

Financial results of SIDMA S.A. for the second quarter of 2005 according to the IAS

The consolidated turnover of SIDMA Steel Products SA for the second quarter of 2005 amounted to €63.3 million compared to €66.0 million during the corresponding period of 2004, recording a slight fall of the order of 4%. Gross profit declined by 44% and amounted to €7.8 million compared to €13.9 million in 2004.

The reduction in gross profit together with the expenses incurred for the listing of the shares on the Athens Stock Exchange and the restatement of the provision for employee indemnity, in accordance with the International Accounting Standards (IAS), led to a reduction in earnings before taxes to €2,950 thousand, from €8,829 thousand, recording a fall of 67%. The Athens Stock Exchange listing expenses amounted to approximately €870 thousand, while an amount of €844 thousand out of the provision for employee indemnity, which took place in June 2004, in accordance with the IAS reduced the profits of previous fiscal years, resulting in a restatement and increase in the 2004 earnings before taxes by the same amount. Taking these events into consideration, Group earnings before taxes fell by 52% and amounted to €3,820 thousand, down from €7,985 thousand.

SIDMA is active in the steel products market and inevitably suffers the cyclicity that features in the market. As a result, the profits of the Company are directly intertwined with the fluctuations in the world prices of steel, a fact that is recorded in its historical financial figures. The escalating decline in prices during the last semester became particularly prominent in March 2005 and continued until recently, directly affecting the gross profit margin and partly the turnover of the Company. The usual reaction to a fall in global market prices is the immediate reduction of prices in the local market, i.e. the squeezing of the profit margin, as well as the restraining of demand that is caused by the uncertainty regarding the duration as well as the size of the fall.

The Company, under these circumstances, followed a conservative sales policy so as to avoid further reduction of its profits. At the same time it proceeded in starting the operation of its first subsidiary in Romania and in establishing its second subsidiary in Bulgaria, with a view to further expanding its operations and taking advantage of the opportunities emerging in the Balkan countries. The two subsidiaries are expected to contribute to the Company in the following year.

Additionally, the administration and distribution expenses of the Company, excluding the stock market listing expenses, remained at the 2004 levels. Finally, shareholders' funds for the Company rose to €5 per share from €3.7 per share, reflecting the share capital increase from the listing of the Company on the Athens Stock Exchange.