



BRIEF FINANCIAL REPORT

YALCO
Annual Report
2003

Brief Financial Report

(figures as mentioned in YALCO Annual Report 2003)

BRIEF PRESENTATION

By the Chairman of the Board of Directors

Dear Shareholders,

The fiscal year 2003 is the first fiscal period of unified operations of the Company's services, after the successful completion of the absorption of VELLIFEST SA and the installation of the new ERP System.

During this period the Company's sound decisions were verified regarding the acquisition of the competitive company VELLIFEST SA and achievement of economies of scale, factors, which are clearly seen in the Company's economic figures dated 31 December 2003.

The consolidated figures had the same positive evolution where, for the first time, the consolidated results were larger than that of the parent company.

The management of the Company with its target towards export orientation has founded a subsidiary company in Hungary, namely YALCO HUNGARY KFT. This company has already been established and has started its activities (which are the same as that of the parent company) in Hungary as well as the neighboring countries.

Summary of figures of the parent company is presented herein below.

PARENT COMPANY

Sales Turnover

Sales of the parent company amounted to 38,8 million € versus 44,3 million € in 2002. It should be noted that the figures of 2002 include an amount of 4,7 million €, sales of the absorbed company VELLIFEST SA for the period 1/9 – 31/12/2001, which are presented in the figures of the year 2002 due to the merger.

Profits Before Depreciation of Participations and Taxes.

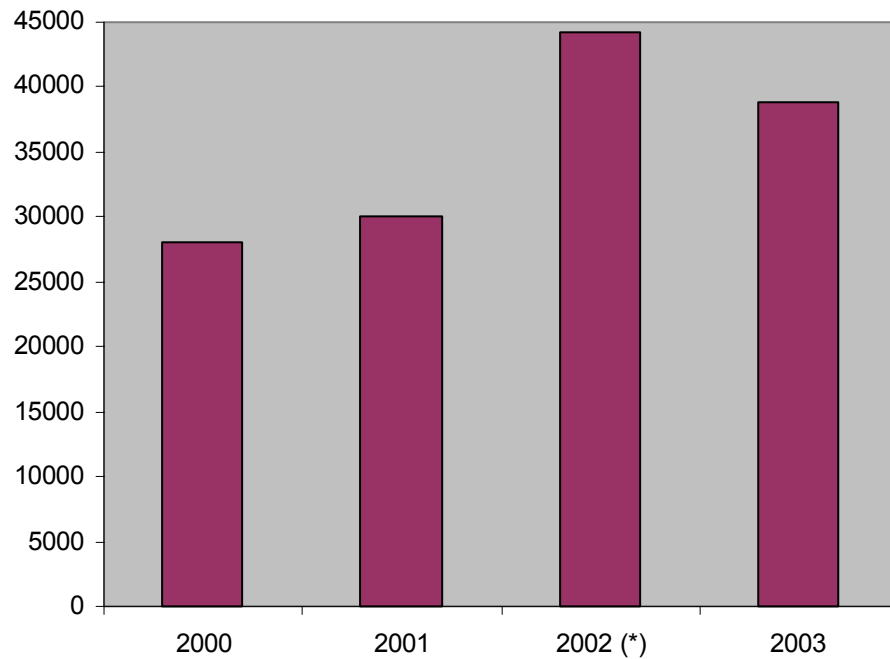
The parent company's profits prior to depreciation of participations and taxes for the fiscal year 2003 amounted to 2,875 million €. These results are not comparable with those of the previous year 2002, which were 0,157 million € due to the losses carried forward of the absorbed VELLIFEST S.A. amounting to 1,392 million €. During this fiscal period the subsidiary companies AMALCO S.A., VELCON S.A. and KORMOS S.A. were liquidated, the commercial activities of which had already been absorbed by the parent company.

Profits for Appropriation

Profits for distribution of the parent company are formed as herein below and are proposed for approval at the Annual General Meeting.

		Thousands €
Net Profits for the Year		1.496
Balance of Profits of previous year		<u>2.378</u>
Total		3.874
Less		
Income Tax	630	
Other Taxes	4	634
Appropriated Profits		<u>3.240</u>
Profit Appropriation		
Legal Reserve		50
Dividend		528
Tax Free Reserve		272
Profit carried forward		<u>2.390</u>
		<u>3.240</u>

Sales Turnover (in Thousand Euros)



(*) An amount of 4,7 million € are sales of the absorbed company VELLIFEST SA for the period 1/9 – 31/12/2001, which are presented in the figures of the year 2002 due to the merger.

Balance Sheet

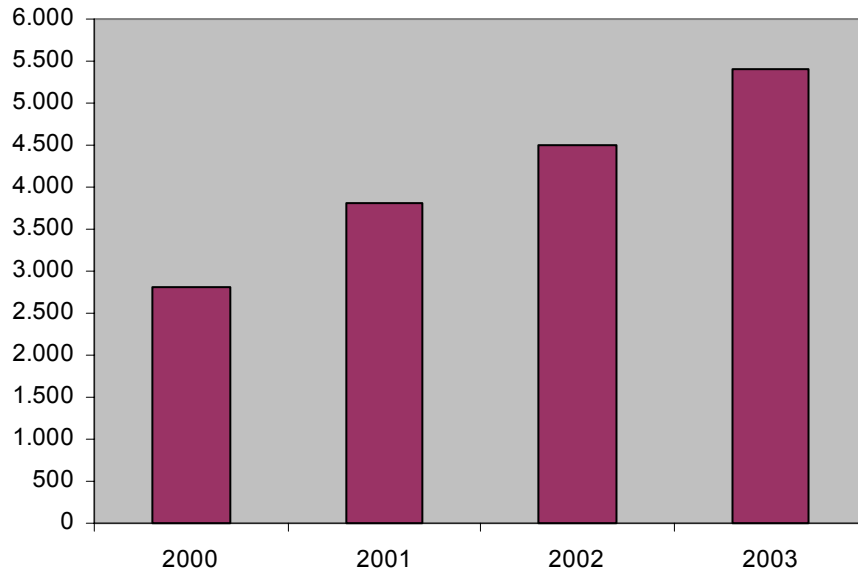
Fixed Assets

Net assets amounted to 10.707.723,46 € as of 31/12/2003 after accumulated depreciation of 7.963.622,49 €.

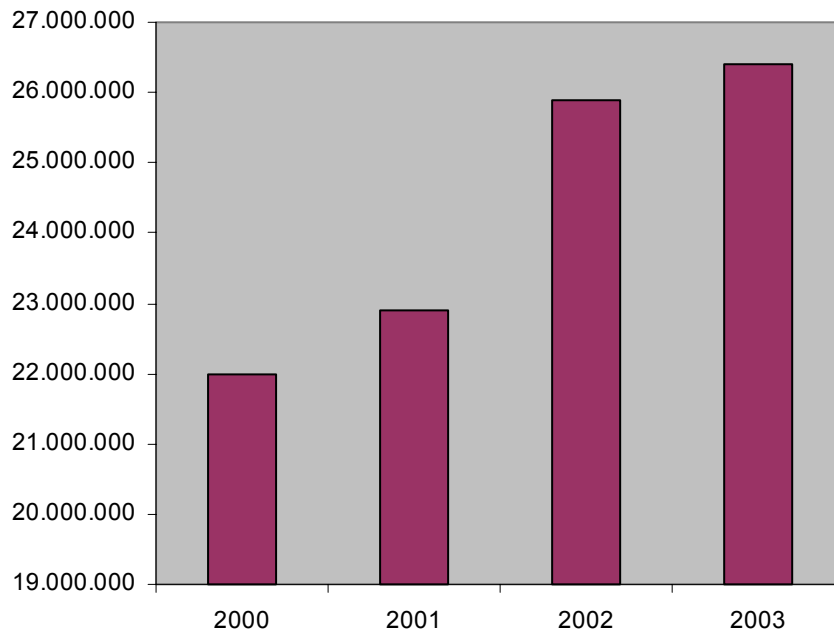
Shareholders' Equity

Shareholders' equity at 31/12/2003 amounted to 26.321.735,72€, with book value per share at 2,00€.

EBITDA



Total Equity Capital (Euros)



Liabilities

The total liabilities of the company decreased by 1.853.261,87€ during 2003 and amounted to 27.715.441,52 € compared to 29.568.703,39€ of the previous year 2002. More analytically:

Long – term Liabilities

The long-term liabilities amounted to 13.636.685,75€ at 31/12/2003 compared to 20.061.457€ of 2002, due to the transfer of the amount 7.084.639,00€ to the short-term liabilities.

It should be noted that within the month of May 2004 the Company proceeded with pre-payment of the syndicated loan of 15,5 million € with the issue of a new bond loan amounting to 13 million € and by reducing company equity to cover the balance amount of 2.5 million €.

Short – Term Liabilities

The short-term liabilities amounted to 6.994.116,74 € at 31/12/2003 (14.078.755,74€ less than the above mentioned amount of 7.084.639,00€, which was settled with the new bond loan) compared to 9.507.246,39€ at 31/12/2002.

Financial Risks

Due to the nature of the activities of the Company, which are largely dependant on imports, the company faces currency risks. These risks, however, are restricted, given the fact that a large part of the commercial transactions is with countries of E.U. and conducted in Euros.

Nevertheless, with the use of financial tools, the company tries to counterbalance and offset currency risks, which arise from transactions with countries, which are not in the Euro-zone.

Customer Relations

At YALCO, we believe that we can only develop further if we study and understand in detail the results of the initiatives and strategies which we have implemented and adopted. The analysis of results and sales statistics are of importance to us, in understanding our customers' needs

and expectations, so that we may try to respond quickly and effectively. Our continuous communication with our customers is of vital importance and helps in our constant and persistent effort to improve our services.

Future Targets

After the successful absorption of VELLIFEST SA, the successful installation of the ERP system and the turn-around of the subsidiary company EXCEL S.A. to a profitable entity, the management has initiated procedures for a qualitative improvement of its human resources, strengthening of its exports through both its export division as well as the establishment of the subsidiary company in Hungary.

Of course the company will continue as leader in its field of activity, offering improved services towards its customers and increasing its market share.

Abridged Balance Sheet Yalco

Fiscal Year Results

(in Thousand €)	2001	2002	2002 (comparable base)	2003
Sales Turnover	30.387	44.319	39.598	38.756
Gross Profit	10.077	14.730	13.514	14.428
Other operating income	450	477	450	374
Gross operating profit	10.527	15.207	13.964	14.802
Operating results	3.804	4.875	4.674	5.893
Profits before interest Depreciation and Taxes	3.686	4.023	4.493	5.575
Profits before depreciation and taxes	3.350	2.103	3.189	4.583

Financial Statement Figures

(In thousand €)	2001	2002	2003
ASSETS			
Installation costs	--	213	98
Intangible Assets	--	--	--
Tangible Assets	7.941	18.362	18.671
Less: Accumulated Depreciation	3.607	6.376	7.964
Tangible Assets after Depreciation	4.334	11.986	10.708
Participations in Related Companies	8.555	9.717	9.031
Other Long-term receivables	19	47	39
Total Fixed Assets	12.908	21.750	19.778
Current Assets	25.983	35.168	35.617
Transit Debit Balances	6	18	50
TOTAL ASSETS	38.897	57.149	55.542
LIABILITIES			
Shareholders Equity	22.749	25.850	26.322
Provisions	510	4	--
Long Term Liabilities	--	20.061	13.637
Short Term Liabilities	13.790	9.507	14.079
Total Liabilities	13.790	29.569	27.715
Transit Credit Balances	1.849	1.725	1.505
TOTAL LIABILITIES	38.897	57.149	55.542
Share Book Value	3,12	1,96	2,00
Number of shares	8.391.620	13.191.620	13.191.620

Capital Flow (in thousand €)

Inflows

Profits before taxes	1.496
Depreciation	<u>1.708</u>
Profits before Depreciation	3.204
Investment grand / subsidy	136
Long-term liabilities increase	660
Participation reductions	692
Stock reduction	605
Debt reduction	1.744
Securities reduction	<u>15</u>
	<u>7.056</u>

Outflows

Fixed investments	309
Increase of disposables	2.814
Increase of transit debit balance	32
Reduction of short term liabilities	2.515
Increase of transit credit balances	220
Reduction of provisions	4
Dividends payable	528
Income Tax	<u>634</u>
	<u>7.056</u>

The Chairman & Managing Director

Demetre Constantinou