



**EXPLANATORY REPORT TO THE MANAGEMENT REPORT
ACCORDING TO ARTICLE 11 PARAGRAPH 2 OF THE LAW 3371/2005
OF SIDMA S.A. FOR THE FISCAL YEAR 2006**

Athens, April 2007

**EXPLANATORY REPORT TO THE 16/2/2007 MANAGEMENT REPORT
FOR THE FISCAL YEAR 2006 ACCORDING TO THE
ARTICLE 11a PARAGRAPH 2 OF L. 3371/2005**

(a) Share capital structure

On the 31/12/2006 the Company's share capital amounted to 13.500.000 € and was divided into 10.000.000 common registered shares of a par value of 1,35€ each.

According to the Shareholders' Book of the 31/12/2006, the Company's share capital structure was the following:

SHAREHOLDERS	Shareholder's book 31/12/2006	
	No.of shares	Stake %
Andreas Pizante, son of Haim	689.000	6,89%
Lola-Ioulia Amarilio, daughter of Sam	262.282	2,62%
Santy Amarilio, daughter of Andrea	85.140	0,85%
Nelly Amarilio, daughter of Daniil Andrea	298.614	2,99%
David Amarilio, daughter of Daniil Andrea	200.407	2,00%
Sidacier Holding S.A.	1.568.282	15,68%
Rapallo Invest Holding S.A.	785.573	7,86%
Viohalco S.A.	28.992	0,29%
Sovel S.A.	2.821.008	28,21%
Sidenor S.A.	650.250	6,50%
Public Investors	2.610.452	26,10%
Total	10.000.000	100,00%

All (100%) of the Company's shares are common, registered, indivisible and listed in the Athens Stock Exchange. No special classes of shares exist. The rights and obligations deriving from the shares are the usual ones and are described in the relevant articles of the Articles of Association (articles 11 and 24).

By the **decision of the Extraordinary General Meeting of the Shareholders** dated **16.12.2004** the share capital is increased by 3.375.000 €. (**three million three hundred and seventy five thousands euros**) by the issuance of 2.500.000 (two million five hundred thousand) new shares of a nominal value of € 1,35 each, of which an amount of € 160.650 through private placement and an amount of € 3.214.350 through a public offering. Therefore, the Company's share capital amounts to **€ 13.500.000 (thirteen million five hundred thousand euros) and is divided in 10.000.000 (ten million) common registered shares of a nominal value of € 1,35 each.**

The abovementioned increase was completed in April 2005 with the Public Offering and following that no other change has taken place.

Finally, the main rights and obligations deriving from the share, according to the Company's Articles of Association and L. 2190/1920 are as follows: Each share entitles its owner to

participate in the product of the liquidation of the Company's estate in case of dissolution of the Company and in the distribution of its profits pro rata of the ratio of the paid up capital of the share to the total paid up share capital.

(b) Restrictions to the transfer of the Company's Shares

According to the Company's Articles of Association:

The transfer of the Company's shares is free and is materialized according to article 8b of L.2190/1920.

(c) Important direct or indirect participations according to Presidential Decree 51/1992

On the 31/12/2006 the Company is not aware of any other shareholder, who has a direct or indirect interest in 5% or more of the Company's paid in share capital.

(d) Owners of shares that offer special control rights

There are no issued shares of the Company that offer special control rights.

(e) Restrictions in voting rights – Deadlines in exercising those rights

1. There are no restrictions in voting rights. The usual deadlines apply to the deposition/blocking of the shares as a condition for the participation in the General Meeting.
2. According to the Company's Articles of Association the ownership of one share entitles to one vote and the number of votes always increases by one for each share.
3. Each shareholder participates in the General Meeting, with as many votes as the shares he holds. The shareholders can be represented in the General Meeting by a proxy appointed also by a simple letter. The underage and those placed under judicial interdiction, as well as the legal entities, are represented by their legal representatives. In order to be entitled to attend and vote at the General Meeting, the shareholders must deposit at least five (5) days in advance of the date fixed for the Meeting their shares with the Company's Cashier's Office or at the Deposits and Loans Fund or with any bank in Greece or other banks abroad, determined in the invitation for the General Meetings. The receipt of those deposits as well as the proxies of the representatives of the shareholders must also be deposited with the Company within the same time period. The shareholders or representatives of shareholders who do not comply with the provisions of that article, may participate in the General Meeting only after its permission.

(f) Shareholder agreements for restrictions in the transfer of shares or in the exercising of voting rights

There are no shareholder agreements regarding restrictions in the transfer of shares or in the exercising of voting rights that are known to the Company.

(g) Rules of appointment and replacement of the members of the Board of Directors and amendment of the Company's Articles of Association if they differ from the provisions of Codified Law 2190/1920.

g.1. According to Articles 11 and 12 of the Articles of Association regarding the Appointment and Replacement of the members of the Board of Directors:

Article 11

1. The Company is managed by a Board of Directors consisting of nine members, which is in part appointed according to paragraph 4 of the present article and in part elected by the General Meeting of the Shareholders by secret ballot and whose term of office is one year.
2. Members of the Board of Directors, whose term of office has expired, can be re-elected.
3. The term of office of the members of the Board of Directors begins on the day following the General Meeting of the year in which they were elected and ends on the day of the Regular General Meeting of Shareholders which will approve the yearly financial statements of the year of their exit from office.
4. The following shareholders of the Company, ie. «VIOHALCO HELLENIC INDUSTRY OF COPPER AND ALUMINIUM», «SOVEL S.A. HELLENIC PROCESSING COMPANY OF STEEL SOCIETE ANONYME» and «SIDENOR INDUSTRY OF PROCESSING IRON SOCIETE ANONYME» have the right, according to article 18 paragraphs 3, 4 and 5 of L. 2190/1920, to appoint three (3) out of nine (9) members of the Board of Directors, if either three (3) or two (2) of them jointly or each one of them separately, are the owners of shares representing at least 35% of the Company's share capital. That right must be exercised with the notification of the appointment of the abovementioned directors to the Company three (3) full days before the convening of the general meeting of the Company's shareholders for the election of a Board of Directors. This notification takes place by the service of a document signed by the abovementioned shareholders. In that case the General Meeting is restricted to the electing the remaining members of the Board of Directors. For the exercise of the above mentioned right, the shareholders exercising it must deposit to the Company the documentary evidence mentioned in article 24 of the present Articles of Association proving their capacity as shareholders and the blocking of the Company's shares representing at least 35% of its share capital at least three (3) full days before the date of the convening of General Meeting. The shareholders who exercise the abovementioned right do not participate in the election of the remaining Board of Directors. The appointed directors can be revoked at any time by the shareholders who have the right to appoint them and be replaced by others. In case the seat of any one of the appointed directors is vacated due to death, resignation or other reason, another one is appointed by those having the right of appointment. In case the number of the members of the Board of Directors is modified, the proportion of the special representation provided for here must be maintained. For the modification of this paragraph the consent of the shareholders who have the right to appoint members of the Board of Directors is necessary. The above right to appoint members of the Board of Directors is maintained and transferred in case of a transfer of company shares from the

above shareholders to subsidiaries or parent companies or companies connected in any way to them and particularly to companies of the «Viohalco Group of Companies», ie, to companies included in the consolidated financial statements of the shareholder, «VIOHALCO HELLENIC INDUSTRY OF COPPER AND ALUMINIUM» or to subsidiaries or parent companies or companies connected in any way to them. In that case the abovementioned right will be valid only as long as the abovementioned shareholders and their successors are shareholders representing at least 35% of the Company's share capital.

Article 12

Subject to paragraph 4 article 11 hereof, if the seat of a Director is vacated before the end of his term of office due to death, resignation or any other reason of loss of office, the Board of Directors, if its remaining members are at least seven (7), elects, by a unanimous decision, a temporary successor whose term of office ends on the following general meeting, which will convene in order to confirm the election and elect his final successor. The term of office of the director who is elected in this manner is the remaining of the term of office of the one he replaces and his acts are deemed valid, even if the General Meeting does not confirm his election.

g.2. According to article 21 of the Company's Articles of Association, the General Meeting is the only responsible to decide amendments of the Articles of Association. Especially for what concerns the decisions of the General Meeting and the amendments of the Articles of Association in general, for which, according to L. 2190/1920, the usual quorum suffices, the Company's Articles of Association (Articles 25 and 26) provide that, it will be achieved if shareholders representing 66% of the share capital are present or represented therein, deviating from L. 2190/1920, which requires 1/5 of the paid share capital for the usual quorum.

For the amendments of articles 11,12,14,25 and 26 of the Articles of Association, which regulate the way of hiring and replacement of the members of the B.o.D, the way of calling and decision making from the B.o.D, as well as the way of decision making from the General Meeting respectively, is required increased quorum of 70% of the paid-up Share Capital as well as majority of the 2/3 of the votes representing in the General Meeting.

Except from the above, the rest regulations regarding the amendments of the Articles of Association, are not different from the relative regulations of L.2190/1920.

(h) Jurisdiction of the Board of Directors for the issuance of new shares/share buybacks according to article 16 of Law 2190/1920

h.1. According to article 6 of the Company's articles of association only the General Meeting has the right to increase its share capital by taking a decision by an increased quorum and majority.

h.2. It is forbidden to the Company and the members of the Board of Directors to acquire its own shares except in the cases and under the conditions imposed by the legislation in force from time to time.

(i) Significant agreements of the Company that become valid/are amended / expire in case of a change in the Company's control following a Public Tender Offer.

No such agreements exist.

(j) Agreements regarding compensation of members of the Board of Directors or personnel in case of resignation, termination of their employment agreement without an essential cause or expiration of their term/ agreement due to public tender offer

No such agreements exist.

Tavros, 30 April 2007
The Board of Directors

CHAIRMAN

MARCEL-HARIS L. AMARILIO

VICE-CHAIRMAN

MENELAOS A. TASOPOULOS

MEMBERS

DANIEL D. BENARDOUT

IOANNIS S. STAYROPOULOS

KONSTANTINOS D. KARONIS

ANASTASIOS N. KOLYVANOS

HAIM M. NAHMIAS

GEORGIOS S. KATSAROS

ALEXANDRA A. NIKOLITSA