Annual Financial Statements

In accordance with

The International Financial Reporting Standards (IFRS)

31 December 2006

Stomana Industry S.A.
1, Vladaisko Vastanie Str.
2304 Pernik, Bulgaria

CONTENTS

BUSINESS DESCRIPTION

Stomana Industry AD (the 'Company' or 'Stomana') is a joint stock company, incorporated in Bulgaria. The Company is a subsidiary of SIDENOR STEEL PRODUCTS MANUFACTURING COMPANY S.A., a company registered in Greece.

The Company's main activity is production and trade sale of steel products.

BUSINESS OVERVIEW

Stomana Industry AD is located in Pernik at the place of the first biggest steel factory in Bulgaria. The Company's main activity is production and trade sale of steel products.

Basic production capacities are as follows:

- **Sorting department** – its capacity covers the company's need of scrap sorting and preparing it for manufacturing.
- **Shreder installation** – for cutting and sorting of low quality metal scrap not manufactured. The device is with positive ecological effect.
- **Steelmaking Plant (Meltshop)** – it produces steel as a semi-finished product used by the rolling production and steel blooms for trade. The workshop is equipped with two processing Electric Arc Furnaces (EAF), two Ladle Furnaces, Bloom Caster, Slab Caster and additional equipment.
- **Flat Products Plant** – it produces iron structures.
- **Long products Plant** – it produces big size steel profiles for trade sale and semi-finished products for the Balls Plant.
- **Balls Plant** – it produces steel balls for the mining industry.

BUSINESS PURPOSES FOR 2007

A highly intensive investment programme is running at the moment, which main purpose is renovating of the equipment, adopting modern and contemporary technologies, increasing Company's production capacity and opening of new working positions.

During 2006 the creation of a new rolling shop for steel products is continuing. It is equipped with new rolling mill together with heating furnace with capacity of 120 tons per hour, with new high-technological electronically automation and up-to-date mechanical equipment. The new Long Products Plant will produce newly for the Company products – armature with diameter from 8 to 40 mm, small profiles, angles and special rounds. The Company Management is planning to diversify its products portfolio and to present it at new foreign markets among its competitors.

MANAGEMENT RESPONSIBILITIES

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the financial position of the company as at 31 December 2006 and its financial results, changes in cash flow statement and statement of changes in shareholder's equity in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and National Accounting Legislation.

During 2006 the Company operates again as a manufacturing one in the sphere of ferrous metals industry. The main income share is based on the sale of products and expenses are made mainly for raw materials. The Company possesses fixed assets from the following categories: land and buildings; vehicle and machinery, furniture, fittings and equipment and assets under construction. Intangible assets include software products.

Inventories are consisting of spare parts, raw materials, finished goods and products.

During 2006 there are no changes in shareholder's equity statement in comparison with 2005.

The financial result of the Company is the amount of BGN 70,469 (profit) after taxes. The taxable procedure is applied in accordance with the requirements of the domestic legislation.

There are no important events occurred after the date of preparing of the financial statement, which could reflect over the Company's result during 2007.

The Management does not plan any changes in the main activity of the Company in the near future.

The Company is managed by the Board of Directors consisting of five members.

………………...................	…………………………
Vladimir Nikolov	Sonia Mangeyna
Executive Director	Chief Accountant
26 March 2007	26 March 2007

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Independent auditor's report

To the Shareholders and Board of Directors of the Stomana Industry S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Stomana Industry S.A. which comprise the balance sheet as of 31 December 2006 and the income statement, statement of changes in equity and cash flow statement 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 Standards as adopted for use in the European Union. This responsibility includes: designing, implementing and maintaining internal control 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 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 internal control 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 control. 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 financial statements give a true and fair view of the financial position of the Company as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use in the European Union.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Directors' Report in accordance with the Accounting Act.

We are required by the Accounting Act to express an opinion whether the Directors' Report is consistent with the annual financial statements of the Company.

In our opinion, the Directors' Report set out on pages 1 to 3, is consistent with the accompanying financial statements of the Company as of 31 December 2006.

Irena Vakova	Jean- Pierre Vigroux
Certified auditor	PricewaterhouseCoopers Audit OOD
26 March 2007	
Sofia	

(all amounts in BGN thousands)	Note	As at 31 December 2006	2005
ASSETS			
Non-current assets			
Property, plant and equipment	5	343,546	311,443
Intangible assets	6	3	345
		343,549	**311,788**
Current assets			
Inventories	7	162,519	125,059
Trade and other receivables	8	102,121	58,389
Tax refundable		12,311	6,951
Available for sale financial assets		7,664	-
Cash and cash equivalents	9	2,860	5,773
		287,475	**196,172**
Total assets		**631,024**	**507,960**
Equity			
Share capital	10	63,319	63,319
Other reserves	10	6,332	2,665
Retained earnings	10	266,940	219,696
		336,591	**285,680**
LIABILITIES			
Non-current liabilities			
Borrowings	11	85,948	60,869
Deferred tax liabilities	12	21,592	31,953
Government grants	15	2,532	2,677
Retirement benefits obligations	13	1,638	1,648
		111,710	**97,147**
Current liabilities			
Trade and other payables	14	93,810	62,573
Borrowings	11	83,528	62,100
Current income tax payable		4,117	-
Provisions for legal proceedings liabilities	14	700	-
Unused leave payable		555	328
Other taxes payable		13	132
		182,723	**125,133**
Total liabilities		**294,433**	**222,280**
Total equity and liabilities		**631,024**	**507,960**

The Board of Directors has approved these financial statements set on pages 6-42 on 19 March 2007. The financial statements are signed on behalf of the Board of Directors by:

Vladimir Nikolov	Sonia Mangeyna
Executive Director	Chief Accountant
26 March 2007	26 March 2007

Initialled in accordance with audit opinion:
Irena Vakova
Certified auditor
26 March 2007

(all amounts in BGN thousands)	Note	Year ended 31 December 2006	2005
Sales	16	681,822	502,598
Cost of sales	17	(561,831)	(408,817)
Gross profit		**119,991**	**93,781**
Distribution costs	18	(32,439)	(24,149)
Administrative expenses	19	(13,979)	(11,089)
Other income	20	8,100	3,882
Other expenses	21	(5,587)	(6,211)
Operating profit		**76,086**	**56,214**
Finance cost- net	23	(6,036)	(3,326)
Profit before income tax		**70,050**	**52,888**
Income tax expense	24	419	(8,102)
Profit for the year		**70,469**	**44,786**

Vladimir Nikolov
Executive Director
26 March 2007

Sonia Mangeyna
Chief Accountant
26 March 2007

Initialled in accordance with audit opinion:

Irena Vakova
Certified auditor
26 March 2007

The accounting policies on pages 10 to 21 and the notes on pages 22 to 42 form an integral part of these financial statements.

(all amounts in BGN thousands)	Share capital	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2005	**63,319**	**5**	**200,176**	**263,500**
Dividends paid	-	-	(22,606)	**(22,606)**
Transfer of reserves	-	2,660	(2,660)	**-**
Profit for the year	-	-	44,786	**44,786**
Balance at 31 December 2005	**63,319**	**2,665**	**219,696**	**285,680**
Balance at 1 January 2006	**63,319**	**2,665**	**219,696**	**285,680**
Dividends paid	-	-	(19,558)	(19,558)
Transfer of reserves	-	3,667	(3,667)	**-**
Profit for the year	-	-	70,469	**70,469**
Balance at 31 December 2006	**63,319**	**6,332**	**266,940**	**336,591**

Vladimir Nikolov
Executive Director
26 March 2007

Sonia Mangeyna
Chief Accountant
26 March 2007

Initialled in accordance with audit opinion:

Irena Vakova
Certified auditor
26 March 2007

(all amounts in BGN thousands)	Note	Year ended 31 December 2006	2005
Cash flows from operating activities			
Cash generated from operations	25	40,888	44,853
Income tax paid		(4,518)	(15,880)
Interest paid		(6,219)	(3,547)
Net cash generated from operating activities		**30,151**	**25,426**
Cash flows from investing activities			
Purchase of property, plant and equipment		(52,068)	(30,289)
Purchase of assets for resale		(7,664)	-
Proceeds from sale of PPE		199	515
Interest received		183	221
Net cash used in the investing activities		**(59,350)**	**(29,553)**
Cash flows from financing activities			
Proceeds from borrowings		306,822	151,795
Repayments of borrowings		(260,314)	(126,916)
Dividends paid		(20,222)	(19,433)
Grants received		-	2,907
Other		-	(93)
Net cash used in financing activities		**26,286**	**8,260**
Net increase/ (decrease) in cash and cash equivalents		**(2,913)**	**4,133**
Cash and cash equivalents at beginning of the year	9	5,773	1,640
Cash and cash equivalents at the end of the year	**9**	**2,860**	**5,773**

Vladimir Nikolov
Executive Director
26 March 2007

Sonia Mangeyna
Chief Accountant
26 March 2007

Initialled in accordance with audit opinion:

Irena Vakova
Certified auditor
26 March 2007

The accounting policies on pages 10 to 21 and the notes on pages 22 to 42 form an integral part of these financial statements.

1. General Information

Stomana Industry AD (the 'Company' or 'Stomana') is a joint stock company, incorporated in Bulgaria. The Company is a subsidiary of SIDENOR STEEL PRODUCTS MANUFACTURING COMPANY S.A., a company registered in Greece and listed on Athens Stock Exchange which holds 85,97% of the share capital of the Company. The ultimate controlling party is VIOHALCO S.A., Greece. EVROMETAL OOD with registration address: 6 Krakra Sernishki Square, Pernik is a shareholder of Stomana, too and holds 14,03% of the share capital of the Company.

The Company's registered office is: 1 Vladaisko Vastanie Str. of the Municipality of Pernik. The company is represented by the General Manager – Mr. Vladimir Nikolov.

The Company's main activity is production and trade sale of steel products.

The financial statements of Stomana Industry AD for the year ended 31 December 2006 were authorised for issue in accordance with a resolution of the Board of Directors on 19th of March 2007. These financial statements are subject to the approval of the Company's Annual Shareholder's Meeting with respect to the appropriation of profits.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1. Basis of preparation (continued)

Amendments to published standards effective in 2006

IAS 19 (Amendment), Employee Benefits, is mandatory for the Group's accounting periods beginning on or after 1 January 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.

Standards, amendments and interpretations effective in 2006 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment;
- IFRIC 4, Determining whether an Arrangement contains a Lease; and
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

Interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 May 2006 or later periods that the Company has not early adopted:

2.1. Basis of preparation (continued)

- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Company will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Company's accounts; and

- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Company will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Company's accounts.

Interpretations to existing standards that are not yet effective and not relevant for the Comapny's operations

The following interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 May 2006 or later periods but are not relevant for the Company's operations:

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006). IFRIC 7 provides guidance on how to apply requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional Currency, when the economy was not hyperinflationary in the prior period. As the Company is not operating in a hyperinflationary economy, IFRIC 7 is not relevant to the Company's operations; and

- IFRIC 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006). IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As the Company has not changed the terms of the contracts, IFRIC 9 is not relevant to the Company's operations.

2.2. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

2.3. Foreign currency translation

2.3.1. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Bulgarian leva, which is the Company's functional and presentation currency.

2.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year- end exchange rates of all assets and liabilities denominated in foreign currencies are recognised in the income statement. Bulgarian National Bank USD fix rate at 01.01.2006 is BGN 1,65790 and at 31.12.2006 is BGN 1,48506.

2.4. Property, plant and equipment and intangible assets

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

2.4. Property, plant and equipment and intangible assets (continued)

Buildings	10-33 years
Machinery	5-20 years
Vehicles – Cars	6-10 years
Other vehicles	6-10 years
Office equipment	3-8 years
Computers and equipment	3-8 years
Other	3-8 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement.

2.5. Intangible assets

Trademarks and licences

Acquired trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives (15-20 years).

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

2.6. Impairment of non- financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7. Financial assets

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade receivables' and 'other receivables' in the balance sheet (Note 2.11).

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.11.

2.8. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of production comprises the cost of raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses.

2.9. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

2.10. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.11. Share capital

Ordinary shares are classified as equity.

2.12. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.13. Deferred income tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.14. Government's grants

Grants from government are required 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 property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.15. Employee benefits

The long-term payables to employees comprise of present value of Company's liability for pension compensation as at 31 December 2006 if employees retire, determined by periodic actuarial calculations.

In accordance with the Labour Code the employer is obliged to pay the employees at retirement age an indemnity, which varies between two and six monthly wages at the time of the termination of the labour contract depending on the length of service in the Company. As at 31 December 2006 the Company has used the services of an independent certified valuer who performed the annual actuarial valuation of these liabilities and on the basis of their present value an expense was recognised in the income statement and a long-term liability to employees in the balance sheet as that date.

2.16. Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods

Sales of goods are recognised when the Company sells a product to the customer. Retail sales are usually in cash or by credit.

Sales of services

Services are provided on a time and material basis or as a fixed-price contract, with contract terms generally ranging from less than one year to three years.

Revenue from fixed-price contracts for delivering services is recognised under the percentage-of-completion (POC) method. Under the POC method, revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed.

Revenue from fixed-price contracts for delivering services is generally recognised in the period the services are provided, using a straight-line basis over the term of the contract.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

2.17. Revenue recognition (continued)

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.18. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.19. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk(including currency risk, fair value interest rate risk, cash flow interest risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Company operates in Bulgaria and is currently exposed to foreign exchange risk arising from sales, purchases and borrowings in EURO and USD.

3.1. Financial risk factors (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

Interest rate risk

The Company has no significant interest bearing assets. The Company usually borrows at variable rates.

Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

4. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

4.1. Critical accounting estimates and assumptions (continued)

The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(All amounts in BGN thousands, unless otherwise stated)

5 Property, plant and equipment

	Land and buildings	Vehicles & machinery	Furniture, fittings & equipment	Assets under constructi on	Total
At 1 January 2005					
Cost or valuation	117,842	191,348	664	10,641	320,495
Accumulated depreciation	(3,717)	(15,924)	(112)	-	(19,753)
Net book amount	**114,125**	**175,424**	**552**	**10,641**	**300,742**
Year ended 31 December 2005					
Opening net book amount	114,125	175,424	552	10,641	300,742
Additions	824	3,574	185	26,055	30,638
Disposals	(125)	(339)	(178)	-	(642)
Transfers	-	3,534	164	(4,047)	(349)
Depreciation charge (Note 22)	(3,737)	(15,115)	(94)	-	(18,946)
Closing net book amount	**111,087**	**167,078**	**629**	**32,649**	**311,443**
At 31 December 2005					
Cost or valuation	118,531	198,013	795	32,649	349,988
Accumulated depreciation	(7,444)	(30,935)	(166)	-	(38,545)
Net book amount	**111,087**	**167,078**	**629**	**32,649**	**311,443**
At 01 January 2006					
Opening net book amount	111,087	167,078	629	32,649	311,443
Additions	20	9,701	109	42,237	52,067
Disposals	(70)	(199)			(269)
Transfer		9,190		(9,190)	-
Depreciation charge (Note 22)	(3,768)	(15,745)	(182)	-	(19,695)
Closing net book amount	**107,269**	**170,025**	**556**	**65,696**	**343,546**
At 31 December 2006					
Cost or valuation	118,471	216,703	903	65,696	401,773
Accumulated depreciation	(11,202)	(46,678)	(347)	-	(58,227)
Net book amount	**107,269**	**170,025**	**556**	**65,699**	**343,546**

(All amounts in BGN thousands, unless otherwise stated)

5 Property, plant and equipment (continued)

Depreciation expense of BGN 18 133 (2005: BGN 19 018) thousand has been charged in cost of goods sold, in selling and marketing costs BGN 162 (2005: BGN 343) and BGN 694 (2005: 389) thousand has been charged to administrative expenses. Lease rentals amounting to BGN 2 914 (2005: BGN 1 451) thousand relating to the lease of machinery and property, are included in the income statement.

The balance sheet value of fixed assets pledged as at 31 December 2006 is BGN 91 294 thousand.

6 Intangible assets

	Software
At 1 January 2005	
Cost or valuation	581
Accumulated amortisation and impairment	(304)
Net book amount	**277**
Year ended 31 December 2005	
Opening net book amount	277
Additions	348
Amortisation charge (Note 22)	(280)
Closing net book amount	**345**
At 31 December 2005	
Cost or valuation	929
Accumulated amortisation and impairment	(584)
Net book amount	**345**
At 01 January 2006	
Opening net book amount	345
Amortisation charge (Note 22)	(342)
Closing net book amount	**3**
At 31 December 2006	
Cost or valuation	929
Accumulated amortisation and impairment	(926)
Net book amount	**3**

(All amounts in BGN thousands, unless otherwise stated)

Amortisation expense of BGN 342 thousand (2005: BGN 280 thousand) has been charged to administrative expenses.

7 Inventories

	31 December 2006	2005
Raw materials and spare parts	62,894	41,511
Finished products	43,558	35,480
Semi-finished products	38,940	31,651
Merchandise	14,114	13,087
Other	3,013	3,330
	162,519	**125,059**

8 Trade receivables

	31 December 2006	2005
Trade receivables	59,226	27,657
Receivable from related parties (Note 26)	39,109	27,018
Advances for materials	1,810	1,587
Loans to related parties (Note 26)	998	900
Other receivables	978	1,227
	102,121	**58,389**

The carrying amount of receivables approximates their fair value.

9 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	31 December 2006	2005
Cash in hand	7	5
Cash at bank	2,853	5,768
	2,860	**5,773**

(All amounts in BGN thousands, unless otherwise stated)

10 Share capital

	Number of shares	In thousands BGN
At 31 December 2005	**633 189**	**63,319**
At 31 December 2006	**633 189**	**63,319**

The total authorised number of ordinary shares is 633 189 with a par value of BGN 100. All issued shares are fully paid.

As at 31 December 2006 other reserves – BGN 6 332 thousand represents 10% of the profit for 2001, 2004 and 2005, allocated in accordance with the commercial law and follow up decisions of the Board of Directors in the respective year.

11 Borrowings

	31 December	
	2006	**2005**
Non- current		
Bank borrowings	85,948	60,869
	85,948	**60,869**
Current		
Bank borrowings	83,528	62,100
	83,528	**62,100**
Total borrowings	**169,476**	**122,969**

Non-current bank borrowings mature until 2013 and the current until 2007, and bear coupons of, respectively, 4,11 % and 4,42 % annually (2005: 3,18% and 2,77%).

Total borrowings include secured liabilities (bank and collateralised borrowings) of BGN 91 294 thousand. Bank borrowings are secured by the land and buildings of the company.

The exposure of the Company's borrowings to interest rate changes and the contractual reprising dates are the balance sheet dates are as follows:

	31 December	
	2006	**2005**
1 year	83,528	62,100
2-5 years	48,456	35,517
Over 5 years	37,492	25,352
	169,476	**122,969**

11 Borrowings (continued)

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	31 December 2006	31 December 2005
Currency		
Euro	169,476	122,536
US dollar	-	433
	169,476	**122,969**

12 Deferred tax liability:

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.
The gross movement of the deferred income tax account is as follows:

	31 December 2006	31 December 2005
Beginning of the year	(31,953)	(28,303)
Income statement charge	10,361	(3,650)
End of the year	**(21,952)**	**(31,953)**

	Accelerated tax depreciation
At 1 January 2005	(30,648)
Charged to the income statement	(1,570)
At 31 December 2005	**(32,218)**
Charged to the income statement	10,320
At 31 December 2006	**(21,989)**

(All amounts in BGN thousands, unless otherwise stated)

12 Deferred tax liability (continued)

Deferred tax asset:	Provisions for unused leave	Provisions for retirement benefits	Impairment of inventory	Provisions for legal proceedings	Other	Total
At 1 January 2005	157	237	-	-	1,951	2,345
Charged to the income statement	(70)	54	-	-	(2,064)	(2,080)
At 31 December 2005	**87**	**291**	**-**	**-**	**(113)**	**265**
Charged to the income statement	(31)	(127)	16	70	113	41
At 31 December 2006	**56**	**164**	**16**	**70**	**-**	**306**

13 Retirement benefit obligations

	31 December 2006	31 December 2005
Balance sheet obligations for:		
Pension benefits	1,638	1,648
	1,638	**1,648**

	31 December 2006	31 December 2005
Income statement charge for:		
Pension benefits	**10**	**70**
	10	**70**

The amounts recognised in the balance sheet are determined as follows:

	31 December 2006	31 December 2005
Discount rate	5,0%	6,5%
Future salary increases	4,5%	4,5%

(All amounts in BGN thousands, unless otherwise stated)

13 Retirement benefit obligation (continued)

	31 December 2006	2005
Present value of the obligation in the balance sheet	1,648	1,578
Benefits paid	(351)	(495)
Actuarial losses/(gains)	-	94
Paid retirement benefit obligations	341	471
Liability in the balance sheet	**1,638**	**1,648**

The movement in the liability recognised in the balance sheet is as follows:

	31 December 2006	2005
Recognised long-term obligation in the balance sheet at the beginning of the year	1,648	1,578
Total expense charged to the income statement	(10)	70
At the end of the year	**1,638**	**1,648**

Trade and other payables

	31 December 2006	2005
Amounts due to related parties (Note 26)	59,510	35,245
Trade payables	27,509	20,396
Dividends paid (Note 26)	2,509	3,173
Advances paid to clients	1,224	1,685
Social security payables	296	409
Other payables	2,762	1,665
	93,810	**62,573**

Provisions for court payables at 31 December 2006

The amount of 700,000 BGN represents a provision for certain legal claims brought against the Company by former employees. The provision charge is recognised in profit or loss within administrative expenses. The balance at 31 December 2006 is expected to be utilised in the first half of 2007. In the directors' opinion, after taking appropriate legal advices, the outcome of these legal claims will not give rise at any significant loss beyond the amounts provided at 31 December 2006.

(All amounts in BGN thousands, unless otherwise stated)

15 Government's grants

	31 December 2006	31 December 2005
At the beginning of the year	2,677	-
Receiving of government grant	-	2.907
Income for the period	(145)	(230)
At year's end	**2,532**	**2,677**

16 Sales

	31 December 2006	31 December 2005
Sales of merchandises	125,278	78,484
Sales of products and semi-finished products	527,776	418,008
Sales of materials	25,435	2,790
Sales of services	3,333	3,316
	681,822	**502,598**

17 Cost of sales

	31 December 2006	31 December 2005
Materials	(474,973)	(325,505)
Consumables, water	(36,877)	(35,229)
Depreciation of tangible assets	(18,133)	(19,018)
Wages and salaries	(13,064)	(11,657)
(All amounts in BGN thousands, unless otherwise stated)		
Social security expenses	(3,729)	(3,968)
Hired services	(7,788)	(6,335)
Repairs and maintenance	(4,106)	(5,636)
Coupons	(1,189)	(866)
Taxes and fees	(364)	(5)
Impairment of inventory	(158)	-
Other expenses	(1,450)	(598)
	(561,831)	**(408,817)**

18 Distribution costs

	31 December 2006	31 December 2005
Hired services	(29,713)	(21,634)
Consumables, water	(1,360)	(783)
Wages and salaries	(652)	(398)
Social security expenses	(150)	(128)
Depreciation of tangible assets	(162)	(343)
Materials	(11)	(11)
Taxes and fees	(6)	(1)
Other expenses	(385)	(851)
	(32,439)	**(24,149)**

19 Administrative expenses

	31 December 2006	31 December 2005
Hired services	(5,831)	(5,836)
Wages and salaries	(2,406)	(2,451)
Taxes and fees	(2,131)	(587)
Depreciation	(694)	(389)
Social security expenses	(347)	(516)
Depreciation of intangible assets	(342)	(280)
Materials	(93)	(65)
Repairs, maintenance	(328)	(348)
Business trips, medical services	(420)	(583)
Other expenses	(1,387)	(34)
	(13,979)	**(11,089)**

20 Other income

	31 December 2006	31 December 2005
Surpluses	6,812	1,759
Amortisation of subsidies received	145	230
Positive exchange rate differences	961	1,716
Other	182	177
	8,100	**3,882**

(All amounts in BGN thousands, unless otherwise stated)

21 Other expenses

	2006	2005
Expenses related to temporarily unused assets	(3,576)	(2,318)
Negative exchange rate differences	(868)	(2,466)
Other financial expenses	(997)	(742)
Other expenses	(146)	(685)
	(5,587)	**(6,211)**

22 Expenses by nature

	31 December	
	2006	**2005**
Materials	(475,281)	(325,793)
Hired services	(24,957)	(20,344)
Depreciation of tangible assets	(19,695)	(18,946)
Wages and salaries	(16,215)	(14,915)
Social security expenses	(4,276)	(4,832)
Taxes and fees	(2,529)	(593)
Impairment of inventory	(158)	-
Depreciation of intangible assets	(342)	(280)
Other expenses	(70,383)	(64,563)
Total cost of goods, sales, distribution costs, marketing, administrative and other expenses	**(613,836)**	**(450,266)**

23 Finance costs – net

	31 December	
	2006	**2005**
Interest income	183	221
Interest expense	(6,219)	(3,547)
	(6,036)	**(3,326)**

(All amounts in BGN thousands, unless otherwise stated)

24 Taxes

	2006	2005
Current tax	(9,942)	(4,452)
Deferred tax (Note 12)	10,361	(3,650)
Tax charge/ (credit)	**419**	**(8,102)**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	31 December	
	2006	**2005**
Profit before tax	70,050	52,888
Tax calculated at a tax rate applicable to profits 15 % (2005:15%)	(10,508)	(7,933)
Effect from change in effective tax rate	11,089	-
Expenses not deductible for tax purposes	(162)	(169)
Tax charge/(credit)	**419**	**(8,102)**

Bulgarian tax legislation is subject to varying interpretations and constant changes. Furthermore, the interpretations of tax legislation by tax authorities as applied to the transactions and activity of the Company may not coincide with that of the management. As a result tax authorities may challenge the way of calculating tax losses carried forward as well as assess additional taxes, including value added tax (VAT), penalties and interest, which can be significant.

The Company has been last audited for compliance with the following tax laws:
Corporate Income tax Law – last period audited up to 31.12.2004
VAT Law – last period audited up to 30.11.2005;
Social Security Refundable up to 31.12.2004;

The tax authorities could check the financial reports and records for the five successive tax years of the current tax period and impose additional penalties. Management of the Company is not aware of any circumstances that could lead to substantial obligations in this area.

(All amounts in BGN thousands, unless otherwise stated)

25 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	2006	2005
Profit for the period	70,469	44,879
Adjustments for:		
Tax (Note 24)	(419)	8,102
Depreciation and amortisation (Note 22)	20,037	19,226
Net financial expenses (Note 23)	6,036	3,326
Income on disposal of fixed assets, waste etc.	(1)	(44)
Loss on rejected assets	70	171
Donation depreciation	(145)	(230)
Changes in working capital:		
– inventories	(37,682)	(11,811)
– trade and other receivables	(48,870)	(5,624)
– payables	31,393	(13,142)
Cash generated from operations	**40,888**	**44,853**

26 Related party transactions

	31 December	
i) Sales of goods and services	**2006**	**2005**
SIDENOR		
Products	58,335	35,608
Services	-	32
Materials	24,847	1,251
	83,182	**36,891**
SOVEL		
Products	9,751	7,705
Materials	195	
	9,946	**7,705**
ETIL		
Products	**-**	300
Materials	44	-
	44	**300**

(All amounts in BGN thousands, unless otherwise stated)

26 Related party transactions (continued)
i) Sales of goods and services (continued)

SIGMA IS		
Products	356	248
Merchandises	13	32
Services	239	152
Fixed assets	-	1
Materials	-	55
	608	**488**
ERLIKON		
Merchandises	8	-
	8	**-**
TEPROSTEEL		
Services	315	196
Materials	52	135
Interest	45	111
Fixed assets	4	199
	416	**641**
CPW AMERICA Co		
Products	3,557	-
	3,557	**-**
DOJRAN		
Products	24,377	-
	24,377	**-**
AEIFOROS BULGARIA		
Services	108	49
Fixed assets	-	276
Materials	375	674
	483	**999**
AEIFOROS GREECE		
Materials	-	2
	-	**2**
PROSAL TUBES		
Services	21	-
Interest	18	-
Loan	1 043	-
	1 082	**-**
PRAKSYS		
Services	11	-
	11	**-**

(All amounts in BGN thousands, unless otherwise stated)

26 Related party transactions (continued)

i) Sales of goods and services (continued)

SOFIA MED		
Merchandises	325	8
Fixed assets	-	5
Services	370	357
	695	**370**
STEELMET BULGARIA		
Products	-	21
Merchandises	179	313
Services	123	156
	302	**490**
TEPROMETAL GERMANY		
Products	5,463	-
	5,463	**-**
TEPROMETAL BULGARIA		
Merchandises	7	7
Services	-	5
	7	**12**
METAL AGENCIES		
Products	3,167	18,133
	3,167	**18,133**
SIDMA		
Products	7,071	5,527
	7,071	**5,527**
ENERGY SOLUTIONS		
Services	230	41
	230	**41**
SID PAC ROMANIA		
Products	3,046	1,211
	3,046	**1,211**
SID PAC BULGARIA		
Products	1,479	-
Merchandises	1,137	-
Fixed assets	-	3
Services	33	1
	2,649	**4**
GENECOS		
Products	17,349	7,417
	17,349	**7,417**

(All amounts in BGN thousands, unless otherwise stated)

26 Related party transactions (continued)

i) Sales of goods and services (continued)

EVROMETAL		
Products	3,133	3,121
Merchandises	707	412
Services	360	371
	4,200	**3,904**
ANAMET BULGARIA		
Services	-	7
Materials	-	1
	-	**8**
Total sales to related parties	**167, 893**	**84, 143**

ii) Purchases of goods and services

	31 December 2006	31 December 2005
SIDENOR		
Merchandises	120,720	85,788
Services	3,325	3,338
Dividends	16,813	19,433
Materials	-	7
Fixed assets	171	13
	141,029	**108,579**
SOVEL		
Materials	2,866	59
Fixed assets	-	606
	2,866	**665**
ETIL		
Services	-	4
Materials	1,445	263
Fixed assets	-	887
	1,445	**1,154**
SIGMA IS		
Services	3,310	2,743
Materials	1,779	266
Fixed assets	-	239
	5,089	**3,248**

(All amounts in BGN thousands, unless otherwise stated)

26 Related party transaction (continued)

ii) Purchases of goods and services (continued)

ERLIKON		
Merchandises	1,334	1,515
Fixed assets	-	3
	1,334	**1,518**
TEPROSTEEL		
Services	2,321	4,261
	2,321	**4 261**
DOJRAN		
Merchandises	305	**-**
	305	**-**
AEIFOROS BULGARIA		
Services	1,225	1,314
Materials	321	**-**
	1,546	**1,314**
PROSAL TUBES		
Materials	27	**-**
Fixed assets	25	**-**
	52	**-**
PRAKSYS		
Fixed assets	1,350	**-**
	1,350	**-**
VIEXAL		
Services	110	70
	110	**70**
TEKA SYSTEMS GREECE		
Services		275
Materials	2,319	35
Fixed assets	-	1,104
	2,319	**1,414**
TEKA BULGARIA		
Services	137	654
	137	**654**
SOFIA MED		
Materials	548	313
Fixed assets	-	37
	548	**350**
STEELMET GREECE		
Services	2,653	1,628
	2,653	**1,628**

(All amounts in BGN thousands, unless otherwise stated)

26 Related party transaction (continued)

ii) Purchases of goods and services (continued)

STEELMET BULGARIA		
Services	3	23
Materials	2,150	1,304
Fixed assets	-	10
	2,153	**1,337**
TEPROMETAL GERMANY		
Services	1,531	867
	1,531	**867**
TEPROMETAL BULGARIA		
Services	2,568	1,250
Materials	261	241
Fixed assets	-	178
	2,829	**1,669**
METAL AGENCIES		
Services	39	472
	39	**472**
HELLENIC CABLES		
Fixed assets	91	-
	91	**-**
SIDMA		
Merchandises	19	525
	19	**525**
ANAMET BULGARIA		
Services	428	1,087
Fixed assets	2	-
	430	**1,087**
ANAMET SERBIA		
Materials	7,026	3,447
	7,026	**3,447**
ENERGY SOLUTIONS		
Services	-	1
	-	**1**
VITROUVIT		
Materials	13	4
	13	**4**
SID PAC BULGARIA		
Services	49	-
	49	**-**
GENECOS	161	3
Services	**161**	**3**

(All amounts in BGN thousands, unless otherwise stated)

26 Related party transactions (continued)

ii) Purchases of goods and services (continued)

EVROMETAL		
Materials	9,856	3,447
Services	-	18
Dividends	2,745	3,173
	12,601	**6,638**
KERAMIA		
Materials	28	-
	28	**-**
ELKEME		
Services	29	-
	29	**-**
ERGOSTEEL		
Services	34	-
	34	**-**
INOS BALKAN		
Materials	1,809	-
	1,809	**-**
PANELCO		
Fixed assets	1,031	-
	1,031	**-**
Total purchases related parties	**192,977**	**140,905**

iii) Key management compensation

	31 December 2006	31 December 2005
Gross salaries and social benefits	756	572
Social securities payable by the employer	3	3
	759	**575**

(All amounts in BGN thousands, unless otherwise stated)

26 Related party transactions (continued)

iv) Receivables from related parties

	31 December 2006	2005
DOJRAN	11,875	-
SIDENOR	9,738	5,432
GENECOS	8,272	4,646
TEPROMETAL GERMANY	2,514	-
METAL AGENCIES	2,139	6,136
EVROMETAL	1,373	7,861
SID PAC BULGARIA	1,274	1
TEPROSTEEL	1,056	1,189
INOS BALKAN	721	-
SID PAC ROMANIA	349	634
ENERGY SOLUTIONS	261	14
STEELMET BULGARIA	186	65
SOFIA MED	113	512
PROSAL TUBES	108	-
AEIFOROS BULGARIA	48	529
ETIL	44	157
TEPROMETAL BULGARIA	16	15
PRAKSYS	11	-
SIGMA IS	7	693
AEIFOROS GREECE	2	2
SIDMA	-	27
ANAMET BULGARIA	-	5
	40,107	**27,918**

(All amounts in BGN thousands, unless otherwise stated)

26 Related party transactions (continued)

v) Payables to related parties

	31 December 2006	2005
SIDENOR	48,017	28,289
SOVEL	3,268	689
EVROMETAL	3,041	3,797
TEPROSTEEL	1,373	1,211
PANELCO	1,031	-
SIGMA IS	987	706
TEPROMETAL BULGARIA	975	1,005
TEPROMETAL GERMANY	811	81
TEKA SYSTEMS GREECE	633	69
ETIL	378	277
SOFIA MED	366	431
STEELMET BULGARIA	343	233
STEELMET GREECE	256	-
ERLIKON	146	512
AEIFOROS BULGARIA	95	156
VIEXAL	76	10
ANAMET SERBIA	72	252
ANAMET BULGARIA	52	83
TEKA BULGARIA	33	50
METAL AGENCIES	31	371
SID PAC BULGARIA	17	-
KERAMIA	10	-
SIDMA	4	135
VITROUVIT	4	-
AEIFOROS GREECE	-	60
GENECOS	-	1
	62,019	**38,418**

(All amounts in BGN thousands, unless otherwise stated)

27 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	2006	2005
Danieli	26,948	23,274
Ioannidis	2,457	-
OM Impianti	129	1,247
Other	829	780
	30,363	**25,301**

28 Conditional assets and liabilities

	2006	2005
Bank guaranties	16,612	27,108
Letter of credits	**-**	126
	16,612	**27,234**

29 Events after the balance sheet date

No significant events have been identified after the balance sheet date, that may influence the financial statements