Annual Report 2003

MYTILINEOS
HOLDINGS S.A.

Chairman's Statement

Dear shareholders,

For the Mytilineos Group, 2003 was an important and productive year. The Group further consolidated its successful and dynamic course in all domains of its activity.

A course which comes as a result of our strategic decisions and our devotion to growth and progress. The Group is a leader in all its sectors and a powerful productive force in our country.

Our commitment to continuous improvement and financial growth coupled with our focus on generating value for our shareholders and employees, has made us a substantial player in the Greek economy.

Through our subsidiary companies ELVO S.A. and METKA S.A., we continued during 2003 to develop and expand our activities in the defence sector, exploiting the complementary nature of their activities. At the same time, we consistently supported our aim to strengthen our position in the production of armoured and non armoured vehicles in Greece and the Balkan area. In this context, we always try to exploit the business opportunities arising from the state's policy to increase the percentage of the Greek co-production.

Our activity in the recently deregulated market of the energy sector, was especially important in 2003. During the year we effectively supported our strategic decision to evolve from the greatest constructor of power production units to both a producer and trader of electrical energy, thus having an integrated presence in this market as well.

In the area of metallurgy, we moved effectively and methodically during 2003, implementing activities, which maintained our leading position in this sector. An example of our effectiveness is the increase of our synergies in the area of Northeastern Europe. This approach brought us substantial advantages and allowed us to maximise our economic benefits from the increase of the metal prices and the economic recovery of the world market.

The growth and further expansion of all our activities, was reflected in our economic results for the fiscal year 2003. The consolidated profits before tax for the Mytilineos Group rose to € 27,810 million (€17,595 million in 2002), showing an impressive increase of 58.05%.

At the same time, the Group's turnover (according to the Greek Financial Standards and law 2129/20) reached € 278 million (€ 259 million in 2002), an increase of 7.10%. It is worth mentioning that this increase was effected despite the negative sales impact of the dollar's fall vs. the euro, although this was mitigated by an increase in the price of the base metals.

The important increase in our profits for 2003 was a result of an increase, on one hand, of the gross profit margin (from 18.74%to 19.26%) and, on the other hand, of a series of strategic actions which led to a reduction of our operating costs and financial expenditures. I would like also to point out the considerable increase (85.97%) of the profits before taxes with minority rights, which reached € 23.278 million (€ 12.517 million in 2002).

As for the consolidated balance, the reduction in the own capital should be mentioned. This was a result of a reformation of the assets of the parent company, anticipating delayed debts. This reformation was the first step for conforming our balance sheet to the International Accounting Standards. Moreover, it is worth mentioning that during 2003 the Group managed to further reduce its loans (€ 10 million less), keeping its debt ratio in a low level. At the same time, this reduction was accompanied by a considerable reformation, since the long-term loan percentage increased from 30% to 60%. I would like to point out here the loan cost restraint into less than 3% all-in and the fact that a 70% of the loans are in U.S. dollars.

The year 2004 will be a significant year for Mytilineos Group. Our position in the Energy, Defence and Metallurgy sectors will be even more strengthened, something which will bring us closer to our becoming a powerful and competitive European group of «Heavy Industry ».

The continuing price increase of the base metals which began late 2003 and is expected to be maintained during the following years, combined to the increased demand, make us anticipate increased turnover for the Group in the sectors of metal trading and metallurgy.

In the Energy sector, the processes for a construction of a power plant 400 MW in Volos were recently concluded. This will be the first private power plant in Greece, and we consider it an extremely important project. It is a result of utilising the great experience of our subsidiary METKA and our strategic moves, so as to fully exploit the possibilities opened by the deregulated energy market.

This strategic growth in the energy sector for 2004 is furthered through the construction of a similar power plant in Lavrio, undertaken also by METKA. During 2004, we also expect to begin the construction of two wind parks of a total power 27 MW which will be concluded after 18 months. We are also examining the possibility to construct new power plants in the neighbouring countries.

Finally, in the Defence sector we anticipate considerable activity, since, during the coming months we expect the activation of the long-time publicised agreements with the Ministry of Defence. Those activities combined with exports to foreign countries and with our important activity in the manufacturing of civil vehicles, guarantee a long-term growth for ELVO, provided there is a close co - operation with the Ministry of Defence.

Dear shareholders,

During 2003 the Mytilineos Group continued its dynamic developing course, improving its financial figures and consolidating its presence in the sectors of defence, energy and metallurgy. With consistency, method and total devotion to the goals and our strategy we shall continue to reinforce our activities and exploit the opportunities arising both in Greece and overseas.

I would like to thank all the employees for their contribution to our work and to reassure you that all of us in the Mytilineos Group will continue to exploit the opportunities that arise, ensuring our continuous growth in the years to come.

EVANGELOS MYTILINEOS

CHAIRMAN OF THE BOARD

BOARD OF DIRECTORS

EVANGELOS MYTILINEOS
Chairman and Managing Director (Executive Member)

IOANNIS MYTILINEOS
Vice President (Non Executive Member)

GEORGE KONTOUZOGLOU
Executive Director (Executive Member)

NIKOLAOS MOUSAS
Member (Executive)

TITO TRENESKI
Member (Non Executive)

APOSTOLOS GEORGIADIS
Member (Independent – Non Executive)

GEORGE LYMPERAKIS
Member (Independent – Non Executive)

Contents

1. SUMMARY OF FINANCIAL FIGURES

1.1. Summary of Financial Figures (amounts in f)

	2001	2002	2003
TURNOVER (SALES)	194.210.396,43	154.293.901,56	145.587.673,52
GROSS OPERATING PROFITS	22.128.075,02	14.783.063,97	14.884.113,12
OPERATING EXPENSES	11.010.927,28	8.521.029,44	7.818.491,23
FINANCIAL RESULTS	(3.373.549,08)	(875.337,15)	(1.276.947,38)
OPERATING RESULTS	7.925.075,37	5.464.024,09	8.407.494,80
NET INCOME	9.516.408,57	6.107.713,25	9.458.113,69
NET INCOME FOR APPROPRIATION	2.572.438,56	5.012.578,68	10.308.742,56
DIVIDENTS	2.431.220,40	2.026.017,00	4.052.034,00
PROFIT CARRIED FORWARD	36.519,76	2.737.758.68	5.746.052,06
TOTAL GROSS FIXED CAPITAL	19.273.666,61	20.349.098,32	18.837.678,64
DEPRECIATION	2.023.565,70	2.437.319,17	2.682.617,36
TOTAL NET FIXED CAPITAL	17.250.100,91	17.911.779,15	16.155.061,28
TOTAL CURRENT ASSETS	136.921.521,06	114.089.127,70	89.360.210,76
TOTAL ASSETS	376.956.070,70	377.030.304,64	351.129.113,14
TOTAL EQUITY	246.484.706,34	244.413.676,04	211.589.860,06
TOTAL LIABILITIES	129.393.762,22	122.241.413,18	120.271.932,91

1.2 Summary of Consolidated Financial Figures (amounts in f)

	2001	2002	2003
TURNOVER (SALES)	383.669.341,47	259.554.311,88	277.983.676,88
GROSS OPERATING PROFITS	59.064.1241,57	48.237.490,88	53.128.787,97
OPERATING EXPENSES	30.393.706,89	25.041.237,21	22.180.047,29
FINANCIAL RESULTS	(8.885.098,85)	(4.737.105.25)	3.256.707,11
OPERATING RESULTS	20.367.785,37	18.856.053,23	34.617.321,28
NET INCOME	29.676.181,76	17.595.716,02	27.810.771,40
NET INCOME FOR APPROPRIATION	10.326.901,82	10.891.370,43	23.984.117,16
DIVIDENTS	2.431.220,40	2.026.017,00	4.052.034,00
PROFIT CARRIED FORWARD	4.843.382,51	6.285.960,19	17.597.512,52
TOTAL GROSS FIXED CAPITAL	167.121.637,47	163.514.234,37	150.863.182,78
DEPRECIATION	107.949.299,71	101.767.758,06	94.891.903,65
TOTAL NET FIXED CAPITAL	59.172.337,76	61.746.476,31	55.971.279,13
TOTAL CURRENT ASSETS	298.137.190,67	268.016.292,72	265.555.936,60
TOTAL ASSETS	391.205.568,24	362.193.586,44	352.646.606,62
TOTAL EQUITY	162.317.160,64	149.545.262,67	109.037.902,88
TOTAL LIABILITIES	226.499.938,19	201.571.212,04	222.801.600,16

1.3 Summary of Consolidated Financial Results according to the International Accounting Standards

As already announced, Mytilineos Group is in a preliminary stage of adoption of the International Accounting Standards.

The process of planing and executing an extended program aiming to a full adoption by all Companies of the Group of the International Accounting Standards starting 01/01/2005, has already began in 2003. This program deals with the training of the Group's personnel, the modification of the Group's financial statements according to the IAS and, basically, the gradual reorganisation of the Group's administrative services, in order to achieve a smooth transition to the new standards.

The Group will implement the IFRS 1 "First adoption of the International Accounting Standards" in the presentation of its financial statements for fiscal year 2005. The Group's financial statements for fiscal year 2005, fully integrating ELVO S.A., will be the first which will conform to all requirements of the International Accounting Standards, and will also include the necessary comparative information for the previous fiscal year (2004). As a result of the above and according to the requirements of the IFRS 1, a balance-sheet for initialising the IAS has been formed since 01/01/2004 and this will be the basis for making out the Group's future financial statements.

In this context, we present the basic indices of the Pro-forma consolidated financial statements (based on IFRS) for fiscal year 2003:

(In ths f)

BALANCE-SHEET	IAS 2003	IAS 2002
TOTAL ASSETS	735,211	644,446
TOTAL LIABILITIES	443,965	366,294
TOTAL NET POSITION	291,246	278,152
TURNOVER	460,083	
GROSS PROFIT	95,157	
PROFIT BEFORE TAXES	47,145	
PROFIT AFTER TAXES	27,196	

The Group's consolidated financial results according to the IFRS, include for the first time ELVO's financial results, following the method of full consolidation.

According to the International Financial Recording Standards (IFRS), the Group's net position (f 291 million) appears considerably improved compared to 2002 and the previous financial policies. The consolidated turnover of the Group for fiscal year 2003 surpassed f 460 million, while the gross profit reached f 95 million, corresponding to a margin of 20.60%. The consolidated net profits before taxes for 2003 were approx. f 47 million, while profits after taxes reached f 27 million. The consolidated net profits after deducting minority rights are f 11.60 million. For the fiscal year 2004, the Group's consolidated turnover is expected to increase and surpass f 500 million (including ELVO S.A.).

2. MARKET OVERVIEW

2.1 General Market Overview

Mytilineos Holdings S.A. belongs to branch code 512.2 "Wholesale trade of Metals and Minerals" according to the National Statistics Service of Greece (ESYE). The primary activity of Mytilineos Holdings S.A. today is the international trade of metals and minerals, as well as having equity stakes in other companies.

Non-ferrous metal trade represents approximately 81.28% of the company's turnover. Many international trading houses are active in international non-ferrous metals trade. What these trading houses primarily do is buy product in one foreign country and resell it in another foreign country. An important strategic advantage is access to sources of product on competitively favourable terms. The majority of these products are traded on stock exchanges whose prices are determined in the international metals exchanges, the most important of which is the London Metals Exchange (LME). Mytilineos Holdings S.A. believes that its strategic agreements in Serbia, its acquisition of the Romanian metallurgical complex Sometra S.A., as well as the acquisition of copper producer Hellenic Copper Mines LTD in Cyprus, have enabled it to become the largest copper, lead, and zinc trading company in the Balkans and a leading player in the East Mediterranean and Middle East.

2.2 Products.

The Company has become one of Greece's largest metal traders which, through its partnership agreements and acquisitions, has evolved from being a commercial partner and intermediary into a manager of some of Europe's most commercially important mineral deposits.

The Company's main trading activities focus on:

- Non-ferrous base metals: copper, lead, zinc, aluminium and their alloys. Apart from aluminium, which is sold mainly to Greece's rapidly-developing rolling and sheeting industries, all other products are supplied to international markets.

- Ores and minerals: raw materials processed to obtain base metals. The Company supplies copper, lead, and zinc to a number of plants in Greece. Affiliated mines have a surplus production capacity.

- Steel products: materials used in construction projects and metal manufacturing industries. Steel was the Company's primary business for a number of years. Although sales of steel products are declining, sales in absolute have moved upward, driven primarily by a strong recovery in Greece's domestic building market and by the increase of exports to Balkan markets, mainly Albania.

- Wires: raw materials in the manufacturing of wire ropes, wire netting and construction grids. The main consumer of wire is the construction sector.

2.3 Market Trends

Prices of base metals in the London Metal Exchange (LME) during 2003 firmly confirm that the market, after its stabilisation in 2002, has entered an upward course, since there was an average increase from 6.1% up to 42.4% per metal. The overall average increase of +13% was also considerable.

Important factors for this course were: a higher demand for metals (+3% in western markets and 5.5% - 6% worldwide) compared to the growth rate of the economy worldwide (+3.5%), a decrease in reserves and the production of final products (with some exceptions), an activation of considerable speculative capital mainly during the 2nd half, as well as an increased expectation for a generalised deficit course in the production balance for 2004.

Copper and aluminium, the two metals most influencing metal indicators, moved in a parallel direction but at a different pace (+14.3% and +6.1% respectively, average levels), since their basic financial parameters (production balance, reserves) were uneven (deficits and decrease vs. surplus and increase).

2.3.1 Copper

The price of copper showed a considerable increase (+14.3%) in 2003, due mainly to the very important improvement of its basic parameters (production, demand, reserves), but also to the overall "leading" position of this metal among the choices of various speculative capitals which were dynamically re-placed in the market, mostly during the 2nd half. The re-appearance, after two years of a steady and considerable downfall, of an increase in demand in the Western World (+0.35%) and the slow but steady increase in the world demand (+2.34%), mainly due to the rapid growth of China, as well as the small but steady decrease, during the last years, of final product production (-1%) – due to the very low usage percentage of the production capability (only 87.5% mining & 81.1% metallurgy) – lead the final balance into a deficit (-312,000 tons) and the recorded reserves into a decrease of 269,000 tons – that is, to the level of 1,750 thousands of tons.

The average price for the year was $1,779.87/ton; closing price for the year was $2,321.00/ton; average changes per quarter (compared to previous quarter) were 7.1% for the first quarter, -1.4% for the 2nd quarter, 6.9% for the 3rd quarter and 17.4% for the 4th quarter, while the range of fluctuation was $2,321.00 - $1,544.50.

2.3.2 Aluminium

The price of aluminium moved positively on an average level (+6.1%), affected exclusively by the overall course of the market, since its basic financial parameters (production balance, reserves) continued to contribute towards the opposite. With an estimated increase in demand of roughly 7% - 7.5% worldwide, mainly because of China, and maintaining last year's increase in worldwide production (+7.4%), mainly because of China and the countries of the former Eastern-bloc (69% of the increase), the estimated surplus of 400-800 thousands tons for 2003 increases the recorded reserves only for 70-120 thousands tons (total reserves approx. 3,250-3,500 thousands tons), bringing back to the surface the problem of non-recorded reserves and their role in the market balance.

The average price for the year was $1,431.90/ton; the closing price for the year was $1,592.50/ton; average price changes per quarter (compared to previous quarter) were 3.2% for the first quarter, -1.2% for the second quarter, 4.0% for the 3rd quarter and 5.3% for the 4th quarter. The range of fluctuation was $1,592.50 - $1,314.50.

2.3.3 Zinc

Zinc managed to survive (+6.4% average) mainly due to its upright rise in the 4th quarter of the year (+13.3%), which is attributed both to the overall upward course of the market and to China's increased imports during the same period. The expected, since 2002, reaction of the industry to the lower mining levels of the recent years (-0.38% in 2002), brought finally in the beginning of 2003 some production cuts, mainly in European factories, where the relevant tightness in raw material supply, the low Treatment Charges and the low price policy had obvious negative impact. Nevertheless, and while expecting a production intensification in the mines for 2003 (+4.75% western world & +4.2% worldwide), the final product production levels (+0.06% western world & + 1.46% worldwide) managed only slightly to set back the expected by the final balance reserve increase of about 266 thousand tons (+355 thousand tons in 2002). The final product consumption, excluding China where there is a high economic growth and demand, didn't help at all the surplus absorption, since it moved in very low levels (+0.46% western world & +2.29% worldwide). Indicative of this is that only in the United States there was a decrease by 6% and in Europe a relative conservation of 2002 levels.

The average price for the year was $828.39%/ton; the closing price for the year was $1,008.00/ton., average changes per quarter (compared to previous quarter) were 1.7% for the 1st quarter, -1.5% for the 2nd quarter, 6.1% for the 3rd quarter and 13.3% for the 4th quarter. The range of fluctuation was $1,008.00 - $761.00.

2.3.4 Lead

Lead was a positive surprise, not as much for its rather expected rise (+13.9% average), as for its spectacular price increase during the 4th quarter (+24.1%), the reason being mainly a vertical drop of reserves and an activation of considerable speculative capital. The demand being sparse for one more year (-0.17% western world & +1.0% worldwide), mainly because of the weak consumption in the basic sectors (batteries for car industry and heavy industry) of the developed countries (USA, Japan, Europe), the metal's price rise was actually a reaction to the supply side. Even though the mining level (-0.3% western world & -1.41% worldwide) showed a slower pace of decrease than 2002 (-5.63%), it wasn't the main reason for a relative "tightness" in final product supply (-3.93% western world & +0.51% worldwide), at least not as much as the decrease in the primary production itself due to considerable production cuts in Europe, the failing of the secondary production to cover those losses satisfactorily, and the gradual decrease of China's final product export surplus (+63% primary inflow imports, +22% final product production but only 8% export increase). The final balance (-10 thousand tons) rather improves the picture, since it takes also into account the strategic reserves' sales (55-60 thousand tons), while it falls considerably short compared to the recorded reserves (-110 thousands tons).

The average price for the year was $515,66/ton; the closing price for the year was $739.50/ton; the average changes per quarter (compared to previous quarter) were 5.6% for the first quarter; -0.6% for the second quarter; 12.0% for the third quarter, and 24.1% for the fourth quarter. The range of fluctuation was $739.50 – $428.00.

3. COMPANY PROFILE

3.1 Background

Mytilineos Holdings S.A. is a holding company involved in metals, mining, metallurgy, energy, defence, vehicle manufacturing, and construction. The Mytilineos Group is active internationally and has, through the creation of strategic alliances throughout the greater Southeast European region, taken a lead in many of these sectors in the Balkans and beyond.

Mytilineos Holdings S.A. evolved from a family business that was founded in 1908. Today, the third-generation Mytilineos family manages the Group with a team of internationally trained professionals.

Through a series of acquisitions from 1991 to 1994, the Group consolidated all activities of its subsidiary firms into the parent company, which in 1995 was listed on the Athens Stock Exchange Parallel Market. Since 1997 Mytilineos Holdings S.A. has been listed on the Athens Stock Exchange Main Market.

The Group's international position was strengthened significantly through a number of strategic agreements signed with metal, mining, and mineral companies of Southeast Europe from 1996 to 1999. The 1998 acquisition of Romania's Sometra S.A. and the 1999 acquisition of Cyprus-based Hellenic Copper Mines LTD placed the Group at the forefront of the European metal market.

The Group entered the sectors of energy, defence, infrastructure, and specialised industrial metal construction with the 1999 acquisition of METKA S.A., a major metal construction company.

In 2000, the Group further consolidated its presence in defence and manufacturing through the acquisition of a 43% stake in the formerly state-owned Hellenic Vehicle Industry S.A. (ELVO).

The Group's entry to the energy sector was realised with the establishment of two new subsidiaries in 2002: Mytilineos Power Generation and Supplies S.A. and Mytilineos Hellenic Wind Power S.A.

As a result of these strategic actions, Mytilineos Holdings S.A. has steadily diversified its interests from its traditional activity of global metal trading, ores, and metallurgy, into the promising sectors of energy and defence.

Today the Mytilineos Group is comprised of Mytilineos S.A, METKA S.A., ELVO S.A., Sometra S.A., Mytilineos Finance S.A., Elemka S.A., Hellenic Copper Mines L.T.D, G. Sidirometallki S.A., Mytilineos Power Generation and Supplies S.A., and Mytilineos Hellenic Wind Power S.A.

3.2 International Activities-Alliances

The Group's expansion to global metal trading was designed to offset declining sales in the domestic market, where Mytilineos held a leading position for a number of years. Despite challenges, international metal markets were identified as the sole area with the potential to maintain continued high growth rates. The Group's orientation toward global markets was inaugurated in 1995 when it signed a number of agreements with Balkan mining and metallurgy industries. These agreements, which extend beyond ordinary commercial contracts, have allowed Mytilineos Holdings S.A.:

- To partially finance mining and metal processing.
- To obtain from, and supply raw materials to, metal processing plants.
- To provide mechanical equipment to modernise production processes.
- To provide know-how for the effective operation of such plants.

In return, the contracting parties supply to Mytilineos Holdings S.A. finished products, of value equivalent to goods and services provided by Mytilineos Holdings S.A., which then trades on its own account. The price of the finished products is fixed on the London Metal Exchange (LME), the largest international commodities market. These agreements are executed exclusively with Mytilineos Holdings S.A., and allow for the supervision for good performance by subsidiaries Mytilineos Belgrade (formerly Sermetrade) in Serbia and MYVEKT DOO in the Former Yugoslav Republic of Macedonia (FYROM).

Commercial agreements of this nature are likely to be signed with more companies in Southeast Europe to better serve the needs of local producers and Mytilineos Holdings S.A. Producers in these countries usually have large output. What they lack is both working capital and the know-how to operate in a competitive global environment. The Group, by adopting such long-term partnerships with local producers, enjoys special privileges and exclusive rights, which further consolidate its position in these markets.

Some of the major agreements:

A seven-year agreement with Serbia's mining and metallurgy complex RTB-BOR, effective until 2004. RTB-BOR is the largest vertically integrated copper processing plant in Europe and provides Mytilineos with exclusive distribution rights for the largest part of its output in electrolytic copper, gold, and silver. In return for such rights, Mytilineos provides working capital to RTB-BOR for the plant to meet its ore requirements.

An agreement effective until 2004 with FYROM's SASA, worth U.S.$86 million, giving Mytilineos the exclusive right to exploit sulphurous zinc and lead minerals. In return, Mytilineos provides financing for the plant's production operations. A letter of guarantee amounting to U.S.$6 million by Stopanska Banka, a subsidiary of the National Bank of Greece, covers the production financing of the ZLETOVO-SASA metallurgy group and the commercial agreement with the Group. The agreement with the abovementioned group has been suspended.

An agreement with the Kosovo mining group RMHK TREPCA. The agreement has been suspended following RMHK TREPCA's failure to fulfill the terms of its contract with Mytilineos.

Claims are filed and pending against: I) the Yugoslavian metallurgy company named RMHK TREPCA, based in Kosovska Mitrovica city of the Kosovo region; ii) the Yugoslavian trading company named GENEX (GENERAL EXPORT), based in Belgrade city; iii) the Yugoslavian banking company named JUGOBANKA AD BEOGRAD, based in Belgrade.

On the 5th of May 1997, the Company signed a five-year commercial contract in Athens with the above companies, numbered 10091/1997. The first two companies were contracted as selling companies, and the third as a guarantee bank.

From the above contract, there has resulted a debit balance against the three companies, which today amounts to USD 48 million plus interest. The execution of the contract and the debt payment have been interrupted, and the agreement has been denounced.

All necessary legal measures have been taken, both in Yugoslavia and Greece, for the payment of the above amount by the three debtors.

An action has been brought against the three companies, and this is pending in front of the Athens' Court of First Instance.

An action has also been brought against the Export Credit Insurance Organisation (OAEP), which was accepted by the no. 4/2004 decision of the same Court, and acknowledges that OAEP owes to the Company the whole of the insured amount of f 17,509,364.64 (GRD 5,966,316,000), plus the legal overdue interest from 27.01.2000 until the payment day. OAEP has made an appeal against this decision, which was tried, and the decision is pending.

Finally, further to the recent bankruptcy of the guarantee bank (Jugobanka), a middle-term possibility is that only the amount insured by OAED (f 17,509,364.64 (GRD 5,966,316,000)) plus overdue interest will be received.

A five-year, U.S. $150 million Cooperation agreement with Hungary's Dunafer group, providing for the exclusive sales of its products, through Mytilineos, to the Balkan states and Egypt, without excluding the potential sales of Dunafer products, through Mytilineos, to other countries.

The Mytilineos Holdings S.A. sales network in foreign countries has grown rapidly and is been serviced by subsidiaries and commercial agents.

Group Turnover Development from 1997-2003 in Domestic and Foreign Markets

(amounts in ths f)

TURNOVER (value)	1997	1998	1999	2000	2001	2002	2003
Domestic Sales from:							
◆ Commercial Activities	73.471	52.983	60.643	94.803	85.063	78.356	68.695
◆ Construction Activities	1.397	1.541	1.162	11.530	3.759	2.516	4.219
◆ Services	58	355	111	7.583	508	1.419	3.904
◆ Industrial Activities			44.619	57.444	97.952	100.145	134.500
Total	**74.926**	**54.879**	**106.535**	**171.360**	**187.282**	**182.436**	**211.318**
Sales in Foreign Markets from:							
◆ Commercial Activities	85.165	147.389	166.051	232.561	185.130	74.173	63.608
◆ Services	58	32		6.841	9.051	2.519	0
◆ Industrial Activities			361	2.107	2.204	425	3.058
Total	**85.223**	**147.421**	**166.412**	**241.509**	**196.385**	**77.117**	**66.666**
Grant Total Services	**160.149**	**202.300**	**272.947**	**412.869**	**383.667**	**259.553**	**277.984**

The expansion of Mytilineos' activities in global trading is a natural development, due to its leading position in the Greek market and its affiliations in international markets.

Mytilineos Holdings S.A. has developed an exceptionally flexible and effective operational structure, allowing the Group to consistently provide high-quality services. The company is organised into four (4) main departments (Administration, Finance, Commercial Operators, and Transport) that are staffed by highly qualified personnel.

The Group has a state-of-the-art telecommunications and information technology infrastructure that provides for an uninterrupted flow of information on market developments and conditions, client requirements, merchandise availability, and transportation capacity. This advanced ICT infrastructure meets the demanding needs of its entire sales network.

As stated, certain unique aspects characterise the partnerships that the Group has created with a number of foreign companies. The Group has effectively assumed joint management of the plants with which it co-operates, although it holds no share in any of the firms' equity. However, in most cases, the Group retains the right of priority in any future privatisation of these businesses, a right that safeguards its interests in the event of take-over bids.

Similar business alliances are likely to be signed with companies in East European states to better serve the requirements of local producers and to provide value added to the Group. Even though producers in these countries can usually realise large output, they lack both working capital and the required know-how needed to operate in a competitive global environment.

3.3 Sales and Distribution Network

The Mytilineos Holdings S.A. sales and distribution network includes three (3) distribution centres in Greece and an extensive network of commercial agents in other countries.

3.3.1 Sales Network in Foreign Countries

The Group has established in many countries a rapidly expanding sales network, whose activities are supported by subsidiaries and commercial agents.

SUBSIDIARIES	AGENCIES
Luxembourg	Milan, Italy
Nicosia, Cyprus	Trieste, Italy
Belgrade, Serbia	Budapest, Hungary
Skopje, FYROM	Tel Aviv, Israel
Bucharest, Romania	Cairo, Egypt
Copsa Mica, Romania	Istanbul, Turkey
	Durres, Albania

Commercial agents working with Mytilineos Holdings S.A. have been carefully selected. They must be highly familiar with market conditions and provide the Group with accurate information and precise estimates of expected demand in their markets. In addition, their contribution to monitoring and good execution of orders is deemed essential.

The primary international markets for Mytilineos Holdings S.A. products are Italy, Cyprus, Romania, and the countries of the Balkans and Eastern Europe. Co-operation agreements with commercial agents vary from country to country and commission rates are agreed upon at the time the contract is signed.

A large part of international sales is negotiated directly by the Group through the Commercial Department's direct contact with clients.

3.3.2 Domestic Sales and Distribution Network

Mytilineos Holdings S.A. has three (3) company-owned distribution centres in Greece:

- In Aspropyrgos in Attica, serving the greater Athens region.
- In the Ioannina Industrial Region, serving Western Greece and Albania.
- In the Industrial Region of Sindos, Thessaloniki, serving Northern Greece.

MYTILINEOS HOLDINGS S.A. SALES PER GEOGRAPHIC REGION	
Greece	52.93%
Cyprus	5.19%
Italy	14.07%
Romania	5.89%
Switzerland	2.39%
Egypt	2.85%
Poland	3.10%
Czech Republic	0.42%
Turkey	1.93%
Austria	1.84%
Bulgaria	2.00%
USA	0.78%
Others	7.03%
TOTAL	**100%**

3.4 Investments

The Group's largest investments in the period 1998-2003 are:

1998

- Acquisition of a 27.54% stake in METKA S.A. (listed on the Athens Stock Exchange), an investment totalling f 31.527 ths.
- Acquisition of a 60% stake in the Romanian metallurgy firm Sometra S.A. from Romania's State Ownership Fund, an investment totalling f 3.451 ths.
- Construction of a company-owned office building totalling 1,500m^2 , on a 761 m^2 plot of land in Paradisos Amarousiou, Athens, to house the company's head offices. Value: f 2.935 ths.

1999

- Acquisition of a 20.06% stake in listed METKA S.A., an investment totalling f 26.999 ths.
- Acquisition of the U.S. Consulate building in Thessaloniki, an investment totalling f 8.511ths.
- Conclusion of the first investment phase to modernise S.C. Sometra S.A., Romania, an investment totalling f 3.522 ths.

2000

- Acquisition of a 22.53% stake in Hellenic Vehicle Industry S.A. (ELVO), an investment totalling f 6.380 ths.
- Acquisition of an additional 12% stake in METKA S.A., an investment totalling f 46.368 ths.
- Acquisition of an additional 27% stake in Romania's Sometra S.A., though an increase in share capital, an investment totalling f 15.084 ths.
- Acquisition of a 30% stake in Hellenic Copper Mines Ltd., an investment totalling f 5.949 ths.

2001

- Acquisition of an additional 4% stake in METKA S.A., an investment totalling f 9.884 ths.
- Beginning of phase A of the construction of a company-owned building totalling 673,24 m^2 in Thessaloniki.

2002

- Acquisition of an additional 5.82% stake in METKA S.A. an investment totaling f 23.960 ths.
- Beginning of phase B of the construction of a company-owned building in Thessaloniki.

2003

- Beginning of phase C of the construction of a company-owned building in Thessaloniki.

Investments – Fixed Assets (amounts in €)

	2001	2002	2003	TOTAL
Land	121.569,53	3.675.157,74	-	3.796.727,27
Building & Construction Projects	83.052,09	-	-	83.052,09
Machinery and Other Equipment	5.282,47	70.505,00	-5.282,47	70.505,00
Transportation	-71.007,26	-157.926,75	-40.690,40	-269.624,41
Furniture and Other Fixtures	-60.868,87	-15.706,48	23.312,93	-53.262,42
Payments on Accounts & Tangible Under Construction	571.730,79	-2.528.010,89	1.096.023,83	860.256,27
TOTAL	**528.189,22**	**1.044.018,62**	**1.073.363,89**	**2.645.571,73**

3.5 Investment Policy

In order to attain its strategic goals, the Company follows an investment policy linked to the course of the market and focused on the sectors of metallurgy, energy and defence programs.

Mytilineos S.A. invests firstly in human scientific personnel, necessary due to the increased turnover, and secondly into new sectors of activity, like the energy sector through its subsidiary METKA S.A. and the defence programs sector through its subsidiary ELVO S.A.

The Company also invests for the upgrade of the production units (SOMETRA S.A. – HELLENIC COPPER MINES LTD), in order to further lower the cost of production and exploit their production capability, securing a long-term and profitable use.

Obviously the Company prepares and invests so as to be able to face new challenges and exploit business opportunities flourishing in Greece and in the Balkan area, aiming to profitable joint ventures and to an improvement of the Group's position.

3.6 Main Events During 2003 – New Activities

3.6.1 Energy

During 2003 and early 2004, MYTILINEOS GROUP's activities in the area of electricity generation continued to develop.

Specifically, the specialised company MYTILINEOS POWER GENERATION AND SUPPLY S.A. (MPGS) forwarded the processes necessary for the implementation of a Thermal Station 400 MW in Volos. All the relevant studies which had started in 2001 and especially the environmental impact study were completed and approved by the Ministry of Environment, Urban Planning and Public Works, and the final Installation Permit for the station was issued by the Ministry of Development.

Discussions for a co-operation with international companies continued during 2003, although no commitments were made, due to the continuing pendency of a definite statutory context (e.g. codes) by RAE.

During the same year the tendering process for the construction and operation of Power Plants in CRETE and RHODES was cancelled by the Ministry of Developement and the Regulatory Authority of Energy.

In the area of projects exploiting the wind power, the specialised company MYTILINEOS HELLENIC WIND POWER S.A. (MHWP), which possesses generation permits for a total of seven wind parks, forwarded the activities necessary in order to get the final Installation Permit for the wind parks of SIDIROKASTRO and PLATANO of CRETE, having already secured approval for their subsidisation by the Ministry of Development.

The construction of the first of the above wind parks – that is, the wind park of Sidirokastro – is expected to begin late 2004. For this reason, the specialised company has signed early 2004 with the authorised institution (KAPE) the relevant contract for the subsidisation of the project, which comes up to f 4.490.000.

Meanwhile, for the already licensed wind parks of Evia, the processes for their inclusion in a development law continued. This activity is expected to be concluded around the end of 2004. However, the construction of the parks in Evia depends on the electrical connection of the island of Evia with the new high-voltage transfer line, a project pending to be realised by the Public Electricity Company (PPC) and is programmed for 2006.

3.6.2 Defence

With the acquisition, in August 2000, of a 43% share in ELVO (Hellenic Vehicle Industry), the largest enterprise of its kind in Greece, Mytilineos Holdings S.A. has significantly strengthened the industrial profile of the Group, especially in the field of defence systems and armaments. This acquisition complements the Group's activities in electromechanical equipment, and in minerals and metallurgy.

The year 2003 can be characterised as a crucial year for ELVO. The company's turnover increased by 42% surpassing f 175 million (f 123.613 million in 2002), the gross profit increased by 68.72% (from f 24.917 million to f 42.040 million), while the profits before tax showed a vertical rise reaching f 21.903 millions, an increase of 150% compared to previous year (f 8.727 millions).

The increased profitability was due mainly to a holdback of the production cost, as well as to a radical reformation of the company and its gradual performance as a privately-run company. The gross profit margin increased from 20.15% in 2002 to 23.9% for 2003. There was also an improvement of the profits before tax margin, from 7.05% in 2002 to 12.48% for 2003. Despite the need of increased operating capital, due to the increased turnover, the company's bank loans stayed in relatively low levels.

It is worth noting that ELVO has pending projects of value more than f 700 millions (including the participation in the Armored Infantry Fighting Vehicle (AIFV) program). The participation in the AIFV program will make ELVO a growth pole in the area of Thessaloniki and Macedonia in general, which suffers from high unemployment.

Pending projects include also the contract for a construction of 170 Leopard A2 battle tanks and 12 collecting tanks (ARVs), which will be supplied to the Greek Armed Forces following a recent contract between the Greek Government and Krauss Maffei Wegmann company.

ELVO will undertake the assembly and reliability check of the 170 Leopard tanks, as well as the final transmission system of the vehicle (ZF). This project will require:
1. The construction of new buildings and a new production line at ELVO in Thessaloniki.
2. The construction of a new track for testing the battle tank and for checking the reliability of its weapon system.
3. The installation of a new control system to test the electromagnetic compatibility of the electronic elements of the tank, an installation that will be unique in the country.

This investment, in combination with the advanced know-how ELVO will acquire from the construction and assembly of the battle tank, will form the base leading to a further construction of similar vehicles.

For the Leopard 2 project, a personnel of 100 specialised employees will be needed, a part of which will be new hirings.

ELVO's participation in the project will commence one year after the initial tank construction by Krauss Maffei Weggman and will terminate in 2009.

Finally, last year ELVO received a first order from Albania, for a construction of 20 jeep of the MERCEDES 290 GDT type (same with the vehicles that the company manufactures for the Greek Army). The order comes up to 1.5 million U.S. dollars. Due to the neighbour country's economic difficulties, the payment of those vehicles will be effected with scrap from old battle tanks, vehicles and arming systems (barter agreement).

Price and other sales terms are the same with those of the Greek Armed Forces, and the agreement will be concluded within the following 9 months.

The gradual incorporation of the Balkan countries into NATO and the European defence structure necessitates a radical reforming of their armies. In co-operation with its foreign partners, ELVO will make every effort – as in the case of the Albanian jeeps – for the renewal and modernisation of their Armed Forces vehicles, contributing as much as possible to a business co-operation in the sensitive area of defence supplies.

It should be noted that ELVO subcontracts to roughly 500 companies in Northern Greece and ELVO's total investment during the next three years will exceed f 40 million.

METKA's objective, through its long and dynamic presence in armaments programs, is to become on of the top defence contractors in Greece. METKA's advances in technical capabilities and know-how are ensuring that this goal will soon become realised. Collaborations in the construction of armoured vehicles, the AIV truck Leonidas (in co-operation with ELVO), the construction of a torpedo loading system for submarines (in collaboration with the Greek Navy), and the construction of the metal subsystems for MEKO class frigates (in collaboration with Hellenic Shipyards and Blohm + Voss) are rapidly propelling the company to the top ranks of armaments producers. In addition, METKA recently completed the production of 42 Patriot missile system platforms (trailers and launchers), in collaboration with the American companies Raytheon and Lockheed Martin, in a project valued at f 22 million.

Recently, METKA has executed contracts for the production of the following:

- The pressure hull of the new U-214 submarines for the Hellenic Navy, a project carried out in collaboration with the German Shipyards FS/HDW and valued at f 19 million.
- Part of the pressure hull of three U-209 submarines of the Hellenic Navy (valued at f 1.93 million).
- Parts for the Howitzer self-propelled tracked gun (f 1.0 million) and various other contracts in the defence sector.
- The most important defence program in METKA during this period is the co-production of 170 new battle tanks Leopard 2 and 12 collection tanks, valued at f 127.5 and f 7.3 million respectively. The contract with the manufacturing house KMW was signed in January 2004 and the industrialisation processes pertaining to the metal construction of the tank's hull, the mechanical parts, as well as the tower are in full progress. Considerable infrastructure upgrading, installation of cutting-edge technology, and employment of specialised personnel are required for this program which will absorb high know-how and offer jobs to approximately 110 people for at least six (6) years. The construction of the first tank has already started and the first tower is expected to be delivered at the end of this summer, while the first hull in January 2005. Meanwhile, the preparation for industrialisation of the 12 collection tanks (ARVs) has also started, following an agreement with the manufacturing house RHEINMETALL LANDSYSTEME.

4. CORPORATE GOVERNANCE – INTERNAL AUDIT

The company has adopted Corporate Governance Principles in line with those established by Greek legislation and by international best practices. These principles, on which the organisation and management of the company are ultimately based, strive for transparency in investor relations and the indemnity of shareholders' interest.

The Board of Directors of Mytilineos S.A. is the trustee of the Group's Corporate Governance Principles. It is comprised by 3 executive and 4 non-executive members. From the non-executive members, 2 satisfy the conditions set by law 3016/2002, and can be called "independent".

The Audit Committee is comprised by non-executive members of the Board and its mission is to conduct objective internal and external audits and facilitate an effective communication among the auditors and the Board.

Its responsibilities are to ensure compliance with the rules of Corporate Governance, guarantee a proper operation of the Internal Audit System and supervise the works of the company's Internal Audit Department.

Internal Auditing is a basic and essential element of corporate governance. The Internal Audit department of Mytilineos S.A. is an independent organisational unit that reports to the company's Board of Directors. Its responsibilities include the evaluation and improvement of risk management and internal auditing methodology. The unit also verifies compliance with legislated policies and with procedures set by the company's Internal Regulation of Operations since 2001.

5. INFORMATION PERTINENT TO SHARE CAPITAL SHAREHOLDERS BOARD OF DIRECTORS AND MANAGEMENT

5.1 Share Capital – Book Value of Share

Table of Share Capital (Consolidation) (amounts in f)

	2001	2002	2003
SHARE CAPITAL			
No of Shares	40.520.340	40.520.340	40.520.340
Nominal Value of Share	0,60	0,60	0,60
Share Capital	24.312.204	24.312.024	24.312.024
CAPITAL AND RESERVES			
Share Premium Account	183.906.925,77	183.906.925,77	146.689.880,68
Reserves from Value Adjustments of other Assets	1.261.532,04	1.518.495,93	1.658.715,53
Legal Reserves	3.690.200,43	4.294.477,97	5.081.996.23
Special Reserves	1.087.583,05	1.087.583,05	9.011.851,77
Tax Free Reserves under Special Laws	39.149.421,28	30.913.281,45	24.100.284,08
Differences of Consolidation	-154.331.923,61	-154.401.993,04	-164.166.348,25
Minority Interests	52.979.059,03	48.098.071,41	52.028.900,28
Consolidation F/X Differences	5.418.776,13	3.530.255,94	-7.277.093,96
Profit Carried Forward	4.843.382,51	6.285.960,19	17.597.512,52
TOTAL CAPITAL AND RESERVES	**162.317.160,64**	**149.545.262,67**	**109.037.902.88**

Table of Share Capital (amounts in f)

	2001	2002	2003
SHARE CAPITAL			
No of Shares	40.520.340	40.520.340	40.520.340
Nominal Value of Share	0,60	0,60	0,60
Share Capital	24.312.204	24.312.024	24.312.024
CAPITAL AND RESERVES			
Share Premium Account	183.906.925,77	183.906.925,77	146.689.880.69
Reserves from Value Adjustments of other Assets	133.223,85	133.223,85	133.223,85
Legal Reserves	2.928.835,71	3.177.638,71	3.556.187,91
Special Reserves	616.305,39	616.305,39	616.305,39
Tax Free Reserves under Special Laws	34.550.691.87	29.529.619,63	30.536.006,15
Profit Carried Forward	36.519,76	2.737.758,68	5.746.052,06
TOTAL CAPITAL AND RESERVES	**246.484.706,34**	**244.413.676.04**	**211.589.860,06**
BOOK VALUE OF SHARE	**6,08**	**6,03**	**5,22**

5.2 Main Shareholders

At the end of fiscal year 2003, the main shareholders of the company Mytilineos Holdings S.A. were:

SHAREHOLDER (S)	NO. OF SHARES	(%)
EVANGELOS MYTILINEOS	8.189.858	20,21
IOANNIS MYTILINEOS	8.129.425	20,06
METAL CONSTRUCTIONS OF GREECE (METKA)	934.630	2,31
OTHER	23.266.427	57,42
TOTAL	**40.520.340**	**100**

The company's shares have a significant free float.

5.3 Board of Directors – Management

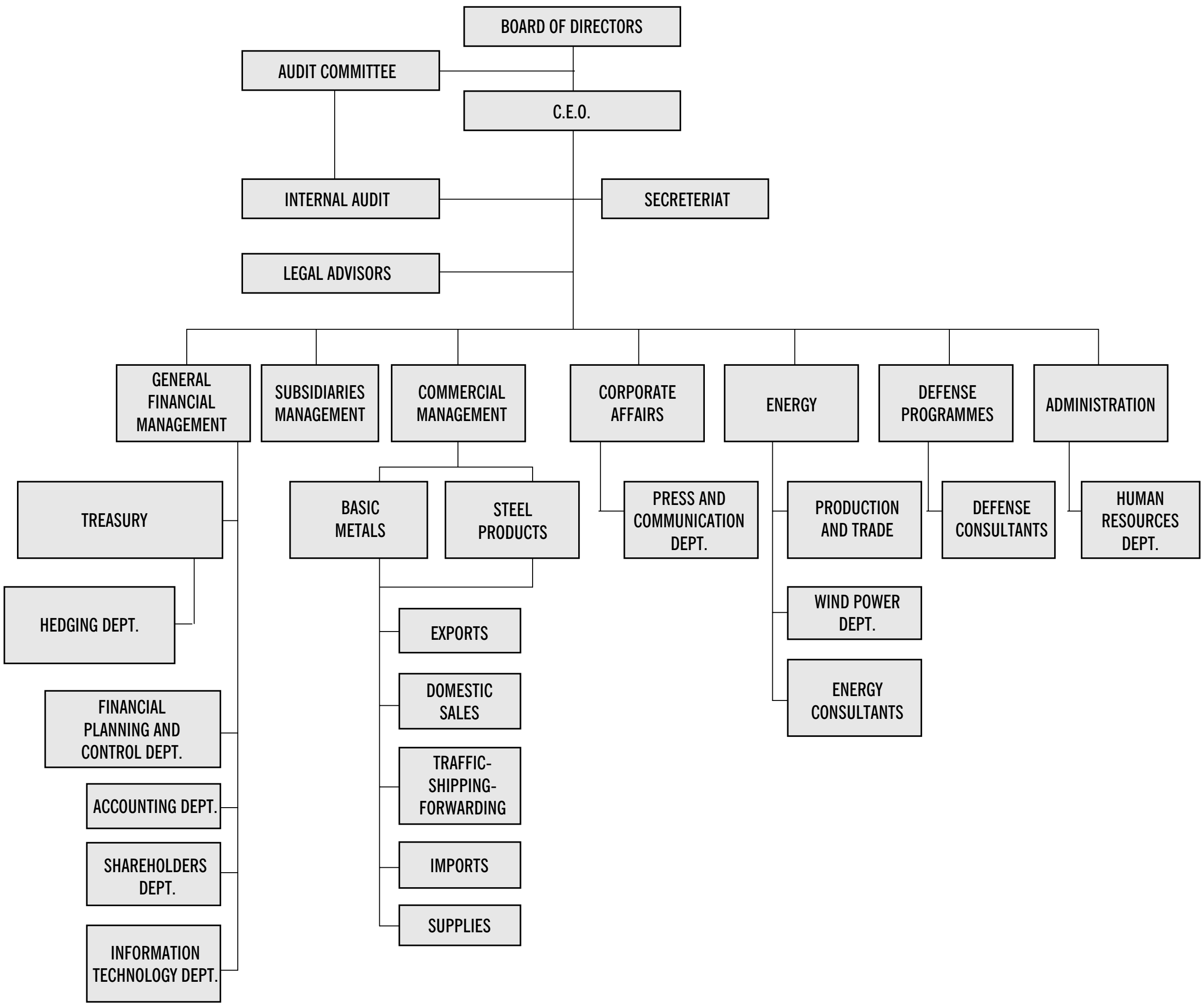
Board of Directors

Evangelos Mytilineos: Chairman and Managing Director (Executive Member).
Ioannis Mytilineos: Vice President (Non Executive Member).
George Kontouzoglou: Executive Director (Executive Member).
Nikolaos Mousas: Member (Executive).
Tito Treneski: Member (Non Executive).
Apostolos Georgiadis: (Independent – Non Executive Member).
George Lymberakis: (Independent – Non Executive Member).

Management

Arampatzis Elefterios: Ioannina Branch Manager. He graduated from the Aristotele University of Thessaloniki with a degree in Marketing.
Desypris Ioannis: Energy Projects Manager. Chemical Engineer. B(Sc) South Bank University, UK, PHD Leeds University, Leeds, UK.
Doumanoglou Antonis: General Manager, Commercial Department Metallurgies & International Trade: He graduated form the University of Illinois with a degree in Electrical Engineering.
Gavalas Christos: Group Treasurer: He graduated from the Athens University of Economics and Business (AUEB) with a degree in Business Administration.
Giannakopoulos Stamatis: Business Developer Advisor: He graduated from the National Technical University of Athens (NTUA) with a degree in Mining Engineering and Metallurgy.
Kelaidis George: Defence Programs Manager: Aeronautical Engineer of the Hellenic Air Force
Mitsovoleas Apostolos: Chief Financial Officer: B (Econ), Aristotele University of Thessaloniki, P.G.Dipl. in Accounting and Finance, Heriot-Watt University, Scotland, Mphil in Financial Planning, University of Edinburgh.

5.4 Corporate Organisational Chart



5.5 Human Resources

Mytilineos Holdings S.A. personnel — administrative officers and other employees — are carefully selected.

Allocation and Education Level of Personnel

PERSONNEL	2001	2002	2003
ADMINISTRATIVE OFFICERS	78	74	69
OTHER EMPLOYEES/WORKERS	5	3	3
TOTAL	**83**	**77**	**72**
EDUCATION LEVEL			
HIGHER EDUCATION – UNIVERSITY DEGREE	45	44	44
HIGHER EDUCATION – TECHNOLOGY INSTITUTE DEGREE	32	27	22
SECONDARY EDUCATION	6	6	6
TOTAL	**83**	**77**	**72**

Mytilineos Holdings S.A. provides continuous training for its personnel and is in full compliance with all worker safety and health regulations.

In addition to mandatory state insurance coverage, the company offers all staff supplementary insurance through the Agrotiki Life Insurance Company. Agrotiki Life's group policy provides employees with coverage for accidents, health care, and life insurance and provides for compensation of up to 10 monthly salaries per employee. Relations between the Group's administration and employees are excellent. A total of 3,500 persons are employed by Mytilineos Group in and outside Greece.

6. BALANCE SHEET

6.1 Operations - Results

Turnover and Results: 2001-2003 (amounts in f)

	2001	2002	2003
Total Turnover	**194.210.396,43**	**154.293.901,56**	**145.587.673,52**
Less: Cost of Sales (before Depreciation)	172.082.321,41	139.510.837,59	130.703.560,40
Gross Operating Results (Profit)	22.128.075,02	14.783.063,97	14.884.113,12
(% of Turnover)	11,39%	9,58%	10,22
Plus: Other Operating Income	181.476,70	77.326,71	64.925,53
Total	**22.309.551,72**	**14.860.390,68**	**14.949.038,65**
Less: Administrative Expenses (before Depreciation)	3.356.166,46	2.436.584,09	3.087.577,29
Distribution Expenses (before Depreciation)	6.465.259,96	4.818.019,00	4.296.192,01
Total Expenses	9.821.426,42	7.254.603,09	7.383.769,30
(% of Turnover)	5,06%	4,70%	5,07%
Operating Results	12.488.125,30	7.605.787,59	7.565.269,35
(% of Turnover)	6,43%	4,93%	5,20%
Plus:			
Revenue from Equity Shares & Securities	3.011.828,08	3.464.063,80	5.629.316,57
Extraordinary & Non-Operating Revenue	2.699.876,91	5.448.366,50	8.036.254,87
Extraordinary Income & Revenue from Prior Fiscal Years	23.353,08	54.235,37	41.655,58
Revenue from Provisions of Prior Years	-	-	-
Less:			
Expenses & Losses from Equity Shares & Securities	107.341,91	32.996,81	31.208,90
Extraordinary & Non-Operating Expenses	1.047.910,44	4.383.947,33	6.614.292,13
Extraordinary Loss	5.441,51	27.409,88	1.286,54
Expenses from Prior Years	78,544,84	392.255,50	411.712,89
Provisions from Emergencies	-	55.300,00	-
Income before Interest and Depreciation	**16.983.944,68**	**11.680.543,74**	**14.424.995,91**
(% of Turnover)	8,74%	7,57%	9,91%
Plus: Credit Interest & Related Revenue	105.262,27	385.420,11	507.170,76
Less: Debit Interest & Related Expenses	6.383.297,52	4.691.824,25	3.586.595,77
Income before Depreciation & Tax	**10.705.909,43**	**7.374.139,60**	**11.345.570,90**
(% of Turnover)	5,51%	4,78%	7,65%
Less: Depreciation (Total)	1.189.500,86	1.266.426,35	1.676.457,21
Profits Before Tax	**9.516.408,57**	**6.107.713,25**	**9.458.113,69**
(% of Turnover)	4,90%	3,96%	6,50%
Less: Taxes	2.642.489,24	1.131.654,33	1.887.129,81
Less: Distribution of Profits to Staff	-	-	-
Profits After Taxes and Distribution of Profits	**6.873.919,33**	**4.976.058,92**	**7.570.983,88**
(% of Turnover)	3,54%	3,23%	5,20%
Less: Additional Taxes	5.664.991,21	-	-
Profits after Taxes, Distribution of Profits & Additional Taxes	1.208.928,12	4.976.058,92	7.570.983,88
Revised Profits before Taxes	(4.986.741,88)	3.687.631,92	6.749.467,88

Turnover

The Company's turnover has shown a minimal decrease in the last three-year period, due primarily to the adverse conditions of the international metals market during the period 2001-2002 while the minimal decrease of (-5.6%) in sales during 2003 resulted due to the U.S. dollar and euro exchange rate during the same year.

Cost of Sales–Gross Profits

The Company's gross profit margin should be regarded as satisfactory, given the nature of the Company's commercial activities. The Company's partnership agreements, providing it with inexpensive raw materials, have been a major benefit in maintaining satisfactory gross profits, especially at a time of adverse conditions in the international metals market.

Administration–Distribution Expenses

Operational expenses remained unchanged. The ratio of operational expenses to sales has increased.

Revenue-Expenses from Equity Participation and Securities

The Company posted considerable income from dividends received due to equity stakes in affiliated companies. Expenses are derived exclusively from sales of equity participations and securities.

Extraordinary and Non-Operating Revenues–Expenses

Extraordinary and non-operating revenues and expenses are largely related to exchange rates, caused by significant fluctuations of the U.S. dollar against the euro.

Credit-Debit Interest

The Company has recorded increased revenue from credit interest due to its high cash position. In addition, financial expenses fell as a result of the conversion of short-term debt to long-term debt.

Depreciation

Allocation of Depreciation: 2001-2003 (amounts in f)

COST CENTRES	2001	2002	2003
Administrative Expenses	869.954,45	925.554.,16	1.216.941,44
Distribution Expenses	248.526,46	263.946,70	459.515,77
Cost of Sales	-	-	-
Total	**1.118.480,91**	**1.189.500,86**	**1.676.457,21**

Turnover – Gross Profit Margin Analysis (amounts in f)

ITEM	TURNOVER (AMOUNTS IN €)	GROSS PROFIT % (CHANGE)
Copper	16.745.914,33	7,85
Lead	7.458.884,96	17,37
Zinc	38.629.045,70	11,36
Aluminium	4.433.458,99	4,59
Steel Products	27.246.764,20	8,96
Wires	139.505,52	14,30
Concentrates	34.271.495,38	7,70
Raw Materials	8.395.562,50	7,77
Dore	2.949.219,73	15,08
Other	5.317.822,22	16,71
Total	**145.587.673,52**	**10,22**

Administrative and Distribution Expenses to Cost Services (amounts in f)

EXPENSE	COST OF SALES	ADMINISTRATION	DISTRIBUTION	FINANCE	TOTAL
Personnel Expense	-	1.187.092,61	1.218.475,56	750.838,03	3.156.406,20
Third Party Fees	-	684.856,79	493.319,29	77.992,72	1.256.168,80
Third Party Benefits	-	328.883,00	208.356,92	155.065,02	692.304,94
Taxes / Duties	-	46.769,45	49.172,52	15.528,27	111.470,24
Overheads	3.031.694,84	466.232,32	1.193.579,59	205.619,58	4.897.126,33
Interest & Financial Expenses	-	5,01	9,50	3.586.581,26	3.586.595,77
Depreciation	-	232.325,48	459.515,77	984.615,96	1.676.457,21
Provisions	-	116.618,79	133.278,63	83.299,11	333.196,53
Total	**3.031.694,84**	**3.062.783,45**	**3.755.707,78**	**5.859.539,95**	**15.709.726,02**

6.2 Appropriation of Profits before Depreciation and Taxes: 2001-2003

Appropriation Account (amounts in f)

	2001	2002	2003	2001-2003	%
Profits Before Taxes and Depreciation	10.705.909,43	7.374.139,60	11.134.570,90	29.214.619,93	
Results Brought Forward	1.363.510,44	36.519,76	2.737.758,68	4.137.788,88	
Total	**12.069.419,87**	**7.410.659,36**	**13.872.329,58**	**33.352.408,81**	
Appropriated as under:					
Total Depreciation	1.189.500,86	1.266.426,35	1.676.457,21	4.132.384,42	12,39
Legal Reserve	26.033,72	248.803,00	378.549,20	653.385,92	1,96
Other Reserve	78.664,68	-	132.107,30	210.771,98	0,63
Taxes – Tax Differences	8.307.480,45	1.131.654,33	1.887.129,81	11.326.264,59	33,96
Provision for Minorities	-	-	-		
Dividends	2.431.220,40	2.026.017,00	4.052.034,00	8.509.271,40	25,51
Profits Distributed to Employees	-	-	-		
Results Carried Forward	36.519,76	2.737.758,68	5.746.052,06	8.520.330,50	25,55
Total	**12.069.419,87**	**7.410.659,36**	**13.872.329,58**	**33.352.408,81**	**100,00**

As shown in the table above, 14,35% of 2001-2003 profits was retained by the company (reserve and depreciation), while 33.96% was used to pay taxes and 25.51% was used to pay dividends.

6.2.1 Dividend Policy

The following table shows the company's dividend policy for the last three years:

Dividend Policy Table (amounts in f)

COST CENTERS	2001	2002	2003
Profit after Taxes	2,572,438.56	5,012,578.68	10,308,742.56
Total Dividend	2,431,220.40	2,026,017.00	4,052,034
% On Profit	94.51	40.42	39.30

In fiscal year 2003, the total dividend distributed was f 4,052,034.00 (increased by 100% compared to previous year). The company's fixed policy, also anticipated by law 2190/1920, is to pay a dividend that either corresponds to at least 35% of the profits before taxes (after deducting the Company's costs, the regular reserves and the corresponding tax), or a 6% of the paid share capital after deducting the corresponding tax – whichever amount is larger. The dividend is paid within two months after the Annual General Shareholders' Meeting which approves the Company's annual financial statements. In mapping out its dividend policy, the Group plans a reasonable amount of dividends for shareholders, and takes into account the expected growth in financial indices and the requirements for working capital.

6.2.2 Taxation on Dividends

Greek law (2238/1994 art.109) states that companies whose shares are listed on the Athens Stock Exchange, with the exception of banks, are subject to income tax amounting to 35% of their taxable profits before any earnings distribution.

Hence, Mytilineos' dividends are distributed after the deduction of income taxes from the company's profits. There is no tax obligation pending for shareholders from the respective total amount of earnings arising from dividend payments. The date for the acquisition of income from dividend payments is taken to be the date of the acceptance of the company's financial statements at its shareholders' annual general meeting. According to Greek law, the dividend arising from subsidiary companies' earnings that is to be paid to their parent company will be paid during the following fiscal period and hence will be included in the parent company's earnings of the following fiscal period, with the exception of pre-dividends payments in the actual fiscal period. Dividends arising form the parent company's earnings, which are partly formed from the distributed earnings of companies in which the parent company has an interest, are paid during the fiscal period following the period of receipt.

Earnings of the parent company arising from dividend payments are subject to tax of up to 5%, which are taxed at a rate of 35% since they were already taxed.

6.3 Analysis of Financial Position 2001-2003

Balance Sheet Results: 2001-2003 (amounts in f)

ASSETS	2001	2002	2003
Non–Depreciated Intangible Fixed Assets	**2.433.923,35**	**1.686.289,78**	**1.939.844,62**
Tangible Fixed Assets	19.273.666,60	20.349.098,32	18.837.678,64
(Less: Accumulated Depreciation)	2.023.565,70	2.437.319,17	2.682.617,36
Non-Depreciated Tangible Fixed Assets	17.250.100,91	17.911.779,15	16.155.061,28
Equity Interest & Affiliated Undertakings	219.088.110,71	243.269.465,14	242.478.274,40
Total Fixed Assets	**236.338.211,62**	**261.181.244,29**	**258.633.335,68**
Stocks	29.464.772,65	13.384.603,65	6.883.337,52
Trade Debtors	59.524.374,67	56.831.032,37	39.675.722,57
Receivable Checks - Overdue	4.828.446,48	10.237.629,34	8.431.814,92
Term Deposits	11.105,19	-	-
Other Assets	25.266.085,00	27.717.556,98	27.704.708,40
Securities	7.099.892,04	2.681.939,80	4.209.667,28
Cash in Bank and on Hand	10.726.845,03	3.236.365,56	2.454.960,07
Total Current Assets	**136.921.521,06**	**114.089.127,70**	**89.360.210,76**
Prepayments and Accrued Income	1.262.414,67	73.642,87	1.195.722,08
Total Assets	**376.956.070,70**	**377.030.304,64**	**351.129.113,14**

LIABILITIES			
Share Capital	24.312.201,00	24.312.201.00	24.312.201,00
Share Premium Account	183.906.925,77	183.906.925,77	146.689.880,69
Reserves from Value Adjustments of Other Assets	133.223,85	133.223,85	133.223,85
Reserves	38.095.832,97	33.323.563,74	34.708.499,46
Reserves Carried Forward	36.519,76	2.737.758,68	5.746.052,06
Consolidation Balance – Minority Rights – Currency Consolidation Balance	-	-	-
Total Capital and Reserves	**246.484.706,34**	**244.413.676,04**	**211.589.860,06**
Provisions	1.052.030,34	10.252.741,26	19.208.902,91
Bank Loans	110.768.902,83	52.445.885,38	76.752.969,12
Other Long–Term Debt	-	-	-
Total Long–Term Debt	**110.768.902,83**	**52.445.885,38**	**76.752.969,12**
Suppliers	9.222.310,10	7.642.642,42	13.857.991,97
Notes Payable	-	-	-
Banks	2.102.979,57	56.886.116,21	20.575.283,94
Advances from Trade Debtors	60.777,48	746.931,93	39.316,30
Social Security	86.588,51	93.492,31	104.885,00
Taxes – Duties – Social Insurance Funds	3.058.699,93	916.462,69	2.629.155,16
Dividends Payable	3.103.962,64	2.696.387,16	4.772.908,84
Sundry Creditors	989.541,16	813.495,08	1.539.422,58
Total Short-Term Creditors	**18.624.859,39**	**69.795.527,80**	**43.518.963,79**
Accruals and Deferred Income	25.571,78	122.474,16	58.417,26
Total Liabilities	**376.956.070,70**	**377.030.304,64**	**351.129.113,14**

Stock and Estimation Method

Value of total stock on hand as of 31.12.2003 amounted to f 1.142.578,63.

Payable Dividends

As of 31.12.2003, account "payable dividends" stood at f 4.772.908,84, corresponding to dividends for 2003 totalling f 4.052.034,00 and a dividend balance from prior years amounting to f 720,874.84.

6.4 Basic Financial Ratios

The course of the Company's basic indices in the three-year period 2001-2003 is shown in the table below.

Basic Financial Ratios: 2001-2003

	2001	2002	2003
DEVELOPMENT RATIOS (%)			
Turnover	(22,09)	(20,55)	(5,64)
Profits Before Tax	(74,17)	(35,82)	54,86
Tangible Assets (Acquisition Value)	2,81	5,58	(7,43)
Total Employed Capital	3,83	0,02	(6,87)
PROFIT MARGIN RATIOS (%)			
Gross Profit Margin (After Depreciation)	11,39	9,58	10,22
Net Profit Margin (Before Tax)	4,90	3,95	6,50
PERFORMANCE RATIOS (BEFORE TAX) (%)			
Return of Total Capital Employed	2,52	1,62	2,69
VELOCITY OF CIRCULATION RATIOS (DAYS)			
Assets	119	156	121
Suppliers	20	20	40
Stock	6,5	6,06	10
DEBT RATIOS (:1)			
Total Liabilities / Owners' Equity	0,52	0,50	0,57
Bank Debt / Owners' Equity	45,79	44,73	46,00
LIQUIDITY RATIOS (:1)			
Current Liquidity	1,32	1,34	1,19
FINANCIAL LIABILITY RATIOS (:1)			
Financial Expenses / Gross Profit	0,29	0,32	0,32
Financial Expenses / Results Before Tax and Interest	0,68	0,77	0,51

Performance

Performance of both owners' equity and total assets remained satisfactory.

Inventory Turnover

The relatively high inventory maintained by the Company resulted in the increase of the velocity of suppliers and stock ratio during the period 2001-2003 while the velocity of assets ratio improved due to the change of company's customer credit policy.

Liquidity

In the last three-year period, the Company recorded a high ratio of liquidity due to the U.S. $100 million 5-year syndicated loan secured in 2001.

Financial Liability

Although total liabilities increased during the period 2001-2003, the Company has kept interest expense at relatively low levels compared to results by gradually converting short-term borrowing to long-term borrowing.

6.5 Financial Sources and Use of Capital

Table of Finance Sources and Use of Capital (amounts in ths. f)

	2001	2002	2003
FINANCE SOURCES			
Profit Before Tax	9.517	(6.108)	9.458
Depreciation	1.189	1.266	1.676
Long-Term Loans	62.406	(58.323)	33.217
Other Long-Term Debts	(17)	-	-
Short-Term Loans	-	54.783	-
Provisions	(596)	5.479	8.956
Cash Payable Share Capital Increase	-	-	-
Total	**72.499**	**9.313**	**53.307**
USE OF CAPITAL			
Increase in Formation Expenses	740	-	574
Increase in Tangible Fixed Assets	528	1.180	1.149
Increase in Holdings and Other Financial Assets	42.084	24.214	(101)
Reduction in Short–Term Loans	32.517	-	36.311
Dividends	9.218	2.433	1.976
Taxes	4.396	2.142	1.713
Change in Cash in Bank and on Hand	7.964	(7.490)	(781)
Change in Working Capital	(24.948)	(13.166)	12.466
Total	**72.499**	**9.313**	**53.307**

7. CONSOLIDATED BALANCE SHEET

7.1 Consolidation Principles

According to law 2190/1920 which conforms to the 7th Community Directive about consolidated financial statements, MYTILINEOS HOLDINGS S.A. includes all affiliated companies, as shown in the following table:

Table of Affiliated Companies

COMPANY	TOTAL NO. OF SUBSIDIARY'S SHARES	NO. OF SHARES HELD BY MYTILINEOS	PERCENTAGE STAKE
MYTILINEOS FINANCE S.A	3,500	3,500	99.97
ELEMKA S.A.	3,600	2,520	70.00
GENERAL SIDIROMETALLICA S.A.	4,356	2,178	50.00
METAL CONSTRUCTIONS OF GREECE S.A "METKA"	51,950,600	34,174,960	65.78
SOMETRA S.A.	15,909,435	13,993,358	87.96
HELLENIC VEHICLE INDUSTRY S.A. "ELVO"	257,790	91,442	35.47

The method of full consolidation was followed for all the above companies, except for the subsidiary ELVO S.A. which was consolidated according to the method of net position. For the consolidation, all transactions among the included companies were deleted. There was a full deletion of intercompany transactions (liabilities, debts, revenues, expenses, profits and losses) for the companies included in the consolidation.

7.2 Consolidated Results

Table of Consolidated Results: 2001-2003 (amounts in f)

	2001	2002	2003
Turnover from:			
Industrial – Construction Activity	103.915.876,36	103.086.425,31	141.776.395,05
Commercial Activity	270.193.154,78	152.529.325,47	132.303.125,46
Services	9.650.310,33	3.938.561,10	3.904.156,37
Total Turnover	**383.669.341,47**	**259.554.311,88**	**277.983.676,88**
Less: Cost of Sales (Before Depreciation)	320.145.941,58	206.816.444,20	221.729.122,18
Gross Operating Results (Profit)	63.523.399,89	52.737.867,68	56.254.554,70
(% of Turnover)	16,56%	20,32%	20,24%
Plus: Other Operating Income	582.469,55	396.904,81	411.873,49
Total Turnover	**64.105.869,44**	**54.134.772,49**	**56.666.428,19**
Less: Administrative Expenses (Before Depreciation)	14.144.197,93	11.244.968,18	9.772.533,23
Distribution Expenses (Before Depreciation)	14.043.919,41	11.692.575,77	9.959.952,54
Total Expenses	28.188.117,34	22.937.543,95	19.732.485,77
(% of Turnover)	7,35%	8,84%	7,09%
Operating Results	35.917.752,10	31.197.228,54	36.933.942,42
(% of Turnover)	9,36%	12,02%	13,28%
Plus:			
Revenue from s Equity Shares & Securities	1.346.157,25	824.469,33	9.637.923,28
Extraordinary & Non-Operating Revenue	16.825.976,77	8.023.032,71	9.316.878,54
Extraordinary Income & Revenue from Prior Fiscal Years	110.968,73	66.851,81	147.564,80
Revenue from Provisions of Prior Years	2.577,24	-	-
Less:			
Expenses & Losses from Equity Shares & Securities	107.341,91	32.996,81	199.619,44
Extraordinary & Non-Operating Expenses	5.918.817,03	7.689.955,46	13.776.927,32
Extraordinary Loss	25.120,75	51.266,50	710.203,77
Expenses from Prior Years	1.659.619,13	1.529.882,76	1.755.152,62
Provisions from Emergencies	27.569,44	79.117,01	28.709,51
Income Before Interest and Depreciation	**46.464.963,84**	**29.728.361,51**	**39.565.696,38**
(% of Turnover)	12,11%	11,45%	14,23%
Plus: Credit Interest & Related Revenue	1.407.155,82	1.786,270,38	449.708,23
Less: Debit Interest & Related Expenses	11.531.070,02	7.314.848,75	6.631.304,96
Income Before Depreciation & Tax	**36.341.049,64**	**24.199.783,14**	**33.384.099,65**
(% of Turnover)	9,47%	9,32%	12,01%
Less: Depreciation (Total)	6.664.867,87	6.604.070,12	5.573.328,25
Profits Before Tax	**29.676.181,77**	**17.595.713,02**	**27.810.771,40**
(% of Turnover)	7,73%	6,78%	10,00%
Less: Taxes	8.373.998,40	6.329.440,93	8.921.633,65
Less: Distribution of Profits to Staff	-	-	-
Profits After Taxes and Distribution of Profits	**21.302.183,37**	**9.240.258,09**	**18.889.137,75**
(% of Turnover)	5,55%	3,56%	6,79%
Less: Additional Taxes	8.981.116,87	199.812,93	177.978,00
Profits After Taxes, Distribution of Profits & Additional Taxes	**9.889.846,10**	**9.040.445,16**	**18.711.159,75**
Revised Profits Before Taxes	4.537.243,10	2.184.075,16	17.640.643,75

7.3 Consolidated Balance Sheet Results

Table of Consolidated Balance Sheet Results: 2001-2003 (amounts in f)

ASSETS	2001	2002	2003
No–Depreciated Intangible Fixed Assets	**6.756.708,74**	**5.171.337,89**	**3.583.093,01**
Tangible Fixed Assets	167.121.637,47	163.514.234,37	150.863.182,78
(Less: Accumulated Depreciation)	107.949.299,71	101.767.758,06	94.891.903,65
Non-Depreciated Tangible Fixed Assets	59.172.337,76	61.746.476,31	55.971.279,13
Equity Interest & Affiliated Undertakings	25.184.062,99	26.225.632,60	26.143.152,45
Total Fixed Assets	**84.356.400,75**	**87.972.109,91**	**82.114.431,58**
Stocks	86.023.869,89	78.337.939,18	68.419.011,37
Trade Debtors	124.548.054,82	103.451.091,27	72.965.835,51
Receivable Checks - Overdue	6.360.859,13	12.230.575,56	11.579.541,05
Term Deposits	11.398,66	293,47	293,47
Other Assets	6.676.810,47	21.339.621,12	45.992.154,02
Securities	39.812.221,45	33.322.831,80	29.992.723,62
Cash in Bank and on Hand	34.703.976,24	19.333.940,32	36.606.377,56
Total Current Assets	**298.137.190,67**	**268.016.292,72**	**265.555.936,60**
Prepayments and Accrued Income	1.955.268,06	1.033.846,92	1.393.145,43
Total Assets	**391.205.568,24**	**362.193.586,44**	**352.646.606,62**

LIABILITIES			
Share Capital	24.312.204,00	24.312.204,00	24.312.204,00
Share Premium Account	183.906.925,77	183.906.925,77	146.689.880,68
Reserves from Value Adjustments of Other Assets	1.261.532,04	1.518.495,93	1.658.715,53
Reserves	43.927.204,77	36.295.342,47	38.194.132,08
Reserves Carried Forward	4.843.382,51	6.285.960,19	17.597.512,52
Consolidation Balance – Minority Rights – Currency Consolidation Balance	(95.934.088,45)	(102.773.665,69)	(119.414.541,93)
Total Capital and Reserves	**162.317.160,65**	**149.545.262,67**	**109.037.902,88**
Provisions	2.226.330,81	10.746.298,02	19.695.254,12
Bank Loans	110.768.902,83	52.445.885,38	76.759.303,12
Other Long–Term Debt	1.261.635,55	172.446,33	618.369,00
Total Long–Term Debt	**112.030.538,38**	**52.618.331,71**	**77.377.672,12**
Suppliers	28.178.027,47	43.319.851,18	59.541.820,33
Notes Payable	391.388,70	189.695,10	124.564,86
Banks	51.625.369,39	81.447.953,34	49.111.561,14
Advances from Trade Debtors	14.180.247,84	7.120.379,73	18.600.345,79
Social Security	1.300.221,33	1.309.521,29	1.372.963,49
Taxes – Duties – Social Insurance Funds	13.093.316,17	9.705.821,48	8.699.701,00
Dividends Payable	3.103.962,64	2.696.387,16	4.772.908,84
Sundry Creditors	2.596.866,26	3.163.271,05	3.200.062,59
Total Short-Term Creditors	**114.469.399,81**	**148.952.880,33**	**145.423.928,04**
Accruals and Deferred Income	162.138,59	330.813,71	1.111.849,46
Total Liabilities	**391.205.568,24**	**362.193.586,44**	**352.646.606,62**

7.4 Basic Consolidated Financial Ratios

Basic Consolidated Financial Ratios: 2001-2003

	2001	2002	2003
DEVELOPMENT RATIOS (%)			
Turnover	(7,07)	(32,35)	7,10
Profits Before Tax	(27,17)	(40,71)	58,05
Profits After Tax and Directors Remuneration	(26,51)	(49,38)	79,77
Tangible Assets (Acquisition Value)	48,88	(2,16)	(7,74)
Total Employed Capital	5,15	(7,42)	(2,26)
PROFIT MARGIN RATIOS (%)			
Gross Profit Margin (After Depreciation)	16,56	20,32	20,24
Net Profit Margin (Before Tax)	7,73	6,78	10,00
PERFORMANCE RATIOS (BEFORE TAX) (%)			
Return of Total Capital Employed	7,59	4,86	7,89
VELOCITY OF CIRCULATION RATIOS (DAYS)			
Assets	124	161	111
Suppliers	32	75	97
Stock	87	82	88
DEBT RATIOS (:1)			
Total Liabilities / Owners' Equity	1.40	1,35	2,04
Bank Debt / Owners' Equity	1,00	0,89	1,15
LIQUIDITY RATIOS (:1)			
Current Liquidity	1,32	1,33	1,19
FINANCIAL LIABILITY RATIOS (:1)			
Financial Expenses / Gross Profit	19,52	15,16	12,48
Financial Expenses / Results Before Tax and Interest	38,86	41,57	23,84

8. AFFILIATED COMPANIES

8.1 Mytilineos Holdings S.A. and Affiliated Companies

8.1.1 Subsidiaries

Acquisition Cost and Net Value of Affiliated Companies as of 31.12.2003 (amounts in f)

COMPANY	TOTAL NO. OF SUBSIDIARY'S SHARES	NO. OF SHARES HELD BY MYTILINEOS	% OF STAKE	ACQUISITION VALUE 31.12.02	NET VALUE 31.12.03
MYTILINEOS FINANCE S.A	3.500	3.500	99,97	297.962,88	-297.962,88
ELEMKA S.A.	3.600	2.520	70,00	763.030,23	1.763.758,77
G. SIDIROMETALLICA S.A.	4.356	2.178	50,00	61.305,94	-61.305,94
METKA S.A.	51.950.600	34.174.960	65,78	205.294.447,78	-50.823.628,78
SOMETRA S.A.	15.909.435	13.993.358	87,96	18.349.895,09	-7.208.579,87
HELLENIC VEHICLE INDUSTRY S.A. (ELVO)	257.790	58.083	22,53	10.086.026,85	-2.245.614,37
DEFENSE MATERIAL INDUSTRY S.A.	-	-	52,40	3.343,34	3.343,34
MYTILINEOS HELLENIC WIND POWER S.A.	900.000	504.000	56,00	504.000,00	-117.534,68
MYTILINEOS POWER GENERATION AND SUPPLIES S.A.	286.000	191.620	67,00	574.860,00	-574.860,00
INDUSTRIAL RESEARCH PROGRAMS "BEAT"	120.000	42.000	35,00	42.000,00	0,00
EBETAM	5.814	500	8,60	36.830,52	0,00
HELLENIC COPPER MINES LTD	7.971.276	2.366.667	29,69	7.083.354,27	-5.952.402,14

Mytilineos Holdings S.A. has compiled consolidated financial statements for the companies presented in the table above, with the exception of Hellenic Copper Mines L.T.D., due to incomplete financial information and Defense Material Industry S.A., Mytilineos Hellenic Wind Power S.A., Mytilineos Power Generation & Supplies S.A., BEAT and EBETAM. which are in their foundation stage. The value of these holdings is estimated at their acquisition cost.

METKA S.A.

METKA S.A., Greece's leading metal construction group, has had a long and successful presence in domestic and international markets. The company was founded in 1973 and is based in Nea Ionia, Volos, Greece. METKA S.A. is a prime contractor for and collaborator with the Public Power Corporation (PPC) in a large number of power generation projects, and has specialized know-how in a broad range of areas, including mining facilities and equipment, advanced industrial construction, heavy-duty metal construction, and defense systems. The company has three industrial facilities in Volos and Thessaloniki with 900 experienced and hihgly skilled personel. Its current backlog stands at f 450 million. The company employs 502 people, and its mechanical equipment has a value of more than f 6.91 million. METKA S.A. has strong relationships with leading international energy/defence companies through partnerships in major projects including General Electric, Alstom, ABB, Siemens, in the energy sector as well as KMW, Raytheon, Lockheed Martin, HDW (subsidiary of Bank One) in the defence sector. Mytilineos Holdings S.A. intends to further develop and extend the group's activities into the energy sector (a natural extension of its collaboration with PPC), and intends to further develop and extend the group's activities in major infrastructure projects, specialized industrial construction projects, defense systems, and in a variety of other projects outside Greece.

During 2000, METKA acquired majority stakes in four (4) companies: EKME (40%), 3KP (40%), Rodax (80%), and TCB (40%). In the year 2002 METKA acquired further stakes in Rodax and TCB. METKA now possesses 100% of the two aforementioned compaes. By utilizing the synergies of the four companies, METKA will invest in power stations relying on renewable energy sources —hydroelectric stations, wind farms— and will exploit lignite deposits through government concession contracts.

METKA's business plan also includes participation in joint ventures to construct and operate thermal power stations under the Build-Operate-Transfer (BOT) scheme in Greece and the Balkans. Mytilineos Holdings S.A. holds a 65.78% stake in METKA S.A.

SOMETRA S.A.

Sometra S.A. is a large industrial smelter based in the Transylvania region of Copsa Mica-Sibiu, Romania, and employs a staff of 1,100. Mytilineos Holdings S.A. holds an 87.96% stake in the company.

Sometra is Romania's largest zinc and lead producer. It supplies its products to the domestic market, and exports a large portion to East European and Central and Eastern Mediterranean markets. The main metals Sometra produces are SHG (99.995% purity) and GOB quality zinc, electrolytic lead (99.99% purity), gold and silver alloys, bismuth, cadmium and antimony.

The main production units of the plant are:

1. One Sintering Plant, annual capacity of 150,000 MT of concentrates.
2. One Imperial Smelting Furnace, annual capacity of 60,000 MT of Zinc and 40,000 MT of Lead.
3. Four installations of Zinc Refining, type New Jersey (two lead columns and one cadmium column each), annual capacity of 65,000 MT of Zinc.
4. Two plants of Lead Electrolytic Refining, annual capacity of more than 40,000 MT of Lead.

HELLENIC VEHICLE INDUSTRY S.A. (ELVO)

Established in 1972 as Stayer Hellas S.A., Hellenic Vehicle Industry was taken over in 1986 by the Hellenic State through a share capital increase and was subsequently renamed Hellenic Vehicle Industry S.A. (ELVO). It is the only vehicle manufacturer in Greece for military and civil projects.

Following a partial privatisation process, Mytilineos Holdings S.A. acquired a 43% stake in ELVO in August 2000, and reserved the right to purchase an additional 17% stake held by the Hellenic government, while it has taken over the management of the company.

ELVO has the industrial infrastructure and capability to produce many types of heavy vehicles for military and commercial use, and is the largest supplier of armoured and other vehicles to the Hellenic Armed Forces. ELVO's extensive industrial expertise has been developed with the close co-operation of some of the world's leading companies, including AM General, Oshkosh Truck Corporation, General Dynamics, Stewart & Stevenson, Stayer-Man Group, DaimlerChrysler, Scania, Volvo etc.

The production facilities are located in the industrial area of Thessaloniki and cover a total area of 270.000 sq. meters, while 60.000 of them are built up area.

Vehicle programs assigned to ELVO include the assembly of Main Battle Tank (MBT), a contract secured under the procurement program of the Hellenic Armed Forces and the modernisation of existing tanks and other vehicles of the Hellenic Army. ELVO also expects to participate in other defence programs included in the Approved Mid-Term Defence Procurement Program for 2001-2008. It should be noted that ELVO has excellent assembly and system integration capabilities, as well as synergies with METKA optimising the technical capabilities of Mytilineos Group.

HELLENIC COPPER MINES LTD

Hellenic Copper Mines Ltd. (HCM), in which Mytilineos holds a 29.69% stake, was established in 1994. Its main activities are copper mining in Cyprus and the production of high-quality copper cathodes (99.999% purity) using the hydrometallurgy method. Mytilineos Holdings S.A. holds the exclusive sales rights of HCM products to international markets. The acquisition of HCM is expected to further boost the Group's activities and success in the metallurgy sector.

ELEMKA S.A.

Athens-based ELEMKA S.A. was established in 1990. Its primary focus, as a subcontractor, is providing specialised know-how for construction projects such as lake-reservoirs on Aegean islands. The company also conducts pilot and research projects. It has completed a study on the effectiveness of bioactive stabilising systems in Thrace, and a project to determine the best method to upgrade the upper Chalastra Crossing in Thessaloniki.

ELEMKA also trades in advanced-technology materials for complex construction projects. These materials include bridge bearings and contraction and expansion joints. Mytilineos holds a 70% stake in ELEMKA's share capital.

GENIKI SIDIROMETALLIKI S.A.

Geniki Sidirometalliki S.A. was founded in 1977. Geniki Sidirometalliki trades in galvanised wires and polypropylene products, which are sold to clients after they have been processed according to need. Mytilineos Holdings S.A., which holds a 50% stake in Geniki Sidirometalliki, supplies the firm with raw materials and sells and distributes the finished products.

MYTILINEOS FINANCE S.A.

Luxembourg-based Mytilineos Finance S.A. was founded in 1996 as a sub-holding company. Its main goals are to establish subsidiaries in countries where the Group operates and to facilitate access to global capital markets in order to secure financing for the operation of the subsidiaries. Being a holding company, Mytilineos Finance does not itself carry out commercial activity; its turnover derives from sales of its subsidiaries.

Mytilineos Finance S.A. has fully-owned (100%) subsidiaries operating in Cyprus (STANMED Trading Ltd., 1996), Serbia (Mytilineos Belgrade D.O.O., 1997), FYROM (MYVECT International Skopje, 1997), and the Guernsey Islands (RDA Trading, 1998, which has a representative office in Romania). The establishment of these subsidiary companies was necessitated by the large number and the high value of Mytilineos Holdings S.A. contracts, and by the need for on-site supervision of essential operations, such as delivery of materials, loading, weighing, and quality control. Mytilineos Finance S.A. is fully owned by Mytilineos Holdings S.A.

MYTILINEOS HELLENIC WIND POWER S.A.

Mytilineos Hellenic Wind Power S.A. (MHWP) was founded in February 2001 to become a player in the newly deregulated electricity market in Greece. Its main objective is to produce electricity by investing in, developing, and operating wind parks and to sell the electricity to the national grid. Shareholders of MHWP are Mytilineos Holdings S.A. (56%), METKA S.A. (24%), and ITA (20%).

Since its inception, MHWP has been active in the application process to obtain power production licenses for seven (7) wind parks in Greece with a total capacity of 84,15 MW. These applications were submitted to the Regulatory Authority for Energy (RAE) in Greece in February 2001.

Approval has been granted for the following projects:

1. Wind Park of 9.35 MW in Evia (Chelona site)
2. Wind Park of 11.05 MW in Evia (Pounta site)
3. Wind Park of 15.30 MW in Evia (Pyrgos site)
4. Wind Park of 11.05 MW in Evia (Diakoftis site)
5. Wind Park of 17 MW in Serres – N. Greece (Sidirokastro site)
6. Wind Park of 15.3 MW in Andros Island (Xirokompi site)
7. Wind Park of 5.1 MW in Crete (Platanos site)

Approval is pending for the following projects:

1. Wind Park of 1.7 MW in Crete (Platanos site) – Application for extension
2. Wind Park of 8.50 MW in Lakonia, Peloponnese

Up to 2001, ITA initiated the process to develop the majority of these wind parks.This process was in accord with the interests of Mytilineos Group and led to the establishment of MHWP. Most of these projects have now reached a mature stage of development and are awaiting an installation permit. The investment budget for all the wind parks is roughly f 165 million. It is important to note that due to the nature of the energy produced—renewable—the projects are subsidised by the state. This subsidy represents 30% of the declared cost of each project.

MYTILINEOS – POWER GENERATION AND SUPPLIES S.A

Mytilineos Power Generation And Supplies (MPGS) was founded in February 2001 to become a player in the newly deregulated electricity market in Greece. Its main objective is to produce electricity by investing in, developing, and operating Thermal Power Plants and to trade in energy to eligible clients and to the national grid. Shareholders of MPGS are Mytilineos Holdings S.A. (67%) and METKA S.A. (33%).

Since its inception, MPGS has been active in the application process to obtain power generation licenses and permits for relevant projects in Greece.

Projects for which applications have been submitted and granted:

Volos Thermal Power Plant CCGT 400 MW

This project has been granted an Operation License and Installation Permit. The plant comprises a single shaft unit with a net power of 350 MW plus supplementary firing. The proposed site of the plant is the Industrial Area of Volos (Central Greece) at the premises of SERVISTEEL S.A., a subsidiary of Mytilineos Holdings.

MPGS is currently discussing with prominent international companies the transfer of know-how for the operation of the Volos plant. In addition, MPGS is seeking a reputable international partner to develop the Electricity Trading Sector. MPGS fulfils the criteria for electricity trading.

9. SHARE PRICE MOVEMENT

9.1 Earnings per Share

The following table shows the earnings per share for the period 1996-2003:

Earnings per Share Table: (amounts in €)

PARENT COMPANY

YEAR	NET PROFIT BEFORE TAXES	WEIGHTED NUMBER OF SHARES	PROFIT PER SHARE BEFORE TAXES
1996	2,794,520.98	10,048,880	0.28
1997	4,797,452.36	17,774,847	0.27
1998	6,178,885.49	40,520,340	0.15
1999	35,397,376.60	57,403,815	0.61
2000	36,843,653.04	63,616,934	0.61
2001	9,516,408.57	40,520,340	0.23
2002	6,107,713.25	40,520,340	0.15
2003	9,458,113.69	40,520,340	0.23

Earnings per Share Table: (amounts in €)

CONSOLIDATED FIGURES

YEAR	NET PROFIT BEFORE TAXES	WEIGHTED NUMBER OF SHARES	PROFIT PER SHARE BEFORE TAXES
1996	3,653,112.32	10,048,880	0.36
1997	7,116,567.04	17,774,847	0.40
1998	12,335,704.33	40,520,340	0.30
1999	45,759,727.63	57,403,815	0.79
2000	40,749,941.98	63,616,934	0.64
2001	29,676,181.77	40,520,340	0.73
2002	17,595,716.02	40,520,340	0.43
2003	27,810,771.40	40,520,340	0.69

Note: Profits per share have been calculated on the basis of the weighted number of stocks. In determining the weighted number of stocks, the share capital increases paid in cash and the capitalisation of reserves are taken into account.

9.2 Stock Price Movement

The company was initially listed on the Parallel Market of the Athens Stock Exchange (ASE) in July 1995. In August 1997 the company proceeded with a share capital increase through a public offering and its shares have been transferred to the ASE Main Market. The company's shares are subject to free trading on the ASE, and are highly marketable. The closing price on 31.12.2003 was € 5.40 per share.

The average trading volume for fiscal year 2003 reached 136,468 shares per day (01.01.2003 – 31.12.2003). Mytilineos common stock is included in the following indices:

Athens Stock Exchange General Index, Wholesale Commerce, FTSE/ASE Mid-40, FTSE/ASE 140, FTSE Med 100, MSCI Small Cap.
Each Mytilineos common share has a nominal value of f 0.30 per share. The identification code for online financial information system is: ISIN GR393503008

The summarised statistical data regarding the share price movement during 01.01.2003 – 31.12.2003 are shown in the following table and charts.

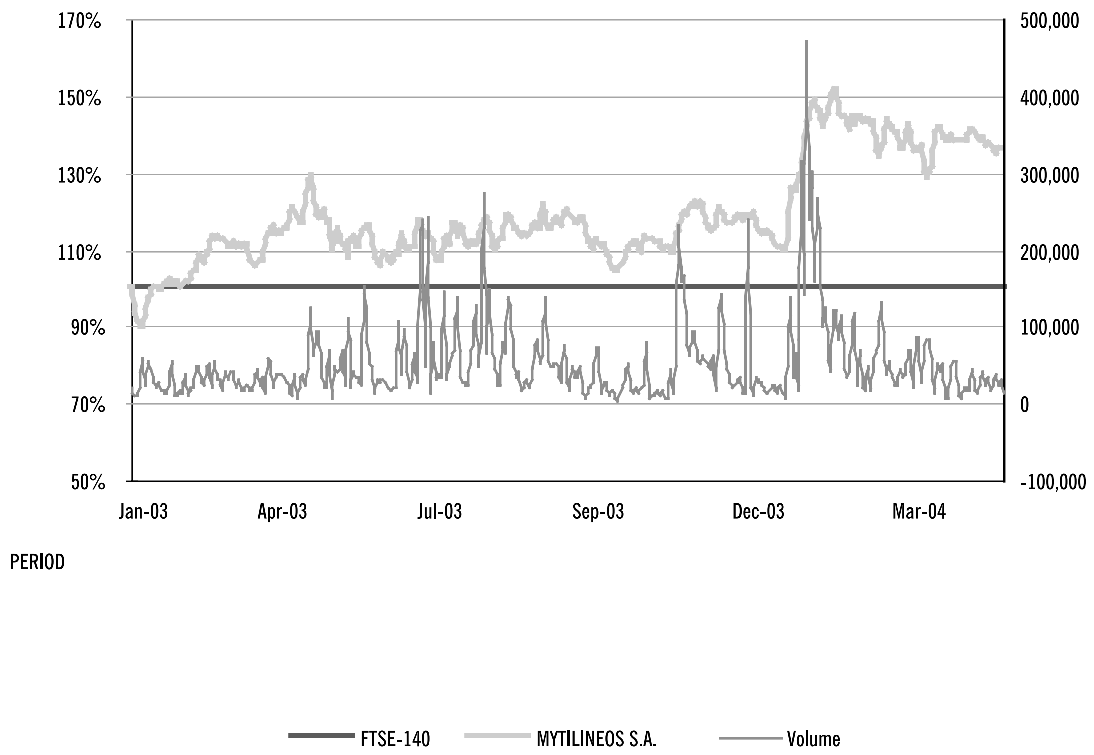
MYTILINEOS SHARE, STOCK MARKET DATA, FISCAL YEAR 2003

Average price	f 3.71
Minimum price	f 1.42
Maximum price	f 5.78
Average daily trading volume	136,468 shares
Net dividend per share (2003)	f 0.10

STATISTICAL SHARE DATA

Listing Price	f 3.52
Closing Price 31/12/1997	f 3.74
Closing Price 31/12/1998	f 11.10
Closing Price 31/12/1999	f 8.10
Closing Price 31/12/2000	f 8.94
Closing Price 31/12/2001	f 5.18
Closing Price 31/12/2002	f 2.08
Closing Price 31/12/2003	f 5.40
Yield 31/12/1997 – 31/12/1998	197.1%
Yield 31/12/1998 – 31/12/1999	237.03%
Yield 31/12/1999 – 31/12/2000	-77.01%
Yield 31/12/2000 – 31/12/2001	-42.05%
Yield 31/12/2001 – 31/12/2002	-59.84%
Yield 31/12/2002 – 31/12/2003	61.48%
Maximum price (31/12/2002 – 31/12/2003)	f 5.78
Minimum price (31/12/2002 – 31/12/2003)	f 1.42
Average price (31/12/2002 – 31/12/2003)	f 3.71
Average Trading Volume (31/12/2002 – 31/12/2003)	136,468 pieces

Share Price Movement and Trading Volume Development



10. PROSPECTS

10.1 Prospects

Today, through a strategic growth and expansion program, the activities of Mytilineos Holdings S.A. have become significantly diversified. From its traditional sectors of international metals trading, mining and metallurgy, the company has expanded to the dynamic and promising fields of energy and defence armament systems.

10.1.1 Metallurgy and International Trade of Metals and Ores

Since 1999 the Group has acquired Sometra S.A., the largest zinc and lead smelter in Romania, and has realised a long-term investment of U.S. $20 million to modernise the Sometra factory. Our aim is to achieve an annual production of 120.000 tons of lead and zinc, reaching the full production capacity of the factory and at the same time securing its long-term and profitable operation.

Through long-term commercial agreements, the Group controls a substantial part of the production of the Serbian mining group RTB-BOR, one of the largest vertically integrated groups for processing and manufacturing copper in Europe. The Group's immediate plan is to acquire RTB-BOR in Serbia and will do so provided progress is achieved in the privatisation process. This acquisition will significantly strengthen the Group's position in the international metals market.

Finally, with a 29.69% share, the Group has a substantial interest in Hellenic Copper Mines Ltd in Cyprus, and plans to increase further this share. HCM is active in high-quality copper mining (99.999% purity) with the environmental friendly technology of hydrometallurgy. The Group's goals are to further strengthen its position in copper production and to continue exploring other investment opportunities in the Balkans.

Both in the field of international metals and ores trading, which is the traditional operation of the Group, and the field of metallurgy, the company's strategic goal is to maintain its leading position and to enlarge the synergies that exist in Southeastern Europe, the aim being a maximisation of economic benefits due to metal prices increase as a result of the world economic recovery.

10.1.2 Energy

The Group's prospects in the energy generation and trading sector are positive, especially after the granting of the final installation permit for the Volos power plant (400 MW), which concludes the basic preparation for its construction.

While furthering all necessary preparatory and organisational settings, the Group is waiting for the final formulation of the "Codes for the Administration of Electrical Energy Transaction System" according to the provisions of law 3175/03, so as to be able to participate to the "new power" competition anticipated by the aforementioned law. This participation will mark the initialisation of the construction of Volos plant (400 MW). Under the circumstances, the construction, a project which will take 2.5 years and will be a landmark in energy production and trading by a private investor, is estimated to begin early 2006.

Outside Greece, the Group is getting prepared to participate, through a co-operation with Cypriot companies, in the electrical energy market of Cyprus, where the relevant regulations for the deregulation of the market are part of the island's incorporation to the European Union.

10.1.3 Defence

The defence industry is a strategic sector in which the Group plans to develop its activities significantly and establish a dominant position, primarily through METKA and ELVO at the present time, and in the future through other companies. Defence expenditure in Greece is substantial, and the Greek government has adopted a new policy to achieve a higher Greek value added (at least 35%), by involving Greek companies in procurement programs. This policy is having a favourable effect on the domestic armaments sector and aims to further increase the percentage of the Greek value added.

Following a proposal of the Group, the Ministry of Defence is considering the obligatory participation of Greek companies in every procurement program and that they have 40% minimum local value added.

Following the previous government's approval of a five-year medium-term armaments procurement program, the Group intends, on the basis of its present and future construction capacity, to claim a substantial share of the contracts that will have a total estimated value of approx. f 8.0 billion. The Group expects to participate in roughly 20% – 40%, totalling about f 2.70 billion. The present government is going to revise this procurement program but a major impact is not expected on Group's participation.

The Mytilineos Group has been in contact with foreign defence system and armament producers, many of whom have been past suppliers of the Hellenic Armed Forces, with the aim of establishing major subcontracting or co-production agreements with METKA and ELVO.

More specifically, METKA has signed co-operation agreements or is negotiating with other prospective suppliers of the Hellenic Armed Forces to participate in projects included in the new five-year procurement program, including those for amphibious armoured vehicles, new torpedoes, Air Defence Systems, Combat Engineering Vehicles, bridges for covering dry obstacles, human-centrifugal unit for the Air Forces, and other smaller programs. Through ELVO, the Group will also undertake a substantial part of the construction of the Kentavros vehicle.

Apart from the above, and having acquired experience from its involvement with the Greek programs, METKA has also bid, as sub-contractor, for a substantial part of a contract from Raytheon, Lockheed Martin and HDW for Patriot missile and U-214 submarine programs for other countries.

The Hellenic Vehicle Industry (ELVO) is strategically important to supply military services and products to the Hellenic Armed Forces, and to produce products for non-military use.

Through the acquisition of ELVO, the Group has increased its capacity to produce defence products. The synergies of METKA and ELVO are extensive, creating very favourable conditions for both to undertake substantial subcontracting work in the procurement program of the Hellenic Armed Forces.

The Group has substantially increased its participation in the supply of 170 main battle tanks. ELVO's experience in the final assembly of the tanks and systems integration procedures in similar types of equipment has been a major advantage for the Group.

Prospects for major co-production agreements for the Group are very favourable, based on its success in programs for amphibious armoured vehicles, trucks, mobile bridges, other army vehicles, and in upgrading existing battle tanks and other vehicles.

The Group considers the inclusion of a high Greek added value in its products as an important goal and strives to develop new technologies to further its production capacity and to reduce its dependence on foreign suppliers.
In fiscal year 2004 these trends will continue. With the production of the Kentavros Armoured Infantry Fighting Vehicle (AIFV) and other programs, ELVO is expected to secure its competitive position and its bright future.

As a result of its growth and improved performance as a privately-run company, ELVO should soon fulfil the criteria to be listed on the Athens Stock Exchange, in order to secure funds for investment and to ensure a continuous growth.

10.2 Prospects for the Current Fiscal Year

The Group's prospects for 2004 are especially favourable. The continuing price increase of the base metals which began late 2003 and is expected to be maintained during the following years, combined to the increased demand, make us anticipate increased turnover for the Group in the sectors of metal trading and metallurgy.

In the Energy sector, the processes for the construction of a power plant 400 MW in Volos were recently concluded. This will be the first private power plant in Greece, similar to the under construction plant in Lavrio also undertaken by the subsidiary METKA. In late 2004, we also expect to begin the construction of two wind parks of a total power 27 MW which will be concluded after 18 months. Moreover, the Group examines the possibility to construct new power plants in the neighbouring countries.

Finally, in the defence sector the Group anticipates within the year the activation of the long-time publicised agreements with the Ministry of Defence which, combined with exports in foreign countries and with our important activity in the manufacturing of civil vehicles, guarantee a long-term growth for ELVO.

Concerning the Group's results based on the International Accounting Standards, the turnover is expected to surpass f 500 million (f 460 million in 2003), while the profits before taxes and minority rights are expected to follow a similar course.

11. APPENDIX

MYTILINEOS HOLDINGS S.A.

MYTILINEOS S.A.
GROUP OF COMPANIES
REG. NUMBER 23103/06/B/90/26

BALANCE SHEET AS AT 31st DECEMBER 2003 - 13th YEAR OF OPERATION (1 JANUARY - 31 DECEMBER 2003)

ASSETS	Closing year 2003			Previous year 2002		
	Aquisition Cost	Depreciation	Remain Value	Aquisition Cost	Depreciation	Remain Value
B. FORMATION EXPENSES						
1. Formation Expenses & Intangible Assets	8.282.047,52	6.342.202,90	1.939.844,62	5.122.835,48	3.436.545,70	1.686.289,78
Total Formation Expenses	8.282.047,52	6.342.202,90	1.939.844,62	5.122.835,48	3.436.545,70	1.686.289,78
C. FIXED ASSETS						
II. Tangible assets						
1. Land	8.083.647,96	0,00	8.083.647,96	8.083.647,96	0,00	8.083.647,96
3. Buildings and Technical Works	6.083.442,54	1.454.652,40	4.628.790,14	6.083.442,54	1.272.149,14	4.811.293,40
4. Machinery & Technical Equipment	413.374,07	322.580,72	90.793,35	418.656,54	290.573,36	128.083,18
5. Transportation Equipment	340.967,09	221.704,66	119.262,43	381.657,49	221.147,44	160.510,05
6. Furniture and fixtures	929.454,97	683.679,58	245.775,39	906.142,04	653.449,23	252.692,81
7. Construction in progress	2.986.792,01	0,00	2.986.792,01	4.475.551,75	0,00	4.475.551,75
TOTAL (CII)	18.837.678,64	2.682.617,36	16.155.061,28	20.349.098,32	2.437.319,17	17.911.779,15
III. Financial Assets						
1. Participating interests in affiliated undertakings			242.401.318,90			243.193.855,48
7. Other financial assets			76.955,50			75.609,66
Total (CIII)			242.478.274,40			243.269.465,14
Total Fixed Assets (CII + CIII)			258.633.335,68			261.181.244,29
D. CURRENT ASSETS						
I. Stocks						
1. Merchandise			1.142.578,63			2.559.811,49
5. Payments on account for imports			5.740.758,89			10.824.792,16
			6.883.337,52			13.384.603,65
II. Debtors						
1. Trade Debtors			39.675.722,57			56.831.032,37
2. Notes Receivable						
-In Portfolio			75.130,54			188.424,01
3a. Cheques Receivable			8.431.814,92			9.230.079,91
3b. Cheques Overdue			0,00			1.007.549,43
5. Short-Term debt of affiliates			8.857.734,77			8.574.875,25
10. Doubtful-contested trade and other debtors			17.509.364,00			17.633.373,50
11. Sundry Debtors			1.072.137,78			1.229.020,82
12. Advances to account for			190.341,31			91.863,40
			75.812.245,89			94.786.218,69
III. Investments						
1. Stocks		2.893.984,86			1.633.827,38	
3. Other Investments		1.315.682,42	4.209.667,28		1.048.112,42	2.681.939,80
IV. Cash at bank and in hand						
1. Cash in hand		19.886,04			26.345,59	
3. Sight and time deposits		2.435.074,03	2.454.960,07		3.210.019,97	3.236.365,56
Total Current Assets (DI+DII+DIII+DIV)			89.360.210,76			114.089.127,70
E. PREPAYMENTS AND ACCRUED INCOME						
1. Deferred Charges		240.913,80			73.642,87	
3. Other Prepayments and Accrued Income		954.808,28	1.195.722,08		-	73.642,87
GRAND TOTAL ASSETS (B+C+D+E)			351.129.113,14			377.030.304,64
MEMO ACCOUNTS						
2. Guarantees and Real Securities			70.611.416,71			64.292.662,76
4. Other Memo Accounts			1.617.752,92			15.713.229,84
Total			72.229.169,63			80.005.892,60

LIABILITIES	Closing year 2003	Previous year 2002
A. Capital and Reserves		
I. Share Capital		
(40.520.340 shares of 0.6 Euro each)		
1. Paid - Up Capital	24.312.204,00	24.312.204,00
II. Share Premium Account	146.689.880,69	183.906.925,77
III. Revaluation Reserves		
2. Reserves from value adjustments of other assets	133.223,85	133.223,85
IV. Reserves		
1. Legal reserve	3.556.187,91	3.177.638,71
3. Special reserves	513.383,73	513.383,73
4. Extraordinary reserves	102.921,67	102.921,67
5. Tax - free reserves under special laws	30.536.006,15	29.529.619,63
	34.708.499,46	33.323.563,74
V. Results carried forward		
Profit carried forward	5.746.052,06	2.737.758,68
TOTAL CAPITAL AND RESERVES (AI+AII+ AIII+AIV+AV)	211.589.860,06	244.413.676,04
B. PROVISIONS FOR LIABILITIES AND CHARGES		
1. Provisions for retirement benefits	335.090,18	1.893,65
2. Other Provisions	18.873.812,73	10.250.847,61
	19.208.902,91	10.252.741,26
C. CREDITORS		
I. Long - term Debt		
2. Bank Loans	76.752.969,12	52.445.885,38
	76.752.969,12	52.445.885,38
II. Current Liabilities		
1. Suppliers	13.857.991,97	7.642.642,42
3. Banks	20.575.283,94	56.886.116,21
4. Advances from trade debtors	39.316,30	746.931,93
5. Taxes - Duties	2.629.155,16	916.462,69
6. Social Security	104.885,00	93.492,31
10. Dividends	4.772.908,84	2.696.387,16
11. Sundry creditors	1.539.422,58	813.495,08
	43.518.963,79	69.795.527,80
TOTAL CREDITORS (CI+CII)	120.271.932,91	122.241.413,18
D. ACCRUAL AND DEFERRED		
2. Accrued Expenses	58.417,26	122.474,16
GRAND TOTAL LIABILITIES (A+B+C+D)	351.129.113,14	377.030.304,64
MEMO ACCOUNTS		
2. Guarantees and real securities	70.611.416,71	64.292.662,76
4. Other Memo Accounts	1.617.752,92	15.713.229,84
Total	72.229.169,63	80.005.892,60

PROFIT AND LOSS ACCOUNT AS AT 31st December 2003 (1 JANUARY - 31 DECEMBER 2003)

		CLOSING YEAR 2003			PREVIOUS YEAR 2002	
I. Operating Results						
Net Turnover (Sales)			145.587.673,52			154.293.901,56
Less: Cost of Sales			130.703.560,40			139.510.837,59
Gross Operating Results (Profit)			14.884.113,12			14.783.063,97
Plus: Other Operating Income			64.925,53			77.326,71
Total			14.949.038,65			14.860.390,68
LESS: 1. Administrative expenses		3.062.783,45			3.421.610,50	
3. Distribution costs		4.755.707,78	7.818.491,23		5.099.418,94	8.521.029,44
Sub - Total			7.130.547,42			6.339.361,24
PLUS (or less)						
1. Income from participations		5.451.753,60			3.405.095,00	
2. Income from securities		45.455,67			57.898,80	
3. Gains from sale of participating interests and other investments		132.107,30			1.070,00	
4. Credit interest and similar income		507.170,76			385.420,11	
		6.136.487,33			3.849.483,91	
Less:						
2. Expenses and losses of participation and securities	31.208,90			32.996,81		
3. Debit interest and similar charges	4.828.331,05	4.859.539,95	1.276.947,38	4.691.824,25	4.724.821,06	-875.337,15
Total Operating Results (Profit)			8.407.494,80			5.464.024,09
II. PLUS (or less): Extraordinary Results						
1. Extraordinary and non-operating income		8.036.254,87			5.448.366,50	
2. Extraordinary profits		2.136,99			2.889,30	
3. Prior year's income		39.518,59			51.346,07	
		8.077.910.45			5.502.601,87	
Less:						
1. Extraordinary and non-operating expenses	6.614.292,13			4.383.947,33		
2. Extraordinary losses	1.286,54			27.409,88		
3. Prior year's expenses	411.712,89			392.255,50		
4. Provisions for extraordinary liabilities	0,00	7.027.291,56	1.050.618,89	55.300,00	4.858.912,71	643.689,16
Operating and Extraordinary results (profit)			9.458.113,69			6.107.713,25
LESS:						
Total value adjustments of fixed assets		1.676.457,21			1.266.426,35	
Less: Charged to the operating cost		1.676.457,21	0,00		1.266.426,35	0,00
NET RESULTS (PROFIT) FOR THE YEAR BEFORE TAXES			9.458 113,69			6.107.713,25

APPROPRIATION ACCOUNT

	Closing year 2003	Previous year 2002
Net Results (Profit) for the year	9.458.113,69	6.107.713,25
(+): Profit brought forward	2.737.758,68	36.519,76
Total	12.195.872,37	6.144.233,01
LESS: 1. Income tax	1.887.129,81	1.131.654,33
Profit for appropriation	10.308.742,56	5.012.578,68
Appropriated as under:		
1. Legal reserve	378.549,20	248.803,00
2. First dividend	2.649.844,36	1.741.620,62
3. Added dividend	1.402.189,64	284.396,38
6. Tax-free reserve -Reserve L.148/67	132.107,30	0,00
8. Profits carried forward	5.746.052,06	2.737.758,68
	10.308.742,56	5.012.578,68

MAROUSSI, 24 FEBRUARY 2004

THE CHAIRMAN OF THE BOARD OF DIRECTORS
MYTILINEOS EVANGELOS
ID No I 082392

THE VICE-PRESIDENT OF THE BOARD DIRECTORS
MYTILINEOS IOANNIS
ID No Σ 683930

THE CHIEF FINANCIAL OFFICER
MITSOVOLEAS APOSTOLOS
ID No K 346673

THE CHIEF ACCOUNTANT
TZANOGLOY NIKOLAOS
ID No M 195608

AUDITOR'S REPORT
To the Shareholders of the Societe Anonyme "MYTILINEOS GROUP S.A."

We have audited the above financial statements and the related notes on the accounts of the Societe Anonyme "MYTILINEOS GROUP S.A." for the fiscal year ended December 31st, 2003. Our audit, in the frame of which we were provided with full review on the c ompany's branch business, was conducted in accordance with the stipulations of Article 37 of Law 2190/1920 "regarding Societes Anonymes" as well as in accordance with the auditing procedures we considered necessary on the basis of auditing principles and regulations implemented by the Greek Institute of Chartered Accountants whi ch are in compliance with the basic principles of the International Auditing Standards. We have audited the books of accounts and the records of the company and have obtained all the information and explanation we needed. The company has applied the Greek Chart of Accounts correctly with the exception of the deviation mentioned in our observation no 2. The company's inventory method, as compared to the preceding fiscal year, was not altered. We have verified that the Board of Directors' report to the ordinary general meeting of the shareholders is consistent with the financial statements. The related notes include the information required by par. 1, article 43a of Law 2190/1920. Our audit ascertained the following: 1. The account of Assets "Financial assets" includes the amount of € 243.097.056 which pertains to the cost value of shares in an S.A. listed on the Athens Stock Exchange, ten S.As not listed and a joint venture of which: a) the market value of an S.A. (METKA S.A.) listed on the stock exchange, which is audited by a chart ered accountant, according to the average stock price in December 2003 is lower than its cost value by the amount of € 50.823.628. The company using article 42a, par. 3 of law 2190/1920 regarding the true and fair view, deviated from article 43, par. 6 of law 2190/1920 and evaluated those shares at the cost value which is lower than the value estimated in an evaluation report of an independent auditing firm, b) six S.As are audited by a chartered accountant and their net book value as at 31.12.2003 according to their last statutory balance sheets is lower than their cost value by the amount of € 15.765.865. For this amount there should have been an equal provision charging capital and reserves and the results of previous years. 2. The company, deviating from the clauses of the Greek Chart of Accounts, formed provisions of a total sum of € 37.217.046, which it subtracted from the equity account "Share premium account" without charging the results of the fiscal year by an equal amount. These provisions pertain to the following: a) € 34.970.437, doubtful and overdue debts, b) € 1.550.871, non-held depreciation, c) € 695.738, devaluation of shares. The amount above should have charged the results of the current period by € 821.516, and the results of preceding years by the amount of € 36.395.530. 3. The company has been inspected by the tax authorities up to the year 1998 inclusive and therefore its tax liabilities have not been finalized yet. In our opinion the above mentioned financial statements, which are in agreement with the company's books and records, along with the related notes, after having considered our observations above as well as the company's notes below the balance sheet, give a true and fair view of the company's assets, liabilities and financial position as at December 31st, 2003, and of the operating results for the year then ended, in conformity with legal requirements and generally accepted accounting principles applied on a basis consistent with that of the preceding year with the exception of the case mentioned in the company's note no 8.

Athens, 24 February 2004
THE CHARTERED ACCOUNTANT
VASSILIS KAZAS
SOEL reg. no 13281
GRANT THORNTON

MYTILINEOS
HOLDINGS S.A.

MYTILINEOS S.A.
GROUP OF COMPANIES
REG. NUMBER 23103/06/B/90/26

CONSOLIDATED BALANCE SHEET AS AT 31st DECEMBER 2003 - 12th YEAR OF OPERATION (1 JANUARY - 31 DECEMBER 2003)

ASSETS	Closing year 2003 Aquisition Cost	Closing year 2003 Depreciation	Closing year 2003 Remain Value	Previous year 2002 Aquisition Cost	Previous year 2002 Depreciation	Previous year 2002 Remain Value
B. FORMATION EXPENSES						
4. Other formation expenses	15.405.940,10	11.822.847,09	3.583.093,01	12.962.499,78	7.791.161,89	5.171.337,89
TOTAL FORMATION EXPENSES(B)	**15.405.940,10**	**11.822.847,09**	**3.583.093,01**	**12.962.499,78**	**7.791.161,89**	**5.171.337,89**
C. FIXED ASSETS						
II. Tangible Assets						
1. Land	16.298.822,18	0,00	16.298.822,18	19.193.216,84	0,00	19.193.216,84
2. Field	136.589,15	0,00	136.589,15			
3. Buildings and Technical Works	52.382.461,93	36.390.367,37	15.992.094,56	57.143.725,05	40.763.445,41	16.380.279,64
4. Machinery & Technical Equipment	65.033.301,57	48.706.871,63	16.326.429,94	64.615.292,05	50.675.758,21	13.939.533,84
5. Transportation equipment	6.383.483,98	5.402.027,74	981.456,24	7.298.866,99	6.387.259,54	911.607,45
6. Furniture & fixtures	5.498.986,29	4.392.636,91	1.106.349,38	5.135.534,34	3.941.294,90	1.194.239,44
7. Payments on account and tangible assets in course of construction	5.129.537,68	0,00	5.129.537,68	10.127.599,10	0,00	10.127.599,10
TOTAL TANGIBLE ASSETS (CII)	150.863.182,78	94.891.903,65	55.971.279,13	163.514.234,37	101.767.758,06	61.746.476,31
III. FINANCIAL ASSETS						
1. Participating interests in affiliated undertakings			25.738.842,76			25.142.819,39
2. Other participating interests			162.846,48			160.602,44
7. Other financial assets			241.463,21			922.210,77
TOTAL (CIII)			26.143.152,45			26.225.632,60
TOTAL FIXED ASSETS (CII+CIII)			82.114.431,58			87.972.108,91
D. CURRENT ASSETS						
I. Stocks						
1. Merchandise			2.388.270,99			3.705.356,11
2. Products complete - incomplete-By-products			2.837.829,54			4.479.450,31
3. Production in progress			19.722.230,34			12.984.068,24
4. Raw materials - Consumables			35.045.552,19			27.785.400,61
5. Payment on account for imports			8.425.128,31			11.874.299,91
TOTAL (DI)			68.419.011,37			60.828.575,18
II. Debtors						
1. Trade debtors			72.965.835,51			103.451.091,27
2. Notes receivable in - Portfolio			75.130,54			188.424,01
3. Notes overdue			3.815,11			3.815,11
3a. Cheques receivable			11.579.541,05			11.223.026,13
3b. Cheques overdue			0,00			1.007.549,43
5. Short-Term debt of affiliates			0,00			2.461,92
6. Short-term debt of other undertakings			42.511,17			42.511,17
8. Reserved Accounts			293,47			293,47
10. Doubtful - contested trade and other debtors		17.573.280,93			17.697.290,43	
Less: Provisions		3.065,72	17.570.215,21		3.065,72	17.694.224,71
11. Sundry debtors			28.076.400,94			20.665.250,88
12. Advances to account for			224.081,05			252.297,32
			130.537.824,04			154.530.945,41
III. Investments						
1. Shares		21.492.629,72			24.136.886,11	
3. Other investments		8.500.093,90	29.992.723,62		9.185.945,69	33.322.831,80
IV. Cash at bank and in hand						
1. Cash in hand		83.077,18			88.695,49	
3. Sight and time deposits		36.523.300,38	36.606.377,56		19.245.244,83	19.333.940,32
TOTAL CURRENT ASSETS (DI+DII+DIII+DIV)			265.555.936,60			268.016.292,72
E. PREPAYMENTS AND ACCRUED INCOME						
1. Deferred charges		792.579,20			162.596,61	
3. Other prepayments and accrued income		600.566,23	1.393.145,43		871.250,31	1.033.846,92
GRANT TOTAL - ASSETS (B+C+D+E)			352.646.606,62			362.193.586,44
MEMO ACCOUNTS						
1. Third party asset items			4.512.639,84			5.626.552,55
2. Guarantees and real securities			187.414.585,13			121.805.007,02
3. Bilateral agreements			30.767.673,88			7.151.012,12
4. Other memo accounts			39.321.612,86			35.620.456,21
TOTAL			262.016.511,71			170.203.028,05

LIABILITIES	Closing year 2003	Previous year 2002
A. Capital and Reserves		
I. Share Capital (40.520.340 shares of 0.6 Euro each)		
1. Paid - Up Capital	24.312.204,00	24.312.204,00
II. Share Premium Account	146.689.880,68	183.906.925,77
III. Revaluation Reserves		
2. Reserves from value adjustments of other assets	1.658.715,53	1.518.495,93
IV. Reserves		
1. Legal reserve	5.081.996,23	4.294.477,97
3. Special reserves	9.011.851,77	1.087.583,05
5. Tax free reserves under special laws	24.100.284,08	30.913.281,45
	38.194.132,08	36.295.342,47
V. Results carried forward		
Profit carried forward	17.597.512,52	6.285.960,19
VII. Differences of consolidation	-164.166.348,25	-154.401.993,04
VIII. Minority interests	52.028.900,28	48.098.071,41
VIV. Consolidation F/X differences	-7.277.093,96	3.530.255,94
TOTAL CAPITAL AND RESERVES (AI+AII+AIII+AIV+AV+AVII+AVIII+AVIV)	109.037.902,88	149.545.262,67
B. PROVISIONS FOR LIABILITIES AND CHARGES		
1. Provisions for retirement benefits	616.643,08	241.566,98
2. Other provisions	19.078.611,04	10.504.731,04
	19.695.254,12	10.746.298,02
C. CREDITORS		
I. Long-term debt		
2. Bank loans	76.759.303,12	52.445.885,38
8. Other long-term liabilities	618.369,00	172.446,33
	77.377.672,12	52.618.331,71
II. Current liabilities		
1. Suppliers	59.541.820,33	43.319.851,18
2. Notes payable	82.502,74	142.485,12
2a. Cheques payable	42.062,12	47.209,98
3. Banks	49.111.561,14	81.447.953,34
4. Advances from trade debtors	18.600.345,79	7.120.379,73
5. Taxes - Duties	8.699.701,00	9.705.821,48
6. Social security	1.372.963,49	1.309.521,29
10. Dividends	4.772.908,83	2.696.387,16
11. Sundry creditors	3.200.062,59	3.163.271,05
	145.423.928,04	148.952.880,34
TOTAL CREDITORS (CI+CII)	222.801.600,16	201.571.212,05
D. ACCRUALS AND DEFERRED		
1. Deferred income	220.575,46	0,00
2. Accrued expenses	891.274,00	330.813,71
	1.111.849,46	330.813,71
GRANT TOTAL - LIABILITIES (A+B+C+D)	352.646.606,62	362.193.586,44
MEMO ACCOUNTS		
1. Third party beneficiaries	4.512.639,84	5.626.552.55
2. Guarantees and other securities	187.414.585,13	121.805.007,02
3. Bilateral agreements	30.767.673,88	7.151.012,12
4. Other memo accounts	39.321.612,86	35.620.456,21
Total	262.016.511,71	170.203.028,05

PROFIT AND LOSS ACCOUNT AS AT 31st December 2003 (1 JANUARY - 31 DECEMBER 2003)

	Closing Year 2003			Previous Year 2002		
I. Operating Results						
Net turnover (sales)			277.983.676,88			259.554.311,88
Less: Cost of sales			224.854.888,91			211.316.821,00
Gross operating results (Profit)			53.128.787,97			48.237.490,88
Plus: Other operating income			411.873,49			396.904,81
Total			53.540.661,46			48.634.395,69
Less: 1. Administrative expenses		11.588.644,63			12.976.944,61	
3. Distribution costs		10.591.402,66	22.180.047,29		12.064.292,60	25.041.237,21
Sub - Total			31.360.614,17			23.593.158,48
Plus (or less)						
1. Income from Participations		7.473.653,43			440.183,96	
2. Income from Securities		311.721,60			383.215,37	
3. Gains from sale of participating interests and other investments		1.852.548,25			1.070,00	
4. Credit Interest and similar income		449.708,23			1.786.270,38	
		10.087.631,51			2.610.739,71	
Less:						
1. Provisions devaluation of participating interests and other investments	78.769,00			0,00		
2. Expenses and losses of participation and securities	120.850,44			32.996,81		
3. Debit Interest and similar charges	6.631.304,96	6.830.924,40	3.256.707,11	7.314.848,15	7.347.844,96	-4.737.105,25
Total Operating Results (Profit)			34.617.321,28			18.856.053,23
II.PLUS: EXTRAORDINARY results						
1. Extraordinary and non-operating income		9.316.878,54			8.023.032,71	
2. Extraordinary profits		74.803,93			10.494,89	
3. Prior year's income		72.760,87			56.356,92	
		9.464.443,34			8.089.884,52	
Less:						
1. Extraordinary and non-operating expenses	13.776 927,32			7.689.955,46		
2. Extraordinary losses	710.203,77			51.266,50		
3. Prior year's expenses	1.755.152,62			1.529.882,76		
4. Provisions for extra-ordinary liabilities	28.709,51	16.270.993,22	-6.806.549,88	79.117,01	9.350.221,73	-1.260.337,21
Operating and Extraordinary results (profit)			27.810.771,40			17.595.716,02
Less:						
Total value adjustments of fixed assets		5.573.328,25			6.604.070,12	
Less: Charged to the operating cost		5.573.328,25	0,00		6.604.070,12	0,00
NET RESULTS (PROFIT) FOR THE YEAR BEFORE TAXES			27.810.771,40			17.595.716,02
Less: Minority interests for the year			4.531.792,81			5.078.474,22
NET RESULTS (PROFIT) FOR THE YEAR BEFORE TAXES			23.278.978,59			12.517.241,80

APPROPRIATION ACCOUNT

	Closing year 2003	Previous year 2002
Net Results (Profit) for the year	27.810.771,40	17.595.716,02
(+): Profit brought forward	10.660.131,09	4.843.382,50
(+): Tax-free profit (L. 2579/98)	0,00	177.807,51
(−): Gains from sale of participating interests	881.016,26	0,00
(+): Loss of participation and securities	25.635,39	0,00
(+): Taxed reserves for appropriation	0,00	965.532,28
(−): Previous years Tax differences	177.978,00	199.812,93
Total	37.437.543,62	23.382.625,38
Less: 1. Income Tax	8.804.059,57	7.023.013,93
1a. Tax on special reserves (L.2579/98)	0,00	66.677,82
Tax on reserves appropriated	0,00	297.674,82
Other taxes	117.574,08	25.414,15
Minority interest	4.531.792,81	5.078.474,23
Profits for appropriation	23.984.117,16	10.891.370,43
APPROPRIATED AS UNDER:		
1. Legal reserve	787.518,26	604.277,52
2. First dividend	2.649.844,36	1.741.620,62
3. Added dividend	1.402.189,64	284.396,38
5. Extraordinary reserve	545.100,84	796.060,41
5b. Tax-free reserve L.2579/98	906.643,89	111.129,69
6. Reserve L.2601/98	0,00	553.678,32
6b. Reserve from income taxed at special provisions	34.895,41	336.107,12
6c. Tax-free reserves of construction company profits	60.412,24	178.140,18
8. Profits carried forward	17.597.512,52	6.285.960,19
	23.984.117,16	10.891.370,43

MAROUSSI, 24 FEBRUARY 2004

THE CHAIRMAN OF THE BOARD OF DIRECTORS
MYTILINEOS EVANGELOS
ID No I 082392

THE VICE-PRESIDENT OF THE BOARD DIRECTORS
MYTILINEOS IOANNIS
ID No Σ 683930

THE CHIEF FINANCIAL OFFICER
MITSOVOLEAS APOSTOLOS
ID No K 346673

THE CHIEF ACCOUNTANT
TZANOGLOY NIKOLAOS
ID No M 195608

AUDITOR'S REPORT

To the Shareholders of the Societe Anonyme "MYTILINEOS S.A. GROUP"

In compliance with article 108, law 2190/1920 we have audited the Consolidated Balance Sheet and the Consolidated Profit and Loss Account, as well as the related notes on the consolidated accounts of the Societe Anonyme "MYTILINEOS S.A. GROUP" and its subsidiary companies for the fiscal year ended at December 31st, 2003. Our audit was conducted in accordance with the auditing procedures we considered necessary on the basis of auditing principles and regulations implemented by the Greek Institute of Chartered Accountants which are in compliance with the basic principles of the International Auditing Standards. We have audited the books of accounts and the records of the company and have obtained all the information and explanation we needed. We have verified that the Board of Directors' consolidated report is consistent with the consolidated financial statements. Our audit was not expanded to the financial statements of "EL.B.O S.A.", which are included in the consolidation, based on the method of net equity. These financial statements have been audited by other certified auditors the report of whom we used in order to express our opinion. Our audit ascertained the following: 1) In the preceding fiscal year, losses from the devaluation of stock listed in the Stock Exchange, were transferred to the item of Assets- "Expenses Amortized in more than one year", according to article 37 of Law 2874/2000, in order for them to be depreciated in five years, commencing from the fiscal year 2000. Because of this accounting treatment, the remaining undepreciated value of these expenses, and the Consolidated Equity at 31/12/2003, appear higher by € 1.198.000 approximately, while the consolidated profit and loss account of the period have been charged with € 1.198.000 depreciation, approximately, which should have charged the results of the preceding years. 2) The company, deviating from the clauses of the Greek Chart of Accounts, formed provisions of a total sum of € 37.217.046, which it subtracted from the equity account "Share premium account" without charging the results of the fiscal year by an equal amount. These provisions pertain to the following: a) € 34.970.437, doubtful and overdue debts, b) € 1.550.871, non-held depreciation, c) € 695.738, devaluation of shares. The amounts above should have charged the results of the current period by € 821.516, and the results of preceding years by the amount of € 36.395.530. 3) The item of Assets, "Financial assets", includes shares in associated companies, with stocks not listed in the Stock Exchange, amounting to € 7.605.854, always evaluated at their book value. If the Parent company had evaluated its shares according to Article 43 §6 of Law 2190/1920, at the lowest value between cost value and net book value, as it is disclosed on the last statutory balance sheets, it should have formed a devaluation provision, amounting to € 6.296.402 approximately, charging equity and the preceding years' results by the same amount. 4) The items of Assets, "Customers", "Cheques Receivable" and "Other Debtors", include overdue doubtful debts of € 21.244.244, of subsidiary companies. In our opinion, the company should have formed a provision for the total of debts above, charging the consolidated equity by the same amount. The amounts above should have charged by € 60.000, the current year's results and by the amount of € 21.184.244, the results of the preceding years. 5) The evaluation of the group's portfolio was made based on the market value of securities which was lower than the cost value, resulting to goodwill (inversion of a previous provision) amounting to € 2.711.400, which was transferred directly to the item of Equity A-III-1 "Reserves from value adjustments of participating interest and securities". According to the clauses of Law 2190/1920 and the Greek Chart of Accounts, the goodwill from the portfolio evaluation, should have also benefited the results of the company in the current year. 6) The subsidiary companies of the group have formed, in previous years, a provision for compensation to personnel due for retirement from the service, amounting to € 223.000 in total approximately. If this provision had been formed to cover the entire personnel of the Group, regardless of the time for establishing the right for retirement, in compliance with Law 2190/1920, then the amount of the additional provision would have been € 2.542.000 approximately, of which the amount of € 189.000 approximately should have charged the results of the fiscal period ended and an amount of € 2.353.000 approximately, the results of previous fiscal years. 7) The tax authorities have not audited the companies of the group for several periods; therefore their tax liabilities are not final. In our opinion the above consolidated financial statements, which have been compiled in accordance with law 2190/1920, (after having considered our observations above as well as the company's notes) give a true and fair view of the assets, liabilities and financial position of the companies included in the consolidation as at December 31st, 2003, and of the consolidated operating results for the year then ended, in conformity with legal requirements and generally accepted accounting principles applied by the parent company on a basis consistent with that of the preceding year with the exception of the case described in the company's note no 10.

Athens, 25 February 2004
THE CHARTERED ACCOUNTANT
VASSILIS KAZAS
SOEL reg. no 13281
GRANT THORNTON