896.49
Distribution expenses	19	-2,810,165.72	-3,270,641.08	-1,414,549.32	-1,623,584.76
Administration expenses	19	-1,697,477.31	-2,079,507.43	-722,172.02	-1,047,793.08
Other expenses	19	-251,595.34	-416,818.53	-117,131.48	-197,448.55
<b>Earnings / (losses) before interest and taxes (EBIT)</b>		<b>-1,720,870.60</b>	<b>646,020.35</b>	<b>-590,362.76</b>	<b>-69,567.56</b>
Financial income	19	633,302.22	541,083.13	313,068.39	174,267.39
Financial cost	19	-1,410,358.97	-1,600,043.33	-683,858.65	-823,504.52
Dividends from Subsidiary Companies		0.00	0.00	0.00	0.00
<b>Earnings / (losses) before taxes (EBT)</b>		<b>-2,497,927.35</b>	<b>-412,939.85</b>	<b>-961,153.02</b>	<b>-718,804.69</b>
Income Tax	19	-926,601.15	-177,167.46	-109,859.87	247,240.21
<b>Earnings / (losses) after taxes (EAT) (a)</b>		<b>-3,424,528.50</b>	<b>-590,107.31</b>	<b>-1,071,012.89</b>	<b>-471,564.48</b>
<b>Attributed to:</b>					
Shareholders of the parent		-3,424,528.50	-590,107.31	-1,071,012.89	-471,564.48
Minority interest		0.00	0,00	0.00	0.00
Other comprehensive income / (expenses) after taxes (b)	19	-32,722.01	-17,226.76	7,950.83	260,699.45
<b>Total comprehensive income after taxes (a) + (b)</b>		<b>-3,457,250.51</b>	<b>-607,334.07</b>	<b>-1,063,062.06</b>	<b>-210,865.03</b>
<b>Attributed to:</b>					
Shareholders of the parent		-3,457,250.51	-607,334.07	-1,063,062.06	-210,865.03
Minority interest		0.00	0.00	0.00	
Earnings / (losses) after taxes per share – basic (in €)	20	-0.1836	-0.0316	-0.0574	-0.0253
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>		<b>-725,477.28</b>	<b>1,619,075.17</b>	<b>-92,964.66</b>	<b>415,515.16</b>



## 2b. Statement of Comprehensive Income - Company

(Amounts in €)	Note	1.1 – 30.06.12	1.1 – 30.06.11	1.4 – 30.06.12	1.4 – 30.06.11
Sales	18	27,853,588.91	37,905,323.89	15,324,196.16	19,941,324.41
Cost of sales	19	-25,752,975.83	-33,015,148.74	-14,193,480.00	-17,790,879.65
<b>Gross profit / (loss)</b>		<b>2,100,613.08</b>	<b>4,890,175.15</b>	<b>1,130,716.16</b>	<b>2,150,444.76</b>
Other income	19	654,318.40	750,072.07	340,352.44	383,380.35
Distribution expenses	19	-2,386,059.55	-2,619,219.15	-1,209,388.73	-1,333,401.73
Administration expenses	19	-1,520,012.13	-1,764,608.18	-637,937.12	-869,190.08
Other expenses	19	-200,818.20	-296,721.56	-81,269.24	-108,655.22
<b>Earnings / (losses) before interest and taxes (EBIT)</b>		<b>-1,351,958.40</b>	<b>959,698.33</b>	<b>-457,526.49</b>	<b>222,578.08</b>
Financial income	19	572,284.85	524,339.84	281,412.83	178,015.21
Financial cost	19	-1,037,257.60	-1,243,860.35	-504,016.02	-641,606.12
Dividends from Subsidiary Companies		0.00	0.00	0.00	0.00
<b>Earnings / (losses) before taxes (EBT)</b>		<b>-1,816,931.15</b>	<b>240,177.82</b>	<b>-680,129.68</b>	<b>-241,012.83</b>
Income Tax	19	-891,548.46	-237,120.78	-89,105.79	113,449.88
<b>Earnings / (losses) after taxes (EAT) (a)</b>		<b>-2,708,479.61</b>	<b>3,057.04</b>	<b>-769,235.47</b>	<b>-127,562.95</b>
<b>Attributed to:</b>					
Shareholders of the parent		-2,708,479.61	3,057.04	-769,235.47	-127,562.95
Minority interest					
Other comprehensive income / (expenses) after taxes (b)	19	-11,416.74	-14,546.30	16,780.06	277,908.09
<b>Total comprehensive income/expenses after taxes (a) + (b)</b>		<b>-2,719,896.35</b>	<b>-11,489.26</b>	<b>-752,455.41</b>	<b>150,345.14</b>
<b>Attributed to:</b>					
Shareholders of the parent		-2,719,896.35	-11,489.26	-752,455.41	150,345.14
Minority interest					
Earnings / (losses) after taxes per share – basic (in €)	20	-0.1452	0.0002	-0.0413	-0.0068
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>		<b>-622,184.53</b>	<b>1,679,720.58</b>	<b>-92,997.87</b>	<b>582,490.62</b>

## 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		
<b>Balance on 1.1.2011</b>	<b>33,548,777.70</b>	<b>17,555,382.13</b>	<b>29,673,271.14</b>	<b>0.00</b>	<b>80,777,430.97</b>
Profit / (Loss) for the period	0.00	0.00	-3,690,012.45	0.00	-3,690,012.45
Result from hedging minus corresponding tax	0.00	2,022.36	0.00	0.00	2,022.36
Transfer of earnings to reserves	0.00	321.43	-321.43	0.00	0.00
Foreign exchange differences on consolidation	0.00	-8,226.85	0.00	0.00	-8,226.85
2010 dividend	0.00	0.00	0.00	0.00	0.00
Share capital increase	-3,729,600.00	3,729,600.00	0.00	0.00	0.00
<b>Balance on 31.12.2011</b>	<b>29,819,177.70</b>	<b>21,279,099.07</b>	<b>25,982,937.26</b>	<b>0.00</b>	<b>77,081,214.03</b>
Profit / (Loss) for the period	0.00	0.00	-3,424,528.50	0.00	-3,424,528.50
Result from hedging minus corresponding tax	0.00	-16,084.39	0.00	0.00	-16,084.39
Transfer of earnings to reserves	0.00	0.00	0.00	0.00	0.00
2011 Dividend	0.00	0.00	0.00	0.00	0.00
Foreign exchange differences on consolidation	0.00	-16,637.62	0.00	0.00	-16,637.62
Transfer of reserves	0.00	0.00	0.00	0.00	0.00
<b>Balance on 30.06.2012</b>	<b>29,819,177.70</b>	<b>21,246,377.06</b>	<b>22,558,408.76</b>	<b>0.00</b>	<b>73,623,963.52</b>

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

	Corresponding to shareholders of the parent			Total Equity
	Share Capital & Share Premium	Reserves	Retained earnings	
<b>Balance on 1.1.2011</b>	<b>33,548,777.70</b>	<b>17,173,856.54</b>	<b>29,202,085.47</b>	<b>79,924,719.71</b>
Profit / (Loss) for the period	0.00	0.00	-2,212,878.03	-2,212,878.03
Result from hedging minus corresponding tax	0.00	3,637.12	0.00	3,637.12
Transfer of earnings to reserves	0.00	0.00	0.00	0.00
2010 Dividend	0.00	0.00	0.00	0.00
Transfer of reserves	-3,729,600.00	3,729,600.00	0.00	0.00
<b>Balance on 31.12.2011</b>	<b>29,819,177.70</b>	<b>20,907,093.66</b>	<b>26,989,207.44</b>	<b>77,715,478.80</b>
Profit / (Loss) for the period	0.00	0.00	-2,708,479.61	-2,708,479.61
Result from hedging minus corresponding tax	0.00	-11,416.74	0.00	-11,416.74
Transfer of earnings to reserves	0.00	0.00	0.00	0.0
2011 Dividend	0.00	0.00	0.00	0.00
Transfer of reserves	0.00	0.00	0.00	0.00
<b>Balance on 30.06.2012</b>	<b>29,819,177.70</b>	<b>20,895,676.92</b>	<b>24,280,727.83</b>	<b>74,995,582.45</b>

## 4. Statement of Cash Flows

(Amounts in €)	GROUP		COMPANY	
	1.1-30.06.2012	1.1-30.06.2011	1.1-30.06.2012	1.1-30.06.2011
<b>Operating Activities</b>				
Earnings before Tax (EBT)	-2,497,927.35	-412,939.85	-1,816,931.15	240,177.82
Plus / minus adjustments for:				
Depreciation & amortization	1,149,176.31	1,130,563.17	846,821.59	837,391.09
Depreciation of grants	-153,782.97	-157,508.36	-117,047.72	-117,368.84
Provisions	-80,146.23	-22,975.33	-77,939.72	-5,319.53
Foreign exchange differences	0.00	0.00	0.00	0.00
Results (income, expenses, profit and loss) from investment activity	-601,154.65	-325,495.62	-563,363.32	-322,346.89
Debit interest and related expenses	<u>1,410,358.97</u>	<u>1,597,317.80</u>	<u>1,037,257.60</u>	<u>1,243,860.35</u>
	-773,475.92	1,808,961.81	-691,202.72	1,876,394.00
Plus/minus adjustments for changes in working capital accounts or those related to operating activities				
Decrease / (increase) of inventories	-1,091,278.33	-4,678,914.88	-1,273,666.78	-4,650,263.58
Decrease / (increase) of receivables	2,911,588.30	-2,139,394.29	1,510,120.76	-2,923,957.11
(Decrease) / increase of liabilities (apart from banks)	-2,367,793.78	-362,259.81	-2,014,911.39	834,985.40
Minus:				
Debit interest and related expenses paid	-1,375,140.92	-1,719,081.70	-1,016,868.77	-1,328,982.65
Taxes paid	172,641.19	-28,862.50	177,978.90	-27,972.88
<b>Total inflows/(outflows) from operating activities (a)</b>	<b>-2,523,459.46</b>	<b>-7,119,551.37</b>	<b>-3,308,550.00</b>	<b>-6,219,796.82</b>
<b>Investment Activities</b>				
Acquisition of subsidiaries, associates, joint ventures and other investments	0.00	0.00	0.00	0.00
Purchase – Sale of Securities	0.00	0.00	0.00	0.00
Purchase of tangible and intangible fixed assets	-80,036.12	-199,543.48	-22,732.81	-180,189.00
Proceeds from sales of tangible and intangible assets	16,000.00	0.00	16,000.00	0.00
Interest received	606,043.59	305,468.47	568,252.26	302,319.74
Dividends received	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total cash inflows/(outflows) from investment activities (b)</b>	<b>542,007.47</b>	<b>105,924.99</b>	<b>561,519.45</b>	<b>122,130.74</b>
<b>Financial Activities</b>				
Proceeds from share capital increase	0.00	0.00	0.00	0.00
Amounts collected from issued / received Loans	13,000,000.00	30,000,464.19	13,000,000.00	27,950,000.00
Loan repayments	-11,719,827.34	-32,177,966.40	-10,603,035.67	-31,350,000.00
Dividends Paid	-1,130.85	-9,152.49	-1,130.85	-9,152.49
<b>Total cash inflows/(outflows) from financial activities (c)</b>	<b>1,279,041.81</b>	<b>-2,186,654.70</b>	<b>2,395,833.48</b>	<b>-3,409,152.49</b>
FX differences on cash flows	<b>3,169.41</b>	<b>3,947.12</b>	<b>0.00</b>	<b>0.00</b>
<b>Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)</b>	<b>-699,240.77</b>	<b>-9,196,333.96</b>	<b>-351,197.07</b>	<b>-9,506,818.57</b>
Cash and cash equivalents at the beginning of the period	26,043,475.79	27,978,722.86	23,472,317.76	27,026,777.82
<b>Cash and cash equivalents at the end of the period</b>	<b>25,344,235.02</b>	<b>18,782,388.90</b>	<b>23,121,120.69</b>	<b>17,519,959.25</b>

## *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 Semi-Annual Financial Report of 30.06.2012 was approved by the Company's Board of Directors on 28/08/2012.

### *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 2012**

- **IFRS 7 (Amendment) “Financial Instruments: Disclosures”**

**(REGULATION (EC) No. 1205/2011 OF THE COMMISSION of November 22<sup>nd</sup> 2011, 305/23.11.2011)**

Applied for annual accounting periods beginning on or after July 1<sup>st</sup> 2011. Prior application is permitted.

The amendments have the objective to assist users of financial statements to better assess the risks related to transfers of financial assets and the result of such risks on the financial position of an entity. Their objective is to promote transparency in reporting transactions relating to transfers, specifically those that include securitization of financial assets. In general, with the amendment the relevant disclosure requirements of International Financial Reporting Standards (IFRS) are aligned with those of the American General Accepted Accounting Principles (GAAP). The above amendment has no effect on the financial statements of the Company and Group.

**The following amendments are effective for the current financial year 2012, but have not been endorsed by the European Union and cannot be applied.**

- **IFRS 1 “First implementation of international financial reporting standards”**

Applied for annual accounting periods beginning on or after July 1<sup>st</sup> 2011.

On 20.12.2010 the International Accounting Standards Board issued an amendment to IFRS 1 according to which a company that applies IFRS for the first time and its operating currency is a currency of a hyperinflationary economic, must define whether during the transition date the inflation conditions have “normalized”. If the conditions have “normalized” the company may use the exemption to measure the assets and liabilities, which were acquired prior to the currency's “normalization”, at fair

value during the transition date to IFRS and to use this value as the deemed cost of such items in the opening balance sheet. In the case where the date of the currency's "normalization" is placed during the comparative period, the company may present a period less than 12 months as comparative. Also the specific dates defined by the existing standard (1.1.2004 and 25.10.2002) regarding the exemptions included to cease recognition and measurement at fair value during the initial recognition of financial instruments are cancelled. Such dates are replaced by the phrase "transition date to IFRS". The above amendment does not apply to the Company's and Group's financial statements.

- **IAS 12 (Amendment) "Income Tax"**

Applied for annual accounting periods beginning on or after January 1<sup>st</sup> 2012.

IAS 12 requires that the entity measures deferred tax that is related to an asset depending on whether the entity expects to recover the carrying value of the asset through the use or sale of the asset. It may be difficult and subjective to assess whether the recovery will be made through use or sale, when the asset is measured with the fair value method of IAS 40 "Investment Property". The amendment provides a practical solution to the issue with the introduction of the assumption that the recovery of the carrying value will take place under normal conditions through a sale. The Company and Group do not expect that this amendment, when endorsed by the European Union, will have a significant effect on the financial statements.

**Standards and Interpretations mandatory for periods beginning on or after January 1<sup>st</sup> 2013 and that have not been applied in advance by the Company (or Group).**

The following new standards, amendments of standards and interpretations have been issued but are mandatory for periods beginning on or after January 1<sup>st</sup> 2013. The Company and Group have not applied the following standards in advance and are assessing their effect on the financial statements.

- **IFRS 1 "First implementation of international financial reporting standards"**

Applied for annual accounting periods beginning on or after January 1<sup>st</sup> 2013.

On 13.3.2012 the International Accounting Standards Board issued an amendment to IFRS 1 according to which, during the first implementation of International Accounting Standards, a company should not retrospectively apply the requirements of IFRS 9 (or IAS 39) and IAS 20 regarding the existing, during the transition date, loans that have been received by government and therefore the company should not recognize the benefit from the fact that the loan has been granted at a interest rate lower than the market rate, as a government grant. Therefore, in the case where the loan had not been recognized and measured before the transition to IFRS in a way consistent with IFRS, then the company must consider the book value of the loan based on the previous accounting standards as the book value during the transition date. However, a company that adopts IFRS for the first time may retrospectively apply IFRS 9 (or IAS 39) and IAS 20 for government loans received before the transition date, given that the required information is available during the date of the initial recognition of the loans. The amendment has not been endorsed by the European Union, while it does not apply to the financial statement of the Company and Group.

- **IFRS 7 (Amendment) "Financial Instruments: Disclosures"**

Applied for annual accounting periods beginning on or after 1 January 2015. Prior application is permitted.

On 16.12.2011, the International Accounting Standards Board issued the amendment of IFRS 7. Based on the amendment, disclosures were added to the standard regarding the transition to IFRS 9. The amendment has not been endorsed by the European Union. The Company and Group are assessing the effects that the adoption of this amendment will have on the financial statements.

- **IFRS 9 "Financial instruments"**

Applied for annual accounting periods beginning on or after 1 January 2015. Prior application is permitted.

IFRS 9 is the first phase of the IASB's (International Accounting Standards Board) project to replace IAS 39 and refers to the classification and measurement of financial assets and financial liabilities. The IASB, during the next phases of the project, will extend IFRS 9 in order to add new requirement on the

impairment of value and hedge accounting. The Company (and or Group) is (are) in the process of assessing the effect of IFRS 9 on the financial statements. The Company and Group cannot apply IFRS 9 in advance given that such has not been endorsed by the European Union. Only when it is endorsed, the Company and Group will decide whether it will be applied prior to 1 January 2015.

- **IFRS 13 “Fair value measurement”**

Applied for annual accounting periods beginning on or after 1 January 2013. Prior application is permitted.

IFRS 13 provides new guidance regarding the measurement of fair value and the required disclosures. The requirements of the standard do not extend the use of fair values, but provide clarifications for their application in case where their use is mandatory by other standards. IFRS 13 provides an exact definition of fair value, as well as guidance regarding the measurement of fair value and the required disclosures, regardless of the standard according to which fair values are used. Moreover, the required disclosures have been extended and cover all assets and liabilities measured at fair value and not only financial assets and liabilities. The Company and Group cannot apply IFRS 13 in advance given that such has not been endorsed by the European Union. Only when it is endorsed, the Company and Group will decide whether it will be applied prior to 1 January 2013.

- **IAS 1 (Amendment) “Presentation of Financial Statements”**

Applied for annual accounting periods beginning on or after 1 July 2012.

The main change from the amendment is the requirement by entities to group items presented in the Statement of Other Comprehensive Income, in order to present if such may be reclassified in earnings or losses in a subsequent period. The Company and Group will apply this amendment from its effective date and do not expect that such will have a significant effect on the financial statements. This amendment has not been endorsed by the European Union.

- **IAS 19 (Amendment) “Employee benefits”**

Applied for annual accounting periods beginning on or after 1 January 2013. Prior application is permitted.

In June 2011 the IASB amended IAS 19 as it repeals the option that allows an entity to postpone some earnings and losses that results from pension plans (defined benefit plans) (“corridor approach”). Companies will report such changes when they occur. This will lead entities to include possible deficits or surpluses in a pension plan in the statement of financial position. Also, it requires companies to include the service cost and financial cost in the results and the re-measurements in other comprehensive income. The Company and Group do not expect that the amendment of IAS 19 will have a significant effect on the financial statements. The amended IAS 19 has not been endorsed by the European Union.

- **IAS 32 (Amendment) “Financial instruments: Presentation” – IFRS 7 (Amendment) “Financial Instruments: Disclosures”**

The amendment of IAS 32 refers to the application guidance of the standard in relation to offsetting a financial asset and a financial liability and to the relevant disclosures of IFRS 7. The amendments are effective from 1 January 2014 and have not yet been endorsed by the European Union.

- **IFRIC 20 “Stripping costs in the production phase of a surface mine”**

Applied for annual accounting periods beginning on or after 1 January 2013. Prior application is permitted.

The interpretation deals with the accounting treatment of the stripping cost that results from the activity of removing waste materials in surface mines, in order to gain access to mineral deposits. The interpretation has not been endorsed by the European Union.



## **Group of standards regarding consolidation and joint arrangements (applied for annual accounting periods beginning on or after 1 January 2013).**

In May 2011, the IASB published 3 new standards, IFRS 10, IFRS 11 and IFRS 12 and the amendments to IAS 27 and IAS 28. These standards are applied for annual accounting periods beginning on or after 1 January 2013. Prior application is permitted only if all five standards are applied at the same time. The standards and amendments have not yet been endorsed by the European Union and cannot be applied in advance by the Company and Group. The Group is in the process of assessing their effect on the consolidated financial statements. The basic terms of the standards are as follows:

- **IAS 27 (amended) “Separate Financial Statements”**

This Standard was published together with IFRS 10. The two standards replace IAS 27 “Consolidated and Separate Financial Statements”. The amended IAS 27 includes the accounting requirements and the disclosure requirements for investments in subsidiaries, joint ventures and associates when the entity prepares separate financial statements. The Standard requires that entities that prepare separate financial statements must account for investments at cost or according to IFRS 9 “Financial Instruments”.

- **IAS 28 (amended) “Participations in Associates and Joint Ventures”**

IAS 28 “Investments in Associates and Joint Ventures” replaces IAS 28 “Investments in Associates”. The objective of this Standard is to define the accounting treatment relating to investments in associates and to present the requirements for the application of the equity method during the accounting registration of investments in associates and joint ventures, as results from the publication of IFRS 11.

- **IFRS 10 “Consolidated Financial Statements”**

IFRS 10 sets the principles for the presentation and preparation of consolidated financial statements, when an entity controls one or more entities. IFRS 10 replaces the consolidation requirements included in IAS 27 “Consolidated and Separate Financial Statements” and Interpretation 12 “Consolidation – special purpose vehicles”. IFRS 10 is based on the existing principles, defining the definition of control as the definitive factor for whether the entity must be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the definition of control, when such is difficult to be assessed.

- **IFRS 11 “Joint arrangements”**

IFRS 11 replaces IAS 31 “Financial Presentation of Interests in Joint Ventures” and Interpretation 13 “Jointly controlled entities – non-monetary contributions from venturers”. IFRS 11 provides a more realistic treatment of joint arrangements, focusing on the rights and obligation rather than their legal form. The types of arrangements are limited to two: jointly controlled activities and joint ventures. The method of proportionate consolidation is no longer permitted. Participants in a joint venture must apply consolidation based on the equity method. Entities that participate in jointly controlled activities apply a similar accounting treatment as that applied currently by participants in jointly controlled assets or jointly controlled activities. This standard also provides clarification regarding the participants in joint arrangements, without joint control.

- **IFRS 12 “Disclosure of interests in other entities”**

IFRS 12 refers to the disclosure requirements of an entity, including significant judgments and assumptions, which allow readers of the financial statements to evaluate the nature, risks and economic effects related to the interest of the entity in subsidiaries, associates, joint arrangements and non-consolidated entities (structured entities). An entity has the option to proceed with some or all of the above disclosures without the obligation to apply IFRS 12 overall or IFRS 10 or 11 or the amended IAS 27 or 28.



## **Amendments to standards that are part of the annual improvement plan of IASB (International Accounting Standards Board)**

The IASB, in the context of the annual improvements plan in May 2012, issued amendments to 5 existing standards. These standards, that have not yet been endorsed by the European Union, apply for periods beginning on or after 1 January 2013. Unless stated otherwise, the below amendments are not expected to significantly affect the financial statements of the Company and Group.

- **IFRS 1 “First implementation of international financial reporting standards”**

The amendment clarifies that an entity may apply IFRS 1 more than once under specific conditions. Also, an entity may select to apply IAS 23 either on the transition date or from an earlier date.

- **IAS 1 “Presentation of Financial Statements”**

The amendment clarifies the disclosure requirements for comparative information when an entity also presents a third Balance Sheet, either because such is required by IAS 8 or voluntarily. Also, it clarifies that an entity may include in the first financial statements prepared according to IFRS, further comparative information in order to better explain the effect from the transition to IFRS.

- **IAS 16 “Tangible Fixed Assets”**

The amendment clarifies that maintenance equipment and spare parts may be classified as fixed assets and not as inventories, if such meet the definition of fixed assets.

- **IAS 32 “Financial instruments: Presentation”**

The amendment clarifies the treatment of income tax that is related to distributions to shareholders and with equity transaction costs.

- **IAS 34 “Interim financial report”**

The amendment clarifies the disclosure requirements for assets and liabilities of information segments in the interim financial statements.

## **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 1<sup>st</sup> 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 periods 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

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 participations in subsidiaries and associates that are not included in the consolidated statement of financial position, concern the following entities:

- 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 has no turnover. 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 DOO, based in Belgrade. The participation in the aforementioned company stands at 100%. Its total assets amount to €20 thousand and the participation value is worth €10 thousand. The company has no turnover. The company was not consolidated due to negligible interest in relation to the scope of Article 100, paragraph 3 of L. 2190/20. The company is under liquidation.

## 2.4 Foreign Exchange translations

The reference currency of the Group is the Euro and therefore the financial statements are presented in Euro (€). Transactions in foreign currency are translated 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, are translated to Euro using the spot exchange rate as at the financial statements date, while the revenues and expenses are translated using the average exchange rate during the reporting 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 30.06.2012 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 Board decision does not suffice for the registration of a provision, since the Board 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 is expected to 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 société 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 1/2 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 if 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*

### RISKS AND UNCERTAINTIES

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

- 1) Credit risk
- 2) Liquidity risk
- 3) 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 its financial performance.

The 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.

## 1) 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 20% 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.

## 2) 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 Company's and Group's liabilities, based on their expiration and remaining duration as at 30.06.2012.

### Company:

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	33,110,000.01	10,500,000.00	43,610,000.01
Suppliers & other liabilities	4,181,963.97	387,463.00	4,569,426.97
<b>Total liabilities</b>	<b>37,291,963.98</b>	<b>10,887,463.00</b>	<b>48,179,426.98</b>

**Group:**

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	42,640,930.61	11,991,676.67	54,632,607.28
Suppliers & other liabilities	5,094,971.28	419,040.59	5,514,011.87
<b>Total liabilities</b>	<b>47,735,901.89</b>	<b>12,410,717.26</b>	<b>60,146,619.15</b>

On 30.06.2012 the Company and Group maintained cash & cash equivalents amounting to 23.12 mil and 25.34 mil respectively.

### 3) Market risk

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of exchange rate changes, as well as interest rate changes, namely risks that may 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 inventories.

#### ➤ **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 in foreign currency on 30.06.2012 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 € 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 and as a result is burdened by interest expenses. Increasing trends in interest rates shall negatively affect results, as the Group incurs the additional borrowing cost.

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 the 1<sup>st</sup> half of 2012:

(Amounts in million)	Loans 30.06.2012	Effect on results before tax ( + / - )
Group	52.3	0.3
Company	40.8	0.2

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

A smaller effect on cash flows results from income on term deposits in €.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate on term deposits would be 1% higher/lower on average during the 1<sup>st</sup> half of financial year 2012:

(Amounts in million)	<b>Site and term deposits 30.06.2012</b>	<b>Effect on results before tax ( + / - )</b>
Group	25.3	0.1
Company	23.1	0.1

This would occur due to the higher/lower financial income from term deposits.

#### *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 tax**

There are specific transactions and calculations for which the final definition of tax is uncertain.

On 30.06.2012 the balance of the provision for tax un-audited fiscal years amounted to euro 32.5 thousand for the Group and euro 0 for the company. The parent company has not been audited by the tax authorities only for fiscal year 2010, during which tax losses amounted to € 1,129,594.15. It is considered that the above amount of tax losses more than covers the accounting differences that may arise from the tax audit. For this reason, the company did not make a provision for the 2010 tax un-audited fiscal year.

#### *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	35,595,229.41	30,854,503.06	1,146,499.56	631,717.19	437,216.92	1,120,186.50	69,785,352.64
Accumulated depreciation/amortization and impairment	-5,228,175.02	-8,601,869.11	-896,854.41	0.00	-375,265.29	-11,789.44	-15,113,953.27
<b>Net book value 31.12.11</b>	<b>30,367,054.39</b>	<b>22,252,633.95</b>	<b>249,645.15</b>	<b>631,717.19</b>	<b>61,951.63</b>	<b>1,108,397.06</b>	<b>54,671,399.37</b>
Book value	35,581,070.08	30,799,946.10	1,152,817.69	667,328.22	456,681.10	1,120,186.50	69,778,029.69
Accumulated depreciation/amortization and impairment	-5,622,411.70	-9,237,777.01	-942,876.16	0.00	-398,404.07	-12,526.28	-16,213,995.22
<b>Net book value 30.06.12</b>	<b>29,958,658.38</b>	<b>21,562,169.09</b>	<b>209,941.53</b>	<b>667,328.22</b>	<b>58,277.03</b>	<b>1,107,660.22</b>	<b>53,564,034.47</b>

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property	Total
<b>Book value 1.1.2011</b>	<b>29,438,857.69</b>	<b>21,356,789.43</b>	<b>326,806.51</b>	<b>4,340,838.39</b>	<b>106,485.11</b>	<b>1,109,870.74</b>	<b>56,679,647.87</b>
Additions	1,732,460.81	2,217,352.20	23,366.39	230,743.64	19,652.53	0.00	4,223,575.57
Depreciation/Amortization	-796,599.54	-1,321,475.60	-100,523.14	0.00	-64,184.82	-1,473.68	-2,284,256.78
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales - write-offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation of assets sold/written-off	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to fixed assets	0.00	0.00	0.00	-3,938,655.62	0.00	0.00	-3,938,655.62
Fx differences from translation to €	-7,664.57	-32.08	-4.61	-1,209.22	-1.19	0.00	-8,911.67
<b>Net book value 31.12.11</b>	<b>30,367,054.39</b>	<b>22,252,633.95</b>	<b>249,645.15</b>	<b>631,717.19</b>	<b>61,951.63</b>	<b>1,108,397.06</b>	<b>54,671,399.37</b>
Additions	1,200.00	15,452.50	6,335.54	45,418.64	19,468.67	0.00	87,875.35
Depreciation/Amortization	-394,290.87	-684,972.95	-46,033.34	0.00	-23,142.31	-736.84	-1,149,176.31
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales - write-offs	0.00	-69,922.42	0.00	0.00	0.00	0.00	-69,922.42
Depreciation of assets sold/written-off	0.00	49,033.48	0.00	0.00	0.00	0.00	49,033.48
Fx differences from translation to €	-15,305.14	-55.47	-5.82	-4,437.71	-0.96	0.00	-19,805.10
Transfer to fixed assets	0.00	0.00	0.00	-5,369.90	0.00	0.00	-5,369.90
<b>Net book value 30.06.12</b>	<b>29,958,658.38</b>	<b>21,562,169.09</b>	<b>209,941.53</b>	<b>667,328.22</b>	<b>58,277.03</b>	<b>1,107,660.22</b>	<b>53,564,034.47</b>

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	30,259,405.50	23,276,785.74	875,451.98	473,734.99	309,310.02	1,120,186.50	56,314,874.74
Accumulated depreciation/amortization and impairment	-4,883,050.93	-6,311,744.33	-739,558.58	0.00	-275,366.58	-11,789.44	-12,221,509.86
<b>Net book value 31.12.11</b>	<b>25,376,354.57</b>	<b>16,965,041.41</b>	<b>135,893.40</b>	<b>473,734.99</b>	<b>33,943.44</b>	<b>1,108,397.06</b>	<b>44,093,364.87</b>
Book value	30,259,405.50	23,218,163.33	879,722.17	474,731.45	315,476.19	1,120,186.50	56,267,685.14
Accumulated depreciation/amortization and impairment	-5,207,389.01	-6,745,370.06	-766,306.27	0.00	-287,706.36	-12,526.28	-13,019,297.98
<b>Net book value 30.06.12</b>	<b>25,052,016.49</b>	<b>16,472,793.27</b>	<b>113,415.90</b>	<b>474,731.45</b>	<b>27,769.83</b>	<b>1,107,660.22</b>	<b>43,248,387.16</b>

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property	Total
<b>Book value 1.1.2011</b>	<b>26,027,761.42</b>	<b>15,700,739.09</b>	<b>180,993.70</b>	<b>2,464,730.02</b>	<b>70,524.51</b>	<b>1,109,870.74</b>	<b>45,554,619.48</b>
Additions	4,664.05	2,199,129.28	16,908.70	227,713.84	7,451.59	0.00	2,455,867.46
Depreciation/Amortization	-656,070.90	-934,826.96	-62,009.00	0.00	-44,032.66	-1,473.68	-1,698,413.20
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales - write-offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation of assets sold/written-off	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to fixed assets	0.00	0.00	0.00	-2,218,708.87	0.00	0.00	-2,218,708.87
<b>Net book value 31.12.11</b>	<b>25,376,354.57</b>	<b>16,965,041.41</b>	<b>135,893.40</b>	<b>473,734.99</b>	<b>33,943.44</b>	<b>1,108,397.06</b>	<b>44,093,364.87</b>
Additions	0.00	11,300.00	4,270.19	3,336.46	6,166.16	0.00	25,072.81
Depreciation/Amortization	-324,338.08	-482,659.21	-26,747.69	0.00	-12,339.77	-736.84	-846,821.59
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales - write-offs	0.00	-69,922.42	0.00	0.00	0.00	0.00	-69,922.42
Depreciation of assets sold/written-off	0.00	49,033.49	0.00	0.00	0.00	0.00	49,033.49
Transfer to fixed assets	0.00	0.00	0.00	-2,340.00	0.00	0.00	-2,340.00
<b>Net book value 30.06.12</b>	<b>25,052,016.49</b>	<b>16,472,793.27</b>	<b>113,415.90</b>	<b>474,731.45</b>	<b>27,769.83</b>	<b>1,107,660.22</b>	<b>43,248,387.16</b>

There are no liens, collateral or other commitments on fixed assets of the Company and the Group's companies. Intangible assets mainly included acquired software and licenses for use of software.

## 6. Investment property

	COMPANY	
	30.06.12	31.12.2011
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
<b>Total Value</b>	<b>1,120,186.50</b>	<b>1,120,186.50</b>
Amortized	(12,526.28)	(11,789.44)
<b>Net book value</b>	<b>1,107,660.22</b>	<b>1,108,397.06</b>



## 7. 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	Earnings / (losses) before tax	Participation stake
<b>30.06.2012</b>						
TATA ELASTRON S.A. STEEL PROCESSING CENTER	Greece	26,694,636.17	17,573,067.68	11,659,524.59	(495,134.38)	50%
CORUS – KALPINIS – SIMOS – S.A. COATING MATERIALS	Greece	16,047,029.38	8,405,835.98	4,915,638.96	(734,660.21)	50%
BALKAN IRON GROUP SRL	Romania	2,381,628.44	638,850.62	0.00	(38,018.49)	33.33%

	Domicile	Assets	Liabilities	Income from sales	Earnings / (losses) before tax	Participation stake
<b>30.06.2011</b>						
TATA ELASTRON S.A. STEEL PROCESSING CENTER	Greece	31,249,931.30	23,400,660.86	10,578,644.97	(200,285.07)	50%
CORUS – KALPINIS – SIMOS – S.A. COATING MATERIALS	Greece	19,273,084.87	10,042,857.93	7,054,416.45	(1,078,080.85)	50%
BALKAN IRON GROUP SRL	Romania	2,464,436.95	637,103.27	0.00	(55,735.02)	33.33%

## 8. Analysis of receivables

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

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Customers	17,857,751.61	16,854,075.22	15,926,503.17	15,375,508.33
Notes	17,350.00	30,500.00	0.00	30,000.00
Post-dated cheques	14,130,435.17	17,651,805.50	11,696,742.21	14,464,072.78
Provisions for Bad Debt	(2,203,771.19)	(2,021,771.58)	(1,581,264.22)	(1,441,765.61)
<b>Total trade receivables</b>	<b>29,801,765.59</b>	<b>32,514,609.14</b>	<b>26,041,981.16</b>	<b>28,427,815.50</b>



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

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Initial balance	2,021,771.58	1,286,884.09	1,441,765.61	981,884.09
Additional provision (results)	183,999.61	735,908.59	139,498.61	459,881.52
Use of provision	(2,000.00)	(1,021.10)	0.00	0.00
<b>Final balance</b>	<b>2,203,771.19</b>	<b>2,021,771.58</b>	<b>1,581,264.22</b>	<b>1,441,765.61</b>

There is no concentration of credit risk in relation to trade receivables, as such are dispersed amongst a large number of customers. All the above receivables are short-term and there is no need to discount such to present value during the balance sheet date. Also, the largest part (about 80%) of the company's trade receivables are insured against credit risk.

The amortized receivables are monitored in transitory accounts and the probability for collection is reviewed.

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

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Receivables from employees	10,412.04	8,643.22	8,099.10	7,101.00
Receivables from other partners - third parties	392,323.52	285,536.79	249,193.96	89,145.00
Greek State– income tax receivable	200,872.69	1,217,802.13	87,828.90	1,110,096.05
Greek State – receivable of other taxes	845,780.09	885,866.55	704,785.64	165,120.41
Grants receivable	3,602,138.79	3,602,138.79	3,602,138.79	3,602,138.79
<b>Total</b>	<b>5,051,527.13</b>	<b>5,999,987.48</b>	<b>4,652,046.39</b>	<b>4,973,601.25</b>

The long-term receivables of the Group and Company are analyzed as follows:

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Given guarantees	54,269.52	51,351.07	42,442.47	42,074.87
Other long-term receivables	696,770.73	782,412.21	841,925.49	832,412.21
<b>Total</b>	<b>751,040.25</b>	<b>833,763.28</b>	<b>884,367.96</b>	<b>874,487.08</b>

The given guarantees presented in long-term receivables concern guarantees and receivables that will be received in a period over twelve (12) months from the end of the reporting period. The fair value of such receivables does not differ substantially from that presented in the financial statements and is subject to a review annually. The given guarantees that will be received in the next year, are presented in other short-term receivables.

## 9. Analysis of inventories

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

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Merchandise	13,878,906.64	13,063,489.49	12,916,408.27	12,069,740.43
Impairment of merchandise	0.00	0.00	0.00	0.00
Products	8,139,110.18	6,335,115.30	7,468,449.87	6,062,439.79
Impairment of products	(10,000.00)	0.00	0.00	0.00
Orders	24,504.80	1,285,407.39	20,395.37	999,406.51
Raw materials – consumables	2,192,031.78	2,449,262.89	0.00	0.00
Impairment of raw materials	0.00	0.00	0.00	0.00
Production underway	0.00	0.0	0.00	0.00
<b>Total</b>	<b>24,224,553.40</b>	<b>23,133,275.07</b>	<b>20,405,253.51</b>	<b>19,131,586.73</b>

Losses due to loss of inventory from natural disasters, theft etc., are extremely low due to the nature of inventories. There is however risk of impairment due to the volatility of prices globally. Management continuously reviews the net liquidation value of inventories and makes the appropriate provisions in order to ensure that the value of inventory in the financial statements coincides with the real value.

## 10. Derivatives

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Forward foreign exchange contracts (current assets/ short-term liabilities)	1,183.19	17,267.58	1,183.19	12,599.93
Amounts registered in the results	(16,084.39)	(6,204.49)	(11,416.74)	3,637.12

## 11. Analysis of cash reserves

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

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Cash in hand	15,205.42	12,377.83	6,244.97	5,837.25
Demand deposits	25,329,029.60	26,031,097.96	23,114,875.72	23,466,480.51
<b>Total</b>	<b>25,344,235.02</b>	<b>26,043,475.79</b>	<b>23,121,120.69</b>	<b>23,472,317.76</b>

Demand deposits refer to short-term placements with significant dispersion between the relevant banks.

## 12. Analysis of all equity accounts

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

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Share Capital	<b>18,648,000.00</b>	<b>18,648,000.00</b>	<b>18,648,000.00</b>	<b>18,648,000.00</b>
Share premium	<b>11,171,177.70</b>	<b>11,171,177.70</b>	<b>11,171,177.70</b>	<b>11,171,177.70</b>
Statutory reserve	3,446,154.96	3,446,154.96	3,334,000.00	3,334,000.00
Extraordinary reserves	3,270,400.00	3,270,400.00	3,270,400.00	3,270,400.00
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	344,862.50	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	0.00	0.00	0.00	0.00
Fair value reserves	1,183.19	17,267.58	1,183.19	12,599.93
FX differences on consolidation	(206,441.33)	(189,803.71)	0.00	0.00
Special reserves	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
<b>Total Reserves</b>	<b>21,246,377.06</b>	<b>21,279,099.07</b>	<b>20,895,676.92</b>	<b>20,907,093.66</b>
Retained earnings	25,982,937.26	29,672,949.71	26,989,207.44	29,202,085.47
Results for the period	(3,424,528.50)	(3,690,012.45)	(2,708,479.61)	(2,212,878.03)
<b>Accumulated Earnings</b>	<b>22,558,408.76</b>	<b>25,982,937.26</b>	<b>24,280,727.83</b>	<b>26,989,207.44</b>
<b>Total equity without minority interest</b>	<b>73,623,963.52</b>	<b>77,081,214.03</b>	<b>74,995,582.45</b>	<b>77,715,478.80</b>
Minority interest	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>73,623,963.52</b>	<b>77,081,214.03</b>	<b>74,995,582.45</b>	<b>77,715,478.80</b>

According to Greek tax law, the Company created tax-exempt reserves in the past, with the objective to achieve tax reliefs.

In the case where such reserves were distributed to shareholders as dividends, such would be taxed according to tax rates in effect during the distribution. No provision has been recognized for possible liabilities for income tax in the case of a future distribution of such reserves to company shareholders, given that such liabilities are recognized at the same time as the liability for the dividend related to such distributions.

## 13. Analysis of other liabilities

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

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Insurance accounts & other taxes	308,840.74	517,646.03	306,066.63	449,534.50
Customer prepayments	223,786.15	427,833.95	113,826.24	271,190.81
Other liabilities / provisions	368,746.10	13,822.88	243,810.71	3,039.28
Dividends payable	17,074.40	18,205.25	17,074.40	18,205.25
<b>Total</b>	<b>918,447.39</b>	<b>977,508.11</b>	<b>680,777.98</b>	<b>741,969.84</b>

All the above liabilities are of short-term nature and there is no need to discount such to present value during the balance sheet date.

## 14. Analysis of loans

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

### Long-term loans

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Bond loans	11,991,676.67	8,108,389.35	10,500,000.00	6,000,036.00

### Short-term loans

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Bank loans	24,990,738.35	22,054,647.87	17,110,000.01	14,186,239.51
Short-term part of bond loans	17,650,192.26	23,154,179.34	16,000,000.00	21,006,371.33
<b>Total</b>	<b>42,640,930.61</b>	<b>45,208,827.21</b>	<b>33,110,000.01</b>	<b>35,192,610.84</b>

<b>TOTAL LOANS</b>	<b>54,632,607.28</b>	<b>53,317,216.56</b>	<b>43,610,000.01</b>	<b>41,192,646.84</b>
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	GROUP		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 30.06.12	42,640,930.61	11,991,676.67	0.00

	GROUP		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.11	45,208,827.21	8,108,389.35	0.00

	COMPANY		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 30.06.12	33,110,000.01	10,500,000.00	0.00

	COMPANY		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.11	35,192,610.84	6,000,036.00	0.00

The changes in the Company's and Group's loans are analyzed in the following table:

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
<b>Loans outstanding at beginning of the period</b>	<b>53,317,216.56</b>	<b>57,950,547.13</b>	<b>41,192,646.84</b>	<b>46,105,124.01</b>
Loans received	13,000,000.00	44,800,464.19	13,000,000.00	42,550,000.00
Interest	1,388,941.82	2,611,769.96	999,634.23	1,968,967.72
	<b>67,706,158.38</b>	<b>105,362,781.28</b>	<b>55,192,281.07</b>	<b>90,624,091.73</b>
Loans repaid	(11,719,827.34)	(49,294,643.06)	(10,603,035.67)	(47,350,000.00)
Interest paid	(1,353,723.76)	(2,750,921.66)	(979,245.39)	(2,081,444.89)
<b>Balance of Loans</b>	<b>54,632,607.28</b>	<b>53,317,216.56</b>	<b>43,610,000.01</b>	<b>41,192,646.84</b>

## *15. 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

	01.01.2011	1.1. – 31.12.11	31.12.2011	1.1 – 30.06.12	30.06.12
Intangible assets	-24,123.22	11,734.25	-12,388.97	733.96	-11,655.01
Tangible assets	-2,045,495.01	-426,685.56	-2,472,180.57	-72,153.40	-2,544,333.97
Installation expenses	3,245.76	-1,101.72	2,144.04	3,422.80	5,566.84
Inventories	32,429.01	4,514.03	36,943.04	9,891.46	46,834.50
Long-term receivables	-176,772.74	16,588.82	-160,183.92	-2,634.57	-162,818.49
Trade & other receivables	386,436.17	18,890.57	405,326.74	15,694.23	421,020.97
Employee benefits	113,817.89	-13,867.74	99,950.15	-16,242.57	83,707.58
Government grants	-122,501.22	-54,782.18	-177,283.40	-30,756.61	-208,040.01
Suppliers and other liabilities	-8,780.88	6,804.69	-1,976.19	22.81	-1,953.38
Tax loss offset by taxable earnings of subsequent years	3,402,595.83	-302,595.82	3,100,000.01	0.0	3,100,000.01
From unrealized profit of intercompany transactions	4,189.21	731.01	4,920.22	9,708.99	14,629.21
Other	1,131.52	-1,131.52	0.00	0.00	0.00
<b>Total</b>	<b>1,566,172.32</b>	<b>-740,901.17</b>	<b>825,271.15</b>	<b>-82,312.90</b>	<b>742,958.25</b>

b) For the Company

	01.01.2011	1.1. – 31.12.11	31.12.2011	1.1 – 30.06.12	30.06.12
Intangible assets	-16,016.39	9,227.70	-6,788.69	1,234.73	-5,553.96
Tangible assets	-1,645,565.22	-312,508.05	-1,958,073.27	-18,245.64	-1,976,318.91
Installation expenses	0.00	0.05	0.05	1,140.74	1,140.79
Inventories	26,219.03	7,183.53	33,402.56	7,531.95	40,934.51
Long-term receivables	-177,601.84	17,355.89	-160,245.95	-2,619.52	-162,865.47
Trade & other receivables	335,061.64	-11,118.31	323,943.33	2,695.02	326,638.35
Employee benefits	103,643.84	-10,563.30	93,080.54	-15,587.94	77,492.60
Government grants	-96,807.85	-40,623.61	-137,431.46	-23,409.55	-160,841.01
Suppliers and other liabilities	-6,788.47	6,788.47	0.00	0.00	0.00
Tax loss offset by taxable earnings of subsequent years	2,631,516.03	-511,516.03	2,120,000.00	0.00	2,120,000.00
Other	524.02	-524.02	0.00	0.00	0.00
<b>Total</b>	<b>1,154,184.79</b>	<b>-846,297.68</b>	<b>307,887.11</b>	<b>-47,260.21</b>	<b>260,626.90</b>

The tax loss creates a tax receivable equal to the income tax that will, from which the Company will benefit in the next years when it will be offset against the respective taxable earnings. The registration of the receivable for deferred tax took place as the Management of the Company and Group considers that there is reasonable certainty for the realization of earnings in future years, whereas such earnings will be capable to offset the present receivable with the future tax liability.

Deferred tax assets and liabilities are offset when there is an applicable legal right to offset current tax assets against current tax liabilities and when deferred income tax refers to the same tax authority.

Deferred tax liabilities and assets are presented as offset in the account “Deferred Tax Assets” in the Statement of Financial Position of 30 June 2012, given that the financial statements of the subsidiary “BALKAN IRON GROUP SRL” do not include deferred tax liabilities but only deferred tax assets, even though such refer to the tax authority of Romania.

## 16. 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	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
<b>Balance Sheet liabilities</b>	<b>418,737.86</b>	<b>498,884.09</b>	<b>387,463.00</b>	<b>465,402.72</b>
<b>Charges to the Results</b>	<b>240,940.93</b>	<b>319,486.37</b>	<b>223,864.59</b>	<b>249,144.31</b>
Present value of financed liabilities	571,623.27	651,769.50	522,447.61	600,387.33
Non registered actuarial (profit) / losses	(152,885.41)	(152,885.41)	(134,984.61)	(134,984.61)
Non registered prior working service cost	0.00	0.00	0.00	0.00
<b>Balance Sheet Liability</b>	<b>418,737.86</b>	<b>498,884.09</b>	<b>387,463.00</b>	<b>465,402.72</b>
<b>Changes in the net liability recognized in the Balance Sheet</b>				
Net liability at beginning of year	498,884.09	569,756.06	465,402.72	518,219.18
Employer contributions	0.00	0.00	0.00	0.00
Benefits paid	(321,087.01)	(390,358.34)	(301,804.31)	(301,960.77)
Total expense recognized in the results	240,940.78	319,486.37	223,864.59	249,144.31
<b>Net liability at end of year</b>	<b>418,737.86</b>	<b>498,884.09</b>	<b>387,463.00</b>	<b>465,402.72</b>
<b>Analysis of expenses recognized in the results</b>				
Cost of current employment	25,443.76	48,867.26	22,534.55	45,382.48
Interest on liability	14,959.83	30,465.39	14,370.90	28,740.97
Cost of additional benefits	193,842.40	233,458.78	181,082.59	169,144.31
Cost of settlements from employee transfers	0.00	0.00	0.00	0.00
Actuarial (profit) / losses	6,694.94	6,694.94	5,876.55	5,876.55
Effect from employment termination benefits	0.00	0.00	0.00	0.00
<b>Total expense recognized in the results</b>	<b>240,940.93</b>	<b>319,486.37</b>	<b>223,864.59</b>	<b>249,144.31</b>
<b>Basic actuarial assumptions used for accounting purposes</b>				
Discount rate	5.9%	5.9%	5.9%	5.9%
Future wage increases	3.2%	3.2%	3.2%	3.2%
Expected remaining average working life during valuation	11.85	11.85	11.85	11.85



## 17. Analysis of tax liabilities

	GROUP		COMPANY	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Income tax liability	0.00	0.00	0.00	0.00
Credit balance of tax statements to be refunded	(233,405.38)	(1,750,302.13)	(87,828.90)	(1,610,096.05)
Provision for tax audit differences	32,500.00	532,500.00	0.00	500,000.00
Tax dues from previous years	32.69	0.00	0.00	0.00
<b>Total</b>	<b>(200,872.69)</b>	<b>(1,217,802.13)</b>	<b>(87,828.90)</b>	<b>(1,110,096.05)</b>

The provisions for tax audit differences are analyzed in Note No 22.

## 18. 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 30.06.2012 and 31.12.2011 respectively

(Amounts in €)	30.06.2012			
	PANELS	OTHER STEEL PRODUCTS	CONSOLIDATION ENTRIES	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
<b>ASSETS</b>				
Tangible and intangible fixed assets	2,755,342.65	50,809,608.64	(916.82)	53,564,034.47
Other non-current assets	188,928.78	4,406,590.52	(3,081,520.80)	1,513,998.50
Inventories	1,893,766.06	22,330,787.34		24,224,553.40
Trade and other receivables	2,138,223.01	33,072,702.34	(356,449.44)	34,854,475.91
Cash and cash equivalents	1,156,562.39	24,187,672.63		25,344,235.02
<b>Total Assets</b>	<b>8,132,822.89</b>	<b>134,807,361.47</b>		<b>139,501,297.30</b>
<b>EQUITY &amp; LIABILITIES</b>				
Equity	3,681,163.46	73,025,237.68	(3,082,437.62)	73,623,963.52
Long-term loans	91,676.66	11,900,000.00		11,991,676.67
Other long-term liabilities	152,942.43	5,690,329.23		5,843,271.66
Short-term loans	3,706,358.07	38,934,572.54		42,640,930.61
Other short-term liabilities	500,682.27	5,257,222.02	(356,449.44)	5,401,454.84
<b>Total Equity &amp; Liabilities</b>	<b>8,132,822.89</b>	<b>134,807,361.47</b>		<b>139,501,297.30</b>

(Amounts in €)

	31.12.2011			
	PANELS	OTHER STEEL PRODUCTS	CONSOLIDATION ENTRIES	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
<b>ASSETS</b>				
Tangible and intangible fixed assets	2,868,996.35	51,802,403.02		54,671,399.37
Other non-current assets	180,725.12	4,575,693.71	(3,077,384.40)	1,679,034.43
Inventories	1,848,104.74	21,306,998.33	(21,828.00)	23,133,275.07
Trade and other receivables	2,855,748.86	36,443,298.69	(767,183.35)	38,531,864.20
Cash and cash equivalents	1,335,478.97	24,707,996.82		26,043,475.79
<b>Total Assets</b>	<b>9,089,054.04</b>	<b>138,836,390.57</b>		<b>144,059,048.86</b>
<b>EQUITY &amp; LIABILITIES</b>				
Equity	4,040,064.31	76,140,362.12	(3,099,212.40)	77,081,214.03
Long-term loans	183,353.33	7,925,036.02		8,108,389.35
Other long-term liabilities	159,669.64	6,038,430.37		6,198,100.01
Short-term loans	3,690,342.22	41,518,484.99		45,208,827.21
Other short-term liabilities	1,015,624.54	7,214,077.07	(767,183.35)	7,462,518.26
<b>Total Equity &amp; Liabilities</b>	<b>9,089,054.04</b>	<b>138,836,390.57</b>		<b>144,059,048.86</b>

b) Statement of Comprehensive Income per segment on 1.1-30.06.2012 and 1.1-30.06.2011 respectively

(Amounts in €)	1.1-30.06.2012			
	PANELS	OTHER STEEL PRODUCTS	CONSOLIDATION ENTRIES	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Sales	2,457,819.48	30,834,125.26	(538,270.85)	32,753,674.16
Cost of sales	-2,403,666.66	-28,573,615.44	619,568.78	-30,357,713.32
<b>Gross profit / (loss)</b>	<b>54,152.82</b>	<b>2,260,509.82</b>		<b>2,395,960.84</b>
Other income	25,843.53	707,118.82	(90,555.42)	642,406.93
Distribution expenses	-219,577.73	-2,617,473.21	26,885.22	-2,810,165.72
Administration expenses	-93,303.87	-1,608,373.44	4,200.01	-1,697,477.31
Other expenses	-38,286.40	-213,308.94		-251,595.34
<b>Earnings / (losses) before interest and taxes (EBIT)</b>	<b>-271,171.65</b>	<b>-1,471,526.95</b>		<b>-1,720,870.60</b>
Financial income	30,764.30	602,537.92		633,302.22
Financial cost	-126,922.76	-1,283,436.21		-1,410,358.97
Dividends from Subsidiary Companies	0.00	0.00		0.00
<b>Earnings / (losses) before taxes (EBT)</b>	<b>-367,330.11</b>	<b>-2,152,425.24</b>		<b>-2,497,927.35</b>
Income Tax	8,429.26	-930,664.81		-926,601.15
<b>Earnings / (losses) after taxes (EAT) (a)</b>	<b>-358,900.85</b>	<b>-3,083,090.05</b>		<b>-3,424,528.50</b>
<b>Attributed to:</b>				
Shareholders of the parent	-358,900.85	-3,083,090.05		-3,424,528.50
Minority interest	0.00	0.00		0.00
Other comprehensive income after taxes (b)	0.00	-32,722.01		-32,722.01
<b>Total comprehensive income after taxes (a) + (b)</b>	<b>-358,900.85</b>	<b>-3,115,812.06</b>		<b>-3,457,250.51</b>
<b>Attributed to:</b>				
Shareholders of the parent	-358,900.85	-3,115,812.06		-3,457,250.51
Minority interest	0.00	0.00		0.00
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>	<b>-124,411.66</b>	<b>-622,893.60</b>		<b>-725,477.28</b>

(Amounts in €)	1.1-30.06.2011			
	PANELS	OTHER STEEL PRODUCTS	CONSOLIDATION ENTRIES	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Sales	3,527,208.23	42,037,425.07	(560,949.14)	45,003,684.16
Cost of sales	-3,359,153.60	-36,649,437.12	614,419.81	-39,394,170.91
<b>Gross profit / (loss)</b>	<b>168,054.63</b>	<b>5,387,987.95</b>		<b>5,609,513.25</b>
Other income	64,407.65	825,698.47	(86,631.98)	803,474.14
Distribution expenses	-380,762.05	-2,916,661.01	26,781.98	-3,270,641.08
Administration expenses	-189,393.85	-1,894,313.58	4,200.00	-2,079,507.43
Other expenses	-92,925.92	-323,892.61		-416,818.53
<b>Earnings / (losses) before interest and taxes (EBIT)</b>	<b>-430,619.54</b>	<b>1,078,819.22</b>		<b>646,020.35</b>
Financial income	1,602.18	540,617.32	(1,136.37)	541,083.13
Financial cost	-110,023.07	-1,491,156.63	1,136.37	-1,600,043.33
Dividends from Subsidiary Companies	0.00	0.00		0.00
<b>Earnings / (losses) before taxes (EBT)</b>	<b>-539,040.43</b>	<b>128,279.91</b>		<b>-412,939.85</b>
Income Tax	64,201.39	-241,804.72	435.87	-177,167.46
<b>Earnings / (losses) after taxes (EAT) (a)</b>	<b>-474,839.04</b>	<b>-113,524.81</b>		<b>-590,107.31</b>
<b>Attributed to:</b>				
Shareholders of the parent	-474,839.04	-113,524.81		-590,107.31
Minority interest	0.00	0.00		0,00
Other comprehensive income after taxes (b)	0.00	-17,226.76		-17,226.76
<b>Total comprehensive income after taxes (a) + (b)</b>	<b>-474,839.04</b>	<b>-130,751.57</b>		<b>-607,334.07</b>
<b>Attributed to:</b>				
Shareholders of the parent	-474,839.04	-130,751.57		-607,334.07
Minority interest	0.00	0.00		0.00
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>	<b>-295,166.29</b>	<b>1,916,420.78</b>		<b>1,619,075.17</b>

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

- Domestic Sales (approximately 87 %)
- Foreign Sales (approximately 13 %)

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

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Sales of Merchandise	13,994,793.81	18,187,912.37	11,993,209.31	16,625,268.70
Sales of Products	18,083,084.66	25,890,085.12	15,857,913.65	21,279,054.79
Other Sales	675,795.69	925,686.67	2,465.95	1,000.40
<b>Total Sales</b>	<b>32,753,674.16</b>	<b>45,003,684.16</b>	<b>27,853,588.91</b>	<b>37,905,323.89</b>

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Domestic Sales	28,535,147.48	38,410,980.47	25,413,980.57	33,660,781.97
Foreign Sales	4,218,526.68	6,592,703.69	2,439,608.34	4,244,541.92
<b>Total Sales</b>	<b>32,753,674.16</b>	<b>45,003,684.16</b>	<b>27,853,588.91</b>	<b>37,905,323.89</b>

## 19. Analysis of other results

### (a) Other income

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

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Income from transport & delivery expenses	361,989.29	489,860.76	322,957.67	434,171.33
Rental Income	87,460.00	85,396.24	172,260.00	170,100.00
Income from commissions, brokerage etc	1,750.00	22,468.80	1,750.00	27,772.95
Income from Grants	153,782.97	157,508.36	117,047.72	117,368.84
Profit from sale of fixed assets	0.00	0.00	0.00	0.00
Income brought forward	570.81	26,387.20	0.00	0.00
Other income	36,853.86	21,852.78	40,303.01	658.95
<b>Total other operating income</b>	<b>642,406.93</b>	<b>803,474.14</b>	<b>654,318.40</b>	<b>750,072.07</b>

## (b) Other expenses

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

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Bad debts	183,999.61	302,778.84	139,498.61	192,470.77
Losses from sale of fixed assets	4,888.94	0.00	4,888.94	0.00
Other expenses & previous years' expenses	62,706.79	114,039.69	56,430.65	104,250.79
<b>Total other operating expenses</b>	<b>251,595.34</b>	<b>416,818.53</b>	<b>200,818.20</b>	<b>296,721.56</b>

## (c) Expenses

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

	GROUP		
	1.1-30.06.12		
	SALES COST	DISTRIBUTION EXPENSES	ADMINISTRATIVE EXPENSES
Employee fees & expenses	1,057,986.78	1,379,653.48	888,471.91
Third party fees & expenses	152,706.55	88,605.76	160,986.45
Third party benefits	316,541.75	251,454.72	357,147.65
Taxes - dues	45,333.63	55,207.27	82,353.74
Sundry expenses	62,643.20	691,741.21	123,902.45
Depreciation	721,057.88	343,503.28	84,615.11
Cost of inventories	28,001,443.53	0.00	0.00
<b>Total</b>	<b>30,357,713.32</b>	<b>2,810,165.72</b>	<b>1,697,477.31</b>

	GROUP		
	1.1-30.06.11		
	SALES COST	DISTRIBUTION EXPENSES	ADMINISTRATIVE EXPENSES
Employee fees & expenses	1,129,521.22	1,351,533.99	709,070.92
Third party fees & expenses	248,472.60	184,272.21	414,241.32
Third party benefits	355,244.44	337,785.48	565,256.10
Taxes - dues	36,561.52	28,540.39	30,638.17
Sundry expenses	213,349.28	1,012,390.33	263,612.23
Depreciation	677,755.80	356,118.68	96,688.69
Cost of inventories	36,733,266.05	0.00	0.00
<b>Total</b>	<b>39,394,170.91</b>	<b>3,270,641.08</b>	<b>2,079,507.43</b>

COMPANY			
1.1-30.06.12			
	SALES COST	DISTRIBUTION EXPENSES	ADMINISTRATIVE EXPENSES
Employee fees & expenses	899,519.52	1,237,771.79	773,696.23
Third party fees & expenses	143,091.40	36,773.84	136,120.41
Third party benefits	212,164.15	166,016.55	348,692.27
Taxes - dues	27,995.86	51,310.02	81,094.96
Sundry expenses	45,726.95	601,122.00	111,954.51
Depreciation	485,302.49	293,065.35	68,453.75
Cost of inventories	23,939,175.46	0.00	0.00
<b>Total</b>	<b>25,752,975.83</b>	<b>2,386,059.55</b>	<b>1,520,012.13</b>

COMPANY			
1.1-30.06.11			
	SALES COST	DISTRIBUTION EXPENSES	ADMINISTRATIVE EXPENSES
Employee fees & expenses	911,409.74	1,116,922.59	471,785.15
Third party fees & expenses	219,136.85	120,222.23	389,077.78
Third party benefits	244,893.22	173,129.36	550,130.75
Taxes - dues	21,204.29	24,958.62	26,007.68
Sundry expenses	57,863.09	877,482.39	247,218.60
Depreciation	450,498.91	306,503.96	80,388.22
Cost of inventories	31,110,142.64	0.00	0.00
<b>Total</b>	<b>33,015,148.74</b>	<b>2,619,219.15</b>	<b>1,764,608.18</b>

(c) Financial expenses – income

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

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Debit interest	1,343,584.07	1,206,806.52	1,000,276.47	901,743.68
Other bank expenses and fees	58,346.65	160,459.51	36,981.13	128,974.21
Foreign exchange differences	8,428.25	232,777.30	0.00	213,142.46
Losses from Derivatives	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1,410,358.97</b>	<b>1,600,043.33</b>	<b>1,037,257.60</b>	<b>1,243,860.35</b>



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

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Credit interest	606,714.91	404,095.95	568,252.26	402,319.74
Interest receivable from customers	4,355.86	67,742.98	4,032.59	66,370.45
Foreign exchange differences	22,231.45	49,217.05	0.00	35,622.50
Profit from derivatives	0.00	20,027.15	0.00	20,027.15
<b>Total</b>	<b>633,302.22</b>	<b>541,083.13</b>	<b>572,284.85</b>	<b>524,339.84</b>

(c) Income tax expense

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Results before taxes (taxable)	(3,524,307.81)	(1,297,898.36)	(2,644,035.01)	(402,714.47)
Expenses not recognized	223,500.00	401,883.83	190,000.00	361,566.91
Income not subject to tax	0.00	0.00	0.00	0.00
	<b>(3,300,807.81)</b>	<b>(896,014.53)</b>	<b>(2,454,035.01)</b>	<b>(41,147.56)</b>
Income tax of current year	0.00	0.00	0.00	0.00
Deferred taxation	82,312.90	177,167.46	47,260.21	237,120.78
Tax audit differences	844,288.25	0.00	844,288.25	0.00
Provision for possible tax differences	0.00	0.00	0.00	0.00
<b>Effective tax burden</b>	<b>926,601.15</b>	<b>177,167.46</b>	<b>891,548.46</b>	<b>237,120.78</b>

During the 2<sup>nd</sup> quarter of 2012, the tax audit of fiscal years 2006 to 2009 included, was completed for the parent company. From the above audit, taxes and surcharges amounting to a total of € 1,399,996.25 emerged, which were not paid but offset with finalized tax assets amounting to € 1,516,122.24. The company had made a provision of € 500 thousand and the tax difference of € 899,996.25 was charged in the 2012 results.

(d) Other comprehensive income / expenses after taxes

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Foreign exchange differences of consolidation	(16,637.62)	3,947.12	0.00	0.00
Result from cash flow hedge minus the corresponding tax	(16,084.39)	(21,173.88)	(11,416.74)	(14,546.30)
<b>Total</b>	<b>(32,722.01)</b>	<b>(17,226.76)</b>	<b>(11,416.74)</b>	<b>(14,546.30)</b>

## 20. Analysis of earnings per share

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Net earnings corresponding to shareholders	-3,424,528.50	-590,107.31	-2,708,479.61	3,057.04
Number of shares	18,648,000	18,648,000	18,648,000	18,648,000
<b>Earnings / (losses) per share (€)</b>	<b>-0.1836</b>	<b>-0.0316</b>	<b>-0.1452</b>	<b>0.0002</b>

## 21. 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	
	1.1-30.06	
	2012	2011
Sales of Inventories to Corus-Kalpinis-Simos S.A.	151,010.48	120,129.80
Sales of Inventories to Tata Elastron S.A.	993,284.01	1,400,565.46
Sales of other inventories to Tata Elastron S.A.	475.00	0.00
Sales of Inventories to Steel Center S.A.	45,032.85	118,034.71
Rental Income by Corus –Kalpinis-Simos S.A.	85,050.00	170,100.00
Processing Income from Steel Center S.A.	1,445.37	1,276.27
Income of transfer services from Tata Elastron	1,025.00	3,490.00
Processing income from Corus-Kalpinis-Simos S.A.	3,820.20	6,134.50
Processing income from Tata Elastron S.A.	561.34	1,213.41
	<b>1,281,704.25</b>	<b>1,820,944.15</b>

### (b) Expenses

	COMPANY	
	1.1-30.06	
	2012	2011
Purchases of inventories from Corus-Kalpinis-Simos S.A.	383,864.35	1,001,768.47
Purchases of inventories from Tata Elastron S.A.	1,855,941.94	913,806.36
Purchases of inventories from Steel Center S.A.	247,077.64	474,687.66
Processing expenses from Tata Elastron S.A.	0.00	3,704.50
Purchases of consumables from Corus-Kalpinis-Simos S.A.	809.16	70.80
Processing expenses from Steel Center S.A.	0.00	117.72
Purchases of consumables from Steel Center S.A.	224.22	1,005.88
	<b>2,487,917.31</b>	<b>2,395,161.39</b>

(c) Receivables

	COMPANY	
	1.1-30.06	1.1-31.12
	2012	2011
From Tata Elastron S.A.	946,534.96	1,610,502.86
From Corus-Kalpinis-Simos S.A.	0.00	0.00
From Steel Center S.A.	5,993.50	0.00
From Balkan Iron Group S.R.L.	150,000.00	150,000.00
From Kalpinis Simos Bulgaria EOOD	735,000.00	725,000.00
	<b>1,837,528.46</b>	<b>2,485,502.86</b>

(d) Liabilities

	COMPANY	
	1.1-30.06	1.1-31.12
	2012	2011
To Corus-Kalpinis-Simos S.A.	353,561.20	1,533,547.44
To Tata Elastron S.A.	0.00	13,993.73
To Steel Center S.A.	20,374.67	0.00
To Balkan Iron Group srl	95,500.00	68,000.00
	<b>469,435.87</b>	<b>1,615,541.17</b>

(e) Income

	GROUP	
	1.1-30.06	
	2012	2011
Sales of inventories to Steel Center S.A.	53,504.88	118,034.71
Processing Income from Steel Center S.A.	1,445.37	1,276.27
Income of transfer services from Steel Center S.A.	0.00	80.00
Rental Income by Steel Center S.A.	250.00	84.23
	<b>55,200.25</b>	<b>119,475.21</b>

(f) Expenses

	GROUP	
	1.1-30.06	
	2012	2011
Purchases of inventories from Steel Center S.A.	256,623.64	506,343.03
Purchases of consumables from Steel Center S.A.	224.22	1,005.88
Processing expenses from Steel Center S.A.	90.52	420.20
	<b>256,938.38</b>	<b>507,769.11</b>

(g) Receivables

	GROUP	
	1.1 – 30.06	1.1-31.12
	2012	2011
From Steel Center S.A.	40,473.01	2,117.06

(h) Liabilities

	GROUP	
	1.1 – 30.06	1.1-31.12
	2012	2011
To Steel Center S.A.	3,247.76	30,613.48

(i) Transactions and remuneration of senior executives

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Transactions and remuneration of Board Members	153,750.00	218,000.00	153,750.00	218,000.00
Transactions and remuneration of senior executives	357,762.25	297,599.33	284,132.47	107,539.78
Transactions and remuneration of other related entities	8,900.93	9,583.43	8,900.93	9,583.43
Receivables from senior executives and Board members	0.00	0.00	0.00	0.00
Liabilities to senior executives and Board members	0.00	0.00	0.00	0.00

The remuneration of the company's and group's senior executives on 30.06.2012 also include retirement / termination indemnities amounting to € 196 thousand. The respective indemnities on 30.06.2011 for the company and group amount to € 75 thousand.

Senior executives according to IAS 24 are those individuals that have the authority and responsibility for the planning, management and control of the entity's activities, directly or indirectly, and include all members of the Board of Directors (executive and non-executive) of the entity, as well as all other senior executives according to the above definition.

Following the above, the number of senior executives for the 1<sup>st</sup> half of 2011 and therefore their transactions and remuneration, were adjusted in order to meet the requirements of IAS 24.

## 22. 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.

### Tax un-audited fiscal years

The parent Company has not been audited by the tax authorities for fiscal year 2010, "CORUS – KALPINIS – SIMOS S.A. COATING MATERIALS" has been audited up to fiscal year 2007 included and "TATA ELASTRON STEEL SERVICE CENTER" has been audited up to fiscal year 2007 included.

From 2011, the parent company as well as the Group companies have been subject to the tax audit by Certified Auditors Accountants, in accordance with the provisions of article 82, par. 5 of C.L. 2238/1994.

On 30.06.2012 the balance of the provision for tax un-audited fiscal years amounted to euro 32.5 thousand for the Group and euro 0 for the company. The parent company has not been audited by the tax authorities only for fiscal year 2010, during which tax losses amounted to € 1,129,594.15. It is considered that the above amount of tax losses more than covers the accounting differences that may arise from the tax audit. For this reason, the company did not make a provision for the 2010 tax un-audited fiscal year.

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:

	30.06.2012	
	GROUP	COMPANY
Guarantees to secure obligations to suppliers	4,474,459.39	2,950,347.19
Guarantees to secure trade receivables	2,330,328.84	1,440,532.00
Other Guarantees	70,000.00	0.00
<b>Total</b>	<b>6,874,788.23</b>	<b>4,390,879.19</b>

## 23. 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 General Meeting of Shareholders of the company that took place on 28.06.2012 decided not to distribute dividend for financial year 2011 due to the negative result.

## 24. Staff information

### (a) Number of staff

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

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Regular staff	116	122	83	79
Staff on day-wage basis	102	116	81	92
<b>Total staff</b>	<b>218</b>	<b>238</b>	<b>164</b>	<b>171</b>

### (b) Staff remuneration

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

	GROUP		COMPANY	
	1.1-30.06		1.1-30.06	
	2012	2011	2012	2011
Employee remuneration	2,353,245.91	2,576,731.38	2,030,564.16	1,968,873.03
Employer contributions	569,750.82	455,500.26	497,927.03	325,653.16
Other benefits	8,424.68	20,510.74	4,881.77	12,902.44
<b>Total</b>	<b>2,931,421.41</b>	<b>3,052,742.38</b>	<b>2,533,372.96</b>	<b>2,307,428.63</b>

## 25. Government Grants

	30.06.2012		31.12.2011	
	GROUP	COMPANY	GROUP	COMPANY
Grants on completed investments	6,770,914.59	5,145,912.56	6,770,914.58	5,145,912.56
Grants on revenue for financial year 2012 / 2011	(153,782.97)	(117,047.72)	(273,910.93)	(203,118.06)
Grants on revenue from previous financial years	(886,416.99)	(687,157.31)	(612,506.06)	(484,039.25)
<b>Balance on deferred income</b>	<b>5,730,714.63</b>	<b>4,341,707.53</b>	<b>5,884,497.59</b>	<b>4,458,755.25</b>
Short-term portion	306,483.56	234,095.44	275,038.54	203,118.06
Long-term portion	5,424,231.07	4,107,612.09	5,609,459.05	4,255,637.19
Received Prepayment	3,168,775.79	1,543,773.77	3,168,775.79	1,543,773.77
Receivable from Grant	3,602,138.79	3,602,138.79	3,602,138.79	3,602,138.79

### (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.

### (d) Proceeds on account of Grants

In June 2007 the company ELASTRON S.A. received a prepayment of € 1.54 mil, which corresponds to 30% of the total grant by using the capability for a lump sum prepayment. Both CORUS – KALPINIS – SIMOS S.A. and TATA ELASTRON S.A. had received the total amount of the grant, namely € 364,500 and € 2,885,504 respectively, until 31.12.2011.

The above investments are implemented or were implemented in the companies' facilities in Aspropyrgos and in Skaramaga Attica, as well as at the Industrial Area (VIPE) of Sindos in Thessalonica. The companies CORUS – KALPINIS – SIMOS S.A. and TATA ELASTRON S.A. have completed the total approved investment, while the parent company has submitted a request to extend the completion of the approved investment until August 2013.

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. The government grants that refer to expenses are deferred and registered in the results when the granted expense is registered, in order to match the income with the expense.

## 6. Exchange rates

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

### 30.06.2012

1 € = 4.4513 RON (Exchange rate used in the Statement of Financial Position)

1 € = 4.3904 RON (Exchange rate used in the Statement of Comprehensive Income)

## **30.06.2011**

1 € = 4.2435 RON (Exchange rate used in the Statement of Financial Position)

1 € = 4.1798 RON (Exchange rate used in the Statement of Comprehensive Income)

## *27. Events after the end of the reporting period*

In the context of implementing the company's strategic planning, during the 3<sup>rd</sup> quarter of the year the Company completed the acquisition of a majority stake in companies that operate in the sector of energy production and trade from photovoltaic stations. Specifically, a majority stake (93%) was acquired in the companies PHOTOENERGY LTD, PHOTODEVELOPMENT LTD, ILIOSKOPIO LTD, PHOTOKYPSELI LTD and PHOTODIODOS LTD. The total participation cost amounted to €300 thousand. These companies have licenses for the production and trade of electric energy from a photovoltaic station with total capacity of 3.05 MWp. The above companies will be included in the consolidated financial statements of 30.09.2012.

Aspropyrgos, August 27<sup>th</sup> 2012

THE CHAIRMAN OF THE BOARD

THE DEPUTY CEO

THE CHIEF FINANCIAL OFFICER

PANAGIOTIS SIMOS

ID No.AE 063856

STYLIANOS KOUTSOTHANASSIS

ID No.AB 669589

VASILIS MANESIS

ID No. AE 008927

Prof. License No. 0072242