

Financial Results for the First Quarter of 2009

The global financial crisis has entailed a further fall in both demand and the price of steel products during the first quarter of 2009 as a result that a lot of steel companies decreased their production beyond 50%.

More specifically the international recession gave rise to a fall in the demand for most steel products up to 40% while the drop in prices from the maximum levels reached in July 2008 went beyond 50% during the first quarter of 2009.

This drastic drop in prices that has led to impairment of the group's inventories by € 2.7 million at the end of the previous year continued at the same rate until the first quarter of this year.

As a result of the above, our sales registered a negative gross profit margin. These events taken together made the company's fundamentals deviate substantially from those registered in 2008.

In detail, the consolidated turnover of SIDMA S.A. together with the agency's sales stood at €39 million. The consolidated turnover of SIDMA S.A., without the agency's sales, was reduced by 41% falling from €50.3 million in the first quarter 2008 to € 29.7 million. Gross margin stood at -4% for the reasons explained above and as a result the Group's gross profits were down €1.2 million. Results after deducting taxes and minority interests registered losses amounting to €6.0 million. Foreign exchange differences that originate from the subsidiary in Romania and are equal to €353,000 have been charged to these results. Finally, earnings before interest, tax, depreciation and amortization were equal to losses of €3.3 million.

At company level, the gross profit is negative by €1.8 million while results after other income and deduction of taxes registered losses equal to €4.5 million. Finally, earnings before interest, tax, depreciation and amortization were equal to losses of € 3.2 million.

In view of the global financial developments, as of the beginning of the year the company has put into practice a business plan so as to deal with the crisis. The company's objectives for this year focus on its liquidity and prudent management of its funds. The results are reflected in the positive operating cash flows standing at € 4.4 million and the decrease in net loans by €4 million. This was attained by reducing inventories and trade receivables by €7.5 million and €7.6 million respectively in comparison with 31.3.2008.

The company also implements a plan in order to reduce its operating expenses, such plan having entailed, during the first quarter of 2009, a decrease in administrative and selling expenses by 26% and 20% respectively in relation to the first quarter of 2008. Despite of the financial crisis, the greater percentage of the total of the other sales of SIDMA S.A., is still covered by the insurances, restraining significantly the risk of bad debts.

As regards the implementation of investment plans, these were limited to what was absolutely necessary for the smooth operation of its production units and for maintaining its services at the levels customers expect.