SIDMA S.A.
STEEL PRODUCTS

MANAGEMENT REPORT of THE BOARD of DIRECTORS
or "SIDMA SA STEEL PRODUCTS"
for the FISCAL YEAR 2007

The Management Report of the BoD concerns the fiscal year 2007 and was compiled according to the principles of the International Financial Reporting Standards (IFRS). The Management Report contains the major information sections, which provide essential elements regarding the activities and financial results of the Company and the Group during 2007, as well as the prospects and targets for the current fiscal year 2008.

Athens, March 2008

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1. REVIEW OF MAJOR EVENTS REGARDING THE COMPANY AND THE GROUP DURING 2007

1.1 Overview

2007 was an important year for SIDMA S.A. (the "Company") given that the operation of the three new steel processing centres at Inofyta, Sofia and Bucharest was successfully completed, all three covering a surface area of 20,000 m^2. The company expects that the investment in Inofyta will yield multiple profits such as the rise in its manufacturing activity through the installation of new machinery for processing new products and saving, during 2009, the cost of the rental fees spent for its facilities at P. Ralli street. In addition, the investments in other countries will be the vehicle of further expansion of the company in the Balkans and its overall development beyond Greece.

In addition, the total turnover of the company rose considerably together with consignment sales, which exceeded 250 million Euros for the first time. If we add the sales of the subsidiary in Romania, which is consolidated by applying the equity method, to the foregoing, then the consolidated turnover of the Group comes to € 269 million. During 2007, the percentage of Group sales in other markets than Greece rose to 16% from 10% in 2006.

In detail, the consolidated turnover of SIDMA SA amounted to € 178 million compared to € 157 million in 2006, thus being increased by 13% while consignment sales rose from € 67 million in 2006 to € 74 million in 2007, registering an increase of 10%.

Subsidiary Panelco increased its turnover by 16% from € 23 million in 2006 to € 27 million in 2007. The turnover of Romania's SID-PAC Steel and Construction Products S.R.L stood at € 18 million in 2007, having risen from € 8 million in 2006, thus registering an increase of 115% while SID – PAC BULGARIA increased its turnover by 251% from € 4 million in 2006 to € 14 million in 2007.

2007 was a difficult year for steel due to the drop in the prices of raw materials during the second half of the year. As a result, the gross profit margin was reduced with the Group's gross profit margin being decreased by 27% from 15.8% in 2006 to 11.5% in 2007. This led to a decrease in both profits before tax and profits after tax and minority interests. More specifically, the Group's gross profit stood at € 20.4 million in 2007 from € 24.8 million in 2006, thus being decreased by 17.7%. Consolidated results before tax stood at € 6.3 million in 2007 from € 12.4 million in 2006, thus being decreased by 48.6%. Consolidated results after tax and minority interests amounted to € 3.3 million from € 8.8 million, registering a decrease of 63%. It is worthwhile noting that an amount equal to €

1.9 million did not concern the fiscal year 2007 but taxes refunded due to tax free reserves. According to the decision of the European Commission dated 18.VII.2007 the untaxed reserves for the fiscal years 2004 & 2005, pursuant to the provisions of Articles 2 and 3 of Law 3220/2004, are a form of state subsidy and must be recovered. Therefore, without taking into account this additional tax, consolidated results after tax and minority rights amounted to € 5.2 million, thus being decreased by 41%. Finally, earnings before interest, tax, depreciation and amortization (EBITDA) were reduced by 21% from € 18 million to € 14 million.

At company level, results before tax stood at € 4.7 million in 2007 from € 10.2 million in 2006, thus being decreased by 54%. Results after tax, without taking into consideration the additional tax of tax free reserves, stood at € 4.3 million from € 7.3 million during the past respective period, registering a decrease of 41%. Finally, earnings before interest, tax, depreciation and amortization (EBITDA) were reduced by 34% from € 14.3 million to € 9.4 million.

1.2 Investment Plan Progression

The company fully employed the funds raised from its listing on ATHEX in the investments cited above, with the new plant at Inofyta being the most important of all. This new steel processing and trade centre covers a surface area of 11,000 square meters at a company-owned plot of 80,000 m^2 and it is expected to boost the company's productivity since it can have an annual output of 200,000 metric tons. During the first stage, it is estimated that the new unit at Inofyta will serve 25% of the total volume of the company's sales and 52% of total production in Greece. The new facilities were fitted out with the following production lines:

- Cutting lines for slab products of different qualities
- INOX products surface treatment line

as well as with specially laid out warehouses for safe and rapid storage and sorting of products. Total investments made by the parent company in fixed assets came to around 10 million Euros.

In addition to the investment in Inofyta, which absorbed the greatest part of the funds spent, the company made investments in current equipment and improved the facilities at Oreokastro, Thessalonica.

At Group level, subsidiary PANELCO invested around € 400,000, part of which concerns the new building under construction in the company's premises at Lamia Industrial Zone with the remainder relating to the acquisition of mechanical equipment.

The investments made in Bulgaria by SID-PAC BULGARIA S.A amount to € 2.5 million and concern the completion of the new steel processing centre at the company-owned plot as well as the acquisition of mechanical equipment.

The investments made in Romania by SID-PAC Steel and Construction Products SRL amounted to € 3.9 million. Of these, the sum of € 2.6 million concerns the completion of the new steel processing centre in the company's own plot and the remainder the acquisition of cutting lines and installation of gantry cranes.

Finally, investments in holdings came to € 100,000 approximately and concerned the increase of the parent's participation from 78% to 80% in the share capital of subsidiary PANELCO.

1.3 International Activity

2007 was another year of major developments for the foreign subsidiaries.

In July SID-PAC BULGARIA S.A. started operating the new modern steel processing centre in Sofia. The sales of the company rose to € 14 million compared to € 4 million in 2006, by widening considerably its customer base.

Romania's SID-PAC STEEL AND CONSTRUCTION PRODUCTS SRL increased its turnover at € 17.7 million compared to € 8.3 million in 2006. The translocation of the company to its new own premises in Bucharest took place in July 2007 and in August the new, modern steel processing centre at the same site was put fully into operation.

In addition to the above developments in Bulgaria and Romania, SIDMA examined systematically the markets in western Balkans.
More specifically, a detailed survey of the steel market in Serbia was conducted, followed by the preparation of an initial business plan and examination of development alternatives in conjunction with the activities of SIDENOR Group. The implementation time schedule of the business plan for the specific market is underway.

Finally, alternative development scenarios are envisaged for the Albanian market aiming at the maximum exploitation of synergies with SIDENOR Group.

1.4 Market circumstances – Factors affected the Group

The first quarter of 2007 was marked by satisfactory developments in terms of both volume and financial results. This was enhanced by international circumstances where the level of prices followed an upward trend and did not present any signs of fatigue during that period of time.

The second quarter was marked by a drop in international prices and decrease in consumption in Greece.

During the third and fourth quarters, the drop in the price of raw materials in both international and domestic markets continued, thus reducing significantly the company's gross profit.

2. FINANCIAL RESULTS

2.1 FINANCIAL RESULTS 2007

The major financial accounts of the financial year 1/1-31/12/2007 are presented below:

Group	1.1 - 31.12.2007	1.1 - 31.12.2006	Δ (%)
Turnover	177.555.239	156.841.601	13,2%
Consignment Sales	73.716.342	67.140.485	9,8%
Total Sales	251.271.581	223.982.086	12,2%
Operating Results (EBITDA)	14.185.931	18.048.736	-21,4%
Earnings before taxes	6.325.086	12.311.552	-48,6%
Net Earnings after Taxes and Minority Interests	3.275.782	8.797.681	-62,8%
EBITDA Margin	7,99%	11,51%	-30,6%
Net Profit Margin	1,84%	5,61%	-67,1%

Company	1.1 - 31.12.2007	1.1 - 31.12.2006	Δ (%)
Turnover	138.083.286	130.739.181	5,6%
Consignment Sales	73.716.342	67.140.485	9,8%
Total Sales	211.799.628	197.879.666	7,0%
Operating Results (EBITDA)	9.409.747	14.279.637	-34,1%
Earnings before taxes	4.692.718	10.169.743	-53,9%
Net Earnings after Taxes	2.362.202	7.339.112	-67,8%
EBITDA Margin	6,81%	10,92%	-37,6%
Net Profit Margin	1,71%	5,61%	-69,5%

2.2 RISK MANAGEMENT

The major financial risks and the corresponding actions taken by the Company are presented below:

	Risk	Company's Projections
1.	Credit Risk (Risk associated with doubtful customers)	The group covers credit risk in co-operation with insurance companies. Approximately 75%-80% of customer receivables are insured and as result no significant credit risk exists. At the same time, the Company operates a credit risk control department, which exclusively deals with customers' credit rating and determines the appropriate credit limits.

2.	Interest Rate Risk (affects financing cost)	The Company has executed transactions for interest rate risk management, in co-operation with various banks. As a result, the current upward trend in interest rates does not affect the Company's financing cost--provided it remains within normal range. Specifically, 60% of the long-term debt is hedged against increase of interest rates above 4%.
3.	Liquidity Risk	• The Company in co-operation with banks secures the necessary credit limits. • Depending the case, the Company may make use of various financial instruments, such as leasing, etc. • The Company limits its risk through the significant dispersion of its customer base. It is worth noting that the Company has over 2,700 active clients with none representing more than 2% of total turnover.
4.	Volatility of Raw Material Prices	Steel price volatility affects gross profit margin of the company. During periods of upward price trends, the gross profit margin increases whereas in periods of downward price trends decreases. In view of the above situation, the Company applies a stable inventory policy. Moreover, through its long-term co-operation with its suppliers, the Company get timely information on upward or downward trends in raw material prices.
5.	Foreign Exchange Risk	The Group operates in Europe and the majority of its transactions are in Euro. Nevertheless, a minor portion of raw material purchases is nominated in USD. In these cases, Foreign eXchange risk is managed mainly through the use of forward exchange contracts. These derivatives are measured at fair values and recognized as asset or liability in the financial statements.

2.3 CORPORATE GOVERNANCE

The Company has adopted the principles of Corporate Governance as set forth in applicable Greek laws and international practices. Corporate Governance, as a set of auditing rules, principles and mechanisms under which the company is organised and managed, seeks to promote transparency for investors and to protect the interests of its shareholders and all persons associated with company operations.

The Board of Directors of SIDMA S.A. is the custodian of the Corporate Governance Principles.

The BoD currently consists of 5 executive and 4 non-executive members.

Of the non-executive members, 2 meet the conditions for being qualified as independent pursuant to the provisions of Law 3016/2002 on Corporate Governance.

The Audit Committee consists of one non-executive member of the BoD and its mission is to objectively carry out internal audits and ensure effective communication between auditors and the Board of Directors. Its powers include securing compliance with the rules of Corporate Governance, ensuring the proper operation of the internal audit system and supervising the operations of the company's Internal Audit department.

Internal audit is a key and vital condition of Corporate Governance. The internal audit department of SIDMA S.A. is an independent organizational unit, which informs the Board of Directors of the Company in writing at regular intervals and no later than three (3) months about the most important findings arising from each conducted audit.

When exercising his duties, the Internal Auditor has full access to all books, documents and particulars, sites and activities of the Company and its subsidiaries which are necessary for his auditing task.

The Internal Auditor establishes and evaluates the adequacy and efficiency of the structure of internal audit systems and the quality of performance of other mechanisms and systems in relation to the attainment of the company's determined objectives.

In addition, he is competent to:

- verify compliance with the statutory policies and procedures, as specified in the Internal Operating Regulation of the Company;
- audit the subsidiaries so as to ascertain their compliance with the principles and rules of the parent company;
- establish compliance with the applicable laws and regulatory provisions.

2.4 SHARE PRICE PERFORMANCE – PARTICIPATION IN SECTOR INDICES – DIVIDEND

I. During 2007, the share price had an upward performance with the average closing price of the year standing at € 6.7, thus being increased by 72% (€ 8.6 & € 4.9 maximum and minimum price respectively). The respective average price for 2006 was € 3.9 (€ 6.0 & € 3.0 maximum and minimum price respectively). On 31/12/2007, the share closed at € 5.4.

II. Having regard to the operating results of 2007, the financial condition of the company, the prospects and in view of the broader financial environment, the BoD of SIDMA intends to recommend the distribution of dividend totalling € 1,500,000 or € 0.15 per share, at the Annual General Meeting of shareholders to be convened during the first fortnight of June 2008. The proposed dividend implies a net dividend yield of 2.8% based on the share price on 31 December 2007.

3. COMPANY BRANCHES

The main facilities of the SIDMA Group, via their subsidiary companies, are located in Greece, Bulgaria and Romania. In Greece, subsidiary PANELCO is located at the industrial area of Lamia whereas SIDMA operate branches at Thesaloniki, Aspropyrgos, Oinofita and P. Ralli street where are the head offices currently.

4. OBJECTIVES AND PROSPECTS FOR 2008

The year started with a low demand in the market until the end of January. Subsequently, at a steady and recently accelerated rate, the prices of steel products have been considerably rising in the international market. The main reasons lie in the major increase in the price of scrap, iron ore, freight and energy. In addition, the decrease in imports from countries of the Far East affects considerably both material availability and prices. The latter have recently exceeded the historic maxima, thus giving rise to serious thought on the implications that may arise during the second half of 2008. At the moment and as regards the first four months of 2008, the effect of this development on the company is positive.

Our objective for this year is to maintain our leading role in the Greek market and establish our presence in Bulgaria and Romania through the development of our network in these countries. Concurrently, the implementation of further expansion plans to neighbouring countries is foreseen, doubled by the widening of our manufacturing activity in the domestic market through the acquisition of new mechanical equipment.

5. POST BALANCE SHEET EVENTS

There are no post balance sheet events.

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

(a) Share capital structure

On the 31/12/2007 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 31/12/2007, the Company's share capital structure was the following:

SHAREHOLDERS	Shareholder's book 31/12/2007	
	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 Law 3556/2007

On the 31/12/2007 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. 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 the General Meeting, the shareholders must block all or part of the shares they hold via their operator in the Dematerialized Securities System (DSS) of Central Securities Depository S.A. (CSD) of Hellenic Stock Exchanges S.A. and receive the relevant shares blocking attestation that they must deposit at least five (5) days prior to the date set for the meeting of the Company's Shareholders Department. In case no operator has been appointed and shares are kept in a Special Account, they may block all or part of the shares they hold by submitting a statement to CSD and depositing the shares blocking attestation granted by CSD at least five (5) days prior to the meeting of the Shareholders Department of the Company. Representation documents must also be submitted to the Shareholders Department of the Company within the same deadline.
3. 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, 19 March 2008
The Board of Directors

CHAIRMAN

MARCEL-HARIS L. AMARILIO

VICE-CHAIRMAN

MENELAOS A. TASOPOULOS

MEMBERS

DANIEL D. BENARDOUT

SARADOS C. MILIOS

KONSTANTINOS D. KARONIS

ANASTASIOS N. KOLYVANOS

HAIM M. NAHMIAS

GEORGIOS S. KATSAROS

ALEXANDRA A. NIKOLITSA