

# **SIDENOR STEEL PRODUCTS MANUFACTURING COMPANY S.A.**

## **SUPPLEMENTARY-EXPLANATORY BOARD OF DIRECTORS ANNUAL MANAGEMENT REPORT TO THE ORDINARY GENERAL SHAREHOLDER MEETING**

**(Law 3371/2005, Article 11a, Paragraphs 1 and 2)**

### **a) Share Capital Structure**

The Company's share capital amounts to EUR 39,362,801.53 divided into 96,006,833 ordinary registered shares with a nominal value of EUR 0.41 each. All shares are listed for trading on the Athens Stock Exchange, in the Large Cap Category. The Company's shares are intangible, registered, with the right to vote.

According to the Company's Articles of Association, the rights and obligations of shareholders are as follows:

- Right to dividends from the Company's annual profits. The dividend of each share is paid to shareholders within two (2) months upon approval of the financial statements by the General Meeting. The right to collect dividends is forfeited after the lapse of five (5) years from the end of the year, during which it was due.
- Pre-emptive right to every Company share capital increase and the acquisition of new shares.
- Right to participate in the General Shareholder Meeting.
- The capacity of shareholder automatically entails the acceptance of the Company's Articles of Association and the decisions of its bodies, in accordance with the said Articles and the Law.
- The Company's shares cannot be divided and the Company acknowledges only one owner per share. All joint shareholders, as well as those who have usufruct or bare ownership of shares, are represented in the General Meeting by only one person, appointed by them upon agreement. In case of disagreement, the share of the aforementioned parties is not represented.
- The shareholders are not liable beyond the nominal value of each share.

### **b) Restrictions on Transferring Company Shares**

The shareholders VIOHALCO S.A, ALCOMET S.A., DIATOUR S.A. and NOVAL S.A., who proceeded to a private purchase of the Company's shares through underwriters on 8 November 2006, are bound not to offer Company shares as of 7 November 2006, for a time period of 180 days, without the prior written consent of the underwriters.

### **c) Significant Direct or Indirect Participations Pursuant to Presidential Decree 51/1992**

The significant participations (over 5%) on December 12, 2006 were as follows:

- VIOHALCO S.A. a percentage of 56.67% of voting rights and a percentage of 56.67% of share capital

#### **d) Shares with Special Control Rights**

There are no Company shares granting their owners special control rights.

#### **e) Voting Right Restrictions**

No voting right restrictions, arising from its shares, are stipulated by the Company's Articles of Association. The rules of the Company's Articles of Association regulating voting issues are included in article 24 and state that:

- Every share grants the right to one vote in the General Meeting.
- In order for shareholders to be entitled to attend the General Meeting, they are obligated, at least five (5) days prior to the meeting, to submit to the Company a certificate by the Central Securities Depository listing all shares registered to their name, with a commitment not to transfer these shares until the day of the General Meeting. Within the same deadline, they must also submit to the Company's offices the proxies of the shareholders' representatives.

#### **f) Agreements Between Company Shareholders**

To the Company's knowledge, there are no such agreements between shareholders that entail limitations to the transfer of Company shares or the exercise of voting rights arising from its shares.

#### **g) Regulations on Appointing and Replacing Members of the Board of Directors and on Amending the Articles of Association**

The regulations provided by the Company's Articles of Association regarding, both for the appointment and replacement of members of the Board of Directors, as well as the amendment of its provisions, are no different to those stipulated in Codified Law 2190/1920.

#### **h) Duties of the Board of Directors with Regard to the Issuance of New or the Purchase of Own Shares**

- Pursuant to the provisions of Article 13, Par. 1, Article 6, Par. 1, of the Articles of Association, stipulates that within the first five years from the formation of the Company or within five years following a decision by General Meeting granting this right, the Board of Directors by a decision taken by a majority vote of at least two thirds (2/3) of its members, may increase share capital in whole or in part by issuing new shares, not exceeding the share capital originally paid or the share capital paid upon the date the relevant decision was taken by the General Meeting. The above power of the Board of Directors can be renewed by the General Meeting, for a term of no more than five (5) years. The aforementioned increase of share capital does not constitute an amendment to the Articles of Association.

- The Board of Directors may purchase own shares within the framework of a General Meeting decision pursuant to C.L. 2190/20, Article 16, Paragraphs 5 to 13.

- Pursuant to C.L. 2190/20, Article 13, Paragraph 9 and the decision of the General Meeting on 26 June 2002, every December of each year, starting from 2006 up to 2013, the Company's Board of Directors increases the Company's share capital, without amending its Articles of Association, by issuing new shares within the context of the implementation of a Stock Option Plan approved by the General Meeting, details of which are included in note 18 of the Financial Statements for the financial year 2006.

**i) Significant Agreements that Become Effective, are Amended or Terminated in the Event of Change of Control**

Bank loan agreements, as mentioned in note 20 of the annual financial statements (on consolidated level, €31.38 million on a long-term basis, and €146.7 million on a short-term basis, and on a company level €170.1 million on a long-term basis and €57.4 million on a short-term basis), of both the Company as well as of consolidated companies, include a clause in their terms for the event of change of control, which gives bondholders the right to terminate it prematurely.

There are no agreements, which become effective, are amended or terminated in the event of change of Company control.

**j) Agreements with Members of the Board of Directors or Company Personnel**

There are no agreements between the Company and members of the Board of Directors or its personnel, which provide for the payment of compensation, especially in the event of resignation or termination of employment without reasonable grounds or termination of tenure-of-office or employment.

Athens, 14 May 2007

**The Vice-Chairman of the Board of Directors**

**GRIGORIOS KONSTANTAKOPOULOS**