# ALUMIL MILONAS

# ALUMINIUM EXTRUSION INDUSTRY S.A.

# GROUP OF COMPANIES

# FINANCIAL STATEMENTS FOR THE YEAR

# ENDED 31 DECEMBER 2007

Every effort has been made to ensure that the following english version of the ALUMIL 2007 Annual Report is an accurate translation of the respective Hellenic (Greek) Annual Report, prepared in accordance with the laws of the Hellenic Capital Market.

Financial statements, data and information are translated and presented in accordance with the International Financial Reporting Standards; statements which describe or contain Group management objectives, projections, estimates, expectations or other, forward-looking information are made only as of the date given. This information is provided for historical and informative purposes only.

Notwithstanding the above, Alumil S.A. and the management cannot accept any responsibility and may not be subject to any potential obligation or commitment arising from this context. Further, no obligation to update or revise any forward-looking statements is assumed.

Calendar Days (D), Months (M) and Years (Y) are stated accordingly: DD/MM/YYYY

Unless otherwise stated, decimal symbol is “,” and digit grouping symbol is “.”

# Notes

1. Parent Company and Consolidated Annual Financial Statements were approved for release from ALUMIL's Board of Directors (BoD) on March 26th, 2008.

2. Parent Company and Consolidated Annual Financial Statements, are published on Company's website, www.alumil.com, along with the financial statements of the Greek subsidiaries included in the Consolidated Financial Statements. Consequently, Parent Company, Consolidated and Greek subsidiaries' (included in the Consolidated Financial Statements) Financial Data and Information are published on Company's website. Additionally, independent Certified Auditors Accountants' reports, BoD reports of the Parent Company, Consolidated and Greek subsidiaries' Financial Statements (included in the Consolidated Financial Statements) are published on Company's website.

3. Greek version of the Annual Report is drafted according to the clauses of the BoD decision 7/372/15.2.2006 of the Hellenic Capital Market Commission (HCMC).

Greek version of the Annual Report includes all information necessary for the proper evaluation of the assets, financial position, results and perspectives of "ALUMIL MILONAS – ALUMINIUM INDUSTRY S.A.", further (the "Company", "Parent Company" or "ALUMIL").

Investors interested for more information, can communicate with Company offices in Kilkis and Thessaloniki, working days and hours:
Kilkis: Stavrohori Industrial Area (Kilkis Ind. Area), P.C. 611 00, Tel. +30 23410 79300-79331, Fax: +30 23410 71988, Investor Relations Officer: Mr. Timos Vakalis, E-mail: Pr@Alumil.com , T.Vakalis@Alumil.com
Thessaloniki: Democracy Square 1, Egnatia Building, P.C. 546 29, Tel. +30 2310 555405, Fax: +30 2310 555425, E-mail: Investors@Alumil.com
Group Investor Relations and Analysis Head: Mr. Apostolos Papadopoulos-Almeida.

The Company publishes Financial Statements since 1989, Consolidated Financial Statements since 1997; for financial year 2007 it is audited from independent Certified Auditor Accountant Mr. Nikos Arghyrou (S.O.E.L. R.N. 15511), from ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A. (Company S.O.E.L. R.N. 107, Address: 11TH KLM, NATIONAL ROAD ATHENS – LAMIA, 14451, METAMORFOSI, Tel.: +30 210-7701690, +30 2310 512515, Fax: +30 2310 512487).

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## I. (English Translation from the Original Greek Independent Auditors' Report)

## INDEPENDENT AUDITOR'S REPORT

**To the shareholders of «ALUMIL MILONAS S.A.»**

**Report on the Financial Statements.**

We have audited the accompanying company's and consolidated financial statements of «ALUMIL MILONAS S.A.» (the Company), which comprise the company's and consolidated balance sheets as of December 31st, 2007 and the income statements, statements of changes in shareholders' equity and cash flows statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Statements as adopted by the European Union. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying company's and consolidated financial statements present fairly, in all material respects, the financial position of the company and the Group as of December 31st, 2007, and of their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

**Report on Other Legal and Regulatory Requirements.**

The Board of Directors Report includes the information provided in articles 43a paragraph 3 and 107 paragraph 3 and 16 paragraph 9 of Codified Law 2190/20 as well as in article 11a of Law 3371/2005 and its content is consistent with the accompanying financial statements.

Athens, 28 March 2008

The Certified Auditor Accountant

NIKOS ARGHYROU
S.O.E.L. R.N. 15511
ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
11TH KLM NATIONAL ROAD ATHENS – LAMIA,
14451 METAMORFOSI
S.O.E.L. R.N. 107
ERNST & YOUNG

## II. ALUMIL MILONAS – ALUMINIUM EXTRUSION INDUSTRY S.A.
## CONSOLIDATED INCOME STATEMENT
### FOR THE YEAR ENDED
### 31 DECEMBER 2007
### (All figures expressed in EURO, unless otherwise stated)

**THE GROUP**

| | Note. | 01/01 - 31/12/2007 | 01/01 - 31/12/2006 |
|---|---|---|---|
| Turnover | **5a** | 287.627.933 | 243.721.082 |
| Cost of Sales | **5c** | (220.559.837) | (187.046.382) |
| **Gross Profit** | | **67.068.096** | **56.674.700** |
| Other Operating Income | **5b** | 5.313.054 | 12.075.593 |
| Selling and Distribution Expenses | **5d** | (30.129.216) | (26.821.387) |
| Administrative Expenses | **5e** | (12.669.200) | (13.902.377) |
| Research & Development Expenses | **5f** | (931.149) | (804.613) |
| Other Expenses | | - | (4.952.813) |
| Currency Exchange Gains/(Losses) | | (85.907) | 2.468.241 |
| **Operating Income** | | **28.565.678** | **24.737.344** |
| Finance Expenses | **5g** | (11.763.086) | (10.423.226) |
| Finance Income | **5g** | 236.017 | 401.259 |
| **EARNINGS BEFORE TAXES** | | **17.038.609** | **14.715.377** |
| Income Tax Expense | **6** | (3.407.421) | (4.487.717) |
| **EARNINGS AFTER TAXES** | | **13.631.188** | **10.227.660** |
| **Attributed to:** | | | |
| Parent Company's Shareholders | | 9.484.785 | 7.505.462 |
| Minority Interests | | 4.146.403 | 2.722.198 |
| | | **13.631.188** | **10.227.660** |
| **Earnings Per Share** | | | |
| - Basic & Diluted | **7** | 0,43 | 0,34 |

## ALUMIL MILONAS – ALUMINIUM EXTRUSION INDUSTRY S.A.
## COMPANY INCOME STATEMENT
### FOR THE YEAR ENDED
### 31 DECEMBER 2007
### (All figures expressed in EURO, unless otherwise stated)

**THE COMPANY**

| | Note. | 01/01 - 31/12/2007 | 01/01 - 31/12/2006 |
|---|---|---|---|
| Turnover | **5a** | 238.064.139 | 189.337.167 |
| Cost of Sales | **5c** | (206.881.881) | (160.283.343) |
| **Gross Profit** | | **31.182.258** | **29.053.824** |
| Other Operating Income | **5b** | 1.390.150 | 3.171.795 |
| Selling and Distribution Expenses | **5d** | (16.248.357) | (15.668.675) |
| Administrative Expenses | **5e** | (5.647.175) | (6.120.283) |
| Research & Development Expenses | **5f** | (644.163) | (586.838) |
| Currency Exchange Gains/(Losses) | | 774.034 | 261.663 |
| **Operating Income** | | **10.806.747** | **10.111.486** |
| Finance Expenses | **5g** | (8.939.477) | (7.125.517) |
| Finance Income | **5g** | 4.909.679 | 4.400.037 |
| **EARNINGS BEFORE TAXES** | | **6.776.949** | **7.386.006** |
| Income Tax Expense | **6** | (1.762.815) | (2.141.099) |
| **EARNINGS AFTER TAXES** | | **5.014.134** | **5.244.907** |
| **Earnings Per Share** | | | |
| - Basic & Diluted | **7** | 0,23 | 0,24 |

# III. ALUMIL MILONAS – ALUMINIUM EXTRUSION INDUSTRY S.A.
## CONSOLIDATED AND COMPANY BALANCE SHEET
### AS AT 31 DECEMBER 2007
### (All figures expressed in EURO, unless otherwise stated)

| | | CONSOLIDATED ACCOUNTS | | COMPANY ACCOUNTS | |
|---|---|---|---|---|---|
| | **Note** | **31/12/2007** | **31/12/2006** | **31/12/2007** | **31/12/2006** |
| **ASSETS** | | | | | |
| **Non-Current Assets:** | | | | | |
| Tangible assets | **8** | 192.011.184 | 187.708.005 | 69.526.969 | 70.949.490 |
| Intangible assets | **9** | 2.312.837 | 1.672.152 | 1.622.641 | 1.613.695 |
| Investments in affiliates | **10** | - | - | 40.397.466 | 37.563.461 |
| Financial assets available for sale | **11** | 293.931 | - | 293.931 | - |
| Long-term receivables | **12** | 929.069 | 724.569 | 3.559.270 | 448.433 |
| Deferred tax assets | **6** | 1.804.735 | 1.195.904 | - | - |
| **Total Non-Current Assets** | | **197.351.756** | **191.300.630** | **115.400.277** | **110.575.079** |
| **Current Assets:** | | | | | |
| Inventories | **13** | 98.355.883 | 71.558.228 | 49.678.976 | 38.027.644 |
| Accounts receivables | **14** | 101.175.372 | 98.381.683 | 120.169.326 | 116.791.945 |
| Other receivables & prepayments | **15** | 9.801.105 | 11.492.121 | 4.441.595 | 12.363.532 |
| Cash & cash equivalents | **16** | 16.079.368 | 9.236.281 | 2.800.787 | 2.497.325 |
| **Total Current Assets** | | **225.411.728** | **190.668.313** | **177.090.684** | **169.680.446** |
| **TOTAL ASSETS** | | **422.763.484** | **381.968.943** | **292.490.961** | **280.255.525** |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | | | |
| **Equity** | | | | | |
| Share capital | **17** | 8.146.012 | 7.045.200 | 8.146.012 | 7.045.200 |
| Share premium account | **17** | 33.153.265 | 33.153.265 | 33.153.265 | 33.153.265 |
| Reserves | **18** | 53.654.183 | 53.182.754 | 49.525.625 | 48.454.814 |
| Retained earnings | | 34.237.524 | 25.719.949 | 11.115.539 | 10.100.377 |
| | | **129.190.984** | **119.101.168** | **101.940.441** | **98.753.656** |
| Minority interests | | 18.090.277 | 12.197.417 | - | - |
| **Total Equity** | | **147.281.261** | **131.298.585** | **101.940.441** | **98.753.656** |
| **Long Term Liabilities** | | | | | |
| Long term debt | **20** | 98.518.354 | 78.321.102 | 92.212.787 | 69.963.469 |
| Provisions for staff leaving indemnities | **21** | 1.438.007 | 1.197.508 | 867.902 | 719.655 |
| Government subsidies | **22** | 27.297.791 | 23.447.488 | 4.189.301 | 4.516.338 |
| Other long-term liabilities | **23** | 108.057 | 124.501 | - | - |
| Deferred tax liabilities | **6** | 8.827.497 | 7.612.363 | 5.376.047 | 4.492.027 |
| **Total long term liabilities** | | **136.189.706** | **110.702.962** | **102.646.037** | **79.691.489** |
| **Current liabilities** | | | | | |
| Trade payables | **24** | 56.477.836 | 41.811.725 | 42.946.802 | 44.390.200 |
| Other sort term liabilities and accrued expenses | **25** | 8.676.598 | 9.408.086 | 3.885.719 | 5.374.809 |
| Derivatives financial instruments | **26** | 9.497 | - | 9.497 | - |
| Short term debt | **27** | 54.646.937 | 57.669.307 | 27.627.620 | 27.333.005 |
| Current portion of long term debt | **20** | 17.329.365 | 29.176.923 | 12.884.845 | 24.227.437 |
| Income tax payable | **28** | 2.152.284 | 1.901.355 | 550.000 | 484.929 |
| **Total current liabilities** | | **139.292.517** | **139.967.396** | **87.904.483** | **101.810.380** |
| **Total liabilities** | | **275.482.223** | **250.670.358** | **190.550.520** | **181.501.869** |
| **TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY** | | **422.763.484** | **381.968.943** | **292.490.961** | **280.255.525** |

# IV. ALUMIL MILONAS – ALUMINIUM EXTRUSION INDUSTRY S.A.
## CONSOLIDATED AND COMPANY CASH FLOW STATEMENT
### FISCAL YEAR 1/1/2007 – 31/12/2007
**(All figures expressed in EURO, unless otherwise stated)**

| | | CONSOLIDATED ACCOUNTS | | COMPANY ACCOUNTS | |
|---|---|---|---|---|---|
| | Note. | 01/01 - 31/12/2007 | 01/01 - 31/12/2006 | 01/01 - 31/12/2007 | 01/01 - 31/12/2006 |
| **Cash Flows from Operating Activities** | | | | | |
| Earnings before taxes | | 17.038.609 | 14.715.377 | 6.776.949 | 7.386.006 |
| Adjustments for: | | | | | |
| Tangible assets' depreciation | 8 | 13.352.396 | 14.034.613 | 5.996.155 | 6.941.398 |
| Intangible assets' amortization | 9 | 980.665 | 737.356 | 695.342 | 703.683 |
| Net profits from disposals of tangible assets | 5b, 5e | (872.316) | (2.267.577) | (210.492) | (1.381.293) |
| Loss from impairement of tangible assets | | - | 4.952.813 | - | - |
| Unrealised exchange differences | | (111.368) | 129.778 | 10.712 | 51.731 |
| Interest and related income | 5g | (236.017) | (401.259) | (117.700) | (61.175) |
| Interest and related expenses | 5g | 11.763.086 | 10.423.226 | 8.939.477 | 7.125.517 |
| Income from investments | 5g | - | - | (4.791.979) | (4.338.862) |
| Recognized income from subsidies | 5b, 22 | (1.743.418) | (2.001.682) | (327.037) | (704.495) |
| Net gain from currency exchange differences | | (792.933) | (968.159) | - | - |
| Provision for doubtful debts | 5d,14,15 | 1.928.186 | 2.985.978 | 1.487.643 | 2.349.037 |
| Provision for obsolete inventories | 5c, 13 | 3.094.313 | 3.348.036 | 1.022.413 | 1.295.761 |
| Provision for staff leaving indemenities | 5h, 21 | 360.907 | 346.565 | 239.130 | 224.107 |
| **Operating results before working capital changes** | | **44.762.110** | **46.035.065** | **19.720.613** | **19.591.415** |
| **(Increase) / Decrease in:** | | | | | |
| Inventories | | (31.152.969) | 5.423.742 | (13.321.090) | 7.520.727 |
| Trade receivables | | (4.262.502) | (17.566.858) | (4.800.748) | (16.211.185) |
| Other receivables & prepayments | | 2.442.397 | (5.361.070) | 7.656.700 | (6.226.932) |
| Other long-term receivables | | (204.501) | 22.234 | (3.110.837) | 8.113 |
| **Increase / (Decrease) in :** | | | | | |
| Trade payables | | 14.787.363 | 3.385.286 | (1.388.331) | 6.977.051 |
| Short-term liabilities and accrued expenses | | (2.622.173) | (200.440) | (3.214.947) | (1.072.427) |
| Other long-term liabilities | | (16.444) | (17.104) | - | - |
| Personnel indemenities' payments | 21 | (120.001) | (114.532) | (90.883) | (75.021) |
| **Minus:** | | | | | |
| Interest and related expenses paid | | 9.833.149 | 9.291.886 | 7.213.620 | 6.266.649 |
| Income taxes paid | | 2.470.616 | 3.339.233 | 21.699 | 561.091 |
| **Net Cash Flows from Operating Activities** | | **11.309.515** | **18.975.204** | **(5.784.842)** | **3.684.001** |
| | | | | | |
| **Cash Flows from Investing Activities** | | | | | |
| Purchases of tangible assets | 8 | (20.192.898) | (22.082.554) | (6.009.341) | (4.501.621) |
| Proceeds from disposal of tangible assets | | 1.988.783 | 3.860.973 | 1.335.757 | 2.388.071 |
| Purchases of intangible assets | 9 | (676.180) | (419.900) | (588.597) | (402.511) |
| Proceeds from intangible assets | 9 | - | - | 194.750 | - |
| Interest and related income | 5g | 236.017 | 401.259 | 117.700 | 61.175 |
| Income from investments | 5g | - | - | 4.791.979 | 3.544.610 |
| Subsidies received | 22 | 5.605.200 | 4.530.980 | - | 671.300 |
| Proceeds from disposal of investments | | - | - | - | 843 |
| Decrease of investments | | - | - | - | 322.464 |
| Investments in subsidiaries | 10 | - | - | (2.834.005) | (3.331.176) |
| Available-for-sale financial assets | 11 | (293.931) | - | (293.931) | - |
| **Net Cash Flows from Investing Activities** | | **(13.333.009)** | **(13.709.242)** | **(3.285.688)** | **(1.246.845)** |
| | | | | | |
| **Cash Flows from Financing Activities** | | | | | |
| Net change in short-term debt | | (3.022.369) | 16.673.387 | 294.615 | 15.354.438 |
| Long-term debt withdrawals | | 83.232.650 | 785.625 | 80.000.000 | - |
| Long-term debt repayments | | (74.882.955) | (20.534.228) | (69.093.274) | (16.245.146) |
| Proceeds from minorities' shareholders | | 8.370.047 | - | - | - |
| Dividends paid to minority shareholders | | (2.873.340) | (881.110) | - | - |
| Dividends paid to Parent Company's shareholders | 19 | (1.827.349) | (286.211) | (1.827.349) | (286.211) |
| **Net Cash Flows from Financing Activities** | | **8.996.684** | **(4.242.537)** | **9.373.992** | **(1.176.919)** |
| | | | | | |
| **Net increase in cash and cash equivalents** | | **6.973.190** | **1.023.425** | **303.462** | **1.260.237** |
| Cash and cash equivalents as at 1st January | 16 | 9.236.281 | 8.063.641 | 2.497.325 | 1.237.088 |
| Foreign Exchange Differences on cash and cash equivalents | | (130.103) | 149.215 | - | - |
| **Cash and cash equivalents as at 31st December** | 16 | **16.079.368** | **9.236.281** | **2.800.787** | **2.497.325** |

## V. ALUMIL MILONAS – ALUMINIUM EXTRUSION INDUSTRY S.A.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
### FISCAL YEAR 1/1/2007 – 31/12/2007
**( All figures expressed in EURO, unless otherwise stated)**

| | Share Capital (Note 17) | Share Premium Account (Note 17) | Reserves (Note 18) | Exchange Differences (Note 18) | Retained Earnings | Total | Minority Interests | Total |
|---|---|---|---|---|---|---|---|---|
| **Shareholders' Equity as at January 1st, 2007 according to IFRS** | 7.045.200 | 33.153.265 | 52.793.309 | 389.445 | 25.719.949 | 119.101.168 | 12.197.417 | 131.298.585 |
| Net earnings for the year 01/01- 31/12/2007 | - | - | - | - | 9.484.785 | 9.484.785 | 4.146.403 | 13.631.188 |
| Exchange differences | - | - | - | (777.878) | - | (777.878) | (540.028) | (1.317.906) |
| Distribution to reserves (Note 18) | - | - | 1.696.980 | - | (1.696.980) | - | - | - |
| Transfer of subsidies' depreciation, Law 3299/04 (Note 18) | - | - | 90.157 | - | (90.157) | - | - | - |
| Dividends | - | - | - | - | (1.827.349) | (1.827.349) | (2.873.340) | (4.700.689) |
| Share capital increase (Note 17) | 1.100.812 | - | (54.733) | - | (1.046.079) | - | - | - |
| Changes in minority interests (Note 10) | - | - | (228.673) | (254.424) | 3.693.355 | 3.210.258 | 4.621.392 | 7.831.650 |
| Subsidiary's share capital increase – Company's incorporation (Note 10) | - | - | - | - | - | - | 538.433 | 538.433 |
| **Shareholders' Equity as at December 31st, 2007** | 8.146.012 | 33.153.265 | 54.297.040 | (642.857) | 34.237.524 | 129.190.984 | 18.090.277 | 147.281.261 |
| | | | | | | | | |
| **Shareholders' Equity as at January 1st, 2006 according to IFRS** | 7.045.200 | 33.153.265 | 47.904.337 | (181.027) | 23.413.942 | 111.335.717 | 10.042.544 | 121.378.261 |
| Net earnings for the year 01/01- 31/12/2006 | - | - | - | - | 7.505.462 | 7.505.462 | 2.722.198 | 10.227.660 |
| Exchange differences | - | - | - | 564.354 | - | 564.354 | 304.471 | 868.825 |
| Distribution to reserves (Note 18) | - | - | 4.898.471 | - | (4.898.471) | - | - | - |
| Dividends | - | - | - | - | (286.211) | (286.211) | (881.110) | (1.167.321) |
| Capitalization of subsidiaries' revaluation reserve | - | - | (8.840) | - | - | (8.840) | - | (8.840) |
| Changes in minority interests | - | - | (659) | 6.118 | (14.773) | (9.314) | 9.314 | - |
| **Shareholders' Equity ending balance as at December 31st, 2006** | 7.045.200 | 33.153.265 | 52.793.309 | 389.445 | 25.719.949 | 119.101.168 | 12.197.417 | 131.298.585 |

**ALUMIL MILONAS – ALUMINIUM EXTRUSION INDUSTRY S.A.**
**STATEMENT OF CHANGES IN EQUITY DATA**
**FISCAL YEAR 1/1/2007 – 31/12/2007**
**( All figures expressed in EURO, unless otherwise stated)**

| | **Share Capital (Note 17)** | **Share Premium (Note 17)** | **Reserves (Note 18)** | **Retained Earnings** | **Total** |
|---|---|---|---|---|---|
| **Shareholders' Equity as at January 1st, 2007 according to IFRS** | 7.045.200 | 33.153.265 | 48.454.814 | 10.100.377 | 98.753.656 |
| Net earnings for the year 01/01- 31/12/2007 | - | - | - | 5.014.134 | 5.014.134 |
| Distribution to reserves (Note 18) | - | - | 1.035.387 | (1.035.387) | - |
| Transfer of subsidies' depreciation, Law 3299/04 (Note 18) | - | - | 90.157 | (90.157) | - |
| Share capital increase (Note 17) | 1.100.812 | - | (54.733) | (1.046.079) | - |
| Dividends (Note 19) | - | - | - | (1.827.349) | (1.827.349) |
| **Shareholders' Equity as at December 31st, 2007** | 8.146.012 | 33.153.265 | 49.525.625 | 11.115.539 | 101.940.441 |
| | | | | | |
| **Shareholders' Equity as at January 1st, 2006 according to IFRS** | 7.045.200 | 33.153.265 | 43.785.343 | 9.811.152 | 93.794.960 |
| Net earnings for the year 01/01-31/12/2006 | - | - | - | 5.244.907 | 5.244.907 |
| Distribution to reserves | - | - | 4.669.471 | (4.669.471) | - |
| Dividends payables | - | - | - | (286.211) | (286.211) |
| **Shareholders' Equity as at December 31st, 2006** | 7.045.200 | 33.153.265 | 48.454.814 | 10.100.377 | 98.753.656 |

# VI. NOTES TO THE FINANCIAL STATEMENTS

## 1. General Information

"ALUMIL MILONAS - ALUMINIUM INDUSTRY S.A." with trade name ALUMIL S.A. (The Company), was incorporated in 1988; it is the Parent Company of ALUMIL Group. The Company is registered in the Hellenic S.A. (Societé Anonymes) Trade Registry with registration number 17520/06/B/88/18. Alumil shares started trading in the Athens Stock Exchange (ASE) in 1998.

The company established subsidiaries with headquarters in the following countries: Greece, Romania, Bulgaria, Hungary, Poland, Ukraine, Serbia, Montenegro, Cyprus, Egypt, Germany, Italy, Albania, Moldavia, Bosnia, Fyrom, France and UAE. Subsidiaries' trade names and basic activity are described in Note 10, below.

ALUMIL produces aluminium profile systems, aluminium rods (billets), used as raw material for the profile systems and also processes part of the production. Furthermore, it produces, imports and trades spare parts for its branded aluminium systems, in order to optimally support sales technically. In addition, through its subsidiaries, ALUMIL produces specialized aluminium products for customized applications, accessories, automation systems (for doors, elevators), polycarbonate sheets, composite panels (J-Bond) and during 2007 is capable of providing new surface processing methods, namely anodizing.

Annual Financial Statements include Parent Company (i.e. ALUMIL MILONAS S.A or the Company) and Consolidated Financial Statements.

Attached Parent Company's and Consolidated Financial Statements, drafted according to IFRS, for the year ended December 31st, 2007, were approved from the Board of Directors on March 26th, 2008, their further approval pending by the Annual General Shareholders' Assembly on May 23rd, 2008. The attached Financial Stements are published on the Company's web site www.alumil.com.

## 2. Basis of preparation

Financial Statements have been prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards and disclosures approved by the Disclosures Committee of the IASC as those are adopted by the EU, as at December 31st, 2007. There are no standards applied before their commencement date.

Present Financial statements are drafted under the historic cost principle (land plots and buildings excluded, their valuation based on the adjusted, market value, considered as deemed cost on the IFRS transition date).

Financial statements' preparation under the IFRS, prerequisites that Group admnistration proceeds into basic assumptions and accounting estimates affecting: assets and liabilities accounts' open balances, publishing contingent receivables and payables as of the Financial Statements' preparation date, as well as realised income and expenses during the reported period. Despite the fact that these estimates are based on the best available knowledge of the administration, related to the circumstances and the current conditions, final results may eventually differ from these estimates. Segments demanding higher degree of caution and also where assumptions and estimates are important for the Financial Statements, relate to Notes 13, 14, 15, 21 και 32e.

Certain accounts of the Financial Statements and Notes have beed reclassified, compared to the published Financial Statements in 2006, in order to be comparable with those of the current period. In particular, in Parent Company and Consolidated Balance Sheet, a change in *purchases under delivery* was realized, amount € 323.672 and € 630.501 correspondingly, from the account "Other receivables and prepayments" to "Inventories", while in the Consolidated Income Statement in 2006, a reclassification was realised, amount € 1.274.247, related to personnel wages, from Administration Expenses to Distribution Expenses.

**New standards, interpretations and modifications of existing standards**

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published but are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

**(i) Standards and interpretations issued by the IASB and adopted by the EU**

***IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 1 January 2009).*** IFRS 8 replaces IAS 14 'Segment Reporting' and adopts a management-based approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences.
The Group is in the process of assessing the impact of this standard on its financial statements.

***IFRIC 11, IFRS 2 'Group and Treasury Share Transactions' (effective for annual periods beginning on or after 1 March 2007).*** IFRIC 11 requires arrangements whereby an employee is granted options to buy equity shares, to be accounted for as equity-settled schemes by an entity even if the entity chooses or is required to buy those equity shares from another party, or the shareholders of the entity provide the equity instruments granted. The interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to equity instruments of the parent. Interpretation 11 is not relevant to the Group.

**(ii) Standards and interpretations issued by the IASB but not yet adopted by the EU**

***Amendment to IAS 23 'Borrowing Costs' (effective for annual periods beginning on or after 1 January 2009).*** The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

***IFRIC 12 'Service Concession Arrangements' (effective for annual periods beginning on or after 1 January 2008).*** IFRIC 12 outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognise a financial asset and/or an intangible asset. IFRIC 12 is not relevant to the Group.

***IFRIC 13 'Customer Loyalty Programmes' (effective for annual periods beginning on or after 1 July 2008).*** IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this Interpretation will have no effect on its financial statements as no such schemes currently exist.

***IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective for annual periods beginning on or after 1 January 2008).*** IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. It also explains how this limit, also referred to as the "asset ceiling test", may be influenced by a minimum funding requirement and aims to standardize current practice.
The Group expects that this Interpretation will have no impact on its financial position or performance as all defined benefit schemes are currently in deficit.

***Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2009).*** IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income"; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet. The Group will make the necessary changes to the presentation of its financial statements in 2009.

***Amendments to IFRS 2 'Share Based Payment' – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).***
The amendment clarifies two issues: the definition of 'vesting condition', introducing the term 'non-vesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty.
The Group expects that this Interpretation will have no impact on its financial statements.

***Revisions to IFRS 3 'Business Combinations' and IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009).***
A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued by IASB on January 10, 2008. IFRS 3R introduces a number of changes in the accounting for business combinations which will effect the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). IAS 27R requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no effect on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard

changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.
The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests.

***Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009).*** The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity.
The Group does not expect these amendments to impact the financial statements of the Group.

**Adoption of new and amended IFRS and IFRIC interpretations during the year**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

***IFRS 7 Financial Instruments: Disclosures.*** This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

***IAS 1 Amendment: Presentation of Financial Statements – Capital Disclosures.*** This amendment requires disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in Note 30.

***IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.*** IFRIC 7 requires entities to apply IAS 29 Financial Reporting in Hyper-inflationary Economies in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency as if the economy had always been hyperinflationary. IFRIC 7 is not relevant to the Group's operations and did not have an effect on the financial statements.

***IFRIC 8 Scope of IFRS 2.*** This interpretation requires IFRS 2 Share-Based Payments to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As the Group does not have any share-based payments / equity instruments are only issued to employees, the interpretation had no impact on its financial position or performance.

***IFRIC 9 Reassessment of Embedded Derivatives.*** IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivatives requiring separation from the host contract, the interpretation had no effect on the financial position or performance of the Group.

***IFRIC 10 Interim Financial Reporting and Impairment.*** This interpretation requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the Group had no impairment losses previously reversed, the interpretation had no effect on the financial position or performance of the Group.

## 3. Significant accounting policies

Significant accounting policies applied by the Group and the Company for the preparation and drafting of the attached Financial Statements are presented below. Annual Financial Statements were drafted applying the significant accounting policies followed for the presentation and preparation of the Parent Company and Consolidated Financial Statements for 2006, unless stated otherwise.

***(1)*** ***Basis for consolidation:*** Consolidated Financial Statements of the Company include Financial Statements of Parent Company ALUMIL S.A. and all subsidiaries in which ALUMIL exercises significant control. Control is incurred when ALUMIL S.A. directly or indirectly, holds the majority of the voting rights, or exercises significant control in the subsidiaries' Board of Directors. Subsidiaries are consolidated under the full consolidation method from the date the control is transferred to the Group; they are excluded from the Consolidated Financial Statements the date when control is no longer exercised.

Consolidation is applied through the purchase method. All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments are measured at fair value and are either categorized as 'financial assets at fair value through profit and loss' or as 'financial assets held for sale', in which case the difference from fair valuation is recorded in a separate component in equity. If the total cost of the acquisition is lower than the net fair value of the assets acquired, the difference is recorded directly in income statement.

All inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries are modified, so as to ensure consistency with the accounting policies adopted by the Group. Financial Statements' drafting date for subsidiaries coincides with that followed for the Group.

Minority interests reflect the portion of profit or loss and net assets attributable to equity interests that are not owned by the Group. Minority interests are reported separately in the Consolidated Income Statement as well as in the Consolidated Balance Sheet, separately from the Share Capital and Reserves. In case of purchase of minority interests, the difference between the value of acquisition and the book value of the share of net assets acquired is recognized as goodwill.

**(2) Foreign currency translation**

***(i) Functional and presentation currency:*** Financial Statements' accounts for the Company and the Group, are drafted with the currency of the operating financial environment. The Company's functional and presentation currency for the Financial Statements is Euro.

***(ii) Transactions and open balances***: Transactions denominated in currencies other than company's functional currency are recorded at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the Company's functional currency are retranslated at the rate of exchange ruling at the balance sheet date. All differences are recognized to the Income Statement.

Financial Statements' conversion of Group's companies (none of which had an inflationary economy currency as at December 31st, 2007 and 2006) denominated in currencies other than the Company's functional currency, follow the below:
assets and liabilities of international, self-ruled subsidiaries, are converted to euro, using the exchange rate of the Balance Sheet date; Shareholders' Equity are converted using the exchange rate as of the formation date; income and expenses are converted using the average-of-the-year exchange rate. Currency conversion differences reported from the use of multiple currencies are recorded directly to the Shareholders' Equity; while disposing international subsidiaries, accumulated currency conversion differences are recorded in the Income Statement as part from the disposal's gain or loss.

***(3)*** ***Tangible assets:*** Tangible assets are stated at cost less accumulated depreciation and any impairment in value. As stated in note 2, Group valued land and buildings at market values, used as deemed cost for the transition to the IFRS date.

Buildings, installations or equipment purchasing cost is comprised of the invoice price, duties included and non-refundable purchasing tax and all costs necessary to render the asset operational and ready for future use. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, or when it is probable that the operational cost will be decreased.

Tangible assets constructed by Group's companies, are stated at cost of production, which includes expenses to contractors, materials and wages' expenses related to these constructions and a proportion of the general administrative expenses.

Assets under construction include tangible assets, stated at cost. No depreciation is provided on construction in progress, until it is ready for operational use.

No depreciation is provided on land. Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives as follows:

| Tangible assets | Useful Lives |
|---|---|
| Buildings | 30-40 years |
| Machinery | 15-25 years |
| Technical installations – Mechanical equipment | 3-20 years |
| Motor vehicles | 5-8 years |
| Furniture & Fittings | 5 years |

Group administration reviews for impairment the net values of property, plant and equipment annually. If indications for impairment exist, the recoverable amount is estimated and where the net book value of assets exceeds the recoverable amount, the assets are written down to their recoverable amount.

Tangible assets are written down from the Balance Sheet when disposed, or when no financial benefits are expected from their use.

Gains and losses from withdrawals or disposals of Tangible assets are determined by the difference between the estimated net revenue from the disposal and the book value; gains and losses are recognized in the Income Statement.

*(4)* ***Cost of debt:*** The Group has adopted the benchmark treatment in the existing IAS 23 of expensing all borrowing costs to the Income Statement (irregardless whether the costs relates to debt for purchases or constructions).

*(5)* ***Tangible assets held for sale:*** Tangible assets held for sale include other long-term receivables, including goodwill and assets the Group intends to sell within one year from their classification as "held for sale".

Tangible assets classified as "held for sale" are stated at the lower of book value just before their classification as "held for sale" and their carrying value minus the cost to sell. Assets classified as "held for sale" are not depreciated. Profits and losses arising from the sale and revaluation of assets classified as "held for sale" are recorded in the "Other income" and "Other expenses" accounts, in the Income Statement.

The Company and the Group have not classified tangible assets within this category.

*(6)* ***Assets' impairment:*** Under IAS 36, land and buildings, installations, equipment and intangibles should be reviewed for impairment annually. If indications for impairment exist, the recoverable amount is estimated and where the net book value of assets exceeds the recoverable amount, the impairment loss is recognized in the Income Statement. The recoverable amount is the higher between the carrying value minus the expenses from the disposal and the ''value in use''. Carrying value minus the expenses from the disposal is considered the feasible proceeds from the disposal of an asset in an arms' length transaction, after subtracting all additional direct costs of disposal, while, "value in use" is the present value of the estimated future cash flows expected to arrive from the continuous use of the asset and its disposal value at the end of its useful life. If there is no ability to estimate the recoverable amount of an asset for which there is an impairment indication, then the recoverable amount of the separate unit of the asset class that generates cash flows is estimated.

Cross-entry of impairment loss of assets, recorded in previous years, can be accepted only when clear indications are presented that the assumptions used for the estimation of the recoverable amount have changed. In these cases, the cross-entry is recognized as income.

*(7)* **Intangible assets*:*** Intangible assets are related to software purchases and to all costs realized to develop software to reach the operational level. Software depreciation is amortized using the straight-line method, not exceeding a period of 3- 5 years.

After initial recognition, Group reviews annually the carrying values of intangible assets for impairment, if events or changes in circumstances indicate that the carrying value may not be recoverable.
In events where the carrying value may not be recoverable, a provision for impairment is recorded so that the book value of the asset represents its recoverable value.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

*(8)* **Research and development expenses*:*** Research costs are expensed as incurred. Costs incurred on development projects relate to the design and testing of new or improved products. Costs incurred on development projects are recognized as intangible assets only when IAS 38 «Intangible Assets» criteria are met. Group has not capitalized development expenses.

*(9)* ***Financial Instruments:*** A financial instrument is a contract that results in a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instrumentss under IAS 39, are classified in four categories:

- Financial assets held for trading,
- Originated loans and receivables,
- Held-to-maturity investments, and
- Held-for-sale financial assets.

***i. Financial assets measured at their fair value through the Income Statement***

This involves financial assets that satisfy any of the following conditions:

- Financial assets held for commercial purposes (including derivatives, excluding those that are specified and effective as hedges, those that are acquired or created with the intent of sale or re-purchase and finally those that are part of a portfolio of recognized financial instruments).
- Upon initial recognition, the Company records the item as an account at fair value, transferring the changes in the Income Statement.
- Any realized on unrealized profits or losses arising from changes in the fair value of financial assets are recognized in the results in the period they were incurred.

***ii. Originated loans and receivables***

Includes non-derivatives financial assets and liabilities, with fixed or defined payments, non-negotiable to markets with no intention to dispose them.

Loans and receivables included in current assets, except those with maturity longer than 12 months from the Balance Sheet date; the latter included in tangible assets.

Loans and receivables are recognized in non-depreciated cost, using the effective interest rate method.

***iii. Held-to-maturity investments***

Includes non-derivatives financial assets and liabilities, with fixed or defined payments and maturity, with the intention and the ability to hold to maturity. At the Balance Sheet date, the Group had no such investments.

***ii. Financial assets available for sale***

Includes non-derivative financial assets which, are either determined in this category or they cannot be included in any of the above.
Subsequently, the financial assets available for sale are measured at fair value and the relevant profits or losses are recorded in the equity reserves until these assets are sold or designated as impaired. During the sale or when designated as impaired, the profits and losses are carried over to the results. Impairment losses that have been accounted for in the results are not reversed through results.

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 their fair value plus the direct expenses ascribed to the transaction, with the exception of direct expenses ascribed to the

transaction for those assets that are measured at their fair value with changes in the Income Statement. 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 of the risks and rewards of ownership.
The realized and unrealised profits or losses arising from the changes in the fair values of the financial assets measured at fair value with changes in the results, are recorded in the results during the period that they arise.

The fair values of the financial assets that are traded in active markets are determined by the current demand prices. For the non-traded assets, the fair values are determined using evaluation techniques like the analysis of recent transactions, comparative assets that are traded and discount of cash flows. The equity instruments, non-traded in an active market, that have been classified in the category Financial instruments available for sale and the fair value of which cannot be determined in a reliable way, are evaluated at their acquisition cost.

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 that have been classified as financial assets available for sale, such an indication would be the significant or extended drop of fair value in relation to the acquisition cost. If impairment is substantiated, the accumulated loss to equity, namely the difference between acquisition cost and fair value, is carried over to the results.

An investment is subject to impairment when the book value exceeds the recoverable amount and there are indications that the decrease in value reached a level where the invested capital cannot be recovered in the near future.

For financial assets at carrying value the impairment loss is estimated as the difference between the book value and the present value of the expected future cash flows, discounted with the effective interest rate of the financial asset.

***(10) Investments in subsidiaries (parent company accounts):*** Investments in subsidiaries are stated at cost less provision, if necessary, for permanent decrease in value, which is recognized in the profit and loss account.

***(11) Inventories:*** Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary cost of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Purchase cost for raw materials, merchandise and consumables is calculated on a weighted average basis. Cost for final products include direct cost for materials, direct cost for production and the necessary distribution for fixed and variable general costs of production, under the ordinary production capacity conditions. Cost of inventory does not include financial expenses.

Consumables and spare parts for general use are included in inventories and they are expensed during usage.

Provisions are registered for obsolete, worthless and very low turnover inventories. These provisions are valued at the net realizable value and other losses from inventories are registered to the Income Statement in the relative period.

***(12) Trade and other receivables*:** Receivables which are normally settled on 120-150 days terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Company, while long-term receivables (balances extending beyond the normal credit period) are stated at net cost using the effective interest rate method.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all of the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in other expenses in the Income Statement. Group policy defines that no provision for receivables is recorded until all probable legal procedures are used for the collection of the debt.

Subsequent receipts of amounts for which a provision had been recorded are credited in the "Other operating income", in the Income Statement.

***(13) Cash and cash equivalents:*** Cash and cash equivalents comprise cash in hand and at banks and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents incorporate non-significant price risk.

***(14) Share Capital:*** Share capital includes Company's ordinary shares' value, issued and outstanding. Price paid-up per share in excess of the nominal value, is recorded in the «Share premium account» in Shareholders' Equity. Expenses related directly to the issuance of new shares are included in the Shareholders' Equity, deducted from the «Share premium account».

***(15) Provisions and contingent liabilities:*** Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Group are not provided in advance.

***(16) Provisions for staff leaving indemnities – Benefits to employees:*** According to Law 2112/20, the Company contributes to its employee's post retirement plans as prescribed by Greek social security legislation. Contributions, based on salaries, are made to the national organizations responsible for payment of pensions. These relate to defined contributions plans and there is no additional liability on behalf of the Company regarding these plans. The regular contributions constitute net periodic costs for the year in which they are due and such are included in staff costs.

The Company is also obliged by Greek Labour Law to provide retirement indemnities to employees. The amount to be received on retirement is covered from IKA pension fund; it is defined as a function of years of service, last salary, etc. This plan falls under defined benefit plan and is unfunded.

Pension plans on retirement (according to Law 2112/20), related to defined benefit plan, according to IAS 19 "Employee Benefits". The liability in respect of the above defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related liability.

Net pension costs for the period are included in payroll in the accompanying consolidated statement of income and consist of the present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial gains or losses recognized in the fiscal year and any additional pension charges.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans, which exceed 10% of the estimated benefit liability at the beginning of every period, are recognized in other income/expenses in the income statement over the average remaining service lives of the related employees.

Past service costs are recognized directly in the Income Statement, unless the right to change the program depends on additional working time. In this case, past service costs are recognized on a straight-line basis over the average period until the benefits under the plan become vested.

Short-term benefits to the employees (apart from the benefits for the termination of the labour relationship) in cash and in goods are recorded for as an expense when they become payable. Any outstanding amount is recorded as a liability, while in the case where the amount already paid exceeds the amount of the benefits, the company records the excess amount as its asset (prepaid expense) only to the extend that the prepayment will lead to the reduction of future payments or to a return.

Apart from the above, the Company and the Group have no long-term legal or other liabilities towards their employees.

***(17)*** ***State insurance programs:*** Company's and subsidiaries' employees are covered from the Main State Insurance Fund related to the private sector (IKA), for pension and medical services. Every employee is obliged to contribute a part of the monthly salary to the Fund, while a part of the total contribution is covered by the Company. During retirement, the pension State Fund is responsible for the pension payments. Consequently, the Company has no legal or presumed obligation for the payment of future benefits based on this benefit plan.

***(18)*** ***Government grants relating to purchase of property, plant and equipment:*** Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match the grants to the costs intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in other tangible liabilities and are credited to depreciation and amortization related to cost of sales in the income statement on a straight-line basis over the expected lives of the related assets. Government grants relating to capital expenses are recognized as income, during the period necessary for the correlation between the grants and the related expenses. Grants' depreciation expenses are included in the «Other operating income» in the Income Statement.
income

***(19)*** ***Interest - bearing loans and debt***: All loans and debt are initially recognized at cost being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and debt, are subsequently measured at amortized cost, using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognized in the Income Statement when the liabilities are erased or impaired, and through depreciation.

Debt is classified as short–term liabilities, unless the Group has the option to postpone payments for related liabilities for at least 12 months from the Balance Sheet date.

***(20)*** ***Trade and other payables*****:** Liabilities for trade and other amounts payable which are normally settled on 30-120 days terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company; these accounts do not usually bear interest expenses.

***(21)*** ***Income and deferred income tax:*** Taxes currently due for all companies included in the Consolidated Financial Statements are calculated and paid in accordance with the Tax Laws applicable for each company. Final tax on profit, based on the statutory rate applicable to the Company, is payable on taxable profits, which are based on the annual profit, shown in the statutory income statement adjusted for tax purposes, adding additional taxes for unaudited years and tax provisions.

Deferred income tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination and at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for.

Deferred income tax assets are recognised only to the extent that is it probable that taxable profits and reversals of deferred tax liabilities will be available against which deductible temporary differences can be utilised.

Deferred income tax assets are re-estimated in every Balance Sheet date and they are decreased to the extent that is it probable that taxable profits will be available against which deductible deferred income tax assets can be utilised.

***(22)*** ***Revenue recognition:*** revenue includes sales of products and services, excluded from Value Added Tax (V.A.T.), credit invoices, discounts and after subtracting all intragroup revenue-related transactions.

Sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue from services is recognized when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably at the Balance Sheet date. Revenue is based on the stage of completion determined by reference to services performed to date, as a percentage of total services to be performed.

Revenue from interests is recognised as the interest accrues.

Revenue from dividends is recognised when the shareholders' right to receive the payment is established.

Revenue from dividends and interest related to investments are recorded to accounts «Income from dividends» and «Income from investments» correspondingly.

***(23)*** ***Expenses:*** Expenses are recognized in the Income Statement on accrual basis. Payments related on operational leasing are expensed to the Income Statement, during the use of the lease.

**(24)** ***Dividends:*** Dividends are recorded in the Financial Statements as a liability, when the Board of Directors' proposed dividend is approved by the Annual General Meeting.

**(25)** ***Leases:*** Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

The Company and the Group had no financial leasing as at December 31st 2007 and 2006 correspondingly.

**(26)** ***Earnings per share:*** Basic earnings per share are computed by dividing net income attributable to parent company shareholders by the weighted average number of common shares outstanding during each year.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the parent (after deducting interest on convertible shares, net of tax), by the weighted average number of shares outstanding during the year (adjusted for the effect of dilutive convertible shares).

There were no convertible bonds to shares or other potentially diluted items convertible to shares and consequently diluted earnings per share were not calculated.

**(27)** ***Segment reporting:*** Geographical primary segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.
Business secondary segments provide products or services that are subject to risks and returns that are different from those of other business segments.

The Group has two business segments: Production and trade of aluminium products Segment and Other Segment, including production and trade of polycarbonate sheets, construction of elevating mechanisms and transport of cargos.

By estimating the business risks and generally the financial environment of every country the Group is active in, Group geographical segment is divided in: Greece, Balkans and Rest of the World.

## 4. Segment information

***Primary informational sector – geographical regions***

Group geographical primary segment is divided in geographical regions (according to Group's location of activity). ALUMIL Group has presence in 18 countries and the companies in each country are organized and administered independently. Geographical regions' breakdown follows:

- Greece
- Balkans
- Rest of the World

Group results per sector are analyzed as follows: (in thousand euros)

**FINANCIAL YEAR 01/01 - 31/12/2007**

| | Greece | Balkans | Other Countries | Elimination of Inter-segment Transactions | TOTAL GROUP |
|---|---|---|---|---|---|
| **Sales to third parties** | 186.170 | 83.633 | 17.825 | | **287.628** |
| **Inter-segment sales** | 67.952 | 2.822 | 851 | -71.625 | **0** |
| **Total sales** | **254.122** | **86.455** | **18.676** | **-71.625** | **287.628** |
| | | | | | |
| **Cost of sales** | 140.741 | 65.544 | 14.275 | | **220.560** |
| **Inter-segment cost of sales** | 67.952 | 2.822 | 851 | -71.625 | **0** |
| **Total cost of sales** | **208.693** | **68.366** | **15.126** | **-71.625** | **220.560** |
| | | | | | |
| **Gross profit** | **45.429** | **18.089** | **3.550** | | **67.068** |
| | | | | | |
| **Other operating income** | 3.041 | 2.033 | 239 | | **5.313** |
| **Other operating Inter-segment income** | 153 | 0 | 229 | -382 | **0** |
| **Total other operating income** | **3.194** | **2.033** | **468** | **-382** | **5.313** |
| | | | | | |
| **Selling and distribution expenses** | 19.830 | 7.790 | 2.738 | -229 | **30.129** |
| **Administrative expenses** | 8.149 | 2.868 | 1.652 | | **12.669** |
| **Research & development expenses** | 931 | | | | **931** |
| **Currency exchange differences & Other expenses** | -671 | 518 | 239 | | **86** |
| **Operating profit** | **20.231** | **8.946** | **-840** | **229** | **28.566** |
| **Finance expenses (Net)** | | | | | **11.527** |
| **Income before taxes** | | | | | **17.039** |
| **Income tax expense** | | | | | **3.408** |
| **Income after taxes** | | | | | **13.631** |
| **Attributed to:** | | | | | |
| **Parent Company's shareholders** | | | | | **9.485** |
| **Minority interests** | | | | | **4.146** |
| | | | | | **13.631** |

**Additional Information**

| | | | | | |
|---|---|---|---|---|---|
| **Depreciation of property, plant and equipment (Notes 5h & 8)** | 9.750 | 3.514 | 326 | -238 | **13.352** |
| **Amortization of intangible assets (Notes 5h & 9)** | 731 | 249 | 1 | | **981** |
| **Provisions for doubtful debt (Notes 5d & 14-15)** | 1.093 | 616 | 219 | | **1.928** |
| **Provisions for obsolete and slow moving inventories (Notes 5c & 13)** | 1.977 | 889 | 228 | | **3.094** |
| **Provisions for staff leaving indemnities (Notes 5g & 21)** | 358 | 3 | 0 | | **361** |
| **Recognized income from government grants (Notes 5b & 22)** | -1.319 | -424 | 0 | | **-1.743** |

**FINANCIAL YEAR 01/01 - 31/12/2006**

| | Greece | Balkans | Other Countries | Elimination of Inter-segment Transactions | TOTAL GROUP |
|---|---|---|---|---|---|
| **Sales to third parties** | 162.829 | 65.561 | 15.331 | | **243.721** |
| **Inter-segment sales** | 49.231 | 4.982 | 873 | -55.086 | **0** |
| **Total sales** | **212.060** | **70.543** | **16.204** | **-55.086** | **243.721** |
| **Cost of sales** | 124.684 | 50.465 | 11.897 | | **187.046** |
| **Inter-segment cost of sales** | 49.231 | 4.982 | 873 | -55.086 | **0** |
| **Total cost of sales** | **173.915** | **55.447** | **12.770** | **-55.086** | **187.046** |
| **Gross profit** | **38.145** | **15.096** | **3.434** | | **56.675** |
| **Other operating income** | 10.059 | 1.661 | 356 | | **12.076** |
| **Other operating Inter-segment income** | 291 | | 160 | -451 | **0** |
| **Total other operating income** | **10.350** | **1.661** | **516** | **-451** | **12.076** |
| **Selling and distribution expenses** | 16.195 | 6.425 | 2.927 | | **25.547** |
| **Administrative expenses** | 10.580 | 3.045 | 1.712 | -160 | **15.177** |
| **Research & development expenses** | 805 | | | | **805** |
| **Currency exchange differences & Other expenses** | -343 | -1.940 | -185 | | **-2.468** |
| **Other expenses** | 4.953 | | | | **4.953** |
| **Operating profit** | **16.014** | **9.227** | **-664** | **160** | **24.737** |
| **Finance expenses (Net)** | | | | | **10.022** |
| **Income before taxes** | | | | | **14.715** |
| **Income tax expense** | | | | | **4.488** |
| **Income after taxes** | | | | | **10.227** |
| **Attributed to:** | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Parent Company's shareholders** | | | | | | **7.505** |
| **Minority interests** | | | | | | **2.722** |
| | | | | | | **10.227** |

**Additional Information**

| | | | | | | |
|---|---|---|---|---|---|---|
| **Depreciation of property, plant and equipment (Notes 5h & 8)** | 10.370 | 3.682 | 344 | | -361 | **14.035** |
| **Amortization of intangible assets (Notes 5h & 9)** | 736 | | 1 | | | **737** |
| **Loss from impairment of tangible assets** | 4.953 | | | | | **4.953** |
| **Provisions for doubtful debt (Notes 5d & 14-15)** | 2.481 | 916 | 989 | | -1.400 | **2.986** |
| **Provisions for obsolete and slow moving inventories (Notes 5c & 13)** | 2.610 | 516 | 222 | | | **3.348** |
| **Provisions for staff leaving indemnities (Notes 5g & 21)** | 319 | 28 | | | | **347** |
| **Recognized income from government grants (Notes 5b & 22)** | -1.786 | -216 | | | | **-2.002** |

Group assets and liabilities breakdown per geographical segment is analyzed as follows (in thousand euros):

**31 DECEMBER 2007**

| | Greece | Balkans | Other Countries | Elimination of Inter-segment Transactions | TOTAL GROUP |
|---|---|---|---|---|---|
| <u>**Capital Expenditures**</u> | | | | | |
| **Property, plant and equipment** | 15.800 | 5.054 | 371 | -1.032 | **20.193** |
| **Intangible assets** | 640 | 230 | 1 | -195 | **676** |
| | | | | | |
| **Segment's assets** | 366.577 | 93.448 | 21.444 | -61.440 | **420.029** |
| **Assets not allocated to segments** | | | | | **2.734** |
| **Total assets** | **366.577** | **93.448** | **21.444** | **-61.440** | **422.763** |
| | | | | | |
| **Segment's liabilities** | 87.223 | 46.087 | 22.138 | -61.440 | **94.008** |
| **Liabilities not allocated to segments** | | | | | **181.474** |
| **Total liabilities** | **87.223** | **46.087** | **22.138** | **-61.440** | **275.482** |

**31 DECEMBER 2006**

| | Greece | Balkans | Other Countries | Elimination of Inter-segment Transactions | TOTAL GROUP |
|---|---|---|---|---|---|
| <u>Capital Expenditures</u> | | | | | |
| **Property, plant and equipment** | 18.322 | 3.707 | 371 | -317 | **22.083** |
| **Intangible assets** | 419 | 1 | | | **420** |
| | | | | | |
| **Segment's assets** | 331.289 | 79.509 | 18.554 | -49.303 | **380.049** |
| **Assets not allocated to segments** | | | | | **1.920** |
| **Total assets** | **331.289** | **79.509** | **18.554** | **-49.303** | **381.969** |
| | | | | | |
| **Segment's liabilities** | 70.185 | 37.141 | 17.966 | -49.303 | **75.989** |
| **Liabilities not allocated to segments** | | | | | **174.681** |
| **Total liabilities** | **70.185** | **37.141** | **17.966** | **-49.303** | **250.670** |

Segment's assets include all items of assets except from long-term receivables and deferred tax assets.

Segment's liabilities include all items of liabilities except from long-term and short-term debt, deferred tax liabilities and income taxes payables.

***Secondary business segments***

The Group has two Business Segments and particularly Production and trade of aluminium products Segment and Other Segment, including production and trade of polycarbonate sheets, construction of elevating mechanisms and transport of cargos.

Group's turnover breakdown per Business Segments is analyzed as follows (in thousand euros):

**FINANCIAL YEAR 01/01 - 31/12/2007**

| | ALUMINIUM SYSTEMS PRODUCTION & DISTRIBUTION | OTHER | ELIMINATION OF INTER-SEGMENT TRANSACTIONS | TOTAL GROUP |
|---|---|---|---|---|
| **Sales to third parties** | 270.194 | 17.434 | | **287.628** |
| **Inter-segment sales** | 1.038 | 3.596 | -4.634 | **0** |
| **Total sales** | **271.232** | **21.030** | **-4.634** | **287.628** |

**FINANCIAL YEAR 01/01 - 31/12/2006**

| | ALUMINIUM SYSTEMS PRODUCTION & DISTRIBUTION | OTHER | ELIMINATION OF INTER-SEGMENT TRANSACTIONS | TOTAL GROUP |
|---|---|---|---|---|
| **Sales to third parties** | 230.568 | 13.153 | | **243.721** |
| **Inter-segment sales** | 957 | 1.679 | -2.636 | **0** |
| **Total sales** | **231.525** | **14.832** | **-2.636** | **243.721** |

Group's assets breakdown per Business Segments is analyzed as follows (in thousand euros):

**31 DECEMBER 2007**

| | ALUMINIUM SYSTEMS PRODUCTION & DISTRIBUTION | OTHER | ELIMINATION OF INTER-SEGMENT TRANSACTIONS | TOTAL GROUP |
|---|---|---|---|---|
| **Capital Expenditures** | | | | |
| **Property, plant and equipment** | 19.721 | 595 | -123 | **20.193** |
| **Intangible assets** | 625 | 51 | 0 | **676** |
| | | | | |
| **Segment's assets** | 397.937 | 24.018 | -1.926 | **420.029** |
| **Assets not allocated to segments** | | | | **2.734** |
| **Total assets** | **397.937** | **24.018** | **-1.926** | **422.763** |

**31 DECEMBER 2006**

| | ALUMINIUM SYSTEMS PRODUCTION & DISTRIBUTION | OTHER | ELIMINATION OF INTER-SEGMENT TRANSACTIONS | TOTAL GROUP |
|---|---|---|---|---|
| **Capital Expenditures** | | | | |
| **Property, plant and equipment** | 22.163 | 237 | -317 | **22.083** |
| **Intangible assets** | 404 | 16 | | **420** |
| | | | | |
| **Segment's assets** | 409.246 | 20.106 | -49.303 | **380.049** |
| **Assets not allocated to segments** | | | | **1.920** |
| **Total assets** | **409.246** | **20.106** | **-49.303** | **381.969** |

## 5. Revenues & expenses

### a) *Turnover*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Merchandise | 90.071.541 | 77.941.142 | 39.493.963 | 29.720.922 |
| Products | 194.018.471 | 160.982.764 | 173.074.869 | 148.875.619 |
| Raw materials & other inventories | 3.091.814 | 2.203.386 | 24.435.201 | 9.786.854 |
| Services provided | 446.107 | 2.593.790 | 1.060.106 | 953.772 |
| **Total** | **287.627.933** | **243.721.082** | **238.064.139** | **189.337.167** |

### b) *Other operating income*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Ministries' subsidies | - | 337.613 | - | 317.732 |
| Subsidies from O.A.E.D. | 1.017.668 | 944.180 | 175.153 | 230.232 |
| Recognized income from subsidies (Note 22) | 1.743.418 | 2.001.682 | 327.037 | 704.495 |
| Income from related parties (Note 29) | - | - | 185.515 | - |
| Income from insurance reimbursement | - | 4.950.000 | - | - |
| Income from unrealized provisions (Note 14) | 342.049 | - | - | - |
| Income from services rendered to third parties | 68.830 | 547.977 | 68.830 | 138.039 |
| Recoverable transportation expenses | 364.879 | 295.533 | 282.823 | 236.310 |
| Profits from disposal of tangible assets | 940.343 | 2.371.405 | 222.501 | 1.397.289 |
| Various income | 835.867 | 627.203 | 128.291 | 147.698 |
| **Total** | **5.313.054** | **12.075.593** | **1.390.150** | **3.171.795** |

### c) *Cost of sales*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Depreciation (Notes 8 & 9) | 10.623.248 | 10.655.450 | 4.404.357 | 5.340.969 |
| Cost of inventories recognized as expense | 180.946.428 | 152.480.225 | 188.636.296 | 143.243.046 |
| Payroll expenses (Note 5) | 19.489.599 | 14.588.370 | 8.587.997 | 7.007.694 |
| Third party fees and expenses | 994.124 | 2.538.663 | 430.241 | 382.988 |
| Expenses to related parties (Note 29) | - | - | 1.477.094 | 1.177.628 |
| Facilities | 5.424.023 | 4.500.879 | 2.440.173 | 2.359.334 |
| Various expenses | 3.082.415 | 2.282.795 | 905.723 | 771.684 |
| **Total** | **220.559.837** | **187.046.382** | **206.881.881** | **160.283.343** |

Group's and Company's cost of inventories include in 31.12.2007 approximately € 3,1 mil. (31.12.2006: € 3,3 mil.) and approximately € 1 mil. (31.12.2006: € 1,3 mil.) respectively, which refer to loss from the valuation of inventories to net realizable value.

### d) *Selling and distribution expenses*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Depreciation (Notes 8 & 9) | 2.768.563 | 2.831.232 | 1.864.557 | 1.708.731 |
| Payroll expenses (Note 5) | 11.776.483 | 9.663.822 | 3.747.967 | 3.528.101 |
| Third party fees and expenses | 1.262.614 | 1.459.700 | 393.355 | 723.066 |
| Expenses to related parties (Note 29) | - | - | 2.000.772 | 1.818.322 |
| Packaging material consumption | 684.754 | 425.117 | 438.831 | 416.970 |
| Rents' expenses | 1.321.704 | 1.023.526 | 227.159 | 233.180 |
| Insurance expenses | 266.982 | 224.562 | 165.282 | 133.847 |

| | | | | |
|---|---|---|---|---|
| Advertising expenses | 2.554.182 | 1.603.427 | 2.088.378 | 1.172.274 |
| Facilities | 1.223.546 | 740.274 | 711.282 | 352.366 |
| Taxes and duties | 292.806 | 377.522 | 123.523 | 119.677 |
| Transportation expenses | 4.290.789 | 3.268.070 | 2.114.153 | 2.004.184 |
| Provisions for doubtful debts (Notes 14 & 15) | 1.928.186 | 2.985.978 | 1.487.643 | 2.349.037 |
| Various expenses | 1.758.587 | 2.218.157 | 885.455 | 1.108.920 |
| **Total** | **30.129.216** | **26.821.387** | **16.248.357** | **15.668.675** |

e) ***Administration expenses***

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Depreciation (Notes 8 & 9) | 887.230 | 1.199.937 | 381.241 | 522.675 |
| Payroll expenses (Notes 5) | 5.956.225 | 6.142.257 | 2.655.644 | 2.270.108 |
| Board Members remuneration (Note 29) | 388.000 | 308.000 | 280.000 | 200.000 |
| Losses from disposals of tangible sales | 68.027 | 103.828 | 12.009 | 15.996 |
| Third party fees and expenses | 1.367.065 | 2.225.781 | 711.147 | 1.655.480 |
| Expenses to related parties (Note 29) | - | - | 48.453 | - |
| Rents' expenses | 430.947 | 346.560 | 220.114 | 129.626 |
| Insurance expenses | 151.652 | 102.459 | 17.647 | 30.706 |
| Facilities | 1.376.558 | 1.052.140 | 784.781 | 501.483 |
| Taxes and duties | 325.318 | 416.998 | 122.573 | 110.663 |
| Various expenses | 1.718.178 | 2.004.417 | 413.566 | 683.546 |
| **Total** | **12.669.200** | **13.902.377** | **5.647.175** | **6.120.283** |

***f) Research & development expenses***

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Depreciation (Notes 8 & 9) | 54.020 | 85.350 | 41.342 | 72.706 |
| Payroll expenses (Note 5) | 688.803 | 599.042 | 450.772 | 416.374 |
| Third party fees and expenses | 44.959 | 30.680 | 32.907 | 26.730 |
| Facilities | 13.835 | 22.376 | 13.574 | 22.077 |
| Various expenses | 129.532 | 67.165 | 105.568 | 48.951 |
| **Total** | **931.149** | **804.613** | **644.163** | **586.838** |

***g) Financial expenses (net)***

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Long-term debt's interests (Note 20) | 6.086.434 | 5.823.058 | 5.397.726 | 4.930.482 |
| Short-term debt's interests (Note 27) | 4.416.275 | 2.976.763 | 2.537.257 | 1.367.010 |
| Other financing expenses | 1.260.377 | 1.623.405 | 1.004.494 | 828.025 |
| **Total financing expenses** | **11.763.086** | **10.423.226** | **8.939.477** | **7.125.517** |
| | | | | |
| Interests from deposits (Note 16) | 196.086 | 260.311 | 24.282 | 9.817 |
| Finance income from related parties (Note 29) | - | - | 63.363 | - |
| Other finance income | 39.931 | 140.948 | 30.055 | 51.358 |
| Income from investments | - | - | 4.791.979 | 4.338.862 |
| **Total finance income** | **236.017** | **401.259** | **4.909.679** | **4.400.037** |
| | | | | |
| **Net finance expenses** | **11.527.069** | **10.021.967** | **4.029.798** | **2.725.480** |

### *h) Payroll expenses:*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Salaries and wages | 29.136.606 | 24.159.889 | 11.759.360 | 10.182.133 |
| Employer's contributions | 7.719.683 | 6.118.418 | 3.132.415 | 2.645.563 |
| Other personnel expenses | 693.914 | 368.619 | 311.475 | 170.474 |
| Provision for staff leaving indemnities (Note 21) | 360.907 | 346.565 | 239.130 | 224.107 |
| **Total** | **37.911.110** | **30.993.491** | **15.442.380** | **13.222.277** |

Group's and Company's number of personnel as at 31 December 2007 and 2006 is analyzed below:

| **Employees** | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31 December 2007** | **31 December 2006** | **31 December 2007** | **31 December 2006** |
| Salaried personnel | 1.522 | 1.385 | 291 | 259 |
| Daily paid personnel | 699 | 609 | 275 | 277 |
| **Total** | **2.221** | **1.994** | **566** | **536** |

### *i) Depreciation*

Tangible and intangible assets' depreciation expense recorded in the Income Statement is analyzed below:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Tangible Assets | 13.352.396 | 14.034.613 | 5.996.155 | 6.941.398 |
| Intangible Asstes | 980.665 | 737.356 | 695.342 | 703.683 |
| **Total (Notes 8 & 9)** | **14.333.061** | **14.771.969** | **6.691.497** | **7.645.081** |

Depreciation expenses are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Cost of sales (Note 5c) | 10.623.248 | 10.655.450 | 4.404.357 | 5.340.969 |
| Selling and distribution expenses (Note 5d) | 2.768.563 | 2.831.232 | 1.864.557 | 1.708.731 |
| Administrative expenses (Note 5e) | 887.230 | 1.199.937 | 381.241 | 522.675 |
| Research & development expenses (Note 5f) | 54.020 | 85.350 | 41.342 | 72.706 |
| **Total (Notes 8 & 9)** | **14.333.061** | **14.771.969** | **6.691.497** | **7.645.081** |

### *j) Other expenses*

Other expenses in 2006 included the impairment of part of the buildings and machinery of subsidiary "ALUFIL S.A.", appeared in the "Assets under construction" account, due to the fire destruction that took place during the fourth quarter of 2006. As subsidiary had sufficiently insured its assets' total value, the Group had recognized reimbursement of € 4,95 mil. from the insurance company, included in the «Other operating income» in the Income Statement for the year 2006, which was received in 2007.

## 6. Income taxes (current and deferred)

Income tax recognized in the Group's and Company's Income Statement is analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Current income tax | 2.690.260 | 2.840.170 | 813.724 | 523.839 |
| Tax audit differences from previous years | - | 145.757 | - | - |
| Provision for tax unaudited years (Note 28) | 235.000 | 235.000 | 110.000 | 110.000 |
| Tax on reserves of Law 3220/2004 (Note 18) | (151.309) | 151.309 | (44.929) | 44.929 |
| Deferred income tax | 633.470 | 1.115.481 | 884.020 | 1.462.331 |
| **Total** | **3.407.421** | **4.487.717** | **1.762.815** | **2.141.099** |

In the following table, a recalculation is provided between the nominal and the actual tax rate:

**THE GROUP**

| | **31.12.07** | **31.12.06** |
|---|---|---|
| Income before tax | **17.038.609** | **14.715.377** |
| Income tax calculated with the current tax rate (2007: 25%, 2006: 29%) | 4.259.652 | 4.267.459 |
| Tax effect of non deductible expenses | 774.210 | 1.493.291 |
| Tax effect of non taxable income | (373.036) | (364.585) |
| Tax effect from non-taxable reserves | (111.736) | (189.033) |
| Tax effect from the change in the tax rate | - | (16.510) |
| Tax effect from subsidiaries' losses for which no deferred tax asset was recognized | 341.041 | 396.851 |
| Tax effect from subsidiaries' tax-free earnings | (161.203) | (490.536) |
| Tax effect from subsidiaries' results taxed with a different tax rate | (820.000) | (1.066.714) |
| Tax effect from subsidiaries' losses for which a deferred tax asset was recognized | (585.198) | (74.572) |
| Tax audit differences | - | 145.757 |
| Provision for tax unaudited years | 235.000 | 235.000 |
| Tax on reserves of Law 3220/2004 | (151.309) | 151.309 |
| **Income Tax appeared in the Consolidated Income Statement** | **3.407.421** | **4.487.717** |

**THE COMPANY**

| | **31.12.07** | **31.12.06** |
|---|---|---|
| Income before tax | **6.776.949** | **7.386.006** |
| Income tax calculated with the current tax rate (2007: 25%, 2006: 29%) | 1.694.237 | 2.141.942 |
| Tax effect of non deductible expenses | 314.269 | 606.672 |
| Tax effect of non taxable income | (310.762) | (601.802) |
| Tax effect from non-taxable reserves | - | (143.070) |
| Tax effect from the change in the tax rate | - | (17.572) |
| Provision for un-audited years | 110.000 | 110.000 |
| Tax on reserves of Law 3220/2004 | (44.929) | 44.929 |
| **Income Tax appeared in the Parent Company Income Statement** | **1.762.815** | **2.141.099** |

According to Greek (Hellenic) taxation legislation, tax rate as at December 31st, 2006 and 2007 was 29% and 25% respectively.

Income tax declarations are submitted annually, adjusting accounting profits with taxation differences, but profits or losses related to these differences are considered temporary, until tax audit from Tax Authorities takes place and the issuance of the relevant tax audit report, finalizing the tax obligations. Tax losses carried from previous years, if accepted from Tax Authorities, can be offset, for the Hellenic subsidiaries, with earnings from the following five years.

The Company has not been audited from Tax Authorities for the years 2003 – 2007. Regarding ALUMIL subsidiaries, books have not been audited from Tax Authorities for the years mentioned in Note 32e.

Deferred income taxation is calculated to all temporary tax differences using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled.
Deferred income taxation movement is analyzed below:

| | THE GROUP | THE COMPANY |
|---|---|---|
| **Opening balance, January 1st , 2006 (net deferred tax liability)** | **5.243.676** | **3.029.696** |
| Charge to income statement | 1.115.481 | 1.462.331 |
| Exchange differences | 57.302 | - |
| **Ending balance, December 31st, 2006 (net deferred tax liability)** | **6.416.459** | **4.492.027** |
| Charge to income statement | 633.470 | 884.020 |
| Exchange differences | -27.167 | - |
| **Ending balance, December 31st, 2007 (net deferred tax liability)** | **7.022.762** | **5.376.047** |

Debit charge for deferred taxation (deferred tax liability) in the Income Statement, includes temporary tax differences from recorded income-gains that will be subject to taxation in the future. Credit charge for deferred taxation () includes mainly temporary tax differences from particular provisions that will result in taxation when realized.
Debit and credit balances from deferred taxation are offset when there is a legal right to offset and when deferred tax assets and liabilities relate to income tax received from the same Tax Authorities.
Group's and Company's deferred tax assets and liabilities are sourced from the below items:

| | THE GROUP | | | |
|---|---|---|---|---|
| | **Analysis of deferred tax assets** | | **Analysis of deferred tax liabilities** | |
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Intangible assets | 444.513 | 614.008 | - | - |
| Property, plant and equipment | - | - | (13.705.932) | (12.301.066) |
| Grants | 2.172.115 | 1.889.276 | - | - |
| Provisions for staff leaving indemnities | 274.945 | 231.438 | - | - |
| Receivables | 417.620 | 449.967 | - | - |
| Inventories | 1.758.266 | 1.445.870 | - | - |
| Tax losses carried forward | 662.864 | 78.930 | - | - |
| Non-taxable reserves | 996.866 | 1.192.179 | - | - |
| Other | - | - | (44.019) | (17.061) |
| **Total** | 6.727.189 | 5.901.668 | (13.749.951) | (12.318.127) |
| **Net deferred tax liability** | | | (8.827.497) | (7.612.363) |
| **Net deferred tax asset** | 1.804.735 | 1.195.904 | | |

| | THE COMPANY | | | |
|---|---|---|---|---|
| | Analysis of deferred tax assets | | Analysis of deferred tax liabilities | |
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Intangible assets | 412.007 | 562.751 | - | - |
| Property, plant and equipment | - | - | (8.294.177) | (7.771.888) |
| Grants | 772.251 | 857.866 | - | - |
| Provisions for staff leaving indemnities | 216.976 | 179.914 | - | - |
| Receivables | 54.393 | 101.898 | - | - |
| Inventories | 522.452 | 407.478 | - | - |
| Non-taxable reserves | 996.866 | 1.192.178 | - | - |
| Other | - | - | (56.815) | (22.224) |
| | **2.974.945** | **3.302.085** | **(8.350.992)** | **(7.794.112)** |
| **Net deferred tax liability** | | | **(5.376.047)** | **(4.492.027)** |

Group's and Company's deferred income tax are sourced from the below items:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Property, plant and equipment | 1.444.519 | 1.229.538 | 522.289 | 436.265 |
| Intangible assets | 169.339 | 325.738 | 150.744 | 266.760 |
| Grants | (282.839) | (285.693) | 85.615 | 72.180 |
| Provisions for staff leaving indemnities | (43.539) | (57.931) | (37.062) | (37.272) |
| Receivables | 77.437 | (344.654) | 47.505 | (1.471) |
| Inventories | (364.413) | (701.629) | (114.974) | (310.574) |
| Tax losses | (588.065) | (78.930) | - | - |
| Non-taxable reserves | 195.313 | 1.111.688 | 195.312 | 1.111.688 |
| Other | 25.718 | (82.646) | 34.591 | (75.245) |
| | **633.470** | **1.115.481** | **884.020** | **1.462.331** |

At December 31st, 2007, certain foreign subsidiaries and one domestic subsidiary had accumulated tax losses carried forward amounted to approximately € 11,8 mil. (31.12.2006: € 9,1 mil.), for which no deferred tax asset was recognized because management does not foresee sufficient future tax gains to retrieve the defer tax asset.

In case that tax-free reserves of Parent Company and Greek subsidiaries are distributed to shareholders, those are subject to income tax according to the current tax rate at the distribution date. No deferred tax liability is calculated for those amounts.

## 7. Earnings per share

Basic earnings per share are computed by dividing net income attributable to parent company shareholders by the weighted average number of common shares outstanding during each year.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Parent Company (after deducting interest on convertible shares, net of tax), by the weighted average number of shares outstanding during the year (adjusted for the effect of dilutive convertible shares or other potentially diluted items).

There were no convertible bonds to shares or other potentially diluted items convertible to shares and consequently diluted earnings per share were not calculated.

Basic earnings per share for the years ended in December 31st, 2007 and 2006, for the Group and the Company, are calculated as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Net earnings attributed to Company's shareholders | 9.484.785 | 7.505.462 | 5.014.134 | 5.244.907 |
| Weighted number of common shares outstanding | 22.016.250 | 22.016.250 | 22.016.250 | 22.016.250 |
| **Basic and diluted earnings per share (In € per share)** | **0,43** | **0,34** | **0,23** | **0,24** |

## 8. Tangible assets

### THE GROUP

| | Land | Buildings | Machinery | Motor Vehicles | Furniture and Fixtures | Assets under Construction & Advances | Total |
|---|---|---|---|---|---|---|---|
| **ACQUISITION VALUE** | | | | | | | |
| **1 January 2006** | **14.391.581** | **73.215.636** | **118.096.928** | **4.996.637** | **9.365.424** | **16.164.104** | **236.230.310** |
| Additions | 266.510 | 346.914 | 7.277.436 | 430.127 | 1.576.598 | 12.184.969 | 22.082.554 |
| Decreases | (1.104.634) | (77.397) | (566.864) | (340.030) | (24.982) | (12.308) | (2.126.215) |
| Exchange Differences | 34.456 | 687.716 | 680.250 | 67.363 | 63.791 | 40.471 | 1.574.047 |
| Transfers | - | 3.156.170 | 5.293.872 | - | 129.520 | (8.579.562) | - |
| Assets Impairment | - | - | - | - | - | (4.952.813) | (4.952.813) |
| **31 December 2006** | **13.587.913** | **77.329.039** | **130.781.622** | **5.154.097** | **11.110.351** | **14.844.861** | **252.807.883** |
| Additions | 12.009 | 1.030.031 | 6.777.198 | 1.068.349 | 984.781 | 10.320.530 | 20.192.898 |
| Decreases | (289.336) | - | (611.783) | (341.702) | (88.799) | (273.165) | (1.604.785) |
| Exchange Differences | (158.926) | (125.837) | (115.558) | (46.375) | 95.994 | (71.735) | (422.437) |
| Transfers (Note 9) | 653.774 | 2.461.905 | 10.360.859 | 310.888 | (475.378) | (15.234.020) | (1.921.972) |
| **31 December 2007** | **13.805.434** | **80.695.138** | **147.192.338** | **6.145.257** | **11.626.949** | **9.586.471** | **269.051.587** |
| **ACCUMULATED DEPRECIATION** | | | | | | | |
| **1 January 2006** | - | **6.052.579** | **36.646.434** | **2.827.557** | **5.755.584** | - | **51.282.154** |
| Depreciation (Note 5i) | - | 2.823.523 | 9.079.652 | 600.919 | 1.530.519 | - | 14.034.613 |
| Exchange Differences | - | 117.609 | 88.013 | 22.098 | 36.844 | - | 264.564 |
| Decreases | - | (24.954) | (237.268) | (209.829) | (9.402) | - | (481.453) |
| **31 December 2006** | - | **8.968.757** | **45.576.831** | **3.240.745** | **7.313.545** | - | **65.099.878** |
| Depreciation (Note 5i) | - | 2.938.749 | 8.480.646 | 618.153 | 1.314.848 | - | 13.352.396 |
| Exchange Differences | - | (22.356) | (64.863) | (27.976) | 54.379 | - | (60.816) |
| Decreases | - | - | (155.436) | (216.295) | (98.973) | - | (470.704) |
| Transfers (Note 9) | - | - | (1.098.191) | 101.352 | 116.488 | - | (880.351) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **31 December 2007** | **-** | **11.885.150** | **52.738.987** | **3.715.979** | **8.700.287** | **-** | **77.040.403** |
| | | | | | | | |
| **<u>NET BOOK VALUE</u>** | | | | | | | |
| **1 January 2006** | **14.391.581** | **67.163.057** | **81.450.494** | **2.169.080** | **3.609.840** | **16.164.104** | **184.948.156** |
| **31 December 2006** | **13.587.913** | **68.360.282** | **85.204.791** | **1.913.352** | **3.796.806** | **14.844.861** | **187.708.005** |
| **31 December 2007** | **13.805.434** | **68.809.988** | **94.453.351** | **2.429.278** | **2.926.662** | **9.586.471** | **192.011.184** |

## THE COMPANY

| | Land | Buildings | Machinery | Motor Vehicles | Furniture and Fixtures | Assets under Construction & Advances | Total |
|---|---|---|---|---|---|---|---|
| **<u>ACQUISITION VALUE</u>** | | | | | | | |
| **1 January 2006** | **4.847.266** | **8.199.307** | **61.190.685** | **2.449.354** | **6.228.234** | **4.139.310** | **107.054.156** |
| Additions | - | 186.754 | 2.637.014 | 21.675 | 495.005 | 1.161.173 | 4.501.621 |
| Decreases | (880.411) | - | (1.961.768) | (147.272) | (7.560) | - | (2.997.011) |
| Transfers | - | 612.062 | 1.502.897 | - | 102.042 | (2.217.001) | - |
| **31 December 2006** | **3.966.855** | **8.998.123** | **63.368.828** | **2.323.756** | **6.817.721** | **3.083.482** | **108.558.765** |
| Additions | - | 792.919 | 2.523.794 | 380.531 | 583.675 | 1.728.422 | 6.009.341 |
| Decreases | - | - | (1.199.975) | (167.662) | (34.374) | - | (1.402.011) |
| Transfers (Note 9) | - | 171.039 | 535.105 | 51.450 | 4.813 | (1.072.848) | (310.441) |
| **31 December 2007** | **3.966.855** | **9.962.081** | **65.227.752** | **2.588.075** | **7.371.835** | **3.739.056** | **112.855.654** |
| | | | | | | | |
| **<u>ACCUMULATED DEPRECIATION</u>** | | | | | | | |
| **1 January 2006** | **-** | **2.270.518** | **24.402.862** | **1.725.906** | **4.258.825** | **-** | **32.658.111** |
| Depreciation (Note. 5i) | - | 1.162.898 | 4.732.556 | 217.776 | 828.168 | - | 6.941.398 |
| Decreases | - | - | (1.838.735) | (147.272) | (4.226) | - | (1.990.233) |
| **31 December 2006** | **-** | **3.433.416** | **27.296.683** | **1.796.410** | **5.082.767** | **-** | **37.609.276** |
| Depreciation (Note. 5i) | - | 1.205.601 | 3.824.443 | 174.109 | 792.002 | - | 5.996.155 |
| Decreases | - | - | (149.122) | (107.468) | (20.156) | - | (276.746) |
| **31 December 2007** | **-** | **4.639.017** | **30.972.004** | **1.863.051** | **5.854.613** | **-** | **43.328.685** |
| | | | | | | | |
| **<u>NET BOOK VALUE</u>** | | | | | | | |
| **1 January 2006** | **4.847.266** | **25.928.789** | **36.787.823** | **723.448** | **1.969.409** | **4.139.310** | **74.396.045** |
| **31 December 2006** | **3.966.855** | **25.564.707** | **36.072.145** | **527.347** | **1.734.954** | **3.083.482** | **70.949.490** |
| **31 December 2007** | **3.966.855** | **25.323.064** | **34.255.747** | **725.025** | **1.517.222** | **3.739.056** | **69.526.969** |

There are no property pledges or mortgages over the Company's assets. Over the Group's tangible assets (regarding a foreign subsidiary) a mortgage has been introduced for the coverage of short term debt (Note 27).

The Group has insurance contracts covering all probable dangers (explosions, a large number of possible losses from strikes, earthquakes, fire, terroristic acts and other extreme cases), for all Group buildings and machinery.

## 9. Intangibles assets

Group's and Parent Company's intangible assets relate exclusively to software. Intangible assets' movement is analyzed as follows:

**THE GROUP**

| | |
|---|---|
| **Acquisition value** | |
| **Opening balance 01.01.2006** | **3.738.698** |
| Additions | 419.900 |
| Exchange differences | (48) |
| **Ending balance 31.12.2006** | **4.158.550** |
| Additions | 676.180 |
| Transfer from assets under construction (Note 8) | 1.921.972 |
| Exchange differences | (212.636) |
| **Ending balance 31.12.2007** | **6.544.066** |
| | |
| **Accumulated depreciation expenses** | |
| **Opening balance 01.01.2006** | **1.749.076** |
| Depreciation expenses for the period (Note 5θ) | 737.356 |
| Exchange differences | (34) |
| **Ending balance 31.12.2006** | **2.486.398** |
| Depreciation expenses for the period (Note 5θ) | 980.665 |
| Transfer from assets under construction (Note 8) | 880.351 |
| Exchange differences | (116.185) |
| **Ending balance 31.12.2007** | **4.231.229** |
| | |
| **Net book value 01.01.2006** | **1.989.622** |
| **Net book value 31.12.2006** | **1.672.152** |
| **Net book value 31.12.2007** | **2.312.837** |

**THE COMPANY**

| | |
|---|---|
| **Acquisition value** | |
| **Opening balance 01.01.2006** | **3.608.111** |
| Additions | 402.511 |
| **Ending balance 31.12.2006** | **4.010.622** |
| Additions | 588.597 |
| Disposals | (194.750) |
| Transfer from assets under construction (Note 8) | 310.441 |
| **Ending balance 31.12.2007** | **4.714.910** |
| | |
| **Accumulated depreciation expenses** | |
| **Opening balance 01.01.2006** | **1.693.244** |
| Depreciation expenses for the year (Note 5θ) | 703.683 |
| **Ending balance 31.12.2006** | **2.396.927** |
| Depreciation expenses for the year (Note 5θ) | 695.342 |
| **Ending balance 31.12.2007** | **3.092.269** |
| | |
| **Net book value 01.01.2006** | **1.914.867** |
| **Net book value 31.12.2006** | **1.613.695** |
| **Net book value 31.12.2007** | **1.622.641** |

## 10. Investments in subsidiaries

| A/A | Company Name | Acquisition Value 31.12.07 | Acquisition Value 31.12.06 |
|---|---|---|---|
| 1. | ALUKOM S.A. | 4.232.823 | 4.232.823 |
| 2. | ALUNEF S.A. | 10.592.938 | 8.761.765 |
| 3. | ALUSYS S.A. | 79.560 | 79.560 |
| 4. | ALUFIL S.A. | 8.711.151 | 7.786.200 |
| 5. | G.A. PLASTICS S.A. | 675.000 | 675.000 |
| 6. | METPON AUTOMATIONS S.A. | 2.151.159 | 2.151.159 |
| 7. | ALUMIL EGYPT FOR ALUMINIUM | 2.554.582 | 2.554.582 |
| 8. | ALUMIL EGYPT ACCESSORIES | 290.350 | 290.350 |
| 9. | ALUMIL ALBANIA | 2.665.759 | 2.665.759 |
| 10. | ALUMIL BULGARIA | 764.956 | 764.956 |
| 11. | ALUMIL VARNA S.R.L. | 1.849 | 1.849 |
| 12. | ALUMIL FRANCE SAS | 35.890 | 35.890 |
| 13. | ALUMIL DEUTZ | 1.650.000 | 1.650.000 |
| 14. | ALUMIL ITALY SRL | 998.388 | 998.388 |
| 15. | ALUMIL MILONAS CYPRUS | 261.127 | 261.127 |
| 16. | ALUMIL CY LTD | 611.953 | 611.953 |
| 17. | ALUMIL MOLDAVIA | 34.890 | 34.890 |
| 18. | ALUMIL HUNGARY K.F.T. | 98.987 | 98.987 |
| 19. | ALUMIL UKRANIA | 12.536 | 12.536 |
| 20. | ALUMIL POLSKA S.R.L. | 83.130 | 83.130 |
| 21. | ALUMIL ROM INDUSTRY SA | 1.502.842 | 1.502.842 |
| 22. | ALUMIL YU INDUSTRY | 4.546.032 | 4.546.032 |
| 23. | ALUMIL SRB | 5.131 | 5.131 |
| 24. | ALUMIL COATING S.R.B | 2.404.500 | 2.404.500 |
| 25. | ALUMIL SKOPJE | 902.504 | 902.504 |
| 26. | ALUMIL GULF | 77.881 | - |
| | **Subtotal** | **45.945.918** | **43.111.913** |
| | Impairment loss | (5.548.452) | (5.548.452) |
| | **Total** | **40.397.466** | **37.563.461** |

Impairment loss per subsidiary is analyzed as follows:

| Company Name | Amount |
|---|---|
| ALUMIL POLSKA S.R.L. | 83.130 |
| ALUMIL UKRANIA | 12.536 |
| ALUMIL EGYPT FOR ALUMINIUM | 1.728.000 |
| ALUMIL EGYPT ACCESSORIES | 290.350 |
| ALUMIL DEUTZ | 1.650.000 |
| ALUMIL ITALY SRL | 998.388 |
| ALUMIL MILONAS CYPRUS | 174.095 |
| ALUMIL CY LTD | 611.953 |
| **Total** | **5.548.452** |

Subsidiaries included in the Consolidated Financial Statements with the respective addresses and participation percentages of the Parent Company, on December 31st, 2007 and 2006 are analyzed as follows:

| | Company Name | Country | Activity | Percentage % 31.12.07 | Percentage % 31.12.06 |
|---|---|---|---|---|---|
| 1. | ALUKOM S.A. | GREECE | Production and trade of aluminium products | 85,86% | 85,86% |
| 2. | ALUNEF S.A. | GREECE | Production and trade of aluminium products | 99,44% | 99,33% |
| 3. | ALUSYS S.A. | GREECE | Trade of mechanisms & aluminium accessories | 51% | 51% |
| 4. | ALUFYL S.A. | GREECE | Production & trade of aluminium products | 99,98% | 99,98% |
| 5. | G.A. PLASTICS S.A. | GREECE | Production & trade of polycarbonate sheets & resembling materials | 50% | 50% |
| 6. | METRON AUTOMATIONS S.A. | GREECE | Production &trade of automation systems | 66% | 66% |
| 7. | ALUMIL EGYPT FOR ALUMINIUM | EGYPT | Extrusion & painting of aluminium products | 98% | 98% |
| 8. | ALUMIL EGYPT ACCESSORIES | EGYPT | Trade of profiles & aluminium accessories | 99% | 99% |
| 9. | ALUMIL ALBANIA | ALBANIA | Production & trade of aluminium profiles | 96,90% | 96,90% |
| 10. | ALUMIL BULGARIA | BULGARIA | Aluminium profile elaboration & trade | 99,87% | 99,87% |
| 11. | ALUMIL VARNA S.R.L. | BULGARIA | Trade of aluminium profile & accessories | 72% | 71% |
| 12. | ALUMIL FRANCE S.A.S. | FRANCE | Trade of aluminium profile & accessories | 97% | 97% |
| 13. | ALUMIL DEUTZ | GERMANY | Trade of aluminium profile | 100% | 100% |
| 14. | ALUMIL ITALY SRL | ITALY | Trade of aluminium profile & accessories | 100% | 100% |
| 15. | ALUMIL MILONAS CYPRUS | CYPRUS | Trade of aluminium profile & accessories | 100% | 100% |
| 16. | ALUMIL CY LTD | CYPRUS | Trade of aluminium profile & accessories | 97% | 97% |
| 17. | ALUMIL MOLDAVIA | MOLDOVA | Trade of aluminium profile & accessories | 70% | 70% |
| 18. | ALUMIL HUNGARY K.F.T. | HUNGARY | Trade of aluminium profile & accessories | 100% | 100% |
| 19. | ALUMIL UKRANIA | UKRAINE | Trade of aluminium profile & accessories | 90% | 90% |
| 20. | ALUMIL POLSKA S.R.L. | POLAND | Trade of aluminium profile & accessories | 51% | 51% |
| 21. | ALUMIL ROM INDUSTRY S.A. | ROMANIA | Trade of aluminium profile & accessories | 55,90% | 69,88% |
| 22. | ALUMIL YU INDUSTRY | SERBIA | Production and trade of aluminium products | 99,96% | 99,96% |
| 23. | ALUMIL SRB | SERBIA | Trade of aluminium profile & accessories | 45% | 45% |
| 24. | ALUMIL COATING S.R.B | SERBIA | Elaboration of aluminium products | 99,97% | 99,97% |
| 25. | ALUMIL SKOPJE | FYROM | Trade of aluminium profile & accessories | 99,89% | 99,89% |
| 26. | ALUMIL GULF | U.A.E. | Trade of aluminium profile & accessories | 99% | - |

Group's Consolidated Financial Statements include consolidated financial statements of subsidiary ALUMIL ROM INDUSTRY (drafts consolidated statements with ALUMIL EXTRUSION (participation percentage 100%)), subsidiary ALUMIL YU INDUSTRY (drafts consolidated statements with ALPRO VLASENICA AD (participation percentage 61,37%)) and subsidiary ALUMIL SRB (drafts consolidated statements with ALUMIL MONTENEGRO (participation percentage 100%)).
Additionally, «ALUMIL SRB» and «G.A. PLASTICS» were included in the Consolidated Financial Statements, despite the fact that ALUMIL MILONAS holds 45% and 50% respectively of each company, due to the fact that the Parent Company exercises dominant control on these two companies.

## Changes during the year

In April 2007, subsidiary «ALUMIL GULF» was established in United Arab Emirates, in RAK FREE TRADE ZONE, in a free trade status. Parent company owns 99% of the company's share capital, while remaining 1% is owned by the major shareholder of the Parent Company. ALUMIL GULF trades aluminium profiles and accessories and similar products. Initial share capital was 100 thousand AED (approximately € 21,6 thousand), in 16.04.2007, while with the 02.05.2007 BoD decision, paid additionally 276 thousand AED (approximately € 56,3 thousand) for the share capital increase, in order to settle financial obligations and start commercial activity.

Within first quarter 2007, a share capital increase was decided for subsidiary «ALUNEF S.A.», amounted to approximately € 1.831 thousand, paid-up exclusively from Parent Company, reaching its total participation in 99,44%.

Within first quarter 2007, share capital increase was decided for subsidiary «ALUFIL S.A.», amounted to approximately € 925 thousand, paid-up exclusively from Parent Company, reaching its total participation in 99,98%.

In 31-1-2007, share capital increase was realized for subsidiary «ALUMIL ROM INDUSTRY S.A.», before the trading of its shares in Bucharest Stock Exchange through Initial Public Offering.

In particular, post-IPO, ALUMIL ROM share capital reached 6.250.000 RON, divided in 31.250.000 shares, with a nominal value of 0,2 RON. Shares started trading in BSE in April 16th, with a market price of 4,6 RON. The delay reported between related procedures and shares' trading is exclusively attributed to inefficiencies of the local capital market participants. Difference between the shares' nominal value and the offering price (after subtracting all expenses directly related to the shares' issue), namely approximately RON 26,7 mil., or approximately € 7,8 mil., was credited to the «Share premium account» of the subsidiary and was allocated between the Group "Retained earnings" and "Minority Interests" accounts.
After the share capital increase - ALUMIL did not participate - participation reached 55,90%.

## 11. Available for sale financial assets

In April 2007, a new company, «ALUFONT S.A.» was established, headquartered in Kilkis Industrial Area, in which ALUMIL owns 19%, paying € 11,4 thousand for the initial paid-up capital, while with following BoD decisions, additional amounts were paid, totaling to approximately € 282,5 thousand, in order to cover share capital increases, financial expenses and start its operation. The purpose of the company is to smelt aluminium alloys and to produce die casting accessories from aluminium or other metals.

## 12. Long-term receivables

Long-term receivables which are recorded at cost, are analyzed as follows:

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Guarantees for electricity | 517.375 | 499.097 | 339.531 | 339.531 |
| Guarantees for buildings' rentals | 40.015 | 34.979 | 34.979 | 34.979 |
| Guarantees for car rentals | 55.174 | 57.511 | 46.904 | 49.445 |
| Receivables from personnel | 96.143 | 95.314 | - | - |
| Bills receivables | 210.000 | - | - | - |
| Long-term receivables from subsidiaries (Note 29) | - | - | 3.128.753 | - |
| Other | 10.362 | 37.668 | 9.103 | 24.478 |
| **Total** | **929.069** | **724.569** | **3.559.270** | **448.433** |

## 13. Inventories

Group and Company Inventories are analyzed as follows:

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Merchandise | | | | |
| At cost | 35.876.154 | 31.606.228 | 13.369.114 | 12.945.872 |
| At net realisable value | 32.443.888 | 30.219.665 | 12.447.200 | 12.423.442 |
| Finished goods | | | | |
| At cost | 39.514.193 | 24.732.220 | 24.409.313 | 17.691.049 |
| At net realisable value | 35.841.208 | 23.638.560 | 23.641.471 | 17.157.595 |
| Raw & auxiliary materials – Consumable materials | | | | |
| At cost | 26.648.087 | 16.520.555 | 11.864.851 | 8.430.084 |
| At net realisable value | 25.783.390 | 15.707.178 | 11.689.626 | 7.935.579 |

| | | | | |
|---|---|---|---|---|
| By-products | | | | |
| At cost | 3.337.242 | 2.271.396 | 845.331 | 266.878 |
| At net realisable value | 2.285.687 | 1.362.324 | 620.504 | 187.356 |
| Purchases in transit | 2.001.710 | 630.501 | 1.280.175 | 323.672 |
| **Total inventories in the lowest price between cost and net realisable value** | **98.355.883** | **71.558.228** | **49.678.976** | **38.027.644** |

Every change to provision for inventories from valuation to net realisable value is included in the cost of inventories recognized as an expenses in Cost of sales.
The provision movement for the dilution of inventory value for the years ended on the 31st of December 2007 and 2006 was as follows:

| | THE GROUP | THE COMPANY |
|---|---|---|
| **Balance at 1 January 2006** | **1.384.221** | **334.150** |
| Additional provision for the year (Note 5c) | 3.348.036 | 1.295.761 |
| Utilized provision | (531.202) | - |
| Exchange differences | 1.618 | - |
| **Balance at 31 December 2006** | **4.202.673** | **1.629.911** |
| Additional provision for the year (Note 5c) | 3.094.313 | 1.022.413 |
| Utilized provision | (1.480.544) | (562.516) |
| Exchange differences | (30.015) | - |
| **Balance at 31 December 2007** | **5.786.427** | **2.089.808** |

The are no pledges over the Group's and Company's inventories.

## 14. Trade receivables

Group's and Company's trade receivables are analyzed below:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Trade debtors | 67.095.503 | 62.357.671 | 34.205.789 | 35.886.757 |
| Receivables from related parties (Note 29) | - | - | 69.822.405 | 60.600.960 |
| Post dated cheques receivables | 39.930.125 | 41.044.762 | 24.601.179 | 27.394.906 |
| Bills receivables | 110.245 | 68.509 | 46.567 | 46.367 |
| **Subtotal** | **107.135.873** | **103.470.942** | **128.675.940** | **123.928.990** |
| Minus: Provision for doubtful debts | (5.960.501) | (5.089.259) | (8.506.614) | (7.137.045) |
| **Total** | **101.175.372** | **98.381.683** | **120.169.326** | **116.791.945** |

Provision for doubtful debts for the years ended in 2007 and 2006 are analyzed below:

| | THE GROUP | THE COMPANY |
|---|---|---|
| **Balance at 1 January 2006** | **2.391.689** | **4.854.642** |
| Additional provision for the year (Note 5d) | 2.848.195 | 2.285.127 |
| Utilized provision | (172.120) | (2.724) |
| Exchange differences | 21.495 | - |
| **Balance at 31 December 2006** | **5.089.259** | **7.137.045** |
| Additional provision for the year (Note 5d) | 1.470.909 | 1.369.569 |
| Utilized provision | (225.461) | - |
| Unrealized provisions (Note 5d) | (342.049) | - |
| Exchange differences | (32.157) | - |
| **Balance at 31 December 2007** | **5.960.501** | **8.506.614** |

Provision for doubtful debts is recorded for specific trade debtors's balances which exceeded Group credit policy; for the majority of those, the Group has prosecuted the debtors' to the relevant Courts.

There is by no means credit risk concentration regarding receivables from trade debtors, since the Group has a large number of clients, worldwide spread.

There are no pledges over the Group's and Company's receivables. Receivables generated from customers are usually settled in: Group 0-150 days, Company 0-150 days. In case of cheques replacement or payment delay, the Company and its subsidiaries have the right to charge 10% interest to their customers. Income from interest for the years ended 31st December 2007 and 2006, is EURO 37 thousand and EURO 49 thousand respectively for the Group and EURO 30 thousand and EURO 45 thousand respectively for the Company and they are included in "Other finance income" (Note 5g).

On December 31st, receivables ageing presented the following status:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Neither past due, nor impaired | 84.456.245 | 82.220.382 | 80.405.311 | 77.826.583 |
| past due but not impaired: | | | | |
| < 30 days | 5.195.839 | 4.902.159 | 6.386.787 | 7.500.080 |
| 30 - 210 days | 9.121.424 | 7.432.788 | 26.607.786 | 19.330.489 |
| > 210 days | 2.401.864 | 3.826.354 | 6.769.442 | 16.140.082 |
| | **101.175.372** | **98.381.683** | **120.169.326** | **120.797.234** |

## 15. Other receivables and prepayments

Group's and Company's other receivables are analyzed below:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Pre paid and withheld income | 340.495 | 461.076 | 340.495 | 324.975 |
| Other pre paid and withheld taxes | 216.696 | 118.464 | - | 3.355 |
| V.A.T. | 4.560.554 | 1.562.467 | 1.508.659 | 98.960 |
| Aadvances to personnel | 152.438 | 148.918 | 24.241 | 18.450 |
| Advances to suppliers | 2.687.275 | 2.487.107 | 1.507.953 | 1.403.268 |
| Advances to subsidiaries (Note 29) | - | - | 107.741 | 9.567.393 |
| Advances on accounts | 74.413 | 194.899 | 25.876 | 106.912 |
| Advance for share capital increase (Note 29) | 255.705 | - | 255.705 | - |
| Prepaid expenses | 321.687 | 325.460 | 103.209 | 61.774 |
| Subsidies receivables (Note 22) | 133.426 | 133.426 | 133.426 | 133.426 |
| Receivables from OAED | 1.253.444 | 908.116 | 224.659 | 189.752 |
| Insurance reimbursement receivable | - | 4.950.000 | - | - |
| Other receivables (subsidiaries–Note 29) | - | - | 331.203 | 502.679 |
| Other debtors | 364.066 | 339.971 | 60.412 | 16.498 |
| **Subtotal** | **10.360.199** | **11.629.904** | **4.623.579** | **12.427.442** |
| Minus: provision for doubtful debts | (559.094) | (137.783) | (181.984) | (63.910) |
| **Total** | **9.801.105** | **11.492.121** | **4.441.595** | **12.363.532** |

Provision for other doubtful debt, for the years ended on 31st December 2007 and 2006, are analyzed below:

| | 'HE GROUP | 'HE COMPANY |
|---|---|---|
| **Balance at 1 January 2006** | - | - |
| Additional provision for the year (Note 5d) | 137.783 | 63.910 |
| **Balance at 31 December 2006** | **137.783** | **63.910** |
| Additional provision for the year (Note 5d) | 457.277 | 118.074 |

| | | |
|---|---|---|
| Utilized provision | (34.316) | - |
| Exchange differences | (1.650) | - |
| **Balance at 31 December 2007** | **559.094** | **181.984** |

## 16. Cash and cash equivalents

Group's and Company's cash and cash equivalents follow:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Cash in hand | 336.542 | 523.085 | 4.647 | 36.895 |
| Cash at banks | 14.237.091 | 8.713.196 | 2.796.140 | 2.460.430 |
| Time deposits | 1.505.735 | - | - | - |
| **Total** | **16.079.368** | **9.236.281** | **2.800.787** | **2.497.325** |

Cash at banks are expressed in various currencies, subject to compounding with variable interest rates, depending on the size of the deposit and according to banks' offered interest rates. Deposits' market value reaches their accounting value due to variable interest rates and expiration dates. Average deposits' interest rate during 2007 and 2006 was 0,8%. Income from interest amounted to approximately € 196 thousand and € 260 thousand for the Group and approximately € 24 thousand and € 10 thousand for the Company, included in "Finance income" in the accompanying Income Statements (Note 5g).

Cash per currency for the Group is analyzed as follows:

| **Currency** | **31.12.07** | **31.12.06** |
|---|---|---|
| Euro | 6.592.323 | 4.489.748 |
| Romanian RON | 4.266.479 | 1.542.526 |
| Bulgarian Leva | 270.058 | 472.845 |
| Albanian Lek | 735.252 | 236.697 |
| Serbian Dinar | 164.395 | 334.938 |
| Egyptian Pound | 489.824 | 64.715 |
| Cyprus Pound | 460.057 | 234.075 |
| UK Pound | 119.387 | 504.894 |
| Bosnian Mark | - | 255.800 |
| US Dollar | 920.145 | 784.559 |
| Ukranian Grivnia | 1.775.575 | 55.429 |
| Hungarian Fiorin | 100.699 | 49.603 |
| FYROM Dinar | 132.009 | 48.717 |
| Other | 53.165 | 161.735 |
| **Total** | **16.079.368** | **9.236.281** |

Cash per currency for the Company is analyzed as follows:

| **Currency** | **31.12.07** | **31.12.06** |
|---|---|---|
| Euro | 2.382.171 | 1.647.666 |
| UK Pound | 5.103 | 65.100 |
| US Dollar | 413.513 | 784.559 |
| **Total** | **2.800.787** | **2.497.325** |

## 17. Share capital & Share premium account

Company's paid-up capital is analyzed as follows:

| | 31.12.07 | 31.12.06 |
|---|---|---|
| Paid-up share capital | | |
| 22.016.250 common, ordinary shares, nominal value € 0,37 each | **8.146.012** | **7.045.200** |

With the 22.06.2006 Annual General Sshareholders' Assembly, a share capital increase was decided, amounted to € 1.100.812 by capitalizing: a. € 54.733 from tangible assets' revaluation in year 2000, appeared in the Reserves (Note 18) and b. € 1.046.079 from revaluation differences from tangible assets in year 2004, included in the Retained Earnings. Share issue was realized by increasing shares' nominal value by € 0,05 and the share capital increase was completed in January 2007, with the decision no K2-135/15.01.2007 from the Ministry of Development.

Share premium account reaches € 33.153.265 and was realized in 1998, issuing shares for cash in a greater value from the nominal. Share premium account is calculated after subtracting all expenses directly related to the issuance of new shares and it cannot be distributed during the ordinary operation of the Company.

## 18. Reserves

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

**THE GROUP**

| | 31.12.07 | 31.12.06 |
|---|---|---|
| Statutory reserve | 3.306.568 | 2.829.256 |
| Non-taxable reserves | 48.323.869 | 47.156.468 |
| Reserve from non-taxable income | 8.207 | 8.207 |
| Special taxed reserve | 62.365 | 62.365 |
| Reserves from tangible assets' revaluation | - | 54.733 |
| Special reserve of L. 3299/2004 | 1.404.048 | 1.404.048 |
| Special reserve | 50.143 | 50.143 |
| Reserves from exchange differences | (642.858) | 389.445 |
| Other reserves | 1.141.841 | 1.228.089 |
| **Total** | **53.654.183** | **53.182.754** |

**THE COMPANY**

| | 31.12.07 | 31.12.06 |
|---|---|---|
| Statutory reserve | 2.602.535 | 2.348.400 |
| Non-taxable reserves | 45.401.725 | 44.530.316 |
| Reserve from non-taxable income | 8.207 | 8.207 |
| Special taxed reserve | 58.967 | 58.967 |
| | - | 54.733 |
| Special reserve of L. 3299/2004 | 1.404.048 | 1.404.048 |
| Special reserve | 50.143 | 50.143 |
| **Total** | **49.525.625** | **48.454.814** |

The movement of the reserves for the year ended in 31st December 2007 is analyzed as follows (in thousand Euro):

| Group | Statutory reserve | Non taxable reserves | Reserve from non-taxable income | Special taxed reserve | Reserves from tangible assets revaluation | Special reserve of L.3299/04 | Special reserve | Reserve from exchange differences | Other reserves | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **(amounts in thousand €)** | | | | | | | | | | |
| **Balance 1 January 2007** | **2.829** | **47.156** | **8** | **62** | **55** | **1.404** | **50** | **389** | **1.228** | **53.181** |
| Transfer from retained earnings | 477 | 1.078 | - | - | - | - | - | | 142 | **1.697** |
| Exchange differences | - | - | - | - | - | - | - | -1.032 | | **-1.032** |
| Adjustment of minority interests | - | - | - | - | - | - | - | | -228 | **-228** |
| Share capital increase | - | - | - | - | -55 | - | - | - | - | **-55** |
| Transfer of depreciation of grants L. 3299/04 | - | 90 | - | - | - | - | - | - | - | **90** |
| **Balance 31 December 2007** | **3.306** | **48.324** | **8** | **62** | **-** | **1.404** | **50** | **-643** | **1.142** | **53.653** |

| Company | Statutory reserve | Non taxable reserves | Reserve from non-taxable income | Special taxed reserve | Reserves from tangible assets revaluation | Special reserve of L.3299/04 | Special reserve | Reserve from exchange differences | Other reserves | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **(amounts in thousand €)** | | | | | | | | | | |
| **Balance 1 January 2007** | **2.348** | **44.531** | **8** | **59** | **55** | **1.404** | **50** | **-** | **-** | **48.455** |
| Transfer from retained earnings | 254 | 781 | - | - | - | - | - | - | - | **1.035** |
| Share capital increase | - | - | - | - | -55 | - | - | - | - | **-55** |
| Transfer of depreciation of grants L. 3299/04 | - | 90 | - | - | - | - | - | - | - | **90** |
| **Balance 31 December 2007** | **2.602** | **45.402** | **8** | **59** | **-** | **1.404** | **50** | **-** | **-** | **49.525** |

***Statutory reserve:*** According to the Greek commercial legislation, companies are obliged to hold 5% as a statutory reserve out of the year's earnings, until this reaches one third of the paid share capital. During the company's life, the distribution of the statutory reserve is forbidden.

***Non-taxable reserves:*** This concerns reserves of tax laws that were created based on the provisions of tax legislation which either give the possibility to defer taxation of certain income to the time of distribution to shareholders, or provide fiscal allowances as a motivation for investment. According to Greek tax legislation these reserves are exempted from tax, under the condition that they will not be distributed to the shareholders. The Group doesn't intend to distribute these reserves and therefore hasn't calculated the respective deferred tax liabilities for the income tax, payable at the time of distribution.

Group's non-taxable reserves include reserves formed by the Parent company and two Greek subsidiaries in accordance with the provisions of article 2 of L. 3220/2004. EU has published Announcement 2006/C20/05, according to which non-taxable reserves are considered a form of Government Grant, and has asked the Greek Government to officially express its views on this announcement. EU finally decided that these non-taxable reserves are a form of Government Grant, and the companies must pay in the corresponding income tax. Therefore the Group has decided, in fiscal year 2006, to record a provision for the amount of tax that corresponded to the above-mentioned reserves. Since the tax payable didn't exceed the amount of € 100.000, as stated in the provisions of L.3614/2007 (Regulation (ER) 69/2001 of the Committee, EU L10, 13.01.2001 minor importance aid), the Group's companies were freed from the obligation to pay the additional tax and as a result the provision was reversed in fiscal year 2007 (Note 6).

***Reserves from non-taxable income or special taxed reserve:*** These concern interest income that was not taxed or had been taxed at source. According to Greek tax legislation these reserves are exempted from income tax, under the condition that they will not be distributed to shareholders. The Group doesn't intend to distribute these reserves and therefore has not irecorded a provision of deferred tax liability for the income tax that will become payable at the time of distribution of these reserves.

***Special reserve of L. 3299/2004***: This special taxed reserve was formed during fiscal years 2005-2006 for covering the Company's own participation, while carrying out an investment plan following the provisions of L. 3299/2004.

***Special reserve***: This special reserve that was formed during fiscal year 2000, has been fully taxed and is free for distribution according to relevant decision of the General Assembly

***Reserve from exchange differences:*** This reserve is used to record exchange differences from the translation of the financial statements of foreign subsidiaries.

***Other reserves:*** Other reserves concern foreign subsidiaries (Romania, Serbia, Albania, Egypt and Hungary) and is formed according to local legislation. The above mentioned reserves cannot be distributed during operation of the respective subsidiaries.

## 19. Dividends

According to the Company Law, companies are obliged for a dividend payout each year, which is calculated as the 35% of profits after tax and statutory reserve deduction.

On 26$^{th}$ March 2007, the Company's Board of Directors proposed dividend payout from 2006 earnings equal to € 1.827.349, namely € 0,083 per share, (2006: € 286.211,25, namely € 0,013 per share) which was approved by the Annual General Shareholders' Assembly on 23.05.2007 with a 70% votes of the paid-up share capital. Dividends were paid during the second semester of 2007.

On 26$^{th}$ March 2008, the Company's Board of Directors proposed dividend payout from 2007 earnings equal to € 3.082.275 (€ 0,14 per share). According to IFRS, those dividends are included in the Consolidated Shareholders' Equity until their approval from the 2007 Annual General Shareholders' Assembly.

## 20. Long-term debt

Company's and Group's long–term debt are raised by domestic and foreign institutions, expressed in euro. Debt payable one year after the balance sheet date is recorded as short – term liabilities, while debt payable in periods exceeding one fiscal year is recorded as long-term.

There are no pledges or mortgages serving for Group's long-term bank debt. The carrying value of overall debt approximates the one recorded in the books.

Company's and Group's long–term debt are analyzed according to their pay back terms, below:

| | **THE GROUP** | |
|---|---|---|
| | **31.12.07** | **31.12.06** |
| Within a year | 17.329.365 | 29.176.923 |
| 1-5 years | 63.536.402 | 78.321.102 |
| After 5 years | 34.981.952 | - |
| **Total** | **115.847.719** | **107.498.025** |

| | THE COMPANY | |
|---|---|---|
| | **31.12.07** | **31.12.06** |
| Within a year | 12.884.845 | 24.227.437 |
| 1-5 years | 57.354.100 | 69.963.469 |
| After 5 years | 34.858.687 | - |
| **Total** | **105.097.632** | **94.190.906** |

Group's long term bebt on 31st December 2007 and 2006 is analyzed as follows:

**31 December 2007**

| Bank | Short-term installments | Long-term installments 2-5 years | Long-term installments +5 years | Loan unpaid portion | Expiration date |
|---|---|---|---|---|---|
| PIRAEUS-ALPHA (DEB. BOND) | 5.000.000 | 39.818.313 | 34.858.687 | 79.677.000 | 10.2014 |
| EMPORIKI (DEB. BOND) | 4.000.000 | 12.000.000 | - | 16.000.000 | 01.2011 |
| EUROBANK | 2.778.578 | 4.844.303 | - | 7.622.881 | 12.2010 |
| PIRAEUS | 1.627.916 | 2.050.235 | - | 3.678.151 | 06.2011 |
| EMPORIKI | 1.204.892 | - | - | 1.204.892 | 07.2008 |
| ALPHA BANK | 835.075 | 1.130.503 | - | 1.965.578 | 05.2011 |
| HSBC | 622.800 | - | - | 622.800 | 08.2008 |
| NATIONAL BANK | 834.669 | 2.086.685 | - | 2.921.354 | 02.2011 |
| GENIKI | 123.265 | 1.006.363 | 123.265 | 1.252.893 | 01.2013 |
| TIRANA BANK | 302.170 | 600.000 | - | 902.170 | 07.2010 |
| **Total** | **17.329.365** | **63.536.402** | **34.981.952** | **115.847.719** | |

**31 December 2006**

| Bank | Short-term installments | Long-term installments 2-5 years | Long-term installments +5 years | Loan unpaid portion | Expiration date |
|---|---|---|---|---|---|
| PIRAEUS-ALPHA (DEB. BOND) | 7.000.000 | 28.780.400 | - | 35.780.400 | 06.2010 |
| EMPORIKI (DEB. BOND) | 4.000.000 | 16.000.000 | - | 20.000.000 | 03.2011 |
| BSTDB | 4.444.444 | 8.888.889 | - | 13.333.333 | 08.2009 |
| EUROBANK | 2.889.114 | 7.624.641 | - | 10.513.755 | 05.2008–12.2010 |
| PIRAEUS | 1.634.124 | 3.813.766 | - | 5.447.890 | 06.2007–06.2011 |
| MARFIN | 2.935.000 | - | - | 2.935.000 | 05.2007 |
| EMPORIKI | 1.782.869 | 2.216.202 | - | 3.999.071 | 07.2008–06.2009 |
| ALPHA BANK | 2.122.446 | 7.164.505 | - | 9.286.951 | 09.2008-05.2011 |
| HSBC | 622.800 | 622.800 | - | 1.245.600 | 08.2008 |
| NATIONAL BANK | 1.446.126 | 2.309.899 | - | 3.756.025 | 01.2011 |
| TIRANA BANK | 300.000 | 900.000 | - | 1.200.000 | 07.2010 |
| **Total** | **29.176.923** | **78.321.102** | **-** | **107.498.025** | |

Company's long term debt on 31st December 2007 and 2006 are analyzed below:

**31 December 2007**

| Bank | Short-term installments | Long-term installments 2-5 years | +5 years | Loan unpaid portion | Expiration date |
|---|---|---|---|---|---|
| PIRAEUS - ALPHA (DEB. BOND) | 5.000.000 | 39.818.313 | 34.858.687 | 79.677.000 | 10.2014 |
| EMPORIKI (DEB. BOND) | 4.000.000 | 12.000.000 | - | 16.000.000 | 01.2011 |
| EUROBANK | 2.400.002 | 4.805.283 | - | 7.205.285 | 12.2010 |
| EMPORIKI | 1.204.892 | - | - | 1.204.892 | 07.2008 |
| ALPHA BANK | 279.951 | 730.504 | - | 1.010.455 | 05.2011 |
| **Total** | **12.884.845** | **57.354.100** | **34.858.687** | **105.097.632** | |

**31 December 2006**

| Bank | Short-term installments | Long-term installments 2-5 years | +5 years | Loan unpaid portion | Expiration date |
|---|---|---|---|---|---|
| PIRAEUS - ALPHA (DEB. BOND) | 7.000.000 | 28.780.400 | - | 35.780.400 | 06.2010 |
| EMPORIKI (DEB. BOND) | 4.000.000 | 16.000.000 | - | 20.000.000 | 01.2011 |
| BSTD BANK | 4.444.444 | 8.888.889 | - | 13.333.333 | 08.2009 |
| EUROBANK | 2.400.002 | 7.207.045 | - | 9.607.047 | 12.2010 |
| PIRAEUS | 242.900 | 793.488 | - | 1.036.388 | 12.2010 |
| LAIKI | 2.935.000 | - | - | 2.935.000 | 05.2007 |
| EMPORIKI | 1.205.091 | 1.205.091 | - | 2.410.182 | 07.2008 |
| ALPHA BANK | 2.000.000 | 7.088.556 | - | 9.088.556 | 05.2011 |
| **Total** | **24.227.437** | **69.963.469** | - | **94.190.906** | |

The two most significant long-term loans are analyzed as follows:

**Debenture Bond (EMPORIKI BANK)**

In 2005 a € 20 mil. debenture bond was received by Emporiki Bank (issuance organizer), with a Euribor (6-month) +1,25% (annually) floating interest rate. The Bond was issued to initially refinance a subordinate bank loan of the Company on behalf of Emporiki Bank, in the form of more permanent working capital, as well as to finance the investment plan of the Company and its participation to the share capital increase of its subsidiaries. The Bond pay off will be made in eight (8) six-month installments, of amount € 2 mil. each. The first installment will be paid eighteen (18) months after the bond withdrawal (July 2005) and an installment of €4 mil. will be paid to the maturity of the Bond (January 2011).

**Debenture Bond (PIRAEUS BANK and ALPHA BANK)**

The annual General Shareholders Assembly of the Parent Company in 23.05.2007 approved the issuance of a debenture bond up to the amount of €100 mil.

In October 2007, an €80 mil. debenture bond was signed; organizers were «PIRAEUS BANK» and «ALPHA BANK» and other participants were «BLACK SEA TRADE AND DEVELOPMENT BANK», «EFG EUROBANK ERGASIAS» and «EMPORIKI BANK»; the bond has a seven year period, with a Euribor (6-month) +1,25% (annually) floating interest rate, used to refinance Company’s total debt and to optimize working capital management. The debenture bond is ordinary, without trading or conversion rights by the bondholders. It is payable until October 2014. Repayment will be made in twelve (12) semiannual installments, of €5 mil. each. First installment will be paid twelve (12) months after the bond withdrawal (October 2007) and an installment of €20 mil. will be paid to the maturity of the Bond (October 2014).

The conditions of the loans mentioned above predict denunciation cases which include, among others, overdue payments, non compliance with the general and financial assurances provided, provision of information that includes significant errors and omissions, particular insolvency incidents, termination of business activity, reduction in the share capital of the issuer, state of ownership of the issuer and existence of incidents which substantially affect the financial position of the Company and the Group.

Additionally, the loan conditions include debt covenants, which embody conditions of certain financial ratios maintenance, like working capital ratio, net debt to EBITDA, total debt to equity, EBITDA to total net financial expenditure, EBITDA to total debit interest in addition to the amount of equity capital in certain levels. Moreover, the Parent Company has provided certain assurances which mostly regard its compliance with laws and regulations, asset disposal or sale and lease back agreements, the sufficient insurance of its tangible assets, no pledges clauses, no trading clauses, or the advertisement or by any other means promotion of the bond disposal at the public and the maintenance of the nature of business activity.

It should be noted that during 2007, Parent Company settled its outstanding balance of €13.3 mil. to Black Sea Trade & Development Bank (BSTDB) and the outstanding balance of €35,8 mil. of the debenture Bond to Piraeus Bank.

The average interest rate of the Groups' long term debt on 31st December 2007, was 5,40% (31.12.2006: 4,80%). The Group and Company, on the 31.12.2007, have no unused available credit limits for long term loans.

The total interest expense, of long term debt for the years ended on 31st December 2007 and 2006, amounted to € 6,1 mil. and € 5,8 mil. respectively for the Group and € 5,4 mil. and € 4,9 mil. respectively for the Company and it is included in finance expenses of the accompanying Income Statements (Note 5g).

## 21. Provisions for staff leaving indemnities

Related provisions are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Provisions for staff leaving indemnities (Parent Company and the domestic subsidiaries) | 1.139.297 | 899.025 | 867.902 | 719.655 |
| Provision for staff leaving indemnities (Foreign subsidiaries) | 298.710 | 298.483 | - | - |
| **Total** | **1.438.007** | **1.197.508** | **867.902** | **719.655** |

Greek labor legislation requires that the payment of retirement and termination indemnities be based on the number of years of service to the Company by the employees and taking into consideration their final remuneration. In cases where the employee works in the Company until retirement, indemnity is calculated to 40% of the amount he/she would receive in case of termination/dismissal the same day.

Liabilities for personnel indemnities were based on an actuarial valuation by an independent firm of actuaries for Parent Company and the domestic subsidiaries.

Following tables show relative movements of the provisions accounts for personnel indemnities as appeared in the Balance Sheet for the fiscal year ended 31st December 2007 and 2006 and the net expense for the relative provision recorded in the Income Statement.

The movement of provisions for the Group (Parent Company & and the domestic subsidiaries) and the Company are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Net liability in the Balance Sheet at the beginning of the year | 899.025 | 694.030 | 719.655 | 570.569 |
| Total expenses recognised in the Income Statement (Note 5h) | 357.703 | 319.070 | 239.130 | 224.107 |
| Benefits paid during the year | (117.431) | (114.075) | (90.883) | (75.021) |
| **Ending balance net liability** | **1.139.297** | **899.025** | **867.902** | **719.655** |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Present value of debt obligations | 1.376.360 | 1.164.622 | 952.788 | 889.787 |
| Unrecognized actuarial losses | (237.063) | (265.597) | (84.886) | (170.132) |
| **Net liability in the balance Sheet** | **1.139.297** | **899.025** | **867.902** | **719.655** |

Amounts recognised in the Group's and Company's Income Statement for personnel indemnities are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Service cost | 218.260 | 201.508 | 138.018 | 131.138 |
| Interest cost | 47.570 | 38.410 | 36.400 | 29.740 |
| Extra payments | 83.968 | 69.912 | 60.624 | 58.143 |
| Actuarial loss (recognized) | 7.905 | 9.240 | 4.088 | 5.086 |
| **Total** | **357.703** | **319.070** | **239.130** | **224.107** |

Extra payments recognized are related to benefits paid to dismissed employees. Most of the amounts paid were not expected under the benefits plan and as a consequence, the additional payments in excess of the relative reserves were treated as additional retirement charge.

The main actuarial assumptions used to calculate the relative personnel indemnities provisions due to retirement for Parent Company & and the domestic subsidiaries, are analyzed as follows:

**THE GROUP**

| | **2007** | **2006** |
|---|---|---|
| Discount rate | 4,80% | 4,10% |
| Rate of compensation increase | 4% | 4% |
| Inflation cost | 2,5% | 2,5% |
| Average future working life | 18,15 | 18,23 |

**THE COMPANY**

| | **2007** | **2006** |
|---|---|---|
| Discount rate | 4,80% | 4,10% |
| Rate of compensation increase | 4% | 4% |
| Inflation cost | 2,5% | 2,5% |
| Average future working life | 17,96 | 18,18 |

For foreign subsidiaries, where local Labor Law provides payments for retirement and termination indemnities, provision was not actuarially calculated, but according to local Labor Law of each country (Bulgaria, Serbia, Bosnia).

The movement of provisions is analyzed as follows:

| | 31.12.07 | 31.12.06 |
|---|---|---|
| Net obligation at the beginning of the year | 298.483 | 261.108 |
| Amounts recognised in the Income Statement (Note 5h) | 3.204 | 27.495 |
| Exchange differences | (407) | 10.337 |
| Benefits paid during the year | (2.570) | (457) |
| **Net obligation at the year end** | **298.710** | **298.483** |

## 22. Government grants

Parent company and its subsidiaries in Greece receive subsidies for tangible assets' investments. Long–term liabilities include the government grants related to tangible assets' purchases/investments, treated as a deferred income; the later is recognized as income in the Income Statement, depreciated further under the fixed method, applying rates similar to those for tangible assets.

The movement of subsidies is analyzed as follows:

| | THE GROUP | THE COMPANY |
|---|---|---|
| **Balance at 1 January 2006** | **20.849.935** | **4.416.107** |
| Subsidies received | 4.530.980 | 671.300 |
| Subsidies receivables (Note 15) | 133.426 | 133.426 |
| Sale of subsidized tangible assets | (51.366) | - |
| Exchange differences | (13.805) | - |
| Income recognized in the Income Statement (Note 5) | (2.001.682) | (704.495) |
| **Balance at 31 December 2006** | **23.447.488** | **4.516.338** |
| Subsidies received | 5.605.200 | - |
| Sale of subsidized tangible assets | (17.615) | - |
| Exchange differences | 6.136 | - |
| Income recognized in the Income Statement (Note 5) | (1.743.418) | (327.037) |
| **Balance at 31 December 2007** | **27.297.791** | **4.189.301** |

## 23. Other long-term liabilities

Group's and Company's other long-term liabilities are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **1.12.07** | **1.12.06** | **1.12.07** | **31.12.06** |
| Long-term liability from purchase of land | - | 8.847 | - | - |
| Long-term liabilities from purchase of vehicles | 108.057 | - | - | - |
| Tax audit installments | - | 41.029 | - | - |
| Other long-term liabilities | - | 74.625 | - | - |
| **Total** | **108.057** | **124.501** | **-** | **-** |

## 24. Trade payables

Group's and Company's trade payables are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Trade creditors except from subsidiaries) | 47.412.404 | 33.028.997 | 34.348.443 | 21.354.143 |
| Post dated cheques payable | 9.065.432 | 8.782.728 | 4.497.617 | 5.366.756 |
| Liabilities to subsidiaries (Note 29) | - | - | 4.100.742 | 17.669.301 |
| **Total** | **56.477.836** | **41.811.725** | **42.946.802** | **44.390.200** |

Trade payables are not interest bearing accounts and they are usually settled within 30-120 days for the Group and Company.

## 25. Other short-term liabilities and accrued expenses

Group's and Company's other short-term liabilities are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Social securities payables | 1.686.689 | 1.349.197 | 770.876 | 647.382 |
| Withheld taxes payable | 1.521.636 | 1.157.166 | 146.729 | 135.555 |
| Trade receivables' advances | 962.467 | 1.239.045 | 357.145 | 727.603 |
| Trade receivables' advances (subsidiaries – Note 29) | - | - | - | 75.383 |
| Accrued payroll expenses | 1.255.214 | 1.053.150 | 609.583 | 546.788 |
| Accrued expenses | 2.532.684 | 1.560.235 | 1.980.437 | 1.001.792 |
| Purchases not invoiced yet | - | 2.219.742 | - | 2.219.742 |
| Other creditors | 717.908 | 829.551 | 20.949 | 20.564 |
| **Total** | **8.676.598** | **9.408.086** | **3.885.719** | **5.374.809** |

## 26. Derivatives financial instruments

### Liability for purchase foreign exchange

The Company has signed forward agreements to buy USD. As at 31.12.2007, total amount according to the forward contracts reached € 117.071 (USD 158.358) with expiration date January and February 2008.

All contracts are priced at market values and the result (loss), amounting to € 9.497 was recognized in the Currency exchange gains/(losses), in the Income Statement.

## 27. Short-term debt

Short-term debt is used exclusively for working capital needs. Carrying values approximate open balances due to floating interest rates and short-term expiration. Group and Company as at 31.12.2007, have not used available credit limits of approximately € 67,2 mil. (31.12.2006: € 27,2 mil.) and approximately € 52,6 mil. (31.12.2006: € 20,4 mil.) respectively.

A mortgage is signed on a land plot of an foreign subsidiary (Bosnia), amounted to approximately € 898 thousand, to serve as a guarantee for a short-term loan, with credit limit approximately € 409 thousand, whose open balance on 31st December 2007 was approximately € 42 thousand. There are no other pledges on Group's short-term debt.

The average interest rate on short-term debt on 31st December 2007 was 5,50 % (31.12.2006: 4,85%). Total interest expenses for short-term debt on 31st December 2007 and 2006, amounted to approximately € 4,4 mil. and € 3 mil. for the Group and approximately € 2,5 mil. and € 1,4 mil. for the Company; they are included in the Finance expenses in the accompanying Income Statement (Note 5g).

Group's short-term debt per currency is analyzed as follows:

| Currency | 31.12.07 | 31.12.06 |
|---|---|---|
| Euro | 52.907.510 | 55.809.225 |
| Romanian Ron | - | 37.711 |
| Bulgarian Leva | 1.697.501 | 1.822.371 |

| | | |
|---|---|---|
| Other | 41.926 | - |
| **Total** | **54.646.937** | **57.669.307** |

Parent Company's short-term debt is expressed in euro.

## 28. Income tax payable

Group's and Company's income tax payable are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.07** | **31.12.06** | **31.12.07** | **31.12.06** |
| Income tax | 2.107.866 | 1.877.799 | - | - |
| Payments of taxes | (913.582) | (850.753) | - | - |
| Provisions for unaudited fiscal years | 958.000 | 723.000 | 550.000 | 440.000 |
| Tax from reserves N. 3220/2004 | - | 151.309 | - | 44.929 |
| **Total** | **2.152.284** | **1.901.355** | **550.000** | **484.929** |

The movement of provisions for unaudited fiscal years is analyzed as follows:

| | THE GROUP | THE COMPANY |
|---|---|---|
| **Open balance 1st January 2006** | **578.000** | **330.000** |
| Additional provision in year (Note 6) | 235.000 | 110.000 |
| Utilized provision | (90.000) | - |
| **Ending balance 31st December 2006** | **723.000** | **440.000** |
| Additional provision in year (Note 6) | 235.000 | 110.000 |
| Utilized provision | - | - |
| **Ending balance 31st December 2006** | **958.000** | **550.000** |

## 29. Related party transactions

From the consolidated Income Statement, income, costs and expenses from transactions between Company and its subsidiaries have been eliminated. Those transactions relate to sales and purchases of products, services and tangible assets during the normal activity of the companies. Total purchases and sales between Company and its subsidiaries, open balances due and other transactions eliminated as at 31st December 2007 and 2006 are analyzed as follows (in thousand euros):

| **31st December 2007** | *Sales to related parties* | *Purchases from related parties* | *Expenses to related parties* | *Sales – (Purchases) tangibles & intangibles with related parties* | *Income from related parties* | *Receivables from related parties* | *Payables to related parties* |
|---|---|---|---|---|---|---|---|
| **Subsidiary** | | | | | | | |
| ALUKOM S.A. | 13.890 | 2.892 | - | - | 4 | 2.284 | - |
| ALUNEF S.A.. | 19.240 | 23.687 | 327 | - | 39 | 1.322 | 531 |
| ALUSYS S.A. | 1.968 | 1 | - | - | 40 | 1.505 | - |
| ALUFYL S.A. | 4.970 | 6.271 | 2.645 | - | 1 | 9.320 | - |
| G.A. PLASTICS S.A. | 87 | 339 | 145 | - | 98 | - | 163 |
| METRONAUTOMATIONS S.A. | 998 | 1.179 | - | (123) | 4 | 727 | - |
| ALUMIL EGYPT ALUMINIUM | 157 | - | - | - | - | 314 | - |
| ALUMIL ALBANIA | 10.607 | 537 | - | 69 | - | 10.710 | - |
| ALUMIL BULGARIA | 6.810 | 145 | - | 97 | - | 6.138 | - |
| ALUMIL VARNA | 1.696 | - | - | - | - | 1.828 | - |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| ALUMIL FRANCE SAS | - | - | 166 | - | - | - | - |
| ALUMIL DEUTZ | 933 | 420 | 63 | - | 59 | 6.679 | - |
| ALUMIL ITALY SRL | - | - | - | - | - | 3.496 | 1.502 |
| ALUMIL CY LTD | 3.501 | 205 | - | - | - | 4.239 | 213 |
| ALUMIL HUNGARY K.F.T. | 848 | 106 | - | - | - | 1.053 | 318 |
| ALUMIL UKRANIA | 2.897 | 69 | - | - | - | 4.409 | - |
| ALUMIL POLSKA S.R.L. | 3.212 | 51 | - | - | - | 1.714 | 62 |
| ALUMIL EXTRUSION | - | 256 | - | - | - | - | 784 |
| ALUMIL ROM INDUSTRY SA | 15.320 | 620 | - | - | - | 5.415 | 346 |
| ALUMIL YU INDUSTRY | 10.951 | 14 | - | 888 | - | 5.413 | - |
| ALPRO VLASENICA | 2.928 | 562 | - | - | - | 3.608 | - |
| ALUMIL SRB | 3.069 | 84 | 180 | - | - | 1.014 | 182 |
| ALUMIL MONTENEGRO | 730 | - | - | - | - | 207 | - |
| ALUMIL COATING S.R.B | 490 | - | - | - | - | 277 | - |
| ALUMIL SKOPJE | 623 | - | - | - | 4 | 1.009 | - |
| ALUMIL GULF | 638 | - | - | 50 | - | 709 | - |
| ***Total*** | **106.563** | **37.438** | **3.526** | **981** | **249** | **73.390** | **4.101** |

| **31st December 2006** | ***Sales to related parties*** | ***Purchases from related parties*** | ***Expenses to related parties*** | ***Sales of tangibles to related parties*** | ***Purchases from related parties*** | ***Receivables from related parties*** | ***Payables to related parties*** |
|---|---|---|---|---|---|---|---|
| **Subsidiary** | 5.813 | 5.290 | - | - | - | 1.148 | 1.516 |
| ALUKOM S.A. | 10.392 | 15.668 | 20 | - | 21 | 13.475 | 12.559 |
| ALUNEF S.A.. | 1.756 | 52 | - | - | - | 1.703 | - |
| ALUSYS S.A. | 2.104 | 3.163 | 2.142 | - | - | 8.580 | - |
| ALUFYL S.A. | 223 | 564 | - | - | - | 1.105 | 75 |
| G.A. PLASTICS S.A. | 735 | 1.115 | 9 | - | - | 696 | - |
| ALUMIL EGYPT ALUMINIUM | 134 | - | - | - | - | 592 | 25 |
| ALUMIL ALBANIA | 9.019 | 2.048 | - | 231 | - | 10.183 | - |
| ALUMIL BULGARIA | 2.538 | 251 | - | - | - | 3.052 | 354 |
| ALUMIL VARNA | 1.477 | - | - | - | - | 1.335 | - |
| ALUMIL FRANCE SAS | - | - | 160 | - | - | - | - |
| ALUMIL DEUTZ | 574 | 245 | 384 | - | - | 3.354 | 263 |
| ALUMIL ITALY SRL | 43 | 245 | - | - | - | 3.497 | 1.502 |
| ALUMIL CY LTD | 2.223 | - | - | - | - | 3.717 | - |
| ALUMIL HUNGARY K.F.T. | 795 | - | - | - | - | 897 | 212 |
| ALUMIL UKRANIA | 2.295 | - | - | - | - | 1.956 | - |
| ALUMIL POLSKA | 3.034 | - | - | - | - | 1.595 | - |
| ALUMIL EXTRUSION | - | 163 | - | - | - | - | 528 |
| ALUMIL ROM INSUSTRY SA | 15.718 | 698 | - | - | - | 7.378 | 698 |
| ALUMIL YU INDUSTRY | 6.075 | 39 | 281 | 86 | - | 2.923 | 13 |
| ALPRO VLASENICA | 874 | 1.096 | - | - | - | 566 | - |
| ALUMIL SRB | 2.200 | - | - | - | - | 1.396 | - |
| ALUMIL MONTENEGRO | 373 | - | - | - | - | 120 | - |
| ALUMIL COATING S.R.B | 374 | - | - | - | - | 885 | - |
| ALUMIL SKOPJE | 397 | - | - | - | - | 519 | - |
| ***Total*** | **69.166** | **30.637** | **2.996** | **317** | **21** | **70.671** | **17.745** |

For consolidation purposes as at 31st December 2007, transactions among subsidiaries have been eliminated amounting to approximately € 18.067 thousand (31.12.2006: € 13.627 thousand), receivables – payables of approximately € 13.515 thousand (31.12.2006: € 8.285 thousand) and income-expenses of approximately € 398 thousand.

Open balances at the end of the year are not secured and settled in cash. No guarantees are signed for the these receivables. For the year ended in 31st December 2007, Parent Company has recorded accumulated provision for doubtful debts of approximately € 5.571 thousand (31.12.2006: € 5.078 thousand), related to amounts due from subsidiaries with negative Shareholders' Equity.

It is noted that there are no special agreements between the Company and its subsidiaries and all related transactions are settled under the usual terms, within the framework and the particularities of each market.

The Group has realized since the beginning of the fiscal year sales towards «INTEPNO S.A.», in which Parent Company holds 6,34% and it is under its indirect control. Sales reach approximately € 1 mil. a (31.12.2006: € 734 thousand), purchases of approximately € 246 thousand (31.12.2006: € 229 thousand), while receivables reach approximately € 2,8 mil. (31.12.2006: € 3,2 mil.) and payables reach approximately € 159 thousand (31.12.2006: € 58 thousand). Additionally, Parent Company signed guarantees reaching approximately € 2,4 mil. (31.12.2006: € 940 thousand) to secure bank obligations.

The Group has a receivable from «ALUFONT S.A.», in which parent company holds 19%, reaching approximately € 255,7 thousand, related to advances for share capital increase to be realized within 2008 (Note 15). Additionally, Parent Company signed guarantees reaching approximately € 6 mil. to secure bank obligations.

There is no parent company - under a legal entity form – participating in ALUMIL MILONAS S.A., as the majority of the share capital (69,93% of common ordinary shares as at 31st December 2007) belongs to Mr. George Milonas (48,37%) and Mrs. Evangelia Milona (21,56%) and there are no other major shareholders holding significant part of the Company's share capital.

***<u>Board of Director Remuneration</u>***

During the fiscal year ended in 31st December 2007, 2 executive Members of the Parent Company's Board of Directors received gross salaries of approximately € 64,4 thousand (31.12.2006: € 63,9 thousand) for services rendered due to salaried relationship with the Company and gross payments of € 6 thousand to a non-executive Member, exclusively for his participation in the ordinary Board Meetings (31.12.2006: € 6 thousand).

Additionally, 3 Members of Parent Company's Board of Directors received remunerations of € 280 thousand from the earnings' distribution of the preceding fiscal year (31.12.2006: € 200 thousand), approved by the Ordinary General Shareholders' Assembly; Board Members of subsidiary «ALUKOM S.A.» received remunerations of € 108 thousand (31.12.2006: € 108 thousand) from the earnings' distribution of the preceding fiscal year (Note 5e).

The Group and the Company paid to managers salaries and bonus amounting to approximately € 772,8 thousand (31.12.2006: € 698,7 thousand) and approximately € 253,7 thousand (31.12.2006: € 206,8 thousand).

Finally, in the recorded provision for staff leaving indemnities for the Group and the Company, approximately € 56,1 thousand (31.12.2006: € 53,3 thousand) and approximately € 51,2 thousand (31.12.2006: € 49,5 thousand) correspondingly is included, related to ALUMIL's Executive Board Members and Group managers respectively.

## 30. Targets and policies for financial risk mmanagement program

### Financial risk factors

The Group is exposed to several financial risks, such as market risk (currency exchange rate fluctuation, interest rates, and market prices), credit risk and liquidity risk. The Group's complete Risk Management program aims at minimizing the negative effects these risks may have on the Group's financial efficiency.

Risk management is carried out by a central Financial Management department (Group's Financial Management department) that provides financial advisory services to the Group's different companies, coordinates access to financial markets at home and abroad, and manages the financial risks the Groups gets exposed to. This includes recognition and evaluation of financial risk and, if needed, hedging against financial risk. The Financial Management department doesn't perform profit-oriented trading, nor does trading that is not related to the Group's commercial, investing or borrowing activities.

The Balance Sheet's financial assets and liabilities include cash and cash equivalents, accounts receivable, investments in affiliates and associates, available-for-sale financial assets, as well as short- and long-term liabilities. There is no difference between the market values and the respective accounting values of the financial elements in both Assets and Liabilities.

The Group and the Company don't use financial derivatives for hedging risk. The Group and the Company don't use investment tools that could potentially expose them to the risk of exchange and interest rate fluctuation.

**Currency exchange rate risk**

The Group is active on international level and realizes transactions in foreign currency. Hence, it is exposed to exchange rate fluctuations. This exposure mainly relates to commercial transactions in foreign currencies, regarding imports or exports of goods and services, and from investments in countries whose net position is exposed to currency risk during conversion of their financial statements for consolidation purposes. The risk of carrying out transactions in foreign currency is dealt with according to approved directions, by subsidizing the product sale in a foreign currency with the raw material purchase in the same currency, and by using a limited amount of currency forward contracts.

The following table shows the changes of Income before Taxation and Shareholders' Equity, as a result of possible changes in exchange rate of Romanian Lei (RON), Serbian Dinar (RSD), Egyptian Pound (EGP), Albanian Lek (LEK) and of remaining currencies which include the Bulgarian Lev (BGN), FYROM Denar (MKD), Turkish Pound (TRY), Hungarian Forint (HUF), Polish Zloty (PLN), Moldavian Lei (MDL), United Arab Emirates Dirhams (AED), Ukranian Hryvna (UAN) and Cyprus Pound (CYP) keeping all other variables stable:

**Sensitivity analysis to exchange rate fluctuation:**

| (Amounts in thousands €) | Foreign Currency | Increase/Decrease against € | Effect on Income before Taxation | Effect on Shareholders' Equity |
|---|---|---|---|---|
| **Amounts of FY 2007** | RON | 5% | 229 | 902 |
| | | -5% | -229 | -902 |
| | RSD | 5% | 188 | 891 |
| | | -5% | -188 | -891 |
| | EGP | 5% | 3 | 104 |
| | | -5% | -3 | -104 |
| | LEK | 5% | 31 | 195 |
| | | -5% | -31 | -195 |
| | OTHER | 5% | -4 | 116 |
| | | -5% | 4 | -116 |
| **Amounts of FY 2006** | RON | 5% | 196 | 532 |
| | | -5% | -196 | -532 |
| | RSD | 5% | 162 | 735 |
| | | -5% | -162 | -735 |
| | EGP | 5% | 18 | 110 |
| | | -5% | -18 | -110 |
| | LEK | 5% | 7 | 166 |
| | | -5% | -7 | -166 |
| | OTHER | 5% | 50 | 163 |
| | | -5% | -50 | -163 |

Note: The calculation of "Effect on Income before Taxation" is based on the fluctuation of the year's average exchange rate whereas the calculation of "Effects on Shareholders' Equity" is based on the fluctuation of the exchange rates at the Balance Sheet date.

## Interest rate risk

The Group's Operational Profit and Cash Flow are not greatly influenced by the fluctuation of the interest rates. The interest rate risk exposure for liabilities and investments is reviewed on a budgetary basis. The Group's policy is to closely review the interest rate trends and the Group's financing needs.

The Group finances its investments and its working capital needs with bank loans and bonds, thus affecting its results with the respective interest. Increasing trends in interest rates (change of the borrowing basis rates (EURIBOR)) will have a negative effect on the results, since the Group will be charged a higher cost of debt.

All short-term loans have been agreed upon with a floating interest rate. The renewal of the short-term loan interest rates counts for periods of 1-3 months and that of the long-term loan counts for a period of 3-6 months. This gives the Group the possibility to partially avoid the risk of big interest rate fluctuation.

The following Table shows the changes in the Group's Income before taxation (through the effects that the balance of loans with floating rates has on Profits, at the end of the fiscal year) for potential changes of interest rates, holding all other variables stable:

**Sensitivity analysis of the Group's loans to interest rate fluctuation**

| (Amounts in thousands €) | Foreign Currency | Increase/Decrease against € | Effect on Income before Taxation |
|---|---|---|---|
| **Amounts of FY 2007** | EUR | 1% | 1.892 |
| | | -1% | -1.892 |
| | BGN | 1% | 26 |
| | | -1% | -26 |
| | LEK | 1% | 23 |
| | | -1% | -23 |
| **Amounts of FY 2006** | EUR | 1% | 1.776 |
| | | -1% | -1.776 |
| | BGN | 1% | 25 |
| | | -1% | -25 |
| | LEK | 1% | 27 |
| | | -1% | -27 |

**Sensitivity analysis of the Company's loans to interest rate fluctuation**

| (Amounts in thousands €) | Foreign Currency | Increase/Decrease against € | Effect on Income before Taxation |
|---|---|---|---|
| **Amounts of FY 2007** | EUR | 1% | 1.461 |
| | | -1% | -1.461 |
| **Amounts of FY 2006** | EUR | 1% | 1.309 |
| | | -1% | -1.309 |

Note: The Table above doesn't include the positive effect of the deposit rate because the amounts are considered to be of minor magnitude.

### Credit risk

The Group doesn't have a significant concentration of credit risk against other parties because of the wide range of its clientele. The credit risk exposure is being reviewed and evaluated on a constant basis.

A special computer-based application checks the size of credit and the credit limits of the customers which are set out based on regular evaluations and always in accordance with the limits defined by the management. For special credit risks there are provisions for doubtful debts. At the end of the year the management assumed that there is no significant credit risk not covered already by some warranty or a bad debt provision.

Furthermore as far as deposit products are concerned the Group only does business with recognized financial institutions of high credit-receiving grade.

### Liquidity risk

The prudent liquidity management is achieved through the appropriate combination of available cash and approved bank credit.

The Group manages potential risks that may occur from lack of sufficient liquidity by catering for the existence of guaranteed bank credits.

The current available unused approved bank credits to the Group are sufficient to successfully cope with any potential lack of cash.

The following table summarizes the dates of expiration for the financial liabilities of December 31st 2007 and 2006 respectively, based on the payments projected by the relevant contracts and agreements, at non-predetermined prices:

**GROUP**

| **Amounts of FY 2007** (amounts in thousands €) | **Less than 4 months** | **4 to 12 months** | **1 to 2 years** | **2 to 5 years** | **> 5 years** | **Total** |
|---|---|---|---|---|---|---|
| Trade payables | 55.548 | 930 | - | - | - | **56.478** |
| Other short-term liabilities & accrued expenses | 8.620 | 57 | - | - | - | **8.677** |
| Derivative financial instruments | 9 | - | - | - | - | **9** |
| Debt | 19.773 | 52.204 | 19.871 | 43.665 | 34.982 | **170.495** |
| Other long-term liabilities | - | - | 40 | 49 | 20 | **108** |
| | **83.950** | **53.191** | **19.911** | **43.714** | **35.002** | **235.767** |

| **Amounts of FY 2006** (amounts in thousands €) | **Less than 4 months** | **4 to 12 months** | **1 to 2 years** | **2 to 5 years** | **> 5 years** | **Total** |
|---|---|---|---|---|---|---|
| Trade payables | 41.638 | 174 | - | - | - | **41.812** |
| Other short-term liabilities & accrued expenses | 9.306 | 102 | - | - | - | **9.408** |
| Debt | 15.851 | 70.996 | 25.257 | 53.064 | - | **165.167** |
| Other long-term liabilities | - | - | 125 | - | - | **125** |
| | **66.795** | **71.272** | **25.382** | **53.064** | **-** | **216.512** |

**COMPANY**

| **Amounts of FY 2007** (amounts in thousands €) | **Less than 4 months** | **4 to 12 months** | **1 to 2 years** | **2 to 5 years** | **> 5 years** | **Total** |
|---|---|---|---|---|---|---|
| Trade payables | 41.143 | 1.804 | - | - | - | **42.947** |
| Other short-term liabilities & accrued expenses | 3.865 | 21 | - | - | - | **3.886** |
| Derivative financial instruments | 9 | - | - | - | - | **9** |
| Debt | 16.959 | 23.554 | 16.635 | 40.720 | 34.859 | **132.725** |
| | **61.976** | **25.378** | **16.635** | **40.720** | **34.859** | **179.567** |

| **Amounts of FY 2006** (amounts in thousands €) | **Less than 4 months** | **4 to 12 months** | **1 to 2 years** | **2 to 5 years** | **> 5 years** | **Total** |
|---|---|---|---|---|---|---|
| Trade payables | 42.544 | 1.846 | - | - | - | **44.390** |
| Other short-term liabilities & accrued expenses | 5.356 | 19 | - | - | - | **5.375** |
| Debt | 10.387 | 41.173 | 21.303 | 48.661 | - | **121.524** |
| | **58.287** | **43.038** | **21.303** | **48.661** | **-** | **171.289** |

### Risk of raw material price fluctuation (aluminum)

The Group is exposed to the fluctuations of raw material (aluminum) and merchandise (industrial aluminium profile) market prices. For all contracts with clients on a yearly basis there is always a corresponding contract of raw material purchase. For sales made on demand and not on specific contracts, the protection is provided by the increase of selling price.

### Capital management

The Group's basic target of capital management is to maintain its high credit-receiving grade and its healthy capital ratios, so that the Group's activities are supported and extended, and its share value is maximized.

The General Assembly is trying to maintain a balance between higher returns, achievable with higher levels of loans, and the advantages and security a powerful and healthy capital position can guarantee.

The Group doesn't have a specific plan for own shares purchase.

There have been no changes in the approach adopted by the Group for capital management during current fiscal year.

The Group and the Company control the sufficiency of own equity by using the Net Debt to Operational Profits ratio, and the Loans to Shareholders' Equity ratio. Net Debt includes interest-bearing loans minus cash and cash equivalent.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2007** | **2006** | **2007** | **2006** |
| Long-term debt | 98.518.354 | 78.321.102 | 92.212.787 | 69.963.469 |
| Short-term debt | 71.976.302 | 86.846.230 | 40.512.465 | 51.560.442 |
| **Loans** | **170.494.656** | **165.167.332** | **132.725.252** | **121.523.911** |
| Minus: Cash and cash equivalent | (16.079.368) | (9.236.281) | (2.800.787) | (2.497.325) |
| **Net debt** | **154.415.288** | **155.931.051** | **129.924.465** | **119.026.586** |
| **EBITDA** | **42.898.739** | **39.509.313** | **17.498.244** | **17.756.567** |
| **Net Debt/EBITDA** | **3,60** | **3,95** | **7,43** | **6,70** |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2007** | **2006** | **2007** | **2006** |
| Long-term debt | 98.518.354 | 78.321.102 | 92.212.787 | 69.963.469 |
| Short-term debt | 71.976.302 | 86.846.230 | 40.512.465 | 51.560.442 |
| **Loans** | **170.494.656** | **165.167.332** | **132.725.252** | **121.523.911** |
| **Shareholders' Equity** | **147.281.261** | **131.298.585** | **101.940.441** | **8.753.656** |
| **Debt/ Shareholders' Equity** | **1,16** | **1,26** | **1,30** | **1,23** |

## 31. Financial instruments

Below a comparison of the accounting and market values of the Group's and the Company's financial products is presented by category, as they appear on the financial statements:

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Accounting Value | | Market Value | | Accounting Value | | Market Value | |
| **(Amounts in thusands €)** | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** |
| ***Fiancial Assets*** | | | | | | | | |
| **Investments in subsidiaries** | - | - | - | - | 40.397 | 37.563 | 40.397 | 37.563 |
| **Available for sale financial assets** | 294 | - | 294 | - | 294 | - | 294 | - |
| **Long-term receivables** | 929 | 725 | 929 | 725 | 3.559 | 448 | 3.559 | 448 |
| **Trade receivables** | 101.175 | 98.382 | 101.175 | 98.382 | 120.169 | 116.792 | 120.169 | 116.792 |
| **Other receivables & prepayments** | 9.801 | 11.492 | 9.801 | 11.492 | 4.442 | 12.364 | 4.442 | 12.364 |
| **Cash and cash equivalent** | 16.079 | 9.236 | 16.079 | 9.236 | 2.801 | 2.497 | 2.801 | 2.497 |
| | | | | | | | | |
| ***Financial Liabilities*** | | | | | | | | |
| **Long-term debt** | 98.518 | 78.321 | 98.518 | 78.321 | 92.213 | 69.963 | 92.213 | 69.963 |
| **Short-term bank debt** | 71.976 | 86.846 | 71.976 | 86.846 | 40.512 | 51.560 | 40.512 | 51.560 |
| **Other long-term liabilities** | 108 | 125 | 108 | 125 | - | - | - | - |
| **Trade payables** | 56.478 | 41.812 | 56.478 | 41.812 | 42.947 | 44.390 | 42.947 | 44.390 |
| **Other short-term liabilities and accrued expenses** | 8.677 | 9.408 | 8.677 | 9.408 | 3.886 | 5.375 | 3.886 | 5.375 |
| **Derivatives financial instruments** | 9 | - | 9 | - | 9 | - | 9 | - |

## 32. Commitments and contingent liabilities

### a. Pending trials – Judiciary Cases

The Group is involved in several judiciary cases (as both the defendant and the accused party) and mediation procedures as part of its regular operation. The Management along with their legal advisors estimate that there are no significant pending trials or differences under mediation with judicial or administrative bodies, that will significantly affect the Group's or the Company's financial position or results.

### b. Letter of warranty – Other guarantees

The Group and the Company have issued letters of warranty for third parties, which amounted to approximately € 10,3 mil. (31.12.2006: approximately € 13,4 mil.) and approximately € 5,1 mil. (31.12.2006: approximately 6,8 mil.) respectively.

Furthermore the Mother Company has issued letters of warranty of fulfilment for several subsidiaries' obligations to third parties for the amount of 3,2 million Euros (31.12.2006: 4,9 million Euros) and has provided guarantees to banks for subsidiaries and other affiliated companies towards bank liabilities totalling 87,2 Euros (31.12.2006: estimated 62,8 Euros).

**c. Liabilities from Operational Leases**

On December 31st 2007, the Group and the Company had several operational leases effective regarding the lease of motor vehicles, which expire on several dates until June and October 2012 respectively.

Those lease expenses are included in the attached Income Statement for fiscal year ended on December 31st 2007, and amounted to 444.623 Euros for the Group (31.12.2006: 325.368 Euros) and to 349.054 Euros for the Company (31.12.2006: 254.458 Euros).

The minimum future payable leases, based on non-cancelable operational lease contracts on December 31st 2007 and 2006 for the Group and the Company, are as follows:

**THE GROUP**

| | 31.12.07 | 31.12.06 |
|---|---|---|
| Payable | | |
| Within 1 year | 397.335 | 272.309 |
| Between 1 and 5 years | 654.673 | 364.063 |
| | **1.052.008** | **636.372** |

**THE COMPANY**

| | 31.12.07 | 31.12.06 |
|---|---|---|
| Payable | | |
| Within 1 year | 297.073 | 194.519 |
| Between 1 and 5 years | 462.176 | 230.923 |
| | **759.249** | **425.442** |

Furthermore the Group (one foreign subsidiary) had 2 operating lease agreements that concerned the lease of buildings and expire on February 2011.

The lease expenses are included in the attached Income Statement of the fiscal year ended December 31st 2007 and amounted to 114.310 Euros (31.12.2006: 105.927 Euros).

Future total payable leases according to operational leases on December 31st 2007 and 2006 are as follows:

| | 31.12.07 | 31.12.06 |
|---|---|---|
| Payable | | |
| Within 1 year | 106.326 | 129.311 |
| Between 1 and 5 years | 191.588 | 517.245 |
| | **297.914** | **646.556** |

**d. Commitments for capital expenditures**

On December 31st 2007 the Mother Company had no commitments for capital expenditure.

During fiscal year 2007, a foreign subsidiary (ALUMIL SRB D.O.O.) signed a contract regarding the construction of a new storage space and office building in Serbia, which is expected to be completed in the following year. The total cost of the investment amounts to € 536 thousand, of which an amount of € 301 thousand had already been paid during the year ended December 31st 2007.

## e. Unaudited fiscal years

Alumil S.A has been audited by Tax Authorities until fiscal year ending on December 31st 2002 and hence its tax liabilities for unaudited fiscal years have not been considered finalized.

With regard to subsidiaries, their books have not been audited by Tax Authorities for the fiscal years analyzed as follows:

| A/A | Company Name | Unaudited fiscal years |
|---|---|---|
| 1. | ALUKOM S.A. | 2005 – 2007 |
| 2. | ALUNEF S.A. | 2005 – 2007 |
| 3. | ALUSYS S.A. | 2004 – 2007 |
| 4. | ALUFYL S.A. | Since incorporation (2001) |
| 5. | METRON AUTOMATICS S.A. | 2003 – 2007 |
| 6. | G.A. PLASTICS S.A. | Since incorporation (2002) |
| 7. | ALUMIL EGYPT FOR ALUMINIUM | Since incorporation (2002) |
| 8. | ALUMIL EGYPT ACCESSORIES | Since incorporation (2000) |
| 9. | ALUMIL ALBANIA | 2006 – 2007 |
| 10. | ALUMIL BULGARIA | 2003 – 2007 |
| 11. | ALUMIL VARNA | 2004 – 2007 |
| 12. | ALUMIL FRANCE S.A.S. | Since incorporation (2005) |
| 13. | ALUMIL DEUTZ | 2004 – 2007 |
| 14. | ALUMIL ITALY SRL | Since incorporation (2001) |
| 15. | ALUMIL MILONAS CYPRUS | 2006 – 2007 |
| 16. | ALUMIL CY LTD | 2006 – 2007 |
| 17. | ALUMIL MOLDAVIA | 2007 |
| 18. | ALUMIL HUNGARY K.F.T. | 2004 – 2007 |
| 19. | ALUMIL UKRANIA | 2006 – 2007 |
| 20. | ALUMIL POLSKA S.R.L. | 2004 – 2007 |
| 21. | ALUMIL ROM INDUSTRY SA | 2004 – 2007 |
| 22. | ALUMIL YU INDUSTRY | Since incorporation (2001) |
| 23. | ALUMIL COATING S.R.B | Since incorporation (2003) |
| 24. | ALUMIL SRB | 2005 – 2007 |
| 25. | ALUMIL SKOPJE | Since incorporation (2000) |
| 26. | ALUMIL GULF | Since incorporation (2007) |

The Group’s companies are subjects to different income tax legislations. During regular flow of operations, there are many transactions and calculations taking place, for which the exact tax calculation is uncertain.

The Group has recorded a provision for possible future tax liabilities that will come from future audits by the Tax Authorities, for the fiscal years for which the Parent Company and some consolidated subsidiaries remain unaudited, although at present it is not possible to determine the exact amount of additional taxes and fines that may imposed as these depend on the findings of the tax audit. At the event that the final taxes arising after tax audits are different from the amounts that were originally provided, these differences will influence the income tax at the fiscal year when these differences were taken place.

## 33. Events after the date of the Balance Sheet

Following the decision of the General Shareholders' Assembly of 23.05.2007, through the Minutes of the Board of Directors of 27.02.2008, the issuance of an additional common bond for the amount of € 10 mil. with coverage from the National Bank of Greece was decided, as this lowers the financial expenses and facilitates the optimized movement of the Company's available capital. The bond will be common without the right of trading in organized markets in Greece, and without the right of conversion into shares.

There have been no further events after the date of the Financial Statements of December 31st 2007, concerning the Company or the Group that significantly influence the understanding of these Financial Statements, and that should be publicized or would differentiate the items of the published Financial Statements.

| President of the Board of Directors & Chief Executive Officer | Vice-President | Chief Financial Officer | Head of Accounting |
|---|---|---|---|
| George A. Milonas<br>ID# AB 717392 | Evaggelia Milona<br>ID# AB 689463 | Mavrikakis Spyridon<br>ID# AA 273119<br>Reg. # 7528 A'GRADE | Dimitrios N. Plakidis<br>ID# AE 873647<br>Reg. # 23809<br>A'GRADE |