

Financial results for SIDMA S.A. for the fiscal year 2008

- **Consolidated turnover increased by 22%**
- **Positive Operating cash flows of €9, 5 mn at Group level and €5,1 mn at Company level.**

Prospects for 2008 were very favourable in the beginning of the year both for the company and more generally the sector. During the first half of the year the company registered record profits. Subsequently and especially during the last four months, a drop in the prices of raw materials, initially gradual but accelerating later on, resulted in shrinking gross margins. The major reason causing this swing is the international financial recession that led to suspension of investments, radical decrease in company funding by the Banks combined with the simultaneous increase in borrowing cost and the reluctance of insurance companies to cover a large part of clients with sufficient insurance limits.

On the other hand, 2008 was a year of development both in Greece and outside. Investments were pursued through the acquisition of 100% of our holding in the subsidiaries in Bulgaria and Romania, while the company gradually increased its activities in these countries. In Greece, the investment in Inofyta was completed with new administration offices constructed and their relocation from the premises at Petrou Ralli Avenue, thus leading to annual savings of rental fees equal to approximately €400,000.

Regarding financial results, the total turnover of the Group together with consignment sales increased, exceeding €287 million for the first time. If we add to the foregoing the sales of the Romanian subsidiary of the first five months of the year, which have not been consolidated [of the year's sales, only those of the last seven months have been included since the company was fully (100%) acquired in May 2008], then the consolidated turnover of the Group came to around €300 million. During 2008, the percentage of Group sales in other markets than Greece rose to 23% from 14% in 2007.

In detail, the consolidated turnover of SIDMA S.A. came to €217 million compared to €178 million in 2007, thus registering a 22% increase. Including consignment sales, the consolidated turnover increased by 14% to €287 million compared to €251 million in 2007. Panelco, our subsidiary, presented a slight decrease in its turnover by 6% from €26.9 million in 2007 to €25.2 million in 2008. The turnover of SIDMA Romania came to €32 million in 2008 from €18 million in 2007, thus being increased by 78% while SIDMA Bulgaria increased its turnover by 45% from €14 million in 2007 to €21 million in 2008.

At company level, the turnover of SIDMA S.A. together with consignment sales stood at €223 million compared to €212 million in 2007, thus registering a 5% increase. A provision equal to 2.1 million Euros was charged to results, this referring to the depreciation of inventories due to the plummeting drop in raw material prices over the last months of the year. Pre-tax results, prior to inventory depreciation, came to €2.5 million while earnings before interest, tax, depreciation and amortization (EBITDA) were increased by 19% and stood at €9.7 million.

Following inventory depreciation, results before tax stood at €0.34 million in 2008 from €4.1 million in 2007, thus being decreased by 92%. Post-tax results, following the effect of deferred tax asset, came to €0.39 million from €1.7 million during the respective previous period, thus being decreased by 78%. Finally, earnings before

interest, tax, depreciation and amortization (EBITDA) were reduced by 7% from €8.1 million to €7.5 million.

At Group level, prior to inventory depreciation, earnings after tax came to €1.3 million while earnings before interest, tax, depreciation and amortization were increased by 5% and came to €13.4 million.

Taken into account inventory devaluation, gross profit margins shrunk by 14.5% from 11.5% in 2007 to 9.8% in 2008. Consolidated pre-tax results came to losses equal to €657,000 in 2008 from profits equal to €5.6 million in 2007. Consolidated results after tax and minority interests came to losses equal to €795,000 from profits equal to €2.6 million in 2007. Finally, EBITDA were decreased by 11.7% from €12.8 million to €11.3 million. Here, it should be noted that SIDMA Romania had a negative impact on the result because it registered foreign exchange losses equal to €853,000 given that the local currency was depreciated by around 7% over the last quarter of the year.

Operating cash flows are positive both at Group and Company level due to the decreased working capital needs (mainly from lower receivables) as a result of a tighter credit policy. The Group's Operating cash flows resulted in €9,5 mn in 2008 compared to €-7,6 mn in 2007 and Company's Operating cash flows resulted in €5,1 mn in 2008 compared to €-7,1 mn in 2007.