DYNAMIC Securities

GREEK EQUITIES
INITIAL COVERAGE

A. Kalpinis – N. Simos S.A.

Reuters : KALr.AT **Bloomberg :** KASIK GA

Sector: Steel Processing

Ownership Structure:

Kalpinis – Simos Families	65%
Institutional Investors	17%
Free Float	18%

Price (03/12/2007)	**€ 2.31**
Shares	**37,296,000**
Mkt Cap (in € mn)	**86.15**

Stock Ratios

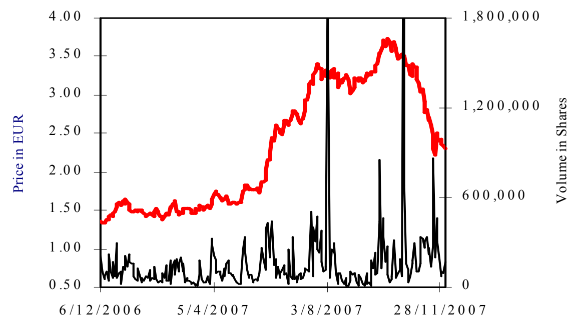
	2005	2006	2007 E	2008 E
P / E	47.53	13.87	8.46	6.42
P / BV	1.12	1.05	0.94	0.86
EV / EBITDA	19.58	10.20	7.94	6.54
Div. Yield	0.79%	2.89%	4.73%	6.24%
ROE	2.37%	7.82%	11.70%	13.98%
ROIC	1.36%	4.34%	6.24%	7.45%
Net Debt/Equity	0.71	0.85	0.86	0.86

Summary Financials

P&L (in € mil.)	2005	2006	2007 E	2008 E
Turnover	128.1	150.4	188.1	230.4
Gross Profit	15.5	25.6	33.3	41.5
OPEX	10.5	12.9	15.0	17.6
EBITDA	7.2	15.3	20.8	26.3
Finan. Results	-1.2	-2.3	-3.3	-3.7
Depreciations	1.6	1.5	2.3	2.7
EBT	4.3	11.5	15.2	20.0
EATAM	1.8	6.2	10.2	13.4

Source: Company Data & VRS Projections

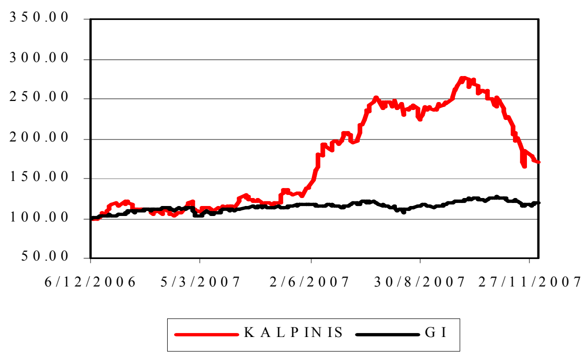
Stock Graph (52 weeks)
Min: € 1.33, Max: € 3.74



KEY INVESTMENT POINTS

- A. Kalpinis – N. Simos is a long-term "bet" with limited downside risk. The Group is favored by the strong economic growth reflected in the domestic construction and shipping markets, the rising prospects of the targeted Balkans as well as the favorable price outlook of the steel market.
- A. Kalpinis – N. Simos Group aims at becoming a large-scale one-stop-shop for finished steel products destined for the construction and shipping industries in Greece and the Balkans. The Group targets an even larger product range that satisfies special customer needs, delivers significant added value and diversifies operations and business risk.
- A. Kalpinis – N. Simos Group has built an impressive track record in sustaining its revenue / profitability growth trends over the past 15 years. Even in economic downturns, the Company managed to efficiently control costs, maximize relationships with suppliers and adopt beneficial pricing policy.
- The Group has announced the implementation of a 5-year capital expenditure plan, with 2007 as initiation year, targeting significant capacity enhancements. Total investment amounts to € 45 million and will be financed from free cash flow, bank debt and E.U. – Greek State subsidies.
- In anticipation of higher production capacity, international expansion and gradually improving working capital cycle, we initiate A. Kalpinis – N. Simos' coverage with an outperform rating in a 12-month horizon.

Relative performance with G.I. (52 weeks)
Stock Return: 71.11% - G.I. Return: 20.00%



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Investment Case & Growth Drivers

In our opinion A. Kalpinis – N. Simos is a long-term “bet” with limited downside risk. The Group is favored by the strong economic growth reflected in the domestic construction and shipping markets, the rising prospects of the targeted Balkans as well as the favorable price outlook of the steel market. We unfold the following investment considerations currently in favor of A. Kalpinis – N. Simos’ growth scenario:

☞Strong Domestic Demand for Steel Products

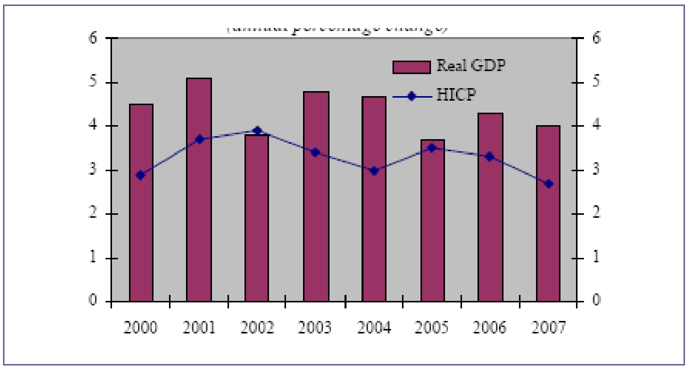
Demand for steel products is largely dependent on Greek economic and investment activity that demonstrates impressive as well as sustained trends. Greek economic activity maintained its momentum in first half 2007, recording an average real GDP growth of 4.4% y-o-y, slightly higher than the 4.3% recorded in the corresponding period a year earlier. Robust investment activity and increasing exports of goods and services continued to be the main growth drivers, followed by strong, albeit decelerating, private consumption. Total investment grew by 10.5% y-o-y in first half 2007 versus 13.3% in first half 2006.

Furthermore, the outlook for the full year remains positive. Annual GDP growth is expected to exceed 4.0% in 2007, significantly above the respective GDP growth forecast for Euro zone (2.5%). Private consumption is expected to remain vibrant in the following quarters, whereas private and public investment is likely to continue rapidly growing, making the highest contribution to GDP growth compared to the other GDP components. Business investment will also increase, underlined by buoyant domestic demand, rising corporate gains and the imperative need to improve and expand domestic production capacity in the light of intensified international competition.

The recent government reforms aiming at improving the business environment have resulted in the approval of investment projects of ca €12 billion under the new development law and the PPP partnerships, while €7.7 billion of EU funds are expected to flow in the country in the following two years in the context of the CSF III, assuming that the funds' loss rate will be limited. **The majority of funds are expected to positively affect the domestic construction activity in the following 5-year period.**

CHART **Greece: Real GDP Growth & Inflation** (%)

Source: Eurostat.



A favorable economic environment is also evident in the domestic shipping sector. The Group is strongly active in the ship repairing and shipbuilding sub-sectors. 2006 was a record year in investments made by Greek ship-owners accounting for an impressive USD 16.6 billion. Ship orders - such as for tankers, bulk carriers, etc. - reached especially high levels, creating optimism in the market for another couple of years of sustained growth.

Steel Consumption per Capita (in kg)	
Europe	500
Greece	350
Balkans	150

Source: Global Steel Market Survey.

☞Balkan Region Demonstrates Strong Growth Potential

After several decades of solely domestic activity in the Company's agenda, the management is cautiously launching operations in Balkans region through international joint ventures as well as the establishment of subsidiaries. The

Group is leveraging domestic strength and long-term relations with suppliers to accelerate international growth in the relatively familiar neighboring markets of Bulgaria and Romania. Both countries are expected to enjoy impressive growth rates in the following years as European Union's fund flows will be channeled mainly in infrastructure projects, whereas their transition into a market economy status will further support private construction. In our forecasting model, we are conservative regarding contribution from international expansion, as we would expect revenues from those markets to "make a difference" in the Group's bottom line results in 3 years time.

Bulgaria	2005	2006	2007
Real GDP	6.2	6.1	6.0
Consumer Prices	5.0	7.3	8.2
Current account (% of GDP)	-12.0	-15.8	-20.3
Fiscal Balance (% of GDP)	1.9	3.3	2.0
Public Debt (% of GDP)	29.2	22.8	20.9
FDI (net. US $ mill.)	3938	5016	4656

Romania	2005	2006	2007
Real GDP	4.1	7.7	6.3
Consumer Prices	9.0	6.6	4.3
Current account (% of GDP)	-8.7	-10.3	-13.8
Fiscal Balance (% of GDP)	-1.4	-1.9	-3.2
Public Debt (% of GDP)	15.8	12.4	12.8
FDI (net. US $ mill.)	6495	11546	10500

Source: Eurostat.

☞Favorable Price Outlook

Steel prices have soared over the past years in line with the broader buoyant commodity market. Energy and construction materials were the major movers behind steel's price performance. The soaring prices were achieved in a volatile environment, as supply and demand moved very closely to one another, provoking frequent price fluctuations. The upward trend is expected to sustain in the future under the condition of strong steel demand from developed / developing economies and especially China. This is good news for steel manufacturers and processors as they are usually capable of passing higher prices through their products to the final customer. **The current market outlook favors A. Kalpinis – N. Simos since the Group can transfer higher purchase**

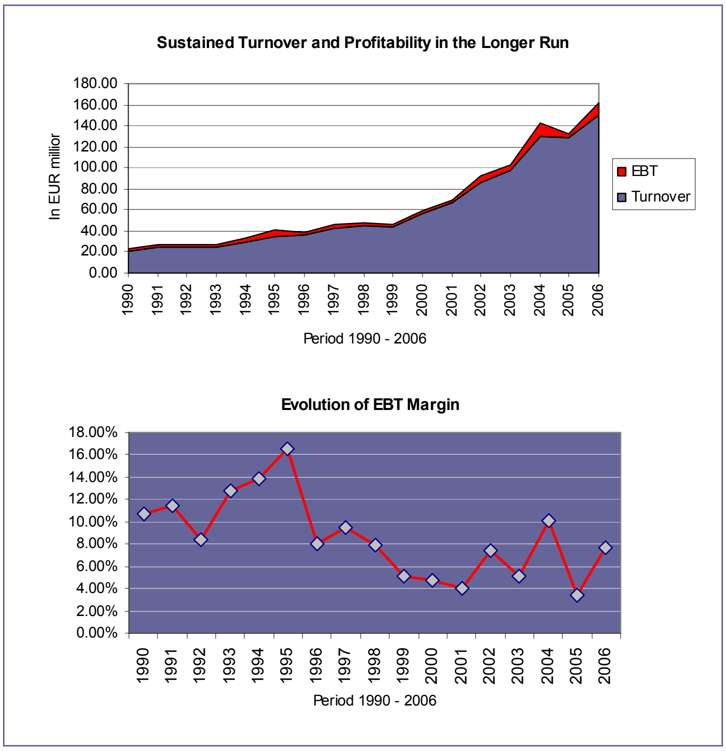
prices to the end-users in a period of strong domestic construction activity, implying a relatively inelastic demand for steel products.

☞Solid Financial Performance against Cyclicality

A. Kalpinis – N. Simos Group has built an impressive track record in sustaining its revenue / profitability growth trends over the past 15 years. Even in economic downturns, the Company managed to efficiently control costs, maximize relationships with suppliers and adopt beneficial pricing policy. Especially now when the current economic and market cycle remains favorable, we believe A. Kalpinis – N. Simos is ideally positioned to maximize financial performance at least in the following couple of years.

CHART	Sustained Financial Performance

Source: The Company, VRS.



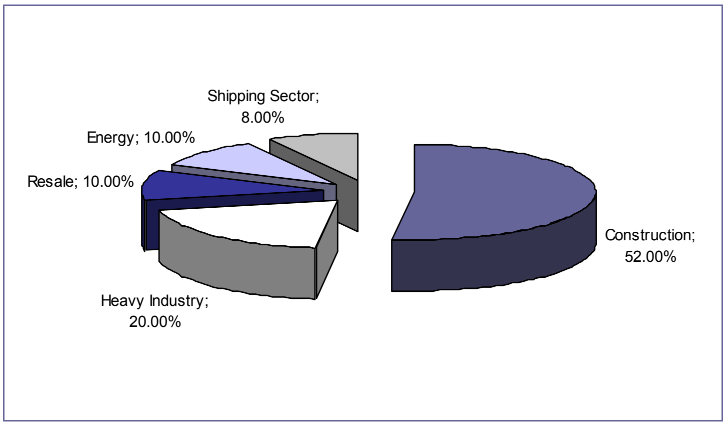
☞Expansion Strategy

A. Kalpinis – N. Simos Group aims at becoming a large-scale one-stop-shop for finished steel products destined for the construction and shipping industries in

Greece and the Balkans. Steel is the most competitive material for large constructions providing processing speed, recycling capability, as well as endurance and safety standards. The Group targets an even larger product range that satisfies special customer needs but also delivers significant added value. Furthermore, product applications range across a significant number of industries thus diversifying operations and business risk.

CHART **Breakdown of Industries Utilizing the Company's Products**

Source: The Company.



The Group has pledged to strengthen its revenues deriving from steel processing. In 2006, processed products accounted for 56.2% of total, whereas resale revenues represented 43.8% of total consolidated revenues.

To ensure high quality products and constantly enrich the product range, A. Kalpinis – N. Simos has made strategic agreements with internationally recognized and reliable suppliers, building lifetime relationships. On the other hand, by having as customers all major construction companies, the Group indirectly "participates" in all major large-scale construction projects in Greece without carrying the risk of tender offers that usually have uncertain outcome and signal inclusion in business groups thus limiting flexibility in the market place.

	The Major Axes of A. KALPINIS – N. SIMOS' Strategy
	Wide product range (over 300 items) with large number of value added products
	Dispersed client base (over 2,900 clients)
	Long-term relationships with suppliers (over 35 international in 24 countries) (Corus-Tata, Mittal Steel, BlueScope, Hyundai Steel, Salzgitter, etc.)
	Long-standing partnerships with internationally recognized steel industries
	Expansion in the Balkans and South East Europe (new subsidiaries and joint venture with Corus-Tata)

	Catalysts for A. KALPINIS – N. SIMOS
+	Maximization of production capacity following the full implementation of the Group's investment plan
+	Further penetration in the growing steel market of the Balkans via strategic partnerships such as distribution networks and construction companies
+	Steel products are highly correlated to construction activity and favored by declining interest rates
-	Low absorption rate of EU funds in Greece and the Balkans
-	Macroeconomic and political risks in the Balkan region
-	Persistently rising commodity prices will be hard to pass on to final customers

Consolidated Turnover Breakdown

HISTORIC & PROJECTED CONSOLIDATED TURNOVER BREAKDOWN

(in € ,000)	2005	2006	2007	2008	2009	2010	2011
Long-Steel Products		**76,724**	**96,673**	**117,941**	**141,529**	**169,835**	**203,801**
y-o-y Change %			26.00%	22.00%	20.00%	20.00%	20.00%
% of Total		51.0%	51.4%	51.2%	50.8%	51.2%	51.6%
Flat Steel Products		**73,716**	**91,407**	**112,431**	**137,166**	**161,856**	**190,990**
y-o-y Change %			24.00%	23.00%	22.00%	18.00%	18.00%
% of Total		49.0%	48.6%	48.8%	49.2%	48.8%	48.4%
TOTAL TURNOVER		**150,440**	**188,080**	**230,372**	**278,695**	**331,690**	**394,791**
y-o-y Change %			25.02%	22.49%	20.98%	19.02%	19.02%

Source: Company accounts, VRS. n/c: non comparable.

HISTORIC & PROJECTED CONSOLIDATED TURNOVER BREAKDOWN (per Business Activity)

(in € ,000)	2005	9M 2006	2006	9M 2007	2007	2008	2009	2010	2011
Sales of Merchandise	**72,402**	**61,085**	**84,198**	**81,029**	**109,086**	**131,312**	**156,069**	**185,747**	**225,031**
y-o-y Change %			16.3%	32.6%	29.56%	20.37%	18.85%	19.02%	21.15%
% of Total	56.5%	55.9%	56.0%	57.5%	58.00%	57.00%	56.00%	56.00%	57.00%
Sales of Products	**55,361**	**47,940**	**65,852**	**59,601**	**78,053**	**97,908**	**121,232**	**144,285**	**167,786**
y-o-y Change %			18.9%	24.3%	18.53%	25.44%	23.82%	19.02%	16.29%
% of Total	43.2%	43.9%	43.8%	42.3%	41.50%	42.50%	43.50%	43.50%	42.50%
Other Sales	**323**	**273**	**390**	**384**	**940**	**1,152**	**1,393**	**1,658**	**1,974**
y-o-y Change %			20.7%	41.0%	141.26%	22.49%	20.98%	19.02%	19.02%
% of Total	0.3%	0.2%	0.3%	0.3%	0.50%	0.50%	0.50%	0.50%	0.50%
TOTAL TURNOVER	**128,086**	**109,297**	**150,440**	**141,014**	**188,080**	**230,372**	**278,695**	**331,690**	**394,791**
y-o-y Change %			17.45%	29.02%	25.02%	22.49%	20.98%	19.02%	19.02%

Source: Company accounts, VRS. n/c: non comparable.

HISTORIC & PROJECTED TURNOVER BREAKDOWN (per Geographic Area)

(in € ,000)	2005	9M 2006	2006	9M 2007	2007	2008	2009	2010	2011
Domestic Sales	**115,982**	**101,518**	**139,408**	**130,200**	**174,914**	**211,942**	**253,612**	**298,521**	**347,416**
y-o-y Change %			20.2%	28.3%	25.47%	21.17%	19.66%	17.71%	16.38%
% of Total	90.6%	92.9%	92.7%	92.3%	93.00%	92.00%	91.00%	90.00%	88.00%
Foreign Sales	**12,104**	**7,779**	**11,032**	**10,814**	**13,166**	**18,430**	**25,083**	**33,169**	**47,375**
y-o-y Change %			-8.9%	39.0%	19.34%	39.98%	36.10%	32.24%	42.83%
% of Total	9.4%	7.1%	7.3%	7.7%	7.00%	8.00%	9.00%	10.00%	12.00%
TOTAL TURNOVER	**128,086**	**109,297**	**150,440**	**141,014**	**188,080**	**230,372**	**278,695**	**331,690**	**394,791**
y-o-y Change %			17.45%	29.02%	25.02%	22.49%	20.98%	19.02%	19.02%

Source: Company accounts, VRS. n/c: non comparable.

[Please note that IFRS based consolidated financial statements include the affiliated company Steel Service Center, owned by Kalpinis – Simos families and not by the listed parent company. Steel Center adds income to consolidated revenues however zero profit to consolidated bottom line results.] Source: Consolidated accounts, VRS projections.

In terms of volumes, the parent company "A. Kalpinis – N. Simos S.A." generates the majority, 80%, of consolidated revenues, whereas Corus – Kalpinis – Simos S.A. and Steel Center represent 7% and 13% of total turnover respectively. The average gross profit margin stands at 16% for the parent company and 27% for Corus – Kalpinis - Simos.

FINANCIAL ANALYSIS

[Please note that IFRS based consolidated financial statements include the affiliated company Steel Center, owned by Kalpinis – Simos families and not by the listed parent company. Steel Service Center adds income to consolidated revenues however zero profit to consolidated earnings.]

☞Profit & Loss Account

Turnover: In our projections we assume that consolidated turnover CAGR for the period 2006 – 2011 will reach 21.28%, supported by the sector's lower cyclicality, strong domestic demand and growing international expansion. We project that according to the above, domestic and international sales CAGR $_{(2006-2011)}$ would reach 20% and 34% respectively.

Gross Profit Margin: Gross margin is expected to show gradual improvement in the following 5-year period due to:

- larger product range;
- higher purchasing power;
- greater focus on high added value projects;
- international expansion.

Operating Expenses: Despite international expansion, total operating expenses on the group level would be able to sustain a level between 7-8% of total revenues in line with tighter cost control and economies of scale.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA): Following the above, EBITDA margin is expected to be steadily improving, with EBITDA CAGR $_{(2006-2011)}$ reaching 33.92%.

Financial expenses will be in line with utilization of debt needed for the Group's capital expenditures plan and with working capital needs. The effective tax rate has been set at 25% taking also into consideration that a significant part of the Group's investment plan will be subsidized by the Greek State.

☞Balance Sheet

Fixed Assets: The Group has pledged for an ambitious 5-year investment plan accounting for € 45 million. Most investments will be directed in buildings, transportation means and machinery boosting production capacity and efficiency.

Bank Debt: In our model, we assume use of debt at around € 15 million to finance the Group's 5-year investment plan, with the parent company's share accounting for € 7 million.

☞Share Capital Increase

In October 2007, A. Kalpinis – N. Simos proceeded with a bonus issue under the following terms:

Share Capital Increase - Bonus Issue	
Initial Number of Shares	12,432,000
Initial Nominal Value per Share in €	0.9
Initial Share Capital in €	11,188,800
Share Capital Increase in € (*)	3,729,600
Total Share Capital after Increase in €	14,918,400
Nominal Value per Share in €	1.20
Stock Split	2 new bonus shares for every 1 old share
New Nominal Value per Share in €	0.40
Number of New Shares	24,864,000
Total Number of Shares after Stock Split	37,296,000
Ex-Bonus Issue Date	4/10/2007
Listing of the New Shares	11/10/2007

Source: Company and Athens Exchange.
(*) Due to capitalization of taxed reserve.

☞Cash Flow Analysis

The Group operates with an extended working capital cycle, which also depends on seasonality but is generally affected by the broader payment terms currently adopted in the Greek market across a wide range of business sectors. The Group's current working capital needs are significant, representing 10-11% of annual turnover.

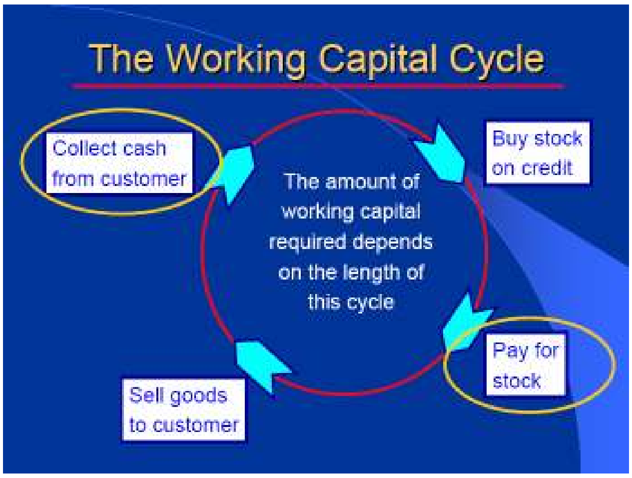
In the longer-run however, and in view of rising international activity we would expect the Group become less vulnerable to domestic payment practices. In this context, we assume an improving cash conversion cycle from 293 days in 2006 to 198 days in 2011 also due to:

- Improving payment practices in future as far as the domestic market is concerned;
- Faster inventory turnover ratio.

The Group's overall improving cash management would strengthen and turn operating cash flows positive by 2008.

CHART | **A. KALPINIS – N. SIMOS Group's Working Capital Cycle**

Source: VRS.



☞Selected Financial Ratios on Consolidated Basis

	2006	2007	2008	2009	2010	2011
Stock Days	133	120	110	100	100	100
Debtors Days	202	194	173	161	147	138
Creditors Days	41	40	40	40	40	40
Total Liab. / Total Equity	1.01	1.07	1.09	1.09	1.08	1.07
Bank Loans / Total Equity	0.79	0.79	0.78	0.77	0.74	0.71
Net Fixed Assets / Total Assets	28.36%	27.69%	27.90%	27.54%	26.77%	25.56%
Interest Coverage	5.24	5.15	6.03	6.95	7.81	8.96

Source: Company accounts, VRS estimates.

The following tables present our calculations in order to derive A. Kalpinis – N. Simos Group's cash cycle in the 9-month period of 2007.

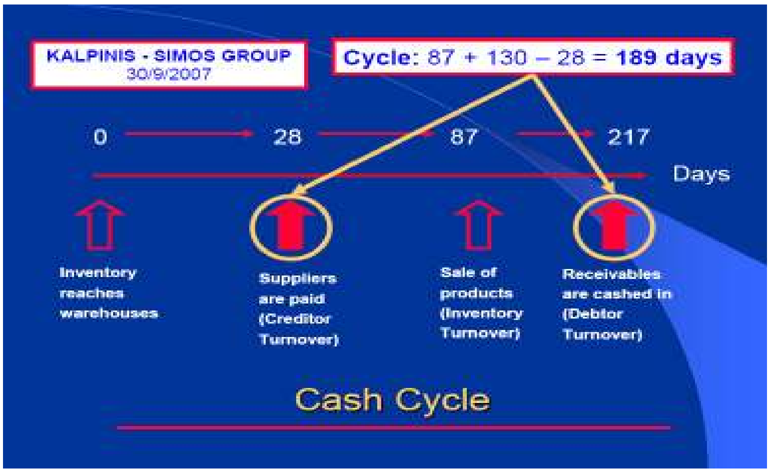
in EUR thous.	**30/9/2007**
Inventory	57,105
Customer Receivables	100,424
Cash	1,046
Creditors	18,169
Sales	141,014
Cost of Sales (*)	119,551
Stock Turnover Ratio (days)	87
Debtor Turnover Ratio (days)	130
Creditor Turnover Ratio (days)	28
Current Ratio	8.73
Accid Ratio	5.58

	30/9/2007
Stock arrives (day)	0
Goods sold (day)	87
Creditors / Stock Paid (day)	28
Debtors Received (day)	217
W. C. CYCLE	**189**

Source: Consolidated accounts & VRS calculations.

CHART **A. KALPINIS – N. SIMOS Group's Working Capital Cycle in Days – 9M 2007**

Source: VRS.



The following tables present our calculations in order to derive the Group's cash cycle for the years 2006 and 2005.

in EUR thous.	**31/12/2006**	**31/12/2005**
Inventory	45,491	40,421
Customer Receivables	83,052	70,420
Cash	1,876	1,977
Creditors	14,041	16,629
Sales	150,440	128,086
Cost of Sales (*)	125,577	113,221
Stock Turnover Ratio (days)	132	130
Debtor Turnover Ratio (days)	202	201
Creditor Turnover Ratio (days)	41	54
Current Ratio	9.29	6.78
Accid Ratio	6.05	4.35

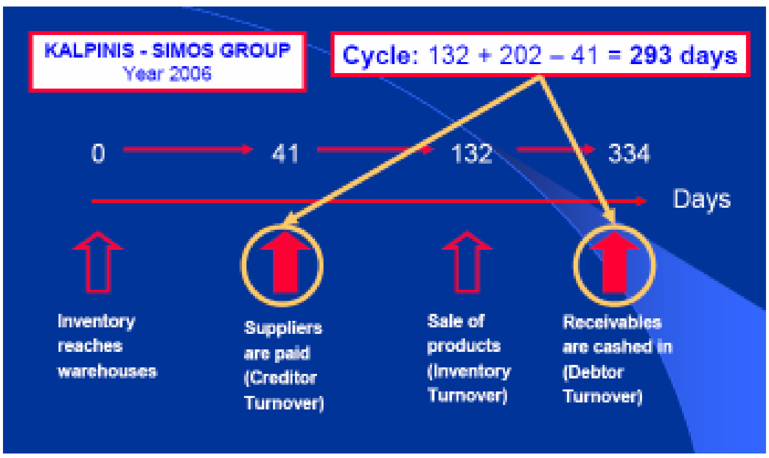
(*) Without depreciation.

	31/12/2006	**31/12/2005**
Stock arrives (day)	0	0
Goods sold (day)	132	130
Creditors / Stock Paid (day)	41	54
Debtors Received (day)	334	331
W. C. CYCLE	**293**	**277**

Source: Parent company's accounts & VRS calculations.

CHART **A. KALPINIS – N. SIMOS Working Capital Cycle in Days – Year 2006**

Source: VRS.



Capital Expenditures

The Group has announced the implementation of a 5-year capital expenditure plan, starting in 2007 and aiming at the following:

- Modernization of existing operations in the Attica region;
- New production and trade facilities in Northern Greece;
- New steel centers in Romania and Bulgaria;
- Expansion of operations of Corus – Kalpinis - Simos;
- Acquisition of the affiliated Steel Center SA.

According to the guidance given by the Company's management, we have drawn the projected capital expenditures for the period 2007-2011 based on the following assumptions:

(in € ,000)		2006	2007	2008	2009	2010	2011
Tangible Assets							
	Additions	0.0	0.0	0.0	0.0	0.0	0.0
Land & Buildings		33,857.4	36,645.4	39,433.4	42,221.4	45,009.4	47,797.4
	Additions	-513.4	2,788.0	2,788.0	2,788.0	2,788.0	2,788.0
Vehicles & Machinery		17,544.0	23,696.0	29,848.0	36,000.0	42,152.0	48,304.0
	Additions	2,811.6	6,152.0	6,152.0	6,152.0	6,152.0	6,152.0
Furniture and Fixtures		846.3	896.3	946.3	996.3	1,046.3	1,096.3
	Additions	42.5	50.0	50.0	50.0	50.0	50.0
Tangible Assets under Construction		956	1,006.5	1,056.5	1,106.5	1,156.5	1,206.5
	Additions	-76.0	50.0	50.0	50.0	50.0	50.0
Tangible Assets		53,204	62,244	71,284	80,324	89,364	98,404
CAPEX (without intangible assets)		2,265	9,040	9,040	9,040	9,040	9,040

A more detailed analysis of the upcoming investments, which enjoy significant rates of state subsidies, is presented in the following 2 pages:

The CAPEX of KALPINIS - SIMOS GROUP for the Period 2006 - 2011:

(in € ,000 unless otherwise stated)	%				2007	2008	2009	2010	2011
Modernization of Existing Operations in Attica Region			14,700.00						
Capex for KALPINIS - SIMOS GROUP	65.00%		9,555.00		4,777.50	4,777.50			
Subsidy at 35%	35.00%		5,145.00		2,572.50	2,572.50			
Land & Buildings			4,940.00		988.00	988.00	988.00	988.00	988.00
Vehicles & Machinery			9,760.00		1,952.00	1,952.00	1,952.00	1,952.00	1,952.00
Furniture and Fixtures									
Tangible Assets under Construction									
Subsidies					1,029.00	1,029.00	1,029.00	1,029.00	1,029.00
Establishment of New Production and Trade Facilities in N. Greece (Metalpro)			14,800.00						
Total Capex	75.00%		11,100.00						
Subsidy at 25%	25.00%		3,700.00						
50% Joint Venture Corus - Tata	50.00%								
Capex for KALPINIS - SIMOS GROUP			5,550.00		2,775.00	2,775.00			
Subsidy for KALPINIS - SIMOS GROUP			1,850.00		925.00	925.00			
Expected Capacity	Mt	200,000.00							
Land & Buildings				30.00%	888.00	888.00	888.00	888.00	888.00
Vehicles & Machinery				70.00%	2,072.00	2,072.00	2,072.00	2,072.00	2,072.00
Furniture and Fixtures									
Tangible Assets under Construction									
Subsidies					740.00	740.00	740.00	740.00	740.00
Minorities					676.96	676.96	676.96	676.96	676.96

Source: The Company, VRS.

Continues from previous page (in € ,000 unless otherwise stated)	%				2007	2008	2009	2010	2011
Establishment of New Steel Centers in Romania and Bulgaria			12,000.00						
Total Capex	70.00%		8,400.00						
Subsidy at 25%	30.00%		3,600.00						
50% Joint Venture	50.00%								
Capex for KALPINIS - SIMOS GROUP			4,200.00		1,400.00	1,400.00	1,400.00		
Subsidy for KALPINIS - SIMOS GROUP			1,800.00		600.00	600.00	600.00		
Expected Capacity									
Bulgaria	Mt	100,000.00	Buildings of 10,000 m2						
Romania	Mt	200,000.00	Buildings of 20,000 m2						
Land & Buildings				30.00%	720.00	720.00	720.00	720.00	720.00
Vehicles & Machinery				70.00%	1,680.00	1,680.00	1,680.00	1,680.00	1,680.00
Furniture and Fixtures									
Tangible Assets under Construction									
Subsidies					720.00	720.00	720.00	720.00	720.00
Minorities					548.89	548.89	548.89	548.89	548.89
Expansion of Operations of Corus-Kalpinis-Simos			3,200.00						
Total Capex	80.00%		2,560.00						
Subsidy at 25%	20.00%		640.00						
50% Joint Venture	50.00%								
Capex for KALPINIS - SIMOS GROUP			1,280.00		640.00	640.00			
Subsidy for KALPINIS - SIMOS GROUP			320.00		160.00	160.00			
Expected Capacity Increase	m2	1,200.00							
	m2	2,400.00							
Land & Buildings				30.00%	192.00	192.00	192.00	192.00	192.00
Vehicles & Machinery				70.00%	448.00	448.00	448.00	448.00	448.00
Furniture and Fixtures									
Subsidies					128.00	128.00	128.00	128.00	128.00
Minorities					146.37	146.37	146.37	146.37	146.37

Source: The Company, VRS.

The total investment plan for A. Kalpinis – N. Simos, considering the latter's stakes in all subsidiaries involved, amounts to € 44.7 million and will be financed from free cash flow, bank debt and subsidies.

(in € ,000 unless otherwise stated)	
Total 5-Year Capex	44,700.00
Total 5-Year Capex for KALPINIS - SIMOS GROUP	29,700.00
Minus: Subsidies	9,115.00
Net Capex for KALPINIS - SIMOS GROUP	20,585.00
Financed by:	
Free Cash Flow	5,585.00
Sale of Non-Core Assets	8,000.00
Debt	7,000.00

Source: The Company.

Developments in 9-Month Period 2007

A. KALPINIS – N. SIMOS published the 9M 2007 consolidated financial results under IFRS last November covering the period 1 January until 30 September 2007. The financial results are presented below:

Income Statement *(in € ,000s)*	**IFRS Accounts 1/1-30/09/2007**	*Change (%)*	**IFRS Accounts 1/1-30/09/2006**
Sales	141,014	*29.02%*	109,297
Operating Expenses	10,089	*9.15%*	9,243
EBITDA	13,253	*22.79%*	10,794
Financial Income	-2,889	*93.41%*	-1,494
EBT	10,364	*11.44%*	9,300
EAT	7,705	*29.77%*	5,937

Balance Sheet *(in € ,000s)*	**IFRS Accounts 30/09/2007**	*Change (%)*	**IFRS Accounts 31/12/2006**
Fixed Assets	47,821	*3.17%*	46,350
Inventory	57,105	*25.53%*	45,491
Customer Receivables	100,424	*20.92%*	83,052
Cash	1,046	*-44.24%*	1,876
Total Assets	211,703	*16.29%*	182,055
Equity (excl. minor.)	86,597	*5.42%*	82,143
Total Liabilities	115,832	*26.72%*	91,410

Cash Flows *(in € ,000s)*	**IFRS Accounts 1/1-30/09/2007**	**IFRS Accounts 1/1-30/09/2006**
Operating Cash Flows	-14,534	-13,645
Investing Cash Flows	-2,769	-3,876
Financing Cash Flows	16,473	17,092
Change in Cash	-830	-429
Cash Flows at Begin.	1,876	1,977
Cash Flows at End	1,046	1,548

Source: Consolidated Financial Statements under IFRS.

CONSOLIDATED PROFIT & LOSS ACCOUNT

€ million		2005	2006	2007	2008	2009	2010	2011
Turnover		**128.09**	**150.44**	**188.08**	**230.37**	**278.69**	**331.69**	**394.79**
	y-o-y change %		17.45%	25.02%	22.49%	20.98%	19.02%	19.02%
Cost of Sales		**112.54**	**124.80**	**154.79**	**188.90**	**227.69**	**270.33**	**319.78**
	% of Turnover	87.86%	82.96%	82.30%	82.00%	81.70%	81.50%	81.00%
	y-o-y change %		10.89%	24.03%	22.04%	20.53%	18.72%	18.29%
Other Operating Income including Biol. Assets		**2.16**	**2.54**	**2.50**	**2.50**	**2.50**	**2.50**	**2.50**
Operating Expenses		**10.54**	**12.92**	**14.95**	**17.62**	**20.76**	**24.21**	**28.42**
	% of Turnover	8.22%	8.59%	7.95%	7.65%	7.45%	7.30%	7.20%
	y-o-y change %		22.60%	15.77%	17.86%	17.81%	16.62%	17.39%
EBITDA		**7.17**	**15.26**	**20.84**	**26.34**	**32.74**	**39.65**	**49.09**
EBITDA Margin		5.60%	10.14%	11.08%	11.44%	11.75%	11.95%	12.43%
	y-o-y change %		112.85%	36.55%	26.42%	24.28%	21.11%	23.80%
Depreciation		**1.61**	**1.50**	**2.31**	**2.68**	**3.04**	**3.40**	**3.76**
	% of Turnover	1.26%	1.00%	1.23%	1.16%	1.09%	1.02%	0.95%
EBIT		**5.56**	**13.76**	**18.52**	**23.67**	**29.70**	**36.25**	**45.32**
	% of Turnover	4.34%	9.15%	9.85%	10.27%	10.66%	10.93%	11.48%
	y-o-y change %		147.48%	34.61%	27.77%	25.49%	22.05%	25.03%
Net Financial Results		**-1.25**	**-2.27**	**-3.35**	**-3.67**	**-4.01**	**-4.38**	**-4.78**
Net Results Before Taxes		**4.31**	**11.50**	**15.18**	**20.00**	**25.69**	**31.87**	**40.54**
EBT Margin		3.37%	7.64%	8.07%	8.68%	9.22%	9.61%	10.27%
	y-o-y change %		166.59%	32.01%	31.80%	28.45%	24.05%	27.21%
Income Tax & Deferred Taxes		**2.20**	**4.38**	**3.79**	**5.00**	**6.42**	**7.97**	**10.14**
	Effective Tax Rate	50.98%	38.08%	25.00%	25.00%	25.00%	25.00%	25.00%
Net Results After Taxes		**2.11**	**7.12**	**11.38**	**15.00**	**19.27**	**23.90**	**30.41**
EAT Margin		1.65%	4.73%	6.05%	6.51%	6.91%	7.21%	7.70%
	y-o-y change %		236.75%	59.88%	31.80%	28.45%	24.05%	27.21%
Proportion of Minority rights		**0.30**	**0.91**	**1.20**	**1.58**	**2.03**	**2.52**	**3.20**
Net Results (a.t.&m.i.)		**1.81**	**6.21**	**10.18**	**13.42**	**17.24**	**21.38**	**27.20**
Net Margin		**1.42%**	**4.13%**	**5.41%**	**5.83%**	**6.19%**	**6.45%**	**6.89%**
	y-o-y change %		**242.64%**	**63.96%**	**31.80%**	**28.45%**	**24.05%**	**27.21%**

Source: Company accounts, VRS estimates.

CONSOLIDATED BALANCE SHEET

€ million	2005	2006	2007	2008	2009	2010	2011
Assets							
Net Intangible Assets	0.03	0.02	0.03	0.05	0.06	0.07	0.07
Net Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Tangible Assets	45.42	46.35	53.09	59.48	65.50	71.16	76.46
Investment Property	0.18	5.23	5.20	5.20	5.20	5.20	5.20
Investments & Other Receivables	0.05	0.04	0.06	0.06	0.06	0.06	0.06
Total Non-Current Assets	**45.67**	**51.64**	**58.39**	**64.78**	**70.82**	**76.49**	**81.79**
% Total Assets	28.73%	28.36%	27.69%	27.90%	27.54%	26.77%	25.56%
Inventories	40.42	45.49	50.89	56.93	62.38	74.06	87.61
Trade Receivables	70.42	83.05	99.97	109.19	122.93	133.58	149.26
Other Receivables	0.51	0.00	0.00	0.00	0.00	0.00	0.00
Cash in bank and at hand	1.98	1.88	1.63	1.32	1.04	1.62	1.36
Total Current Assets	**113.32**	**130.42**	**152.49**	**167.44**	**186.35**	**209.27**	**238.23**
% Total Assets	71.27%	71.64%	72.31%	72.10%	72.46%	73.23%	74.44%
TOTAL ASSETS	**159.00**	**182.06**	**210.88**	**232.22**	**257.17**	**285.76**	**320.03**
Equity & Liabilities							
Shareholder's Equity	76.62	82.14	91.98	100.03	110.36	123.19	139.50
Minority Rights	7.16	8.50	9.87	11.25	12.62	13.99	15.36
Total Equity	**83.78**	**90.65**	**101.85**	**111.27**	**122.98**	**137.18**	**154.86**
% Total Equity & Liabilities	52.69%	49.79%	48.30%	47.92%	47.82%	48.00%	48.39%
L-Term Bank Loans	35.12	30.00	31.40	32.80	34.20	35.60	37.00
Provisions for Staff Retirement	0.49	0.52	0.58	0.63	0.70	0.77	0.84
Deferred Tax Liabilities	1.88	1.77	1.94	2.14	2.35	2.59	2.85
Other long term debts	0.00	0.00	1.00	1.00	1.00	1.00	1.00
Total L-Term Liabilities	**37,493**	**32,305**	**37,536**	**39,188**	**40,865**	**42,570**	**44,306**
Suppliers	16.63	14.04	16.96	20.70	24.95	29.62	35.04
Banks	21.10	41.30	49.57	54.52	59.97	65.97	72.57
Financial Lease Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	**37.73**	**59.11**	**71.49**	**81.76**	**93.32**	**106.01**	**120.86**
Total Liabilities	**75.22**	**91.41**	**109.02**	**120.95**	**134.19**	**148.58**	**165.17**
% Total Equity & Liabilities	47.31%	50.21%	51.70%	52.08%	52.18%	52.00%	51.61%
TOTAL EQUITY & LIABILITIES	**159.00**	**182.06**	**210.88**	**232.22**	**257.17**	**285.76**	**320.03**

Source: Company accounts, VRS estimates.

Consolidated Cash Flows

(in € ,000)	2007	2008	2009	2010	2011
Profit after tax	11,382	15,001	19,269	23,903	30,408
Plus: Change of Depreciation	**2,314**	**2,675**	**3,038**	**3,399**	**3,763**
Gross Cash Flow	**13,696**	**17,677**	**22,307**	**27,303**	**34,171**
Change in:					
(-) Trade Debtors	16,914	9,224	13,741	10,654	15,679
(-) Inventory	5,398	6,040	5,452	11,681	13,549
(-) Other Receivables	0	0	0	0	0
(+) Trade Creditors	2,922	3,739	4,251	4,672	5,420
(+) Liabilities for taxes	-4	0	0	0	0
(+) Other Short - term liabilities	0	0	0	0	0
Change in Working Capital	-19,393	-11,526	-14,942	-17,662	-23,808
Operating Cash Flow	**-5,698**	**6,151**	**7,365**	**9,641**	**10,363**
Change in:					
(-) Intangible Assets	30	30	30	30	30
(-) Tangible Assets	9,040	9,040	9,040	9,040	9,040
(-) Other long - term receivables	-3	0	0	0	0
(+) Other Long - term liabilities	3,832	252	277	305	335
(+) Cons. diff./ Minority Interests	1,372	1,372	1,372	1,372	1,372
Cash Flow from Investment	**-3,863**	**-7,446**	**-7,421**	**-7,393**	**-7,362**
Net Cash Flow Before Financing Activities	**-9,560**	**-1,295**	**-56**	**2,248**	**3,000**
Increase in Share Capital	3,730	0	0	0	0
Increase in Share Premium Account	0	0	0	0	0
Net Change in Reserves	0	0	0	0	0
Change in Long - Term Debt	1,400	1,400	1,400	1,400	1,400
Change in Short - Term Debt	8,261	4,957	5,452	5,997	6,597
Dividends	2,875	3,796	5,043	6,543	8,058
Minority Interests on Profit	1,199	1,581	2,030	2,518	3,204
Net Cash Flow from Financing	**9,317**	**980**	**-221**	**-1,664**	**-3,265**
Cash at Beginning	1,876	1,632	1,317	1,041	1,624
Change in Cash and Marketable Securities	**-243**	**-315**	**-277**	**584**	**-264**
Cash at End	1,632	1,317	1,041	1,624	1,360

Source: Company accounts, VRS estimates.

DCF VALUATION

The fair value for A. KALPINIS – N. SIMOS settles at € 124.60 million or € 3.34 per share, based on our DCF model. The following important assumptions have been made in the model:

- Infinity weighted average cost of capital at 6.6%,
- Infinity Sales Growth of 2.50%,
- Infinity EBIT Margin of 8.00%.

	2007	2008	2009	2010	2011	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	25.0%	22.5%	21.0%	19.0%	19.0%	**2.5%**
EBIT Margin	9.8%	10.3%	10.7%	10.9%	11.5%	**8.0%**
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	**25.0%**
Working Capital (% of sales)	10.3%	5.0%	5.4%	5.3%	6.0%	**3.0%**
Capex (% of sales)	4.8%	3.9%	3.3%	2.7%	2.3%	**2.0%**
Cost of Capital	7.3%	7.3%	7.3%	7.4%	7.4%	**7.3%**
Depreciation (% of sales)	0.9%	1.2%	1.2%	1.1%	1.0%	**2.0%**
CASH FLOW STATEMENT						
Turnover	**188.1**	**230.4**	**278.7**	**331.7**	**394.8**	**404.7**
EBIT	18.5	23.7	29.7	36.2	45.3	**32.4**
Less: Adjusted Tax	4.6	5.9	7.4	9.1	11.3	**8.1**
Adjusted Operating Profit	**13.9**	**17.8**	**22.3**	**27.2**	**34.0**	**24.3**
Plus: Depreciation	2.3	2.7	3.0	3.4	3.8	**8.1**
Operating Cash Flow	**16.2**	**20.4**	**25.3**	**30.6**	**37.8**	**32.4**
Less: Change in Working Capital	19.4	11.5	14.9	17.7	23.8	**12.1**
Less: Capex	9.1	9.1	9.1	9.1	9.1	**8.1**
Cash Flow to the Firm (FCFF)	**-12.3**	**-0.2**	**1.3**	**3.9**	**4.9**	**12.1**
Discount Factor	0.93	0.87	0.81	0.75	0.70	0.70
Present Value of Cash Flows	-11.42	-0.15	1.05	2.90	3.41	
Accumulated Present Value	-11.42	-11.57	-10.52	-7.62	**-4.21**	
Residual Value						296.6
Present Value of Residual Value						**208.1**

VALUATION	
Enterprise Value	203.94
% Residual Value of Total	102.1%
Less: Net Debt	79.33
Value of firm	**124.60**
Outstanding # of shares (000)	**37,296**
Value of share	**3.34**

WACC CALCULATION	
Risk Free Rate	4.5%
Beta Factor	1.0
Market risk Premium	5.0%
Cost of Equity	**9.7%**
Debt / Debt + Equity	60.0%
Cost of Debt	6.0%
Tax Rate	25.0%
Weighted Average Cost of Capital	**6.6%**

Source: Company accounts, VRS estimates.

The model's assumptions relate to the following conditions:

- ❖ Full realization of the Group's investment plan;
- ❖ Favorable cash conversion cycle;
- ❖ Profitability improvement over the following 5 years.

☞Sensitivity Analysis

The table below presents the sensitivity analysis on the DCF model showing the valuation of the A. KALPINIS – N. SIMOS based on different growth rates and different values for weighted average cost of capital (WACC).

		WACC (Implicit Period)				
		5.5%	6.0%	6.6%	7.0%	7.5%
GROWTH (Implicit Period)	3.00%	6.94	5.42	4.15	3.50	2.86
	2.75%	6.09	4.81	3.72	3.15	2.58
	2.50%	5.37	4.29	**3.34**	2.84	2.33
	2.00%	4.25	3.44	2.71	2.31	1.89
	1.00%	2.76	2.26	1.78	1.51	1.22

Source: Company Accounts and VRS Estimates

VALUATION RATIOS

	2006	2007	2008	2009	2010	2011
Price (in €)	**€ 2.31**					
Shares Outstanding	**37,296,000**					
Market Capitalization (in € million)	**86,154**					
EPS (in €)	0.17	0.27	0.36	0.46	0.57	0.73
Book Value / Share (x)	2.2	2.5	2.7	3.0	3.3	3.7
EV (in € mn)	156	165	172	179	186	194
P/E (a.t.& m.i.)	13.87x	8.46x	6.42x	5.00x	4.03x	3.17x
P/BV	1.05x	0.94x	0.86x	0.78x	0.70x	0.62x
EV/EBITDA	10.20x	7.94x	6.54x	5.48x	4.69x	3.96x
EV/Sales	1.03x	0.88x	0.75x	0.64x	0.56x	0.49x
Dividend / Share (in €)	0.07	0.11	0.14	0.19	0.23	0.29
Dividend Yield	2.9%	4.7%	6.2%	8.0%	9.9%	12.6%

Source: VRS Projections.

BETA'S CALCULATIONS

The following table presents our calculations in deriving A. KALPINIS – N. SIMOS' beta by correlating the stock returns with the Athens Exchange General Index returns for the past 52 weeks:

	("X")	("Y")	
Mean (X), (Y)	0.08%	0.27%	
Standard Deviation (Sx), (Sy)	0.0098	0.0277	
Minimum	-0.0405	-0.0859	
1st Q	-0.0050	-0.0127	
Median	0.0017	0.0000	
3rd Q	0.0076	0.0145	
Maximum	0.0343	0.1261	
PEARSON CORRELATION (r)			0.3720
REGRESSION LINE			
SLOPE (b) = r (Sy / Sx)			1.05
INTERCEPT (a) = Y - b X			0.001872

REGRESSION EQUATION	**y**	**=**	**0.00187**	**+**	**1.0465**	**x**

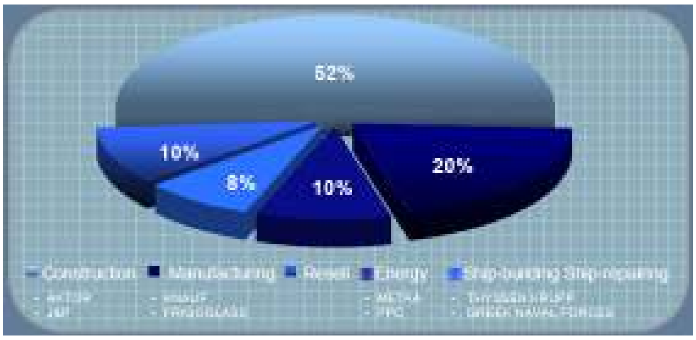
Source: VRS.

COMPANY PROFILE

The Group is the leading steel processor and reseller of steel products in Greece with over 50-year operations in the market. A. Kalpinis – N. Simos manages the largest and most specialized product line in Greece. In 2006, the Company traded a volume of 203.9 thousand tons, of which 99.9 thousand tons stood for flat steel products (or 49% of total) and 104 thousand tons for long steel products (or 51% of total). From another perspective, processed products accounted for 56.2% of total, whereas resale revenues represented 43.8% of total revenues for the Group.

PICTURE **Product Applications**

Source: The Company.



The product applications range across a significant number of industries thus diversifying operations and business risk. Such sectors include construction companies, industrial plants, refineries, farming industries, and shipbuilding / ship-repair industries. The Group is not dependent on any single client or a small number of clients, as the largest customer absorbs between 2%-3% of total turnover.

A. Kalpinis – N. Simos imports steel semi-finished products from over 30 countries (mainly Europe and Far East), possessing a broad supplier base and long-term relationships. Steel products are purchased as rolls, which are then placed in processing to derive standardized or tailor-made products. Purchases are carried out in US dollars and Euros.

Product Categories	
FLAT STEEL PRODUCTS	Symdeck 73 Profiled Steel Sheet Metaldeck Scaffolding Plank Cold-Form Sections Polyurethane Panels Steel Plates, Sheets, Strips Cladding Steel Profiles Ecotiles
LONG STEEL PRODUCTS	H-Beams I-Beams Channels Angles
STRUCTURAL HOLLOW SECTIONS & TUBES	Round, Square, Right Steel Pipes Galvanized Round, Galvanized Square and Galvanized Rectangular Ones
STAINLESS STEEL PRODUCTS (STEEL CENTER SA)	Stainless Steel Rolls and Flat Sheets Hollow Sections and TUBO Concrete Reinforcing Stainless Steel Inox Accessories for Tank Stainless Steel Welding Consumables

Source: The Company.

Production Facilities (certified by EN ISO 9001 2000)	
ASPROPYRGOS	Land: 105,000 m2 Plants & Buildings: 37,000 m2 Capacity: 320,000 Mt (achieved with the current investment plan by 2010)
SKARAMAGAS	Land: 15,700 m2 Plants & Buildings: 8,500 m2 Capacity: 60,000 Mt
STEEL CENTER SA	Land: 16,000 m2 Plants & Buildings: 6,500 m2 Capacity: 15,000 Mt
CORUS – KALPINIS - SIMOS	Land: Utilizes parent company's premises Capacity: 1,400 m2 Targeted capacity at 2,400 m2 by 2010
CORUS – KALPINIS - SIMOS THESSALONICA (METALPRO)	Land: 32,000 m2 Plants & Buildings: 18,500 m2 (to be built) Capacity: 250,000 Mt Not certified yet.

Source: The Company.

☞Historical Review

The major developments in the Company's 50-year plus history are presented below:

1956: Company's establishment by Andreas Kalpinis and Nikolaos Simos, the fathers of today's major shareholders;
1977: The Company operated the first steel service center in the country, dealing with manufacturing and processing of steel products;
1990: A. Kalpinis – N. Simos was floated on the Athens Exchange raising total capital of € 8.7 million;
1999: The Company along with British Steel Holdings B.V. founded Corus-Kalpinis-Simos SA (50%-50% joint venture). The Company completed a share capital increase by € 10.4 million;
2002: Relocation to the strategic area of Aspropirgos, optimizing transportation process;
2006: The Company reactivated METALPRO (later renamed into CORUS KALPINIS SIMOS Steel Service Center, Thessalonica) as a 50%-50% joint venture with Corus-Tata, in order to assume a major role in the South East Europe.

☞Subsidiaries and Affiliated Companies

As parent company, A. Kalpinis – N. Simos SA consolidates 2 subsidiaries, Corus-Kalpinis-Simos Steel Service Center (Metalpro) SA and Corus-Kalpinis-Simos Coating Materials SA, in its consolidated financial statements. The two families controlling the parent company own steel Center SA.

CORUS – KALPINIS – SIMOS STEEL SERVICE CENTER, THESSALONICA (METALPRO) SA: The previously fully owned (100%) subsidiary commenced operations in 2006 as a 50%-50% joint venture with Corus-Tata SA, member of the Indian multinational group TATA-STEEL, which is leader in the global steel market [please see relevant information in the appendix of this report].

The General Shareholders' Meeting of this subsidiary recently approved a share capital increase of € 1.2 million (total capital would stand at € 2 million following the corporate action) in order to proceed with an investment program reaching at its final stage the amount of € 14.8 million. The investment program calls for a new steel distribution center, scheduled to commence operations during the 2nd half of 2008 and target the broader SE-European market. The guidance for 2008 indicates sales of € 18.9 million or 40,000 tons in volume terms. Sales will be directed to Northern Greece and Balkans. However, the full capacity of the new center is targeted at 150,000 – 200,000 Mt per year.

STEEL CENTER SA: The subsidiary was established in 1973 and is fully owned by the Kalpinis and Simos families. It trades special quality steels, and stainless steel products as representative of some of the largest steel manufacturers worldwide. In 2006, the subsidiary traded a volume of 8,000 tons.

[Please note that IFRS based consolidated financial statements include the affiliated company Steel Center, owned by Kalpinis – Simos families and not by the listed parent company. Steel Service Center adds income to consolidated revenues however zero profit to consolidated bottom line results.]

CORUS – KALPINIS – SIMOS COATING MATERIALS SA: The subsidiary was established in 1999 as a partnership with British Steel Holdings BV [please see relevant information in the appendix of this report]. It trades modern building materials such as Ecopanel, polyurethane panels, etc.). In 2006, the subsidiary traded a volume of 1.1 million m2.

☞Financial Highlights of Subsidiaries and Affiliated Companies

Corus - Kalpinis - Simos Thessalonica (MetalPro*)	**2006** € 000s	*Ch. (%)*	**2005** € 000s
Fixed Assets	1,729.27	*1630.14%*	99.95
Total Assets	1,912.29	*39.43%*	1,371.54
Total Liabilities	1,008.75	*144.48%*	412.61
Total Equity	903.54	*-5.78%*	958.93
Total Turnover	0.00	*-100.00%*	1,300.41
Earnings after Taxes	-55.39	*-80.86%*	-289.37

Steel Center SA	**2006** € 000s	*Ch. (%)*	**2005** € 000s
Fixed Assets	7,704.47	*40.58%*	5,480.51
Total Assets	24,316.56	*34.27%*	18,110.65
Total Liabilities	15,814.31	*44.44%*	10,948.83
Total Equity	8,502.25	*18.72%*	7,161.82
Total Turnover	15,258.44	*54.12%*	9,900.28
Earnings after Taxes	908.43	*184.78%*	318.99

Corus - Kalpinis - Simos - Coating Materials SA	**2006** € 000s	*Ch. (%)*	**2005** € 000s
Fixed Assets	3,870.29	*-1.97%*	3,948.23
Total Assets	21,320.26	*7.48%*	19,836.24
Total Liabilities	11,486.49	*-2.81%*	11,818.64
Total Equity	9,833.77	*22.65%*	8,017.60
Total Turnover	22,357.54	*9.32%*	20,450.89
Earnings after Taxes	1,816.17	*1837.66%*	93.73

Source: Company Accounts.

Subsidiaries as of 30 September 2007

Company Name	Country	Assets € 000s	Liabilities € 000s	Income € 000s	Profit (Loss) € 000s	Participation	Participation Cost € 000s	Consolidation Method
Corus - Kalpinis - Simos Thessalonica (MetalPro*)	Greece	1,990.14	380.24	0.00	-162.11	100.00%	958.95	Full
Steel Center SA	Greece	n/a	n/a	n/a	n/a	0.00%	0.00	-
Corus - Kalpinis Simos - Coating Materials SA	Greece	23,870.76	12,324.82	20,705.13	2,286.72	50.00%	3,081.75	Full

Source: Company Accounts.

Risk Factors

	Investment Risks / Concerns	Mitigating Factors / Important Notes
1	Volatility in steel prices creates significant fluctuations in the Group's gross profit margin. For example, a change of 100% in the selling price of the Company's products would provoke a 20% change in its gross profit margin. This also implies the management's limited ability to reach financial targets in certain periods.	Cyclical events in the sector are not as strong as they used to be. Furthermore, the Company has an impressive track record of continuous profitable financial years in the last two decades.
2	Domestic payment practices if persist in the future, may seriously affect the Group's operating cash flows and cash conversion cycle, thus disordering the corporate value creation chain. The Group has already a significant number of post-dated checks.	Domestic economic conditions are expected show sustained improvements, thus enhancing payment practices. Furthermore, a stronger than anticipated international expansion would also benefit the Group's working capital cycle.
3	The excessive exposure of the Chinese economy is the critical factor that generates strong demand and favorable price outlook in the steel sector.	There are no signs of a serious reversal in market demand forces. Strong economic growth is expected to continue globally and sustain demand for steel products.
4	Capacity additions in the European industries remain a threat. If capacity expansion intensified it would seriously affect steel prices.	Such risk is currently limited since growth in steel demand of key geographical regions (such as China, India, Latin America and the NIS) continues with the pace of previous years, justifying capacity additions.

Source: Company Data, VRS Research Department

MANAGEMENT'S GUIDANCE & DYNAMIC'S VIEW

	Management's Guidance	Dynamic's View
1	Management guidance for 2007 indicates consolidated turnover, EBITDA and net profit of € 185 million, € 21.4 million, and € 10.5 million respectively.	We have drawn our projections broadly in line with the management's guidance.
2	The Company has disclosed its guidance on the investment plan, amounting to nearly € 45 million over the next 5-year period.	We have followed the Company's guidance to draw the capital expenditure projections. At the same time, we chose to remain on the conservative side regarding our revenue projections.
3	With regard to subsidiary Metalpro SA, the guidance for 2008 indicates sales of € 18.9 million or 40,000 tons in volume terms.	Our model incorporates a gradual contribution of the subsidiary's operations to consolidated revenues.

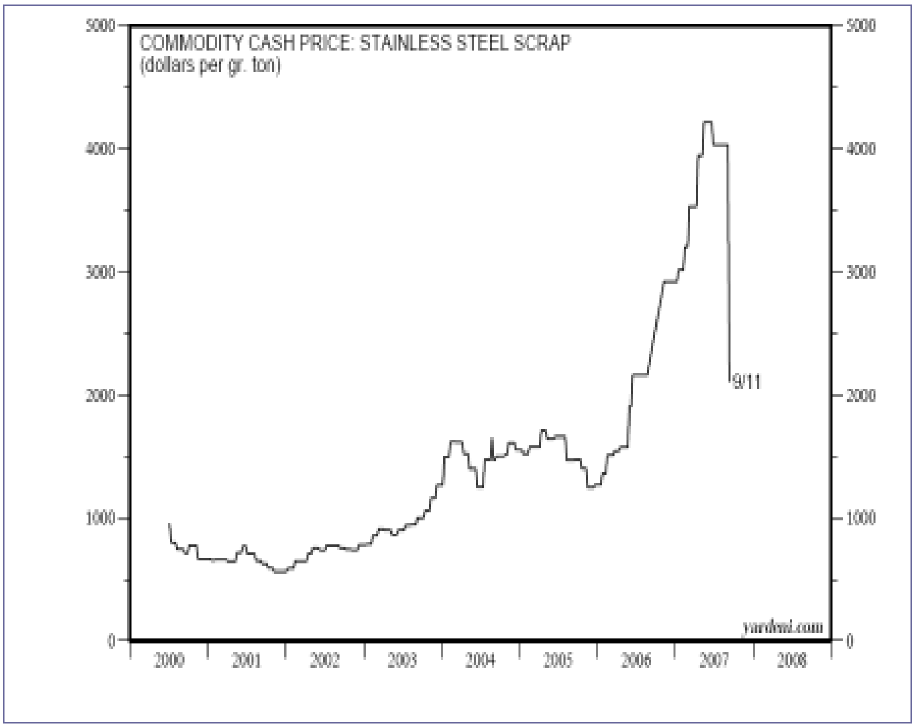
Source: Valuation & Research Specialists (VRS)

SECTOR'S OUTLOOK

The current buoyant market conditions in the global steel industry are expected to stabilize in 2008 after the prosperous years of 2005-2007. Price trends will mostly depend on economic growth, with the sector participants keeping an eye in energy costs and geopolitical risk. So far, the high demand and the rising steel prices have led to a considerable increase in production capacity and value added products offered in the global market place. Furthermore, the strong global economic growth has reduced the cyclicality of the steel industry. On the other hand, high volatility in steel prices remains a major source of concern, which must not be underestimated.

CHART	**Commodity Cash Price: Stainless Steel Scrap** (in USD per ton)

Source: yardeni.com



☞Developments in the International Steel Market

In the past 2 years, world steel demand continued to grow by some 5%, driven by the strong demand in China where steel consumption posted double-digit growth.

Growth in consumption remained also strong in the N.I.S. (newly independent states of the former Soviet Union) as well as in many non-OECD market economies.

THE GLOBAL STEEL MARKET in FIGURES

Global Steel Consumption at around 1,100 million (metric) tons;
Global Steel Production at around 1,200 million tons;
World Steel Trade at around 300-350 million tons;
Global Crude Steelmaking Capacity at around 1,600 million tons;
Global market size currently at USD 870 billion (EUR 592 billion)
or 1,500 Mt per annum.

At the same time, the strong market growth of the recent years has raised some critical issues with regard to pricing policy, raw material supplies for steel processors, and world trade:

- Strong demand and high prices along with constant state subsidies have created new and significant steel capacity expansion;
- Conditions in raw material markets are quite uncertain given the new capacity balance;
- Finally, there might appear potentially large shifts in steel trade flows creating price imbalances.

All the above risks might however disappear should growth in steel demand of key geographical regions (such as China, India, Latin America and the NIS) continue with the pace of previous years.

Looking at the longer-run trends and according to the OECD surveys, the following developments should be highlighted:

- The European Union's (35 countries) estimated that consumption rate of finished steel is expected to grow moderately by a CAGR of 1.6% during the period 2006 – 2012 (from 182 Mt in 2006 to 200 Mt in 2012);

- The European Union's (35 countries) estimated that production rate of crude steel is also expected to grow moderately by a CAGR of 0.7% during the period 2006 – 2012 (from 212 Mt in 2006 to 220 Mt in 2012);
- The global market growth is expected to sustain at a level of 5-6% up to year 2015.

☞The Side of International Steel Demand – Historic Trends

	2005	**2006**
Europe	188	190
Brazil	19	20
N. America	145	147
Eastern Europe	61	62
China	355	390
Japan	81	82
N. Korea	49	48
Taiwan	27	27
India	41	43
World Demand	**1,137**	**1,185**
Annual Change	**7.16%**	**4.22%**

Sources: International Iron & Steel Institute, AME Mineral Economics, ABARE, Oak Associates Ltd.
Note: In million Mt.

Estimates by AME Mineral Economics reported an acute upward trend in demand for 2005. Specifically, forecasts indicated that annual y-o-y growth for 2005 approached 7.16% with demand accounting for 1,137 million metric tons, compared to 1,061 million metric tons in 2004. China posted the highest demand, accounting for 355 million metric tons in 2005, compared to 302 million tons in 2004, namely an increase of 17.55%. With regard to 2006, estimates by the International Iron & Steel Institute reported annual increase of 4.22%, with demand accounting for 1,185 million metric tons. China posted growth of 10%, with demand amounting to 390 million metric tons in absolute terms, whereas the total growth in demand for the remaining world, excluding China, was 2.32% in 2006 versus 5.67% in 2005. As far as Europe was concerned, demand amounted to 190 million metric tons in 2006, slightly exceeding supply. Market estimates for 2007 place demand at the level of 1,233 million metric tons (or 4% annual growth), bringing balance to the steel market.

☞The Side of International Steel Supply – Historic Trends

	2005	2006
Europe	186	188
North America	110	110
Brazil	32	33
Eastern Europe	119	123
China	349	392
Japan	112	113
North Korea	48	48
India	41	44
World Production	**1,129**	**1,183**
Annual Change	**6.71%**	**4.78%**

Sources: International Iron & Steel Institute, AME Mineral Economics, ABARE, Oak Associates Ltd.
Note: In million Mt.

According to ABARE, world steel production settled in the area of 1,129 million metric tons in 2005, compared to 1,120 million metric tons in 2004 reported by the organizations AME Mineral Economics and International Iron & Steel Institute. Finally for 2006, ABARE placed total global production around 1,183 million metric tons, posting an increase of 4.78%. Preliminary estimates for 2007 indicated that global demand would amount to 1,233 million metric tons, increased by 4% y-o-y.

☞Steel Prices - Historic Trends (Stainless Steel Scrap)

In 2004, steel prices soared from the lows of 950 dollars per ton to 1,700 dollars per ton, however pricing of future contracts decreased towards the end of the year to about 1,250 dollars per ton. During 2005, contracts reached higher levels compared to the end of 2004, while major players in the industry increased their pricing in subsequent transactions. In 2006, most transactions took place at prices above 2,000 dollars per ton however movements among participants remained quite uncertain. During 2007, prices of steel have evolved with very sharp fluctuations. A high was recorded over the 4,000 dollar level, a point though where the sub-prime mortgage debt crisis in the U.S.A. led many traders close their positions amid fears for an extended economic crisis. As a result, steel prices returned to levels near 2,000 dollars later in the year. Steel is largely affected from iron prices, but also from other industrial commodities, as it is primarily considered a construction metal. A possible threat for steel prices can be found in the excessive exposure of the Chinese economy. On the other hand, the launch of a steel exchange in London is expected to offer an efficient hedging instrument for market participants.

☞Steel Industry's Financial Performance

So far, the strong steel market has not only sparked interest in new steel-making capacity but has also boosted financial performance of major steel makers as well as manufacturers. At the same time, this improvement has been driving consolidation in the industry - which nonetheless remains highly fragmented.

Industry consolidation is expected to continue, as the enhanced financial strength of companies is providing the means to explore mergers and acquisitions more actively. Consolidation is also helping the industry to weather cyclical downturns more effectively. Although considerable consolidation activity has taken place in the past 5 years, the industry remains highly fragmented at the global level, since the 10 largest producers represent about 30% of total world steel production.

The following table presents A. Kalpinis – N. Simos positioning in the Greek and the global steel market:

	Market Size in € mn	KALPINIS - SIMOS' Share
A. KALPINIS - N. SIMOS	150.44	
GREEK STEEL MARKET	1,019.78	14.75%
GLOBAL STEEL MARKET	600,000.00	0.03%

☞The Greek Steel Sector

The Greek steel sector mostly engages in manufacturing and processing activities with participants purchasing raw materials or semi-finished steel products from the international markets. Companies are of various sizes, whereas prices are influenced by domestic and mostly international conditions. The ability to adapt their manufacturing processes and pricing policy to volatile international conditions is the critical factor for the performance and competitive positioning of Greek steel manufacturers in the longer run. The Greek steel market is currently characterized by favorable prospects due to its sustained GDP growth, whereas the neighboring Balkan markets offer an additional growth potential. The size of the Greek (processed) steel market is currently estimated at around € 1,000 million, with 4 players controlling almost 50% of the total value.

The Domestic Steel Processing Market

	Sales 2006 EUR 000s	Market Share
SIDMA	156,842	15.38%
A. KALPINIS - N. SIMOS	150,440	14.75%
BITROS HOLDINGS	133,269	13.07%
KORDELLOS	69,231	6.79%
OTHER	510,000	50.01%
TOTAL MARKET SIZE	**1,019,782**	**100.00%**

Source: The Company.

S.W.O.T. Analysis

Strengths

- Corporate history of more than 50 years;
- Long-term track record of sustained profitability even during economic downturns;
- Proven ability to form strategic partnerships (Corus-Tata);
- Diversified product portfolio and supplier base;
- Long-term relationships with both customers and suppliers;
- Long-term track record of healthy financial structure;
- Low US dollar favors the Company's purchases of raw materials.

Weaknesses

- Weak working capital cycle, which is an idiom of domestic way of transactions;
- Lack of well established international activities.

Opportunities

- Exposure to SE European markets through the steel service center;
- Steadily increasing demand in the construction and ship industries;
- London Exchange is expected to commence trading of steel, allowing for hedging strategies;
- Group consolidation would create cost benefits and synergies;
- International expansion is expected to alleviate the burden from extended average collection period.

Threats

- Excess supply from low cost producing countries such in Asia;
- Strong reversal of the current US $ / € parity trend.

APPENDIX

BRITISH STEEL: British Steel was a major British steel producer, consisting of the assets of former private companies, which had been nationalized, largely under the Labor Party government of Harold Wilson (1964-1970). It was privatized in 1988 under the Conservative government of Margaret Thatcher. It merged with the Dutch steel producer Koninklijke Hoogovens to form Corus Group on 6 October 1999. The Indian steel operator Tata Steel took over Corus itself in March 2007.

CORUS GROUP: Corus is an international company, providing steel and aluminum products and services to customers worldwide. With an annual turnover of over £9 billion, the company is comprised of four Divisions, Strip Products, Long Products, Distribution & Building Systems and Aluminum, and has a global network of sales offices and service centers. Combining global expertise with local customer service, Corus offers innovative solutions to the construction, automotive, packaging, mechanical engineering and other markets worldwide. Corus is a subsidiary of Indian steel operator Tata Steel, the world's sixth largest and second most global steel producer. With a combined presence in nearly 50 countries, including Corus, Tata Steel has 84,000 employees across five continents and a pro forma crude steel production of 27 million tons in 2007.

NOTES

NOTES

Dynamic Securities Rating System

Rating	Ratings Breakdown	Definition of Rating System
Outperform	75%	Expected to Outperform the Index by more than 10%
Neutral	25%	Expected to perform relative to the Index by +/- 5%
Underperform	0%	Expected to Underperform the Index by more than 10%

Notes: 1/ Ratings refer to a 12-month period.
2/ Benchmark Index: ASE General Index.
3/ Stock Universe: 40 Companies.
4/ Current Stocks Covered: 8 Companies.

Ratings History

Company	Date	Rating	Target Price
INTRALOT	**31/10/2006**	Outperform	**€ 25.55**
THRACE PLASTICS	**18/12/2006**	Outperform	**€ 2.72**
OPAP	**10/01/2007**	Neutral	**€ 29.86**
F.H.L. KIRIAKIDIS	**01/02/2007**	Outperform	**€ 2.93**
KRI KRI	**28/03/2007**	Outperform	**€ 4.47**
NIREUS GROUP	**18/05/2007**	Outperform	**€ 5.91**
AGRICULTURAL SPIROU	**06/06/2007**	Outperform	**€ 3.64**
SPIDER	**11/07/2007**	Neutral	**€ 1.44**
ATTICA BANK	**27/07/2007**	Neutral	**€ 4.80**
PETROS PETROPOULOS	**25/10/2007**	Outperform	**€ 8.10**
DROMEAS	**20/11/2007**	Outperform	**€ 2.04**
A. KALPINIS – N. SIMOS	**03/12/2007**	Outperform	**€ 3.34**

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