

## **Clarifications regarding press reports**

Certain press reports, in the printed and broadcast media, contain negative comments regarding our Company, identifying an issue of alleged responsibility for provision of inadequate information to the public with respect to the fall in the profits of our Company during the first quarter of 2005. Furthermore, these reports link the drop in the share price of our Company to the publication of the results for the first quarter of 2005.

In order to restore the truth and to provide the public with correct information, we wish to clarify the following:

Our Company is active in the steel products sector, which is marked globally by the element of cyclicity. This suggests that our results are directly intertwined with the fluctuations in the world prices of steel. Falls in the global prices of raw materials negatively affect the cost of our inventories and, as a result, our gross profit. This situation is reversed when global prices rise. Moreover, the sales price of our products cannot be completely synchronised with the changes in the market prices and the changes in the prices of inventories. An accurate forecast for the path of steel prices cannot be made for any time-horizon, while the effect of the cyclical factor has been evident historically in the financial figures of the Company, which are reported in the Prospectus. Detailed reference to the cyclical element and the effect of the fluctuations of the prices of raw materials was made in the “Investor Risks” paragraph, in pages 15 & 16 of the Prospectus for the listing of our shares on the Stock Market, while more brief references were made in other parts of the document. Indeed, this feature, on the one hand, weighted heavily when the price of the shares of our Company was set during the public offering and, on the other hand, was mentioned in our Prospectus “Prospects of the Issuing Company for the 2005 fiscal year” (§13.3 p. 269) with the explicit provision that the results of 2005 will depend on the global prices of steel.

Thus, the gradual fall in the prices of steel in the global market, which started becoming more prominent in March 2005 and continues to this day, was the reason for the reduced results for the first quarter of 2005, compared to the results of the first quarter of 2004. Moreover, this is a manifestation of the cyclical element that features in our sector and which investors know, as reported in the Prospectus.

It should be noted at this point that the 2004 fiscal year in general and more specifically the first quarter of 2004, which was the starting point for the historical hike in steel prices globally, cannot, under any circumstances, be used as a benchmark for the drawing of valid conclusions. The fall in the profits of the Company in the first quarter of 2005 is explained as such by the fact that this quarter followed a period during which the prices of steel were at record levels in global markets.

Furthermore, this cyclicity phenomenon, which is a feature of the steel market, is reflected in the results of the majority of comparable companies in our sector and is not only an idiosyncrasy of our Company.

It would be useful for the fuller information of the investor community to also take into consideration some of the financial figures of SIDMA, at the group level, for the first quarter of 2005 compared to previous fiscal years, which are as follows:

a. Earnings before taxes – Earnings before taxes recorded a fall of the order of 39% compared to the first quarter of 2004 but are higher than the first quarter average of the last five years, 2000 – 2004, by 7% (€2,294 thousand compared to €2,154 thousand).

b. Turnover – Turnover is higher by 3% compared to the first quarter of 2004 (€31,021 thousand compared to €30,150 thousand). Moreover, it is 20% higher than the average turnover for the last five years, 2000 - 2004 (€31,021 thousand compared to €25,914 thousand).

c. Operating Cash Flows - Operating cash flows improved, compared to the first quarter of 2004, from €-735 thousand to €1,721 thousand.

Finally, in order to avoid false impressions we note that the fall in our share price had, to a considerable degree, preceded the publication of the 2005 first quarter results and as a result any linking of these two facts is unfortunate and does not correspond to reality.

We hope that the facts that we have provided will contribute to the restoration of the truth and to the fuller and well-rounded information of the public.

In conclusion, we would like to emphasise that SIDMA, relying on its long experience and know-how, will continue to work with diligence and consistence in order to carry out its investment programs and to achieve the goals of strategic growth it has set.