

**Annual Financial Report  
of “ELASTRON S.A. – STEEL SERVICE CENTERS”  
According to article 4 of L. 3556/2007 and the executive Decisions  
issued by the Board of Directors of the Hellenic Capital Market  
Commission**

**March 2012**

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**STATEMENT BY REPRESENTATIVES OF THE BOARD OF DIRECTORS**  
**(pursuant to article 4 Law 3556/2007)**

We hereby certify and declare that, to the best of our knowledge, the annual financial statements of the S.A. company 'ELASTRON S.A. – STEEL SERVICE CENTERS' for the period 01.01.2011 – 31.12.2011, which were prepared in accordance with the applicable International Financial Reporting Standards, truly reflect the assets and liabilities, the equity and the Company's results, as well as those of companies included in the consolidation, which are considered aggregately as a whole, according to the provisions of paragraphs 3 to 5 of article 4, Law 3556/2007 and the authorized decisions issued by the Hellenic Capital Market Commission's Board of Directors.

In addition, it is hereby certified and declared that, to the best of our knowledge, the Annual Management Report of the Board of Directors truly reflects the information required according to paragraph 6, article 4 of Law 3556/2007 and the authorized decisions issued by the Hellenic Capital Market Commission's Board of Directors.

Aspropyrgos, March 26<sup>th</sup> 2012

The signatories

Simos Panagiotis

Kalpinis Athanasios

Koutsothanassis Stilianos

Chairman of the Board

Chief Executive Officer

Deputy Chief Executive Officer

**ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS  
of ELASTRON S.A.  
for the period from January 1<sup>st</sup> to December 31<sup>st</sup> 2011**

The companies which are included in the consolidation, besides the parent company, are as follows:

	DOMICILE	BUSINESS ACTIVITY	PARTICIPATION STAKE	PARTICIPATION COST	CONSOLIDATION METHOD
TATA ELASTRON S.A. STEEL PROCESSING CENTER	Thessalonica	Processing-distribution and sale of steel and steel related products	50.00% (Joint Venture)	5,000,000.00	Proportional
BALKAN IRON GROUP S.R.L.	Bucharest Romania	Processing-distribution and sale of steel and steel related products	33.33% (Joint Venture)	800,000.00	Proportional
CORUS – KALPINIS – SIMOS S.A. COATING MATERIALS	Aspropyrgos Attica	Manufacturing of metal polyurethane panels	50.00% (Joint Venture)	3,081,750.00	Proportional

**A. FINANCIAL DEVELOPMENTS & PERFORMANCE**

Without doubt our country is facing one of the largest crises of Greek modern history, with significant effects on the overall economy. From the beginning of the crisis in 2008 until the peak of the current fiscal crisis, Greece's real economy has faced an unprecedented decline, entering a deep recessionary period. Wholesale and retail trade, manufacturing and processing, infrastructure and development projects, even shipping, have seen a dramatic decline in activity, falling to levels of past decades. Inevitably, a vast number of companies, including those with long-term and significant presence in business developments during the past decades, were unable to avoid a sharp downfall, with the sole objective of adjusting to the new adverse conditions.

The sector of steel products, which presented a significant dynamic during the past decade by contributing majorly to the country's growth, has contracted the last three years to levels even by over 50%, with a dramatic reduction of its profitability. In this context, the promotion and assurance of sustainability was and remains the primary objective.

Taking the above into account, during 2011, ELASTRON Group continued its efforts to minimize credit risk, reduce liabilities and rationalize its operating cost. As a result, it achieved the following:

- Reduction of debt to 53.3 mil, from 58.0 mil in 2010
- Retaining particularly high liquidity ( 26 mil vs 28 mil in 2010)
- Significant reduction of total debt to 66.8 mil from 76.5 mil in 2010
- Further improvement of the Debt/Equity ratio to 87% from 95%
- Positive operating cash flows of 2.0 mil vs 0.8 mil in 2010
- Significant reduction of trade receivables by 10.8 mil, or 25%, compared to a 7% decrease of sales
- Coverage of credit risk against trade receivables by over 80%

At the same time, particular focus was placed on advancing exports and on reorganizing the foreign trade network, with the results expected to arise in the immediate future.

As regards to results, the group's turnover amounted to € 84.0 mil, compared to € 90.5 mil in 2010. Consolidated gross profit amounted to € 8.3 mil, or 9.9 % of sales compared to € 9.7 mil or 10.8% of sales during 2010, while earnings before interest, tax, depreciation & amortization (EBITDA) amounted to € 0.9 mil, compared to € 2.1 mil. Finally, results before tax and minority interest amounted to losses of € 2.9 mil, compared to losses of € 0.6 mil during 2010.

For the parent company, turnover amounted to € 70.8 mil compared to € 74.5 mil the previous year. Gross profit amounted to € 7.2 mil or 10.1% of sales, compared to € 8.2 mil or 11.0% of sales in 2010, while earnings before interest, tax, depreciation & amortization (EBITDA) decreased and amounted to € 1.3 mil compared to € 2.3 mil the previous year. Finally, results before tax and minority interest amounted to losses of € 1.4 mil, compared to earnings of € 0.5 mil in 2010.

For the companies included in the consolidated financial statements, results were as follows:

For CORUS – KALPINIS – SIMOS SA, which is the 1<sup>st</sup> joint venture with TATA STEEL, turnover amounted to € 14.8 mil compared to € 17.5 mil in 2010, while results after taxes amounted to losses of € 2.1 mil compared to losses of € 1.5 mil in 2010. The participation stake in the aforementioned company is 50%. For TATA ELASTRON SA, turnover amounted to € 20.7 mil compared to € 20.9 mil the previous year, while results after taxes amounted to losses of € 0.8 mil compared to losses of € 0.2 mil in 2010. The participation stake in the latter company is 50%. Finally, for the company BALKAN IRON GROUP SRL (distinctive title BIG) that is based in Bucharest, results after taxes corresponded to losses of € 0.01 mil compared to losses of € 0.1 mil the respective period of 2010. The participation stake in the latter company is 33.3%.

Following and in order to provide further information, we present the Company's financial ratios for 2011:

	GROUP	COMPANY
<b>(a) FINANCIAL STRUCTURE</b>		
<b>1. Current assets / Total assets</b>		
This ratio shows the percentage of total Assets that consists of inventories, trade receivables and other direct liquidity accounts, such as shares-securities or cheques and cash equivalents.	<b>60.8%</b>	<b>58.3%</b>
<b>2. Equity / Total liabilities</b>		
This ratio reflects the degree of the entity's financial adequacy.	<b>115.4%</b>	<b>148.6%</b>
<b>3. Current assets / Short-term liabilities</b>		
This ratio depicts the overall liquidity of the entity, as it provides a clear picture of the percentage of assets that may be liquidated compared to the liabilities for the year.	<b>166.7%</b>	<b>182.4%</b>
<b>(b) EFFICIENCY AND PERFORMANCE</b>		
<b>4. Net earnings before tax / Sales</b>		
This ratio reflects the final net results before taxes as a percentage of total sales.	<b>N/A</b>	<b>N/A</b>
<b>5. Net earnings before taxes / Equity</b>		
This ratio reflects the net results before taxes as a percentage of equity.	<b>N/A</b>	<b>N/A</b>
<b>6. Sales / Equity</b>		
This ratio reflects the turnover of the previous year's equity during the present year.	<b>109.0%</b>	<b>91.1%</b>
<b>(c) LEVERAGE</b>		
<b>7. Debt / Equity</b>		
This ratio reflects debt as a percentage of equity.	<b>86.7%</b>	<b>67.3%</b>
<b>8. Bank debt / Equity</b>		
This ratio reflects the bank debt as a percentage of equity.	<b>69.2%</b>	<b>53.0%</b>

## B. SIGNIFICANT EVENTS DURING 2011

### **Developments in the sector**

Demand for steel products followed a significant downward trend throughout the year, as a result of the continuing recession and the adverse conditions that prevailed in the market. The stagnation of almost all public projects, as well as the absence of private projects, due to the lack of liquidity, led to suffocating conditions for a large number of companies in the sector. At the same time, the climate of uncertainty as well as doubts that emerged for the future of the Greek economy, and thus the Greek banking system, negatively affected many companies in the sector and set hurdles for their access to foreign sources of raw materials. Under such conditions, emphasis was placed on quickly adjusting to the new adverse conditions. Limiting operating cost, stricter control of credit risk, as well as maintaining credit lines, together with controlling financial costs, were the most significant objectives of the year.

### **Implementation of Investment Plans**

A five-year investment plan amounting to 14.7 mil of the parent company, which is subsidized by 35%, is in progress and on track according to its initial planning. The company has submitted a request to extend completion of the approved investment until August 2013. The percentage of completion of the investment plan has exceeded 90% and overall includes the following:

1. Construction of building and special facilities amounting to € 4.9 mil.
2. Mechanical equipment for processing steel products amounting to € 5.9 mil.
3. Technical equipment amounting to € 2.3 mil.
4. Other investments amounting to € 1.6 mil.

The aforementioned investments are implemented at the company's facilities in Aspropyrgos and Skaramaga in Attica.

In Thessalonica, the joint venture TATA ELASTRON S.A. completed its two-year investment plan (2008-2010) during 2010, which amounted to € 11.7 mil, with a subsidy of 25%. The investment plan overall included the following:

1. Construction of building facilities amounting to € 5.1 mil.
2. Mechanical equipment for processing steel products amounting to € 5.4 mil.
3. Technical installations amounting to € 692 thousand.
4. Other investments amounting to € 474 thousand.

Until 31.12.2011 the company had received the total amount of the grant, namely € 2,885,504.

In Attica the joint venture CORUS – KALPINIS – SIMOS S.A. COATING MATERIALS, completed an investment plan of 2.43 mil euro during 2008 for the purchase of a new production line. A 15% grant was expected on the former amount. Until 31.12.2011 the company had received the total amount of the grant, namely € 364,500.

### **Annual Ordinary General Meeting**

On 30.6.2011, the Ordinary General Shareholders' Meeting took place at the Company's registered offices. Fifteen (15) shareholders attended the General Meeting (either in person or through a legal representative), who own 11,627,189 shares (or 62.35% of the paid up share capital). The General Meeting made the following resolutions:

1. Approval of the reports of the Board of Directors and Certified Auditor on the Parent and Consolidated Financial Statements for fiscal year 2010.
2. Approval of the Parent and Consolidated Financial Statements for fiscal year 2010, and the decision was made to not distribute dividend.
3. Approval of the release of members of the Board of Directors and the Certified Auditor from all liabilities for compensation regarding the management and audit of fiscal year 2010.
4. Approval of the election of Mr. I. Karalis as Chief Certified Auditor and Mr. St. Pappas as Deputy Certified Auditor of the audit firm SOL S.A. for the fiscal year 2011 and their fees were determined.
5. Approval of the fees-remuneration of members of the Board of Directors for fiscal year 2010 and pre-approval of their remuneration for fiscal year 2011.

6. On the 6<sup>th</sup> issue of the daily agenda, the law requires a quorum of 2/3 on the total paid share capital, namely representatives of 12,432,000 shares. As this quorum was not achieved, the discussion and decision making on this issue was postponed for the 1<sup>st</sup> repeated General Meeting on 14/07/2011.
7. Approval of the amendment of article 8 of the Articles of Association and of the addition of the new article 8a, with the objective to align the Articles with the new provision of L. 3884/2010.
8. On the 8<sup>th</sup> issue of the daily agenda, the law requires a quorum of 2/3 on the total paid share capital, namely representatives of 12,432,000 shares. As this quorum was not achieved, the discussion and decision making on this issue was postponed for the 1<sup>st</sup> repeated General Meeting on 14/07/2011.
9. No other announcement was made.

The No. 1, 2, 3, 4, 5 & 7 issues of the daily agenda were unanimously approved, namely with a percentage of 100% of those present. In contrast, no discussion and no decision was made by the General Meeting for issues No. 6 & 8, given that the required by law quorum was not achieved. The discussion and decision making on these issues was postponed for the 1<sup>st</sup> repeated General Meeting to be held on 14/07/2011, as defined on the General Meeting invitation by the Board of Directors.

### **Repeated General Meeting**

On 14.07.2011, the Repeated General Shareholders' Meeting took place at the Company's registered offices. Thirteen (13) shareholders attended the General Meeting (either in person or through a legal representative), who own 11,470,903 shares (or 61.51% of the paid up share capital), and the following resolutions were made:

- On the 6<sup>th</sup> issue of the daily agenda, the G.M. approved the expansion of the company's objective, with the aim to include activities in the sector of production and trade of electric energy from renewable sources, as well as the amendment of the corresponding article 2 of the Articles of Association, regarding the company objective.
- On the 8<sup>th</sup> issue of the daily agenda, the G.M. approved the partial amendment of Resolution No. 6 of the Ordinary General Meeting dated 30.06.2010 with the corresponding amendment of article 5 of the Articles of Association and committing funds of "Extraordinary reserves" for the company's participation in an investment of L. 3299/2004.

All the issues on the daily agenda were approved unanimously, namely with a percentage of 100% of those present.

### **C. RISKS AND UNCERTAINTIES**

The Group is exposed to the following financial risks within the scope of its basic activity:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The Group's risk management policy is focused on the volatility of financial markets with the objective of minimizing the factors that may negatively affect its financial performance.

The risk management policies are applied in order to recognize and analyze risks which the Group faces, to set limits on risks assumed and to apply controls to such limits. The systems and policies applied are periodically reviewed to incorporate changes observed in market conditions and the Group's activities.

The risk management is performed by the Company's Finance Department, in cooperation with the Group's other departments and according to the guidelines and approvals of the Company's Board of Directors.

Adherence to risk management policies and procedures is controlled by the Internal Audit Department, which performs ordinary and extraordinary audits on the application of procedures, the findings of which are disclosed to the Board of Directors.

#### **1) Credit risk**



Due to the great dispersion of its clientele (no client exceeds 5% of total sales), the Group does not have a significant concentration of credit risk. Based on the credit policy approved by the Company's Board of Directors, which is applied throughout the Group, all new clients are examined on an individual basis in terms of their creditworthiness prior to the proposal of the standard payment terms. Credit limits are set for each client; these are reviewed depending on ongoing conditions and, if necessary, the sales and collection terms are adjusted. As a rule, customer credit limits are determined on the basis of the insurance limits set for them by the insurance companies. While monitoring credit risk of customers, such are grouped according to their credit profile, the maturity of their receivables and any prior collection problems that may have emerged. Clients and other receivables mainly include the Group's wholesale clients. Clients characterized as "high risk" are placed in a special client list and future sales are to be pre-collected and approved by the Board of Directors. The Group's management makes impairment provisions which reflect its estimation on losses related to clients and other receivables. This provision mainly consists of impairment loss of specific receivables which are estimated on the basis of given conditions that such will be collected, but have not yet been finalized.

The amount of the impairment loss is estimated as the difference between the book value of receivables and the present value of estimated future cash flows, discounted by the initial effective interest rate. The impairment loss amount is accounted for as an expense in the results. Receivables which are assessed as bad debts are written off.

The credit risk is limited to 20% of the total trade receivables, on the basis of the Group's insurance policies. The margin of this risk is limited even further as tangible or other guarantees (such as letters of guarantee) are requested wherever deemed necessary.

## 2) Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its financial liabilities when these become due. The approach adopted by the Group to manage liquidity is to secure the necessary cash and sufficient credit limits from the banks with which it cooperates, so that there is sufficient liquidity to pay for its liabilities when such become due, under standard as well as strenuous conditions without incurring unacceptable loss or risking its reputation. In order to prevent liquidity risks, the Group makes provision for cash flows for the fiscal year when preparing its annual budget and a monthly rolling three-month provision so as to secure that it has the necessary cash to meet its operating needs, including its financial liabilities. This policy does not take into account the impact of extreme conditions, which cannot be foreseen. It is, however, emphasized that there is no security-guarantee for the total amount of loan liabilities to banks, which proves the Group's high creditworthiness.

The following table presents an analysis of the Company's and Group's liabilities, based on their expiration and remaining duration as at 31.12.2011.

### Company:

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	35,192,610.84	6,000,036.00	41,192,646.84
Suppliers & other liabilities	6,566,244.68	4,721,039.91	11,287,284.59
<b>Total liabilities</b>	<b>41,758,855.52</b>	<b>10,721,075.91</b>	<b>52,479,931.43</b>

### Group:

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	45,208,827.21	8,108,389.35	53,317,216.56
Suppliers & other liabilities	7,462,518.26	6,198,100.01	13,660,618.27
<b>Total liabilities</b>	<b>52,671,345.47</b>	<b>14,306,489.36</b>	<b>66,977,834.83</b>

On 31.12.2011 the Company and Group maintained cash & cash equivalents amounting to 23.47 mil and 26.04 mil respectively.

### 3) Market risk

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of change in the foreign exchange rates that the Group conducts transactions in and the risk of change in interest rates that the Group borrows at and which can affect the Group's results. The purpose of risk management against market conditions is to control the Group's exposure to those risks, within the context of acceptable parameters while at the same time optimizing performance.

#### ➤ **Metal (iron, steel, etc.) Raw Material Price Volatility Risk**

The Group conducts its purchases mainly in the global steel market under normal market terms. Each change in the market price of raw materials is discounted for in the sales price, resulting in changes in the Group's profit margin during periods of big price fluctuations for raw materials in the world market. More specifically, in periods during which prices follow an upward trend, the Group's margins improve, as the upward trend is transferred to the sales prices. Accordingly, when raw material prices follow a declining trend, the Group's margins decrease.

The Group does not apply hedging to cover its basic operating reserve, which means that any increase/decrease of metal prices may affect its results accordingly through depreciation or appreciation of inventories.

#### ➤ **Foreign exchange risk**

The Group is exposed to foreign exchange risk from the purchase of inventories it makes in a currency other than the operating currency of the Group's companies, which is the Euro. The currency in which such transactions are made is the US Dollar and, in order to limit foreign exchange risk, it purchases foreign currency in advance. The Group's borrowings are euro denominated in their entirety while there are no receivables denominated in foreign currency.

Foreign currency has been purchased in advance for an equal amount of the Group's total liabilities in foreign currency on 31.12.2011 and has been accounted for. As a result, there is no foreign exchange risk from the change in the dollar exchange rate.

An appreciation of the EURO by 10% against the USD or RON on 31 December, would affect equity and the results by the following amounts:

	31.12.2011		31.12.2010	
	EQUITY	RESULTS	EQUITY	RESULTS
USD	-6,184.60	-6,184.60	-349,881.24	-4,260.69
RON	-68,420.57	-9,997.57	-81,592.23	-19,735.81

Respectively, a depreciation of the EURO by 10% against the USD or RON on 31 December, would result in an exactly reversed effect of above.

#### ➤ **Interest rate risk**

Interest rate risk arises mainly from long-term and short-term bank loans in Euros at a floating rate.

The Group finances its investments, as well as its need for working capital, through self-funding, bank loans and bond loans and as a result is burdened by interest expenses. Increasing trends in interest rates shall negatively affect results, as the Group incurs the additional borrowing cost.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate (Euribor) would be 1% higher/lower on average during financial year 2011:

(Amounts in million)	Loans 31.12.2011	Effect on results before tax ( + / - )
Group	53.3	0.5
Company	41.2	0.4

This would occur due to the higher/lower financial cost of bank borrowing with a floating rate in euro.

A smaller effect on cash flows results from income on term deposits in euro.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate on term deposits would be 1% higher/lower on average during financial year 2011:

(Amounts in million)	<b>Site and term deposits 31.12.2011</b>	<b>Effect on results before tax ( + / - )</b>
Group	26.0	0.3
Company	23.5	0.2

This would occur due to the higher/lower financial income from term deposits.

## D. FUTURE OUTLOOK

The group's strategy is not expected to change significantly during the present year. At the management level, limiting operating and other costs and securing an even larger part of trade receivables, even with the prospect of losing sales, will consist a primary objective, together with an optimal management of financial resources. At the same time, large emphasis will continue to be placed on achieving optimal balance between debt and maintaining liquidity at levels that ensure the smooth operation of the company with the less possible financial cost.

Within a highly competitive business environment, which continues to be under a deep recession, estimations for 2012 are difficult to be made. However, without available financing in the market, the resurrection of significant public projects that have remained inactive the past years and the repayment of liabilities from the Greek state, it would be difficult to expect any substantial reversal of conditions or significant improvement in the sector's business activities during 2012.

Finally, in the context of exploring new profitable business activities, the company is examining its entrance in the sector of renewable energy sources through the acquisition of companies that operate in the sector, with the assurance of significant returns as the basic criteria.

## E. TRANSACTIONS WITH RELATED PARTIES

The amounts of the Group's and Company's sales and purchases, from and towards related parties, as well as the balances of receivables and liabilities, are analyzed as follows:

(a) Income

	<b>COMPANY</b>	
	<b>1.1-31.12</b>	
	<b>2011</b>	<b>2010</b>
Sales of Inventories to Corus-Kalpinis-Simos S.A.	562,385.39	620,165.35
Sales of Inventories to Tata Elastron S.A.	3,435,809.97	4,256,295.28
Sales of other inventories to Tata Elastron S.A.	3,120.00	0.00
Sales of Inventories to Steel Center S.A.	238,785.67	87,802.42
Rental Income by Corus –Kalpinis-Simos S.A.	340,200.00	422,700.00
Sales of fixed assets to Tata Elastron S.A.	0.00	0.00
Processing Income from Steel Center S.A.	1,462.97	4,089.44
Income of transfer services from Steel Center S.A.	80.00	0.00
Income of transfer services from Tata Elastron	7,359.00	2,602.00
Processing income from Corus-Kalpinis-Simos S.A.	10,798.71	4,193.38
Processing income from Tata Elastron S.A.	3,573.37	2,091.45
	<b>4,603,575.08</b>	<b>5,399,939.32</b>

(b) Expenses

	COMPANY	
	1.1-31.12	
	2011	2010
Purchases of inventories from Corus-Kalpinis-Simos S.A.	2,179,380.72	749,898.73
Purchases of inventories from Tata Elastron S.A.	2,857,698.72	916,737.44
Purchases of inventories from Steel Center S.A.	790,730.10	756,150.50
Processing expenses from Tata Elastron S.A.	9,737.24	651.45
Purchases of packaging material from Tata Elastron S.A.	6,773.50	0.00
Purchases of consumables from Tata Elastron S.A.	0.00	0.00
Purchases of consumables from Corus-Kalpinis-Simos S.A.	2,820.36	11,185.46
Purchases of fixed assets from Corus-Kalpinis-Simos S.A.	0.00	259.00
Purchases of fixed assets from Steel Center S.A.	0.00	524.60
Processing expenses from Steel Center S.A.	117.72	13,820.23
Purchases of consumables from Steel Center S.A.	1,846.77	1,582.14
Security expenses from Steel Center S.A.	0.00	0.00
Sales commissions from Balkan Iron Group srl	27,500.00	0.00
	<b>5,876,605.13</b>	<b>2,450,809.55</b>

(c) Receivables

	COMPANY	
	1.1-31.12	1.1-31.12
	2011	2010
From Tata Elastron S.A.	1,610,502.86	1,748,225.32
From Corus-Kalpinis-Simos S.A.	0.00	27,097.45
From Steel Center S.A.	0.00	0.00
From Balkan Iron Group S.R.L.	150,000.00	160,000.00
From Kalpinis Simos Bulgaria EOOD	725,000.00	710,000.00
	<b>2,485,502.86</b>	<b>2,645,322.77</b>

(d) Liabilities

	COMPANY	
	1.1-31.12	1.1-31.12
	2011	2010
To Corus-Kalpinis-Simos S.A.	1,533,547.44	0.00
To Tata Elastron S.A.	0.00	0.00
To Steel Center S.A.	13,993.73	77,032.27
To Balkan Iron Group srl	68,000.00	0.00
	<b>1,615,541.17</b>	<b>77,032.27</b>

(e) Income

	GROUP	
	1.1-31.12	
	2011	2010
Sales of inventories to Steel Center S.A.	240,380.51	146,193.17
Processing Income from Steel Center S.A.	1,462.97	4,089.44
Income of transfer services from Steel Center S.A.	80.00	0.00
Rental Income by Steel Center S.A.	294.80	0.00
	<b>242,218.28</b>	<b>150,282.61</b>

(f) Expenses

	GROUP	
	1.1-31.12	
	2011	2010
Purchases of inventories from Steel Center S.A.	822,359.88	929,643.90
Purchases of consumables from Steel Center S.A.	1,846.77	1,582.14
Processing expenses from Steel Center S.A.	2,720.20	27,670.64
Purchases of Fixed Assets from Steel Center S.A.	0.00	524.60
Security expenses from Steel Center S.A.	0.00	0.00
	<b>826,926.85</b>	<b>959,421.28</b>

(g) Receivables

	GROUP	
	1.1 – 31.12	1.1-31.12
	2011	2010
From Steel Center S.A.	2,117.06	0.00

(h) Liabilities

	GROUP	
	1.1 – 31.12	1.1-31.12
	2011	2010
To Steel Center S.A.	30,613.48	106,475.10

(i) Transactions and remuneration of senior executives

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Transactions and remuneration of Board Members	412,000.00	432,500.00	412,000.00	432,500.00
Transactions and remuneration of senior executives	444,108.79	433,659.14	228,653.05	230,869.44
Transactions and remuneration of other related entities	19,195.30	20,637.30	19,195.30	20,637.30
Receivables from senior executives and Board members	0.00	0.00	0.00	0.00
Liabilities to senior executives and Board members	0.00	0.00	0.00	0.00

Senior executives according to IAS 24 are those individuals that have the authority and responsibility for the planning, management and control of the entity's activities, directly or indirectly, and include all members of the Board of Directors (executive and non-executive) of the entity, as well as all other senior executives according to the above definition.

Following the above, the number of senior executives for 2010 and therefore their transactions and remuneration, were adjusted in order to meet the requirements of IAS 24.

## G. EXPLANATORY REPORT (Article 4, par. 7 L.3556/2007)

### a) Structure of the Company's share capital

On 31.12.2011 the Company's share capital amounts to 18,648,000 Euro and is divided into 18,648,000 common registered shares with a nominal value of 1.00 euro each.

The total shares are listed and traded freely on the Athens Exchange.

Each Company share incorporates all the rights and obligations stipulated by Law and the Company's Memorandum of Association, which however does not include provisions that limit those provided by the Law. Ownership of a share implies ipso jure acceptance by the owner of such of the Company's Memorandum of Association and the legal decisions made by the General Meeting of shareholders.

The responsibility of shareholders is limited to the nominal value of shares owned. Shareholders participate in the Company management and earnings according to the Law and provisions of the Memorandum of Association. The rights and obligations that emanate from each share follow such to any universal or special beneficiary of the shareholders.

Shareholders exercise their rights in relation to the Company's Management only through the General Meetings. Shareholders have a pre-emptive right to each future increase of the Company's Share Capital, according to their participation in the existing share capital, as stipulated by the provisions of law 2190/1920.

Lenders of shareholders and their beneficiaries cannot in any case cause confiscation or sealing of any asset or the books of the Company, nor can they request the sale or liquidation of the Company, or be involved in any way in the Company's management or administration.

All shareholders, regardless of where such reside, are considered to have the Company's domicile as their legal residence and are subject to Greek Law, as regards to their relationship with the Company. Any difference between the Company on the one hand and shareholders or any third party on the other, is subject to the exclusive jurisdiction of ordinary courts, while the Company can be prosecuted only before courts of its domicile.

Each share provides one voting right. Co-owners of a share, in order to exercise their voting right, must submit to the Company in written one joint representative for the share, which will represent them in the General Meeting, while the exercise of their right is postponed until such a representative is assigned.

Each shareholder is entitled to participate in the General Meeting of the Company's shareholders, either in person or through a representative. All shareholders have the right to participate and vote in the General Meeting. The exercise of such rights does not require the blockage of the beneficiary's shares nor any other corresponding procedure, which limits the ability to sell and transfer shares during the period from the record date of beneficiaries and the date of the General Meeting. On the other hand, those entitled to participate in the General Meeting are those that appear as shareholders on the records of the authority where the company's securities are kept. The shareholder capacity is evidenced by submitting the relevant written certification by the aforementioned authority, or alternatively with the online connection of the company with the latter's records. The shareholder capacity must be in effect during the beginning of the fifth (5<sup>th</sup>) day prior to the General Meeting date (record date) and the relevant written certification or electronic certification of the shareholder capacity must be submitted to the company at least the third (3<sup>rd</sup>) day prior to the General Meeting date.

Only those who carry the shareholder capacity during the record date are considered from the Company to have the right to participate and vote in the General Meeting. In case of non-compliance with the above, a shareholder can participate in the General Meeting only with the permission of such.

From the date the invitation to convene the General Meeting is released and until the General Meeting date, at least the following information is posted on the company's website:

- The invitation to convene the General Meeting.
- The total number of shares outstanding and voting rights during the date of the invitation, including subtotals per category of shares, if the company's share capital is allocated into more than one share category.
- The documents to be submitted to the General Meeting.
- The draft resolution on each issue on the daily agenda that is proposed or, if no decision is proposed for approval, then a commentary by the Board of Directors on each issue of the agenda and possible draft resolution proposed by shareholders, immediately following the receipt of such by the company.
- The documents that must be used to exercise voting rights by mail, unless such documents are sent directly to each shareholder.

The method, location as well as payment date of dividends are announced by the Company through the Press, as defined by Law 3556/2007 and the relevant decisions issued by the Hellenic Capital Market Commission. The right to receive dividend is cancelled in favor of the Greek State after five (5) years from the end of the year during which the General Meeting approved its distribution.

## b) Limits on transfer of Company shares

There are no limitations on the transfer of Company shares.

## c) Significant direct or indirect holdings according to the definition of L. 3556/2007

The following table presents the Company's shareholders with significant holdings of its share capital, according to data from the last General Meeting of 30.06.2011 and the most recently published data:

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE OF SHARE CAPITAL
KALPINIS ATHANASIOS	3,104,250	16.65%
KALPINI ELVIRA	2,070,500	11.10%
SIMOS N. PANAGIOTIS	1,583,687	8.49%
SIMOS P. NIKOLAOS	900,000	4.83%
SIMOU DOMINIKI	900,000	4.83%
SAKELLARIOU NIKOLAOS	900,000	4.83%
SAKELLARIOU CHRISTOS	900,000	4.83%
SIMOU EIRINI	378,930	2.03%

**d) Shares providing special control rights**

There are not such shares.

**e) Limitations on voting rights**

There are no limitations on voting rights.

**f) Agreements among Company shareholders**

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights.

**g) Rules for the appointment and replacement of members of the Board of Directors and the amendment of the Memorandum of Association**

There are no relevant rules that other than those stated by Codified Law 2190/20.

**h) Responsibility of the Board of Directors or its members a) for the issue of new shares or b) the acquisition of treasury shares**

a) According to article of C.L. 2190/1920, with the limitations of paragraph 4, the Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting that is subject to the disclosure requirements of C.L. 2190/1920, to increase the Company's share capital with the issue of new shares, through a decision by the Board of Directors that is made with a majority of at least 2/3 of its total members. In this case, the Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors has a 5-year effect and may be renewed.

There is currently no such decision in effect.

According to article 13, par. 13, by means of a decision by the General Meeting, a stock option plan can be issued to members of the Board of Directors and to staff, with the form of stock options according to the specific terms of such a decision. The General Meeting decision defines the maximum number of shares that may be issued, which according to law cannot exceed 1/10 of existing shares. Also, the price and sale terms towards beneficiaries are set as well as the maximum number of shares that can be acquired if beneficiaries exercise their rights. The Board of Directors, by means of a relevant decision, defines any other relevant detail not provided for by the General Meeting. There is currently no such decision in effect.

b) According to article 16 of C.L. 2190/1920, the Board of Directors may convene a General Meeting of shareholders, with the objective to decide on the purchase of treasury shares. The General Meeting, in case such a decision is made, will define any such responsibilities and always according to the provisions in effect. There is currently no such decision in effect.

**i) Important agreements which are put into effect, amended or terminated in case of a change in the Company's control following a public offer**

There are no such agreements.

**j) Agreements with members of the Board of Directors or employees of the Company**

There are no agreements made between the Company and members of its Board of Directors or its employees, which define the payment of indemnity in the case of resignation or dismissal without reasonable cause or termination of their period of office or employment due to a public offer.

**CORPORATE GOVERNANCE STATEMENT**

**Introduction**

Corporate governance includes the manner in which companies are managed and controlled. Specifically it is a system of relations between the Company's Management, the Board of Directors, shareholders and other interested parties. Essentially it constitutes the structure through which the Company's objectives are approached and set out, the basic risks the Company faces during its operation are identified, the means to achieve the company objectives are defined, the risk



management system is organized and the monitoring of Management's performance while implementing the above is rendered possible.

In Greece, the corporate governance framework is defined through applying and adhering to mandatory regulations, such as:

- Law 3016/2002, which imposes the participation of non-executive and independent non-executive members in the Board of Directors of Greek listed companies, the establishment and operation of an internal control service, as well as the adoption of internal operation regulations.
- Law 3693/2008, which imposes the establishment of an audit committee and disclosures regarding the ownership status and governance of a company.
- Law 3884/2010, which refers to shareholders' rights and additional corporate disclosure obligations towards shareholders in the context of preparing the General Meeting.
- Finally, Law 3873/2010, which incorporate the EU Directive 2206/46/EC in Greek law and operates as a reminder for the need to establish the Code and constitutes its "founding base".

ELASTRON S.A. **fully complies** with the provisions and stipulations of the above laws, which constitute the minimum content of any Corporate Governance Code. However, apart from the provisions of the above laws, the company applies principles that are defined by the Corporate Governance Code prepared by the Hellenic Federation of Enterprises (SEV), reporting any deviations from this Code as well as the justifications for the deviation. The latter code is available on the website: [http://www.sev.org.gr/Uploads/pdf/KED\\_TELIKO\\_JAN2011.pdf](http://www.sev.org.gr/Uploads/pdf/KED_TELIKO_JAN2011.pdf).

**The SEV Corporate Governance Code is applied with the following deviations:**

- **Size and composition of the Board of Directors (All 2.3)**

The relevant provision that states that at least 1/3 of the Board must consist of independent non-executive members is not applied by the company. However, the provision of L. 3016/2002 is applied, according to which the number of non-executive Board members should not be less than 1/3 of the total number of members with the clarification that in case that a fraction results from the above percentage, then it is rounded to the immediate previous integer.

- **Responsibilities and conduct of Board members (AIV 4.3)**

The specific provision of the SEV Code is currently not applied given that no such provision has emerged. Its application will be assessed if a relevant issue arises.

- **Proposing nominee Board members, (AV 5.1, AV 5.2, AV 5.4, AV 5.5, AV 5.6 & AV 5.7)**

Until today, the independent Board members proposed for election or re-election were not accompanied with an opinion by the Board as regards to their independence, as such was not stated by the regulatory requirements. In any case, if such an issue arises, then the company will assess the application of this provision.

- **Internal control system (BI 1.3, BI 1.5 & BI 1.7)**

The Company follows an effective, Internal Control system organized internally by itself – the CGC of SEV has not defined a specific internal control framework until today.

Currently the company does not prepare risk management reports, even though this issue is discussed by the Board during its meetings.

At the present time the company does not apply a whistleblower policy, namely processes according to which company staff, under confidentiality, expresses its concerns for possible unlawfulness or misconduct on financial reporting issues or other issues relating to the company's operation. However, the company intends to examine the present provision in the future.

**Reference to corporate governance principles applied by the company, apart from the provisions of law**

The company fully complies with the corporate governance principles as such are defined by the provisions of Greek law (c.l. 2190/1920, l. 3016/2002 and l. 3693/2008) and constitute the minimum requirements that a Corporate Governance Code must include. However, the company also applies a vast number of principles and practices additional to those stipulated by law. Such practices are

described in detail in the Internal Operation Regulation as well as the Operation Regulation of the Internal Audit Service.

**Information of article 10, par. 1, items c), d), f), h), i) of EU directive 2004/25/EC**

c) The significant direct or indirect holdings of the company are the following:

- CORUS – KALPINIS – SIMOS S.A. COATING MATERIALS (joint venture). The company participates by 50%.
- TATA ELASTRON S.A. (joint venture). The company participates by 50%.
- BALKAN IRON GROUP SRL (joint venture). The company participates by 33.3%.
- KALPINIS – SIMOS BULGARIA EOOD (100% subsidiary).
- ELASTRON SERBIA LTD BELGRADE (100% subsidiary) – under liquidation.

Moreover, according to article 4 par. 7 of L. 3556/2007 the direct or indirect participations in the company's share capital are the following:

- Athanasios Kalpinis of Andreas with 3,104,250 shares (16.65% - direct participation)
- Elvira Kalpini of Andreas with 2,070,500 shares (11.10% - direct participation)
- Panagiotis Simos of Nikolaos with 1,583,687 shares (8.49% - direct participation)
- Nikolaos Simos of Panagiotis with 900,000 shares (4.83% - direct participation)
- Dominiki Simou of Panagiotis with 900,000 shares (4.83% - direct participation)
- Sakellariou Nikolaos with 900,000 shares (4.83% - direct participation)
- Sakellariou Christos with 900,000 shares (4.83% - direct participation)
- Eirini Simou of Nikolaos with 378,930 shares (2.03% – direct participation)

There are no significant indirect participations.

d) There are no securities and therefore owners that provide special control rights.

f) There are no limitations on voting rights or systems through which with the cooperation of the company, financial rights emanating from securities are distinguished from the ownership of the securities. The time-frames for exercise of voting rights are mentioned in detail in the section "Shareholders' rights and their exercise".

h) The rules for appointment and replacement of Board members are those mentioned in C.L. 2190/1920 and are described in detail in the following section.

i) There are no authorities of Board members regarding the ability to issue of buy back shares.

**General Meeting of Shareholders**

The General Meeting of shareholders is the highest-level body of the Company and is entitled to decide on any corporate affair. Its legal decision also binds shareholders that are not present or who disagree. The General Meeting is the only one responsible to also decide on issues of article 34 of C.L. 2190/1920.

The General Meeting of shareholders, is convened by the Board of Directors and meets regularly at least once each financial year and always within the first six (6) months from the end of each financial year and as an Extraordinary meeting whenever deemed necessary by company needs. The Meeting takes place at the company's domicile or at any other location within the Attica prefecture.

The General Meeting may convene through teleconference as well as with a long-distance participation of shareholders, under the conditions defined each time by the relevant legislation.

The Chairman of the Board temporarily acts a Chairman of the General Meeting, or if he is unavailable his deputy or an individual appointed by such. Whoever is appointed by the temporary Chairman serves as secretary temporarily.

After the list of shareholders' that have a voting right in the meeting is approved, then the General Meeting proceeds with electing the formal Chairman and formal secretary of the meeting.

Shareholders with the right to participate in the General Meeting may be represented in such by a proxy.

The General Meeting, with the exception of the repeated General Meetings and equivalent to the latter meetings, is convened at least twenty days prior to the general meeting date, without counting the release date of the invitation and the day of the meeting. The invitation includes at least the location with

the exact address, date and time of the meeting, the daily agenda issues clearly, the shareholders that have the right to participate, as well as exact information on the manner in which shareholders will be able to participate in the meeting and information on the manner in which shareholders will be able to participate in the meeting and exercise their rights. However, the option to publish a summary of the invitation is provided, and such a summary includes at least the location with the exact address, the date and time of the meeting, the shareholders who have the right to participate, as well as explicit reference to the website where the full invitation is available.

The General Meeting is at quorum and meets validly on the daily agenda issues when shareholders that represent at least 1/5 of the paid up share capital are present or represented at the meeting.

If this quorum is not achieved during the first meeting, then a repeated meeting is convened in twenty (20) days from the day of the cancelled meeting, with a release of the invitation at least (10) days prior to the new meeting, unless the initial invitation states the location and time of the repeated meetings according to law, for the case quorum is not achieved. The repeated meeting is at quorum and meets validly on the issues of the initial daily agenda regardless of the portion of paid up share capital represented in such.

The decisions of the General Meeting are made with absolute majority of the votes represented in such. Exceptionally, the General Meeting is at quorum and meets validly on the issues of the daily agenda if shareholders representing (2/3) of the paid up share capital are present or represented, when referring to decisions defined in article 29 par. 3 of C.L. 2190/1920.

If the quorum of the previous paragraph is not achieved during the first meeting, then the first repeated meeting is convened in twenty (20) days from the day of the cancelled meeting, with a release of the invitation at least (10) days prior to the new meeting, while the repeated meeting is at quorum and meets validly on the issues of the initial daily agenda when at least (1/2) of the paid up share capital is represented in such.

If the above quorum is also not achieved, then the a second repeated meeting convenes again within twenty (20) days, with the release of the relevant invitation at least ten (10) days earlier, whereas the second repeated meeting is at quorum and meets validly on the issues of the initial daily agenda when at least (1/5) of the paid up share capital is represented in such.

A new invitation is not required if the initial invitation states the location and time of the repeated meetings according to law, for the case quorum is not achieved.

## **Shareholders' rights and their exercise**

Any shareholder has the right to participate and vote at the company's General Meeting. The exercise of such rights does not require the blockage of the beneficiary's shares or any other process, which limits the ability to sell and transfer shares during the period between the record date of beneficiaries and the date of the General Meeting. On the other hand, beneficiaries that participate in the General Meeting are those who appear as shareholders in the records of the relevant authority where the company's securities are held. The shareholder capacity is evidenced by submitting the relevant written certification of the above authority, or alternatively with the online connection of the company with the latter's records. The shareholder's capacity must be active during the fifth (5<sup>th</sup>) day prior to the date of the General Meeting (record date) and the relevant written or electronic certification of the shareholder's capacity must be received by the company at least the third (3<sup>rd</sup>) day prior to the date of the General Meeting.

Only those that have the shareholder capacity during the respective record date are considered by the Company to have the right of participation and voting at the General Meeting. In the cases of non-compliance with the above, the said shareholder participates in the General Meeting only after the latter's permission.

The shareholder participates in the General Meeting and votes either in person or through a proxy. Proxies that act on behalf of more than one shareholders may vote separately for each shareholder. Shareholders may appoint a proxy either for one or for as many meetings that may take place within a defined time period. Legal entities participate in the General Meeting by appointing up to three (3) persons as representatives. The shareholder proxy is obliged to disclose to the Company, prior to the beginning of the General Meeting, any specific event that may be useful to shareholders in assessing the risk of the proxy serving other interests than those of the represented shareholder. According to the definition of the present paragraph, there might be conflict of interests specifically when the proxy:

- a) is a shareholder that exercises control on the Company or is another legal entity controlled by the shareholder,
- b) is a member of the Board of Directors or generally the management of the Company or of a shareholder that exercises control on the Company, or another legal entity that is controlled by a shareholder who exercises control on the Company,

c) is an employee or certified public accountant of the Company or shareholder that exercises control on the Company, or another legal entity controlled by the shareholder who exercises control on the Company,

d) is a spouse or first degree relative with one of the persons mentioned above in cases (a) through (c). The appointment and revocation of a proxy is applied in written or through electronic means and disclosed to the Company at least three (3) days prior to the date of the General Meeting.

Ten (10) days prior to the Ordinary General Meeting, any shareholder can obtain copies of the annual financial statements and reports by the Board of Directors and auditor from the Company.

With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors of the Company is obliged to convene an Extraordinary General Meeting of shareholders, setting the date of such, which cannot be more than forty five (45) days from the day the request was delivered to the Chairman of the Board. If a General Meeting is not convened by the Board of Directors within twenty (20) days from the delivery of the relevant request, then the meeting takes place by the requesting shareholders, at the expense of the Company, by means of a decision by the court of first instance of the Company's domicile, which is issued during the injunction process. This decision states the place and time of the meeting, as well as the daily agenda.

With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors of the Company is obliged to list additional issues on the daily agenda of the General Meeting that has already been set, if the relevant request is received by the Board at least fifteen (15) days prior to the General Meeting. This request must be accompanied by a justification or by a draft resolution to be approved by the General Meeting and the revised daily agenda is published thirteen (13) days prior to the date of the General Meeting and at the same time provided to shareholders electronically on the company's website, together with the justification or draft resolution submitted by the shareholders, according to those stated in article 27 par. 3 of C.L. 2190/1920.

With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors provides shareholders, according to those stated by article 27 par. 3 of c.l. 2190/1920, at least six (6) days prior to the date of the General Meeting, access to the draft resolutions on issues that have been included in the initial or revised daily agenda, if the relevant request is received by the Board of Directors at least seven (7) days prior to the date of the General Meeting.

The Board of Directors is not obliged to enlist the issues on the daily agenda or publish or disclose such together with the justification and draft resolutions submitted by shareholders according to the above paragraphs, if the content of such is against the law and moral ethics.

With the request of a shareholder or shareholders that represent one twentieth (1/20) of the paid up share capital, the Chairman of the General Meeting is obliged to postpone the decision making process only once, for all or specific issues, by General Meeting, defining the day when the meeting will reconvene for decision making that is stated on the shareholders' request, which however cannot be more than thirty (30) days from the day of the postponement. The General Meeting that follows the postponement is considered a continuance of the previous and thus the disclosure requirements of the shareholders' invitation are not repeated and new shareholders cannot take part in the Meeting, according to the provisions of articles 27 par.2 and 28a of C.L. 2190/1920.

Following a request of any shareholder that is submitted to the Company at least five (5) full days prior to the General Meeting, the Board of Directors is obliged to provide to the General Meeting the specifically required information on the Company's affairs, to the extent that such are useful for the real assessment of the daily agenda issues. The Board of Directors may respond collectively to shareholders' requests that include the same content.

There is no obligation to provide information when the relevant information is available on the company's website, especially in the form of questions and answers. Also, with the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors is obliged to announce to the Ordinary General Meeting the amounts paid during the past two-years for any cause by the Company to Board Members or Managers or other employees, as well as any other benefits paid towards such individuals for any cause or for any contract of between the company and such. In all the above cases, The Board of Directors may decline the provision of such information for reasonable cause, stating the relevant justification in the minutes. Such a reasonable cause may consist according to the circumstances the representation of requesting shareholders in the Board of Directors, according to par. 3 or 6 of article 18 of c.l. 2190/1920.

Following a request by shareholders that represent one fifth (1/5) of the paid up share capital, which is submitted to the Company within the time limit of the previous paragraph, the Board of Directors is obliged to provide to the General Meeting information on the development of corporate affairs and the financial position of the Company. The Board of Directors may decline the provision of such information for reasonable cause, which is stated in the minutes. Such a reasonable cause may consist according to the circumstances the representation of requesting shareholders in the Board of Directors, according to par. 3 or 6 of article 18 of c.l. 2190/1920, given that the respective Board members have received the relevant information in an adequate manner.

Following a request by shareholders that represent one twentieth (1/20) of the paid of share capital, the decision making on any issue of the daily agenda of the General Meeting is conducted by open voting. Company Shareholders, that represent one twentieth (1/20) of the paid up share capital, have the right to request an audit of the Company by the Unilateral Court of First Instance of the district of the Company's domicile, which holds the relevant jurisdiction. The audit is ordered if actions that violate the provisions of law or the Articles of Association or decisions by the General Meeting, are assumed. In any case, the audit request must be submitted within three (3) years from the approval of the financial statements of the year when the alleged actions took place.

Company Shareholders, that represent one fifth (1/5) of the paid up share capital, have the right to request audit of the Company by the relevant court, according to the previous paragraph, given that the overall developments of corporate affairs indicate that Management of corporate affairs is not conducted as according to proper and prudent management. The Articles of Association may define the reduction, but not more than half, of the percentage of the paid up share capital required to exercise the right of the present paragraph.

### **Composition and operation of the Board of Directors**

The Board of Directors consists of 3 to 15 members. The exact number of members is defined by the General Meeting.

The term of Board members is three-years (without excluding their re-election) and is extended automatically until the end of the term, during which the immediately next Ordinary General Meeting must convene, which however cannot exceed four years.

Following its election, the Board of Directors convenes and is formed into a body by electing the Chairman, one or two Vice- Chairmen and one or two Chief Executive Officers of the company. The Chairman is substituted, when absent or unable, for all his responsibilities by the A' Vice-Chairman and the latter is substituted, when absent or unable, by a member that is appointed as such by a Board decision.

In case of resignation, death or in any other way loss of the capacity of Board member or members, the remaining Board members may continue the management and representation of the company without replacing the members absent, with the condition that the number of the remaining members is at least three (3) and is over half of total members, as such were numbered before the realization of the above events.

The remaining Board members, given that such are at least three (3), may elect members in replacement of those resigned, deceased or who lost their member capacity in any other way. The above election is effective for the remaining period of the term of the member that is replaced, while the decision of the election is submitted to the legal disclosure requirements and is announced by the Board of Directors at the immediately forthcoming General Meeting, which can replace the elected members, even if the issue has not been listed on the daily agenda.

In any case, the remaining Board members, regardless of their number, may convene a General Meeting with the exclusive objective of electing a new Board of Directors.

The Board of Directors meets at the company's domicile whenever deemed necessary by the company's needs, following an invitation from the Board's Chairman. During 2011, the company's Board of Directors convened 59 times. The executive Board members participated in the majority of meetings, while the non-executive members in about 1/3 of the meetings.

The Board of Directors is at quorum and convenes validly, when half plus one member are present or represented at the meeting, however the total number of members present cannot be less than three (3). To establish quorum possible fractions are omitted.

A member that is absent may be represented by another member. Each member can represent only one member absent.

The decisions by the Board of Directors are made validly with absolute majority of the present and represented members, excluding the case of article 5 par. 2 of the company's Articles of Association, but also the cases when stated otherwise by law.

The members of the company's Board of Directors that participate in any way in the management of the company, as well as its managers, are not permitted to act without the permission of the General Meeting on their own behalf or on behalf of third parties, on actions that are subject to one of the objectives aimed by the company and to participate as general partners in companies that aim at such objectives. Exceptionally, the company's Board members that participate in any way in the management of the company, as well as its managers are permitted to participate in the board of directors and management of companies that are related to the company, according to the definition of article 42 e

par. 5 of C.L. 2190/20. In case of violation of the above limitation, the provisions of par. 2 and 3 of article 23 of C.L. 2190/20, as currently in effect, apply.

## Information on Board members

The Board of Directors of the company consists of the following members:

- 1) Panagiotis Simos, Chairman of the Board
- 2) Athanasios Kalpinis, Chief Executive Officer
- 3) Elvira Kalpini, Vice-Chairman of the Board
- 4) Andreas Kalpinis, Executive Board Member
- 5) Stylianos Koutsothanasis, Deputy Chief Executive Officer
- 6) Anastasios Mpinioris, Executive Board Member
- 7) Eirini Simou, non-Executive Board Member
- 8) Konstantinos Gianniris, Independent non-Executive Board Member
- 9) Vasilios Malalitzoglou, Independent non-Executive Board Member
- 10) Vasilios Ioannidis, Independent non-Executive Board Member

## CVs of Board members

Kalpinis Andreas

Andreas Kalpinis is one of the two founders of the company with extensive experience in the steel products market.

Athanasios Kalpinis

A graduate of the Economic Department of University of Piraeus. He has served as plant manager and head of the supervision and coordination of the production process, while from 2000 he holds the position of Chief Executive Officer. At the same time he is Member (executive member) in the company Steel Centers S.A.

Panagiotis Simos

He has served as commercial director of the Group, responsible for the planning and implementation of the commercial policy. From 2000 he is Chairman of the Board, while he also holds the position of Vice-Chairman of the Board of the company Steel Center S.A.

Eirini Simou

A graduate of the Business Administration Department of the Technological Education Institute of Piraeus and also a graduate of the Business Administration department of the University of Piraeus. Ms Simou is also Chief Executive Officer of the company Steel Center S.A.

Elvira Kalpini

She is head of the company's public relations and Administrative Services, why she also serves as Vice-Chairman and Chairman of the Board of the company Steel Center S.A.

Stylianos Koutsothanasis

A graduate of the Business Administration department of the University of Piraeus, graduate of the Management Institute of the Economic University of Athens and graduate of the Athens University Law School. Mr. Koutsothanasis has been with the company since 1966 and currently holds the position of Deputy Chief Executive Officer.

Mpinioris Anastasios

An executive with many years experience and knowledge of the steel product market. He is a graduate of the University of Piraeus with a masters in Business Administration and has participated in several seminars and conferences. He has served as head of Sales and Marketing Divisions and as an advisor on Commercial and Administration organization issues for many companies.

Konstantinos Gianniris

A graduate of Business Administration from the University of Piraeus and the Athens University Law School. He has served as Chief Executive Officer, General Manager or Senior Management Executive at many Greek private sector companies (Iaso Group, Athens Euroclinic Group, Izola, Selman, A.G. Petzetakis, Soulis etc.). He has founded the Institute of Internal Auditors, at which he served as Chairman for seven years. He has also established the Association of Greek Clinics, for which he served as Chairman for 2 years. Finally he participates in the Board of Directors of the companies THRACE PLASTICS S.A. and Eurodrip S.A.

Vasilios Malalitzoglou

He served as Head of the company's imports for a long period, with extensive experience and knowledge in the global steel market.

Vasilios Ioannidis

A graduate of the Business Administration department of the University of Piraeus. He served as Head of the company's commercial division for many years, with significant knowledge of the Greek steel product market.

The following table includes the external professional commitments of Board members:

NAME	PARTICIPATION IN NON-GROUP COMPANIES	POSITION
PANAGIOTIS SIMOS	STEEL CENTER S.A.	VICE-CHAIRMAN
EIRINI SIMOU	STEEL CENTER S.A.	CHIEF EXECUTIVE OFFICER
ATHANASIOS KALPINIS	STEEL CENTER S.A.	EXECUTIVE MEMBER
ELVIRA KALPINI	STEEL CENTER S.A.	CHAIRMAN OF THE BOARD
STYLIANOS KOUTSOTHANASIS	STEEL CENTER S.A.	EXECUTIVE MEMBER
	ELASTRON SERBIA DOO	MANAGER
	KALPINIS SIMOS BULGARIA EOOD	MANAGER
ANASTASIOS MPINIORIS	STEEL CENTER S.A.	NON-EXECUTIVE MEMBER
	TATA ELASTRON S.A.	VICE-CHAIRMAN & CEO
	ELASTRON SERBIA DOO	MANAGER
	CORUS – KALPINIS – SIMOS S.A.	VICE-CHAIRMAN & CEO
KONSTANTINOS GIANNIRIS	EURODRIP S.A.	INDEPENDENT NON-EXECUTIVE BOARD MEMBER
	THRACE PLASTICS S.A.	INDEPENDENT NON-EXECUTIVE BOARD MEMBER
VASILIOS IOANNIDIS	SIDERAL S.A.	VICE-CHAIRMAN

#### Audit Committee

In the context of applying article 37 of L. 3693/2008, the Ordinary General Meeting of Shareholders on 30.06.2010 elected an Audit Committee which consists of the following non-executive Board members:

- 1) Mr. Konstantinos Gianniris, independent non-executive Board member, with extensive experience on accounting and auditing issues, as chairman of the committee.
- 2) Ms. Eirini Simou, non-executive Board member, as member of the committee.

- 3) Mr. Vasilios Malalitzoglou, independent non-executive Board member, as member of the committee.

The audit committee convenes following an invitation by its Chairman as many times as deemed necessary, however at least twice a year. The basic responsibilities of the audit committee are the following:

- Monitoring the financial reporting process and the correctness and reliability of the company's financial statements.
- Auditing the proper operation and effectiveness of the internal control system.
- Ensuring the objectivity and independence of the Internal Audit Service, as well as the free access of the internal auditor to any service, department, employee as well as the company's Board of Directors.
- Manning and controlling the professional, theoretical and practical adequacy of executives of the Internal Audit Service, as well as their continuous education and professional advancement.
- Evaluating the performance of the Internal Audit Service and its executives, as well as decision making on issues relating to appointment or replacement of the Service's executives.
- Studying the reports issued by the Internal Audit Service and compliance with the reports and proposals of the Service, which have been accepted by the Board of Directors.
- Approval of the Operation Regulation of the Internal Audit Service and its amendments.
- Provision information as regards to the scheduled audit program, its revision and the submission of proposals for additional audits when deemed necessary.
- Meeting and receiving information from the external auditor as regards to shortages and weaknesses of the Internal Audit Service and mainly those that concern the audit of financial information and preparation of the interim and annual, separate and consolidated financial statements.
- Meeting and receiving information from the external auditor on any issue that relates to the developments and results of the annual and six-month audit.
- Ensuring access of the external auditor to the company's Board of Directors.
- Auditing the adequacy, completeness and implementation of the company's Internal Operation Regulation.
- Ensuring the avoidance of friction, conflicts and disagreements between the auditors (internal and external) and Management during the conduct of audits.

During 2011, the Audit Committee convened 5 times, during which all members were present.

### **Remuneration Committee of executive Board members and senior executives and for Election of Nominee Board Members**

The above committee convenes following an invitation by its chairman, and consists of the following members:

- 1) Mr. Konstantinos Gianniris, independent non-executive Board member, with substantial experience in accounting and auditing issues, as chairman of the committee
- 2) Mr. Stylianos Koutsothanasis, executive Board member, as member of the committee
- 3) Mr. Anastasios Binioris, executive Board member, as member of the committee.

The responsibilities and tasks of the committee are described in detail in the Company's Internal Operation Regulation, and in summary include the following:

- The definition of criteria and the planning of policy for the election of nominee Board members and Senior Executives.
- Defining the remuneration and any kind of benefits towards Board members and Senior Executives.
- The frequent review of remuneration, both of Board members and of Senior Executives, in combination with their professional qualifications, the conditions of the market and the company and their employment time.

During 2011, the Committee convened once, during which all members were present.



## **Other management or supervisory bodies or committees of the company**

There are no other management and supervisory bodies.

### **Internal control and risk management systems**

Particularly large emphasis is given by the Board of Directors to the internal control system. Through the latter, the Board ensures the protection of the company's assets, reliability of financial statements and reports, handling of significant risks, as well as the adherence to laws and policies applied by the company.

The company's internal control system is based on processes and policies that are described in detail in the Internal Operation Regulation. Such processes and policies refer to monitoring deviations from the corporate policy, the correctness and completeness of financial statements, as well as maintaining financial and in general corporate data as confidential.

In this context, the Board of Directors implements regular audits and reviews on the internal control systems with the objective:

- to audit and evaluate the strategy, both on the company level as well as on the level of individual departments, in the context of the approval of the company's annual budget.
- to identify, assess, measure and manage risks to which the company is exposed.
- to monitor the company's financial performance and analyze, interpret and clarify deviations from the annual budget.
- to evaluate and improve the Internal Operation Regulation, which also constitutes the basis for applying internal control systems.

At the same time, with the objective of ensuring the correctness and accuracy of financial data, based on which the financial statements are prepared, the company develops the appropriate systems and safety nets. Such include:

- The use of specialized, accounting and financial software and applications, which ensure the prompt and accurate provision of information relating to the company's financial data. A limited and authorized number of users have access to such systems.
- The regular review of accounting policies and procedures and ensuring that such are applied fully.
- The existence of closing processes for the financial statements and informing the relevant individuals as regards to the obligations of the company that emanate from tax, labor, commercial and stock exchange legislation.
- The existence and adherence to policies on any significant corporate process, such as supplies, sales, payments, receipts, inventory etc.
- Applying reconciliation and audits on a regular basis as regards to customer, supplier, bank, cash balances, taxes etc.
- Monitoring and ensuring that the group's subsidiaries apply the same accounting policies and procedures as the parent company.
- Ensuring the correctness and accuracy of the financial statements of subsidiaries, as well as their prompt submission for purposes of preparing and publishing consolidated financial reports and statements.
- The monthly evaluation of deviations between real, comparative and estimated results, with the objective of providing management with information relating to possible extraordinary and unusual expenses and the development of results.

To achieve and apply the above, the company uses, ensures and maintains computer and IT systems that are customized to its needs and to the modern organization, administration and IT requirements> to protect both the systems and the data kept in such, the company applies strict audit processes, which are described in detail in the Internal Operation Regulation. Specifically:

- On a daily basis, the IT service creates back-ups of all computer files and software in the central computer system and peripheral computers, thus ensuring that business data is kept classified as well as the smooth operation of the company.
- Back-up files are kept in a specially formed space, covering thus the case of theft and natural disaster.
- Access to the area where the central computer system is located is provided only to authorized individuals from the IT service.

- The IT service audits and prints interventions – changes on the central computer and informs the head of the service as well as the internal auditor.
- Both the central and the peripheral computers are secured from external threats by using several modern methods, such as antivirus software, e-mail security and firewall.

The present Corporate Governance Statement forms an integral part of the Annual Management Report by the Board of Directors.

ASPROPYRGOS, MARCH 26<sup>th</sup> 2012

THE CHAIRMAN OF THE BOARD OF DIRECTORS

PANAGIOTIS SIMOS

**Audit Report by Independent Certified Auditor/Accountant**

**Towards the Shareholders of the Company**

**“ELASTRON S.A. – STEEL SERVICE CENTERS”**

**Report on the Separate and Consolidated Financial Statements**

We have audited the accompanying separate and consolidated financial statements of the Company “**ELASTRON S.A. – STEEL SERVICE CENTERS**” and its subsidiaries, which consist of the separate and consolidated statement of financial position of **31 December 2011**, the separate and consolidated statements of comprehensive income, statements of changes in equity and cash flow statements for the year ended on the aforementioned date, as well as the summary of significant accounting principles and methods and other explanatory notes.

**Management’s Responsibility for the Separate and Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these separate and consolidated Financial Statements in accordance with the International Financial Reporting Standards, as such have been adopted by the European Union, as well as for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor reviews the internal control relevant to the preparation and fair presentation of the company's separate and consolidated financial statements, in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and whether the estimates made by management are reasonable, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company “**ELASTRON S.A. – STEEL SERVICE CENTER**” and its subsidiaries as at **31 December 2011** and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as such have been adopted by the European Union.

**Report on other Legal and Regulative issues**

- a) The Board of Directors' Management Report includes the corporate governance statement, which provides the information stipulated by paragraph 3d of article 43a of C.L. 2190/1920.
- b) We have verified the reconciliation and consistency of the contents of the Board of Directors' Management Report with the accompanying separate and consolidated financial statements, in the context of those defined by article 43a, 108 and 37 of C.L. 2190/1920.

Athens, March 28<sup>th</sup> 2012



The Certified Auditor Accountant  
IOANNIS TR. KARALIS  
Certified Auditor Reg. No. 10801

Chartered Auditors Accountants S.A. (SOL S.A.)  
a member of Crowe Horwath International  
3 Fokiono Negri Str, 11257 Athens Greece  
Certified Auditors Association Reg. No. 125

## 1. Statement of Financial Position

(Amounts in €)

	Note	GROUP		COMPANY	
		31.12.2011	31.12.2010	31.12.2011	31.12.2010
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Self-used tangible assets	5	53,501,050.68	55,463,292.02	42,951,024.38	44,374,224.23
Investment property	5,6	1,108,397.06	1,109,870.74	1,108,397.06	1,109,870.74
Intangible assets	5	61,951.63	106,485.11	33,943.43	70,524.51
Investment in associates, subsidiaries and joint ventures	2,3	20,000.00	25,000.00	8,901,750.00	8,906,750.00
Deferred Income Tax	15	825,271.15	1,566,172.32	307,887.11	1,154,184.79
Long term receivables	8	833,763.28	826,738.16	874,487.08	851,868.05
<b>Total Non Current Assets</b>		<b>56,350,433.80</b>	<b>59,097,558.35</b>	<b>54,177,489.06</b>	<b>56,467,422.32</b>
<b>Current Assets</b>					
Inventories	9	23,133,275.07	20,667,935.43	19,131,586.73	16,210,478.96
Customers	8	32,514,609.14	43,317,624.43	28,427,815.50	36,237,974.76
Other receivables	8,17	5,999,987.48	6,215,319.49	4,973,601.25	4,377,601.93
Cash and cash equivalents	11	26,043,475.79	27,978,722.86	23,472,317.76	27,026,777.82
Derivatives	10	17,267.58	12,966.86	12,599.93	6,684.45
<b>Total Current Assets</b>		<b>87,708,615.06</b>	<b>98,192,569.07</b>	<b>76,017,921.17</b>	<b>83,859,517.92</b>
<b>Total Assets</b>		<b>144,059,048.86</b>	<b>157,290,127.42</b>	<b>130,195,410.23</b>	<b>140,326,940.24</b>
<b>EQUITY</b>					
<b>Shareholders' equity</b>					
Share capital	12	18,648,000.00	18,648,000.00	18,648,000.00	18,648,000.00
Share premium	12	11,171,177.70	14,900,777.70	11,171,177.70	14,900,777.70
Other reserves	12	21,279,099.07	17,555,382.13	20,907,093.66	17,173,856.54
Retained earnings	12	25,982,937.26	29,673,271.14	26,989,207.44	29,202,085.47
Minority interest	12	0.00	0.00	0.00	0.00
<b>Total Equity</b>		<b>77,081,214.03</b>	<b>80,777,430.97</b>	<b>77,715,478.80</b>	<b>79,924,719.71</b>
<b>LIABILITIES</b>					
<b>Long-Term liabilities</b>					
Loans	14	8,108,389.35	31,256,172.91	6,000,036.00	27,000,000.00
Provisions for employee benefits	16	498,884.09	569,756.06	465,402.72	518,219.18
Grants (deferred income)	25	5,609,459.05	5,122,524.41	4,255,637.19	3,998,692.01
Other Long-term Liabilities	13	89,756.87	90,218.42	0.00	0.00
<b>Total Long-term Liabilities</b>		<b>14,306,489.36</b>	<b>37,038,671.80</b>	<b>10,721,075.91</b>	<b>31,516,911.19</b>
<b>Short-Term Liabilities</b>					
Suppliers		6,209,971.61	11,770,338.33	5,621,156.78	8,941,608.69
Other liabilities	13	977,508.11	729,913.47	741,969.84	622,820.16
Grants (deferred income)	25	275,038.54	279,398.63	203,118.06	215,756.48
Short-Term Loans	14	45,208,827.21	26,694,374.22	35,192,610.84	19,105,124.01
<b>Total Short-Term Liabilities</b>		<b>52,671,345.47</b>	<b>39,474,024.65</b>	<b>41,758,855.52</b>	<b>28,885,309.34</b>
<b>Total Liabilities</b>		<b>66,977,834.83</b>	<b>76,512,696.45</b>	<b>52,479,931.43</b>	<b>60,402,220.53</b>
<b>Total Equity and Liabilities</b>		<b>144,059,048.86</b>	<b>157,290,127.42</b>	<b>130,195,410.23</b>	<b>140,326,940.24</b>

## 2. Statement of Comprehensive Income

	GROUP		COMPANY		
(Amounts in €)	Note	1.1 – 31.12.11	1.1 – 31.12.10	1.1 – 31.12.11	1.1 – 31.12.10
Sales	18	84,043,017.47	90,507,776.63	70,816,823.72	74,526,185.69
Cost of sales	19	-75,747,028.94	-80,760,354.82	-63,643,280.38	-66,341,929.16
<b>Gross profit / (loss)</b>		<b>8,295,988.53</b>	<b>9,747,421.81</b>	<b>7,173,543.34</b>	<b>8,184,256.53</b>
Other income	19	1,454,384.50	1,766,678.81	1,441,648.23	1,706,619.94
Distribution expenses	19	-6,244,686.20	-7,157,450.95	-5,035,890.37	-5,698,413.81
Administration expenses	19	-3,621,677.52	-3,389,208.68	-3,143,510.89	-2,797,078.02
Other expenses	19	-976,064.56	-732,737.81	-674,994.39	-541,099.19
<b>Earnings / (losses) before interest and taxes (EBIT)</b>		<b>-1,092,055.25</b>	<b>234,703.18</b>	<b>-239,204.08</b>	<b>854,285.45</b>
Financial income	19	1,309,826.82	1,966,628.40	1,267,199.93	1,885,631.47
Financial cost	19	-3,152,537.96	-2,753,810.05	-2,394,576.20	-2,199,704.90
Dividends from Subsidiary Companies		0.00	0.00	0.00	0.00
<b>Earnings / (losses) before taxes (EBT)</b>		<b>-2,934,766.39</b>	<b>-552,478.47</b>	<b>-1,366,580.35</b>	<b>540,212.02</b>
Income Tax	19	-755,246.06	-69,818.96	-846,297.68	-283,198.21
<b>Earnings / (losses) after taxes (EAT) (a)</b>		<b>-3,690,012.45</b>	<b>-622,297.43</b>	<b>-2,212,878.03</b>	<b>257,013.81</b>
<b>Attributed to:</b>					
Shareholders of the parent		-3,690,012.45	-622,297.43	-2,212,878.03	257,013.81
Minority interest		0.00	0.00		
Other comprehensive income / (expenses) after taxes (b)	19	-6,204.49	-205,104.34	3,637.12	-204,518.06
<b>Total comprehensive income after taxes (a) + (b)</b>		<b>-3,696,216.94</b>	<b>-827,401.77</b>	<b>-2,209,240.91</b>	<b>52,495.75</b>
<b>Attributed to:</b>					
Shareholders of the parent		-3,696,216.94	-827,401.77	-2,209,240.91	52,495.75
Minority interest		0.00	0.00		
Earnings / (losses) after taxes per share – basic (in €)	20	-0.1979	-0.0334	-0.1187	0.0138
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>		<b>918,290.60</b>	<b>2,106,499.26</b>	<b>1,256,091.06</b>	<b>2,260,414.73</b>

### 3. *Statement of Changes in Equity*

#### (A) STATEMENT OF CHANGES IN GROUP'S EQUITY

	Corresponding to shareholders of the parent			Minority interest	Total Equity
	Share Capital & Share Premium	Reserves	Retained earnings		
<b>Balance on 1.1.2010</b>	<b>29,819,177.70</b>	<b>21,486,214.54</b>	<b>30,299,440.50</b>	<b>0.00</b>	<b>81,604,832.74</b>
Profit / (Loss) for the period	0.00	0.00	-622,297.43	0.00	-622,297.43
Result from hedging minus corresponding tax	0.00	-199,728.71	0.00	0.00	-199,728.71
Transfer of earnings to reserves	0.00	3,871.93	-3,871.93	0.00	0.00
Foreign exchange differences on consolidation	0.00	-5,375.63	0.00	0.00	-5,375.63
2009 dividend	0.00	-0.00	0.00	0.00	0.00
Share capital increase	3,729,600.00	-3,729,600.00	0.00	0.00	0.00
<b>Balance on 31.12.2010</b>	<b>33,548,777.70</b>	<b>17,555,382.13</b>	<b>29,673,271.14</b>	<b>0.00</b>	<b>80,777,430.97</b>
Profit / (Loss) for the period	0.00	0.00	-3,690,012.45	0.00	-3,690,012.45
Result from hedging minus corresponding tax	0.00	2,022.36	0.00	0.00	2,022.36
Transfer of earnings to reserves	0.00	321.43	-321.43	0.00	0.00
2010 dividend	0.00	0.00	0.00	0.00	0.00
Foreign exchange differences on consolidation	0.00	-8,226.85	0.00	0.00	-8,226.85
Transfer of reserves	-3,729,600.00	3,729,600.00	0.00	0.00	0.00
<b>Balance on 31.12.2011</b>	<b>29,819,177.70</b>	<b>21,279,099.07</b>	<b>25,982,937.26</b>	<b>0.00</b>	<b>77,081,214.03</b>

**(B) STATEMENT OF CHANGES IN COMPANY'S EQUITY**

	Corresponding to shareholders of the parent			Total Equity
	Share Capital & Share Premium	Reserves	Retained earnings	
<b>Balance on 1.1.2010</b>	<b>29,819,177.70</b>	<b>21,107,974.60</b>	<b>28,945,071.66</b>	<b>79,872,223.96</b>
Profit / (Loss) for the period	0.00	0.00	257,013.81	257,013.81
Result from hedging minus corresponding tax	0.00	-204,518.06	0.00	-204,518.06
Transfer of earnings to reserves	0.00	0.00	0.00	0.00
2009 dividend	0.00	0.00	0.00	0.00
Share capital increase	3,729,600.00	-3,729,600.00	0.00	0.00
<b>Balance on 31.12.2010</b>	<b>33,548,777.70</b>	<b>17,173,856.54</b>	<b>29,202,085.47</b>	<b>79,924,719.71</b>
Profit / (Loss) for the period	0.00	0.00	-2,212,878.03	-2,212,878.03
Result from hedging minus corresponding tax	0.00	3,637.12	0.00	3,637.12
Transfer of earnings to reserves	0.00	0.00	0.00	0.00
2010 dividend	0.00	0.00	0.00	0.00
Transfer of reserves	-3,729,600.00	3,729,600.00	0.00	0.00
<b>Balance on 31.12.2011</b>	<b>29,819,177.70</b>	<b>20,907,093.66</b>	<b>26,989,207.44</b>	<b>77,715,478.80</b>



## 4. Statement of Cash Flows

(Amounts in €)

	GROUP		COMPANY	
	1.1-31.12.2011	1.1-31.12.2010	1.1-31.12.2011	1.1-31.12.2010
<b>Operating Activities</b>				
Earnings before Tax (EBT)	-2,934,766.39	-552,478.47	-1,366,580.35	540,212.02
Plus / minus adjustments for:				
Depreciation & amortization	2,284,256.78	2,148,678.85	1,698,413.20	1,621,885.76
Depreciation of grants	-273,910.93	-276,882.77	-203,118.06	-215,756.48
Provisions	-70,871.98	-12,192.78	-52,816.46	-18,054.33
Foreign exchange differences	0.00	48,706.37	0.00	48,706.36
Results (income, expenses, profit and loss) from investment activity	-916,112.16	-1,311,450.02	-898,113.53	-1,296,235.96
Debit interest and related expenses	<u>3,152,537.96</u>	<u>2,753,810.05</u>	<u>2,394,576.20</u>	<u>2,199,704.90</u>
	1,241,133.28	2,798,191.23	1,572,361.00	2,880,462.27
Plus/minus adjustments for changes in working capital accounts or those related to operating activities				
Decrease / (increase) of inventories	-2,465,339.64	2,011,070.43	-2,921,107.77	2,435,854.56
Decrease / (increase) of receivables	11,232,796.01	2,045,286.72	7,411,842.73	2,075,552.95
(Decrease) / increase of liabilities (apart from banks)	-4,663,034.36	-3,492,058.32	-2,861,870.92	-4,298,723.17
Minus:				
Debit interest and related expenses paid	-3,291,689.65	-2,504,461.74	-2,507,053.37	-2,056,762.54
Taxes paid	-65,698.31	-78,343.67	-50,181.41	-42,662.92
<b>Total inflows/(outflows) from operating activities (a)</b>	<b>1,988,167.33</b>	<b>779,684.65</b>	<b>643,990.26</b>	<b>993,721.15</b>
<b>Investment Activities</b>				
Acquisition of subsidiaries, associates, joint ventures and other investments	0.00	-10,000.00	0.00	-10,000.00
Purchase – Sale of Securities	0.00	0.00	0.00	0.00
Purchase of tangible and intangible fixed assets	-334,601.72	-4,379,134.56	-285,133.00	-3,933,769.39
Proceeds from sales of tangible and intangible assets	0.00	56,750.00	0.00	55,000.00
Interest received	913,833.80	1,266,487.33	895,835.17	1,249,260.77
Dividends received	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total cash inflows/(outflows) from investment activities (b)</b>	<b>579,232.08</b>	<b>-3,065,897.23</b>	<b>610,702.17</b>	<b>-2,639,508.62</b>
<b>Financial Activities</b>				
Proceeds from share capital increase	0.00	0.00	0.00	0.00
Amounts collected from issued / received Loans	44,800,464.19	92,926,325.74	42,550,000.00	85,350,000.00
Loan repayments	-49,294,643.07	-79,592,999.61	-47,350,000.00	-72,999,714.84
Dividends Paid	-9,152.49	-4,543.63	-9,152.49	-4,543.63
<b>Total cash inflows/(outflows) from financial activities (c)</b>	<b>-4,503,331.37</b>	<b>13,328,782.50</b>	<b>-4,809,152.49</b>	<b>12,345,741.53</b>
Foreign exchange differences from cash flows	<b>684.89</b>		0.00	
<b>Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)</b>	<b>-1,935,247.07</b>	<b>11,042,569.92</b>	<b>-3,554,460.06</b>	<b>10,699,954.06</b>
Cash and cash equivalents at the beginning of the period	27,978,722.86	16,936,152.94	27,026,777.82	16,326,823.76
<b>Cash and cash equivalents at the end of the period</b>	<b>26,043,475.79</b>	<b>27,978,722.86</b>	<b>23,472,317.76</b>	<b>27,026,777.82</b>

## *Notes on the Financial Statements*

### *1. General information*

The Company "ELASTRON S.A.- STEEL SERVICE CENTERS" was founded in 1958 as a Limited Liability Company and in 1965 was converted to an S.A. Company. It has its headquarters in Aspropyrgos Municipality (Ag. Ioannou venue, Stefani) and it is registered with the Ministry of Development, General Secretariat of Commerce, Corporations and Credit Directorate, under S.A. Company Registration Number 7365/06/B/86/32.

The Company's main activity is the import, processing, and trade of steel, steel plates, iron and metal goods, and similar goods.

The Company's shares are listed and traded on the Athens Exchange since 1990.

The Company has no disputes in litigation or in arbitration, nor are there any decisions by judicial or arbitration bodies that may have a significant impact on its financial position situation or operation.

The Company's website is <http://www.elastron.gr>.

The financial statements of 31.12.2011 were approved by the Company's Board of Directors on 26/03/2012.

### *2. Significant accounting principles used by the Group*

#### **2.1 New standards, interpretations and amendments to existing standards**

##### **Standards and interpretations with mandatory effect during 2011**

The accounting principles, based on which the financial statements are prepared, are consistent with those followed for the preparation of the financial statements for 31.12.2010. Moreover, during 1.1.2011 the following standards and interpretations were adopted and unless stated otherwise, such did not have significant effects on the financial statements of the company and group.

- **I.A.S. 32 Financial Instruments: Presentation** (Presentation of Rights issues against a specific amount in foreign currency)

The amendment is introduced to allow the classification of rights issues against a specific amount in any currency (and always against a specific number of shares) as an equity instrument and not as a derivative. The main point is the specific amount in foreign currency and not the amount in the presentation currency, which may differ.

- **I.F.R.S. 1 First Implementation of I.F.R.S.** (Exemptions from Disclosure requirements of I.F.R.S. 7). The amendment to I.F.R.S. 1 provides and exemption, for those adopting the I.F.R.S. for the first time, from the additional disclosures of comparative data under I.F.R.S. The amendment is not applied by the group.

- **I.F.R.I.C. 19 Extinguishing Financial Liabilities with Equity Instruments.** The Interpretation concerns the accounting treatment of a partly or full settlement of a financial liability with equity instruments, namely in the case of a 'debt to equity swap'. The instruments that will be issued are the exchange paid to settle the financial liability. Such instruments must be measured at fair value during their issue. If the fair value of equity instruments that are issued cannot be reliably measured, then the equity instruments are measured at the fair value of the settled financial liability. The difference that will arise between the fair value of the exchange provided, namely the equity instruments, and the financial liability that is settled, is registered in the results.

**-I.A.S. 27 Consolidated and Separate Financial Statements.** The amendment clarifies that the amendments to I.A.S. 21, 28 and 31 that emanate from the 2008 revision of I.A.S. 27 must be applied in the future.

### **-I.F.R.S. 3 Business Combinations**

The contingent consideration received during a business combination prior to the application date of the 2008 revised I.F.R.S. 3, is not adjusted during the application date.

Guidance is provided for:

- Its subsequent accounting treatment,
- The measurement of the non-controlling interest,
- The accounting treatment of share based payments.
- 

### **-I.F.R.I.C. 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

The amendments are applied in limited cases, when the entity is subject to a minimum funding requirement and proceeds with a prepayment of contributions to cover such funding requirements. The amendments allow such an entity to handle the benefit from such a prepayment as an asset.

### **-I.A.S.1 Presentation of Financial Statements**

A reconciliation of other comprehensive income may be presented:

- Either in the statement of changes in equity.
- Or in the notes on the financial statements.

### **-I.A.S. 34 Interim Financial Reporting**

The required disclosures regarding significant events and transactions are presented, including changes relating to fair value measurements.

The need to update relevant information from the most recent annual financial report is defined.

### **-I.F.R.S. 7 Financial Instruments: Disclosures**

Clarifications are provided regarding disclosures required by the Standard. The definition of the term “fair value” is clarified, in the context of measurement of awards in customer loyalty programs.

**-Revision of IAS 24 (Amendment) Related Party Disclosures.** The present amendment attempts to reduce the disclosures of transactions between government-related entities and to clarify the definition of a related party.

**-I.F.R.I.C. 19 Extinguishing Financial Liabilities with Equity Instruments.** IFRIC 19 examines the issue of accounting treatment of cases where the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. Such transactions are sometimes referred to as ‘debt to equity swaps’ or equity swaps.

**Standards, amendments and interpretations to existing standards that are either not yet in effect or have not yet been endorsed by the E.U.**

### **-I.F.R.S. 7 Financial Instruments: Disclosures**

The amendment will allow users of financial statements to better understand transactions of transferred financial assets (i.e. securitizations), including understanding the possible effects of any risks that may remain to the entity which has transferred its assets.

This amendment requires additional disclosures if a disproportionately large part of the transfer transaction has taken place towards the end of a reporting period. It is applied for annual accounting periods beginning on or after 1 July 2011.

**-IAS 12 (Amendment) Deferred tax: Recovery of underlying assets.** IAS 12 requires an entity to measure deferred taxation related to a fixed asset based on whether the entity expects the recovery of the carrying amount from the use or sale of the asset. It is applied for annual accounting periods beginning on or after 1 January 2012.

**-IFRS 9 Financial instruments (Phase 1).** IFRS 9 is the first phase of the overall project to replace IAS 39. Phase 1 introduces new requirements for the classification and measurement of financial assets. In the next phases, the IASB intends to extend IFRS 9 in order to include the methodology for impairment and hedge accounting. Applied for annual accounting periods beginning on or after 1 January 2015.

**-IAS 19 (Amendment) “Employee Benefits”** (applied for annual accounting periods beginning on or after 1 January 2013). The amendment repeals the option that allowed an entity to defer several gains and losses that resulted pension plans (defined benefit plans) (“corridor method”). Companies must now report such changes when they occur. Therefore the entities must include any deficit or surplus of a pension plan in the statement of financial position. Also, the amendment requires entities to include the service cost and financial cost in the results and the re-measurements in other comprehensive income.

**-IFRS 13 “Fair Value Measurement”** (applied for annual accounting periods beginning on or after 1 January 2013). IFRS 13 provides new guidance on the measurement of fair value and the required disclosures.

**-IFRS 10 Consolidated Financial Statements.** The new standard is applied for annual accounting period beginning on or after 1 January 2013. The Standard sets the principles for the presentation and preparation of consolidated financial statements, when an entity controls one or more other entities. The Standard is supported in the existing principles, defining control as the definitive factor for whether an entity must be included in the consolidated financial statements of the parent company. Also, it provide additional guidance to assist in defining control, when such is difficult to be assessed.

**-IFRS 11 “Joint Arrangements”** The new standard is applied for annual accounting periods beginning on or after 1 January 2013. The Standard includes a more realistic presentation of joint arrangements that focuses on the rights and obligations of the arrangement, despite their legal form (as currently). The standard repeals the different approaches to reporting joint arrangements through one accounting method (the equity method) of participations in jointly controlled entities.

**-IFRS 12 “Disclosure of interests in other entities”** This amendment is applied for annual accounting periods beginning on or after 1 January 2013. This is a new and complete standard relating to disclosure requirements for all forms of interests in other entities, including subsidiaries, joint ventures, related companies and non-consolidated companies.

**-IAS 27 Separate Financial Statements (amendment).** This amendment is applied for annual accounting periods beginning on or after 1 January 2013. In the context of the issues of new standards IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, and IFRS 12 “Disclosure of Interests in Other Entities”, the I.A.S.B. amended IAS 27, which now includes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the entity prepares separate financial statements. The Standard requires that the entity preparing separate financial statements must account for the investments at cost or according to IFRS 9 “Financial Instruments”.

**-IAS 28 Investments in Associates and Joint Ventures (amendment).** This amendment is applied for annual accounting periods beginning on or after 1 January 2013. The standard was amended in order to define the accounting treatment of investments in associates and to present the requirements for the application of the equity method during the accounting of investments in associates and joint ventures.

**-I.F.R.I.C. 20: Stripping costs in the production phase of a surface mine.** Applied for annual accounting periods beginning on or after 1 January 2013.

**-IAS 1: (Amendment) Presentation of financial statements.** Applied for annual accounting periods beginning on or after 1 July 2012.

**IAS 32: (Amendment) Financial instruments: Presentation.** Applied for annual accounting periods beginning on or after 1 January 2014.

## 2.2 Basis for preparation of the financial statements

ELASTRON S.A Company and Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations, as such have been adopted by the European Union. The transition date of the Group to IFRS was set as January 1<sup>st</sup> 2004, during which the Opening Balance Sheet was prepared.

The above statements are based on the financial statements prepared by the Company and Group in accordance with Greek Trade Law, with the appropriate off-balance sheet adjustments made in order to comply with the IFRS, and they have been prepared according to the historic cost principle (tangible assets, land-plots, buildings – building facilities were valued at fair value during the transition date) except for financial derivatives that are valued at fair value.

The preparation of the financial statements in accordance with generally accepted accounting principles requires the use of evaluations and assumptions that affect the balances of asset and liabilities accounts, the disclosure of contingent receivables and payables on the preparation date of the financial statements, as well as the reported income during the financial periods in question. Even though these specific evaluations are based on the Management's (the Group's) best knowledge, the actual results may eventually differ from such estimates.

## 2.3 Consolidation

The consolidated financial statements consist of the financial statements of the parent Company ELASTRON S.A. and the other Group companies, which are the following:

	<b>DOMICILE</b>	<b>BUSINESS ACTIVITY</b>	<b>PARTICIPATION STAKE</b>	<b>PARTICIPATION COST</b>	<b>CONSOLIDATION METHOD</b>
TATA ELASTRON S.A. STEEL PROCESSING CENTER	Thessalonica	Processing-distribution and sale of steel and steel related products	50.00% (Joint Venture)	5,000,000.00	Proportional
CORUS – KALPINIS – SIMOS S.A. COATING MATERIALS	Aspropyrgos Attica	Manufacturing of metal polyurethane panels	50.00% (Joint Venture)	3,081,750.00	Proportional
BALKAN IRON GROUP S.R.L.	Bucharest Romania	Processing-distribution and sale of steel and steel related products	33.33% (Joint Venture)	800,000.00	Proportional

Cross-company transactions, balances and unrealized profit from transactions between the companies of the Group are written-off. The unrealized losses are also written-off, unless the transaction provides indications of impairment of the transferred asset. During the acquisition of a company, the assets, liabilities as well as contingent obligations acquired are estimated at fair value on the acquisition date. The acquisition cost, by the amount that exceeds the fair value of the acquired net assets (assets – liabilities – contingent obligations), is recorded as goodwill in the financial year when the acquisition took place.

In the event that the acquisition cost is less than the above fair value, the difference is recorded in the results of the financial year when the acquisition took place. Minority interest is recorded according to its proportion on fair value. In subsequent financial years, any losses are proportionally distributed to the minority, in addition to minority interest.

The results of the acquired or sold subsidiaries within the financial year are included in the consolidated statement of comprehensive income from or until the date of acquisition or sale, respectively. The accounting principles of the Group's companies have been amended so as to conform to those adopted by the Group. The participation of the above companies in the ELASTRON S.A. Company financial statements is measured at acquisition cost, minus any provision for impairment of their value.

The participations in subsidiaries and associates that are not included in the consolidated statement of financial position, concern the following entities:

- A subsidiary of ELASTRON S.A. in Bulgaria under the trade name KALPINIS – SIMOS BULGARIA E.O.O.D., based in Sofia. The participation in the aforementioned company stands at 100%. Its total assets amount to €701 thousand and the participation value is worth €10.000.00. The company has no turnover. The company was not consolidated due to negligible interest in relation to the scope of Article 100, paragraph 3 of L. 2190/20.
- A subsidiary of ELASTRON S.A. in Serbia under the trade name ELASTRON SERBIA DOO, based in Belgrade. The participation in the aforementioned company stands at 100%. Its total assets amount to €20 thousand and the participation value is worth €10 thousand. The company has no turnover. The company was not consolidated due to negligible interest in relation to the scope of Article 100, paragraph 3 of L. 2190/20.

## 2.4 Foreign Exchange translations

The reference currency of the Group is the Euro and therefore the financial statements are presented in Euro (€). Transactions in foreign currency are translated to Euro using the applicable exchange rates on the date of the transactions. Receivables and liabilities in foreign currency on the date the financial statements were prepared are adjusted so as to reflect the exchange rates prevailing during the preparation date. The profits and losses that arise from such transactions are recorded in the results.

The operating currency of foreign subsidiaries is the official currency of the country where each respective company operates. As regards to foreign subsidiaries which operate in a country with a currency other than the Euro, all balance sheet figures of such during the preparation of the Financial Statements, are translated to Euro using the spot exchange rate as at the financial statements date, while the revenues and expenses are translated using the average exchange rate during the reporting period. The cumulative difference that results from the aforementioned conversion is registered directly in equity until the sale, write-off or non-recognition of a subsidiary, in which case such are transferred to the results.

## 2.5 Consolidated Financial Statements

### (a) Subsidiaries

Subsidiaries are companies over which the parent Company exercises control. The subsidiaries are fully consolidated using the full consolidation method from the date whereupon control over them is acquired and they stop being consolidated from the date upon which such control ceases to exist. The inter-company balances between the Group's companies, transactions between the Group's companies, as well as the unrealized profits are fully written-off in the consolidated financial statements. The consolidated financial statements are prepared using the same accounting principles, while necessary adjustments are made whenever deemed necessary. Investments in subsidiaries are registered at acquisition cost minus any impairment.

### (b) Related – Associate Companies

Associated companies are those over which the parent Company exercises substantial influence and which are not considered subsidiaries or joint ventures. In general, ownership of 20% to 50% of voting rights indicates the existence of substantial influence. Investments in related companies are accounted for using the net equity method and are initially registered at acquisition cost.

### (c) Joint Ventures (Entities under joint control)

The entity under joint control is a joint venture that consists of the incorporation of a Company in which each participant receives a share. It operates like any other entity except that there is a contractual arrangement between the participants that determines the joint control of the entity's financial activities. The Company consolidates its stake in joint ventures using the proportional consolidation method.

## 2.6 Tangible Fixed Assets

Tangible assets are recorded in the financial statements at their acquisition cost (historical cost) minus accumulated depreciation and any impairment in value. The acquisition cost of land plots and buildings/building installations was determined on the transition date to market value. The Group assigned the appraisal of its properties to an independent appraiser in order to record such at fair value on the transition date. The acquisition cost includes all the expenses directly attributable to the acquisition of the assets. Subsequent additions and improvements are recorded as an increase in the cost of related assets, given that such increase the useful life or production capacity of the asset or decrease its operating cost. Repairs and maintenance are recorded as expenses in the period during which such were carried out.

Depreciation of tangible assets (apart from land plots, which are not depreciated) is calculated based on the straight-line method over their estimated useful life. The estimated useful life per class of fixed assets is as follows:

Buildings/ Building Installations etc.	10 – 30 years
Mechanical Equipment etc.	10 – 30 years
Vehicles	10 – 20 years
Other Equipment	3.3 – 15 years

When the book value of tangible assets exceeds their recoverable value, the difference (impairment) is recorded as an expense in the results. The related cost and accumulated depreciations of assets that are sold or withdrawn are written off from the corresponding accounts at the time of withdrawal or sale, and corresponding profits or losses are recorded in the period's results.

### Installation Expenses

The depreciation of multi-year costs that did not meet the IAS recognition criteria have been written off. Asset acquisition expenses that were included in the depreciation of multi-year costs were transferred to an increase in the acquisition cost of property. The asset expenses that were transferred to an increase in acquisition cost of property on 31.12.2011 are 1,025,614.41 € for the Group and 1,025,614.41 € for the Company.

## 2.7 Intangible Assets

Intangible assets include software, which is valued at acquisition cost minus amortization. The amortization is estimated using the straight line method throughout the useful life of such assets, which is approximately 3.3 years. Expenses generated from the development and maintenance of software are acknowledged as expenses when they are incurred.

## 2.8 Investment property

Investments property corresponds to property (land plots or buildings or part of a building or both) that are owned (by the owner or by the lessee with financial leasing) in order to yield rents or an increase in their value or both, and not for:

- Use in production (plants) or procurement of goods (warehouses) or for administrative purposes (office buildings);
- Sale in the regular course of the Company's business.

Investments property is valued according to the acquisition cost method (in the exact manner as operational property) and are recorded in the balance sheet at acquisition cost minus accumulated amortization and accumulated impairment losses.

## **2.9 Non-current assets held for sale and discontinued operations**

The aim of the present IFRS 5 is to determine the accounting treatment of the assets being held for sale and the presentation and disclosure of discontinued operations. Specifically, the present IFRS requires:

- a) assets that fulfill the classification criteria of being held for sale should be valued at the lowest value between the book value and the fair market value minus the sales cost, while the amortization of these assets should cease, and
- b) the assets that fulfill the classification criteria of being held for sale should be separately presented in the statement of financial position and the results of the discontinued operations should be separately presented in the results.

## **2.10 Impairment review of tangible and intangible assets**

Assets that are depreciated are subject to an impairment review when there are indications that their book value is not recoverable. Recoverable value is the larger value between the net sale value (selling price less selling expenses) and value in use. Loss due to impairment of assets is recognized when the book value of these items or the cash-flow generating units is greater than their recoverable amount.

## **2.11 Segment reporting**

IFRS 8 which replaces IAS 14, adopts the approach of presenting segment information, based on the manner in which such is presented internally to those that make decisions for the allocation of resources and the audit of the effectiveness of the company's operations. The segments constitute parts of an entity that are reviewed regularly by the entity's CEO / Board of Directors and are presented in the financial statements according to this internal categorization.

A business segment is defined as a group of assets and operations which include products and services that are subject to different risks and returns than those of other business segments. A geographic segment is defined as a geographic area where products and services are provided and which is subject to different risks and returns than other areas.

## **2.12 Borrowing Cost**

The underwriting, legal, and other direct costs incurred related to the issue of a loan, readjust the borrowing amount recorded in the Results based on the effective interest rate method for the duration of the loan agreement. The borrowing costs are recorded in the results on the date they are incurred. The amount of the borrowing cost that corresponds to the construction period of tangible fixed assets is recognized as an increase to the latter's value.

## **2.13 Financial Assets**

- (a) Financial Assets measured at fair value with changes recorded in the results

Such concern financial assets that meet any of the following criteria:

- Financial assets held for commercial purposes (including derivatives, excluding those that are specified and effective as hedging instruments), are those acquired or created with the intent of sale or re-purchase, and finally those that are part of a portfolio of recognized financial instruments that are managed with the objective to create profit.
- Upon initial recognition, the company specifies the asset as measured at fair value by recording the changes in the results.
- On the Group's Balance Sheet, the transactions and fair value measurements of derivatives are recorded in separate accounts of the Assets and Liabilities under the title "Financial Derivatives." Fair value changes of derivatives are recorded in the results.

- (b) Financial Derivatives and Hedging Instruments



The Group uses financial derivatives such as forward foreign exchange contracts. Derivatives are valued at fair value during the reference date. For purposes of hedge accounting, the hedges are classified as cash flow hedges when used to hedge the volatility of cash flows in relation to a recognized asset or liability, or in relation to a very possible commitment.

The overall hedged portion of the profit – loss in a measurement of derivatives, is recognized and recorded directly in equity if such is a cash flow hedge, while the non-effective portion is recorded in the results.

Amounts recorded as an equity reserve are transferred to the results in the period when the hedged item affects the profit or losses.

In cases of hedged of estimated future transactions, which lead to the recognition of a non-monetary item (inventory etc) or liability, then the profit or losses that had been recorded in equity are transferred to the acquisition cost of the resulting non-financial assets.

#### (c) Investment held until maturity

This category includes non-derivative financial assets with fixed or pre-defined payments and a specific maturity, which the Group has the intent and ability to hold until maturity.

#### (d) Financial assets available for sale

Such include non-derivative financial assets that cannot be included in any of the above categories. They are included in the non-current assets, provided that management does not intend to liquidate them within a 12-month period from the Balance Sheet date.

The purchase and sales of investments are recorded on the date of the transaction, which is the date that the Group commits itself to purchase or sell the asset. The investments are initially accounted for at fair value increased by the direct expenses ascribed to the transaction, with the exception as regards to the direct expenses ascribed to the transaction, for those assets that are measured at fair value with changes recorded in the results. Investments are written-off when the right to the cash flows from investments ceases to exist and the Group has transferred all the risks and rewards that the emanate from ownership. The financial assets available for sale are valued at fair value, while the profit or losses that may arise are recorded in the equity reserves until such assets are sold or designated as impaired. During the sale or when designated as impaired, the profit or losses are transferred to the results.

The fair values of financial assets that are traded on active markets are determined by their market prices. For the non-traded assets, the fair values are determined using valuation techniques, such as discounted future cash flows and option valuation models.

On each balance sheet date, the Group must proceed with estimations on whether its financial assets have been subject to impairment. For equity instruments, which have been classified as financial assets available for sale, such an indication constitutes a significant reduction to their fair value compared to their acquisition cost. If there is impairment, the cumulative loss in equity is transferred to the results. Impairment losses from equity instruments that have been registered in the results are not reversed through results.

#### (e) Recognition, write-off, definition of fair values

The purchase and sales of investments are recognized on the date of the transaction, which is the date that the Group commits itself to purchase or sell the asset. Investments are initially recognized at fair value plus the expenses directly attributed to the transaction, with the exception as regards to those expenses directly attributed to the transaction, for items that are valued at fair value with changes in the results.

The investments are written-off when the right to the cash flows from investments expires or is transferred and the Group has essentially transferred all the risks and rewards emanating from ownership.

The realized and unrealized profit or losses arising from changes in fair values of the financial assets measured at fair value with changes in the results are recorded in the results during the period in which such arise.

The fair values of the financial assets that are traded on active markets are determined by the current bid prices. For non-traded assets, fair values are determined using evaluation techniques such as the analysis of recent transactions, comparative assets traded, and discounted cash flows. The equity

instruments, non-traded in an active market, that have been classified under the category Financial Assets Available For Sale and the fair value of which cannot be determined in a reliable way, are valued at acquisition cost.

#### (f) Impairment of financial assets

On every balance sheet date, the Group estimates whether there is objective evidence leading to the conclusion that the financial assets have been subject to impairment. For shares of companies classified as financial assets available for sale, such an indication consists of the significant or extended drop of their fair value in relation to their acquisition cost. If impairment is substantiated, the accumulated loss to equity, namely the difference between acquisition cost and fair value, is transferred to the results.

### 2.14 Inventories

Inventories are measured at the lower value between acquisition or production cost and their net liquidation value.

The cost is determined by the weighted average cost method and includes expenses for acquiring the inventories or expenses for their production and the expenses for transporting them to their storage location. Borrowing cost is not included in the acquisition cost of inventories.

The net liquidation value is estimated based on the current selling price of inventories in the context of normal activity, minus the given distribution cost, where applicable.

### 2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits.

### 2.16 Share capital and reserves

Share capital includes common registered shares of the company and reserves from the issue of shares above par (share premium). Expenses that were made for the issue of shares are recorded following the deduction of the relevant income tax, minus the issue product, in the share premium. The costs realized on the issue of shares, appear after deducting the related income tax in reduction of the issue proceeds, in the share premium.

We highlight the fact that the company's Ordinary General Meeting on 29.06.2006 decided on the conversion of its shares from bearer to registered. The conversion process for the shares was completed on 8.9.2006, at which time the new registered shares began trading on the Athens Exchange.

### 2.17 Loans

Loans are initially recorded at fair value minus by any direct costs for the implementation of the transaction. They are subsequently measured at the net book cost, using the effective interest rate method. Loans for which the Company is entitled to defer repayment for more than 12 months are considered long term.

### 2.18 Income Tax – Deferred Income Tax

The burden of the financial year with income tax includes current taxes and deferred taxes, namely taxes or tax deductions related to the economic benefits arising in the current period but which have already been accounted for or will be accounted for by the tax authorities in different periods.

Deferred tax is calculated upon all the temporary differences of the balance sheet (the difference between the book value of each asset and its corresponding recognized tax value).

Concerning readjustment for non-depreciated fixed assets (sports fields, etc.) at their fair value, the deferred tax is calculated upon their liquidation (selling) value.

The cost of deferred taxes burdens the results of the financial year in which such are accounted. However, in the event that the temporary differences have been recorded in equity, the corresponding deferred tax is directly recorded in equity.

Deferred tax is not recorded for a tax liability that may be created solely pursuant to a decision made by the Company.

Deferred tax assets and liabilities are valued based on the expected tax rates to be applied during the fiscal period when the asset or liability will be settled, after considering the tax rates (and tax laws) in effect up to the Balance Sheet date. In case where the reversal time of the temporary differences cannot be determined, the tax rate to be applied is the tax rate in effect as of the date following the Balance Sheet date.

The recording of an asset for deferred income tax occurs only when there is certainty that the Company will achieve profits in the future, in order to offset the present asset with the future tax liability.

The loss during a financial year (or period) that is carried forward to the next financial year (or period) in order to offset the taxable profits of a following financial year (or period) contains a tax asset equal to the income tax that will be to the benefit of the Company in the next financial year (or period) in which the offsetting will occur. This asset is recorded when it is deemed certain that the Company will achieve profits in the future in order for it to be possible to offset the liability.

When there is a change in tax legislation, the tax liabilities and assets recorded in the books are adjusted accordingly. The adjustment differences are accounted for in the financial year results.

## **2.19 Employee benefits**

### (a) Short-Term Benefits:

Short-term employee benefits in cash and in goods are recorded as expenses when such become accrued.

### b) Liabilities for staff retirement indemnities

Liabilities for staff retirement indemnities are calculated at the discounted value of future benefits at the end of each year, recognizing the benefit rights of employees during the employment period. Such liabilities are calculated annually by an independent actuary, using the projected unit credit method. The financial year's net retirement costs include the present value of the benefits accrued during the financial year, the actuarial profit and losses, as well as the interest on the benefit liabilities and are included in the statement of comprehensive income of the company and of the Group.

## **2.20 Provisions**

Conditions for recording provisions:

- Legal Commitment

Contract, Legislation, or other application of the Law.

- or Constructive Obligation

This is an obligation that arises from past Company practice, published practices or a specific public statement.

- Reliable estimate of the amount
- Arises from past events (present obligation)
- Possible outflow of economic resources is possible from the settlement of the obligation.

The conditions for registration of provisions must apply cumulatively. A provision shall only be registered where the obligation exists, regardless of future Company actions. Where the Company can avoid the expense, no obligation exists and no provision is registered. A Board decision does not suffice for the registration of a provision, since the Board may revoke its decision. A provision may also represent future expenses necessary for the acquisition of future economic benefits. In these cases, the amount of the provision is capitalized as an asset.

Provisions are reviewed at the end of each period and are adjusted in order to reflect the best possible estimates and, where necessary, are discounted at a pre-tax discount rate.

## 2.21 Recognition of income

Income includes the fair value of sales of goods and the provision of services, net of VAT, discounts and refunds and are accounted for only when the economic benefits associated with the transaction shall be received by the Company.

Inter-Company income within the Group is written-off entirely.

Income recognition is carried out as follows:

### (a) Income from sale of goods

Sales of goods are recognized when the Group has transferred the material risks and benefits arising from ownership of the goods to the buyer and the receivable amount can be reliably valued and its collection is reasonably assured.

### (b) Income from provision of services

Income from the provision of services is calculated based on the service's completion stage with regard to its estimated total cost.

### (c) Interest income

Interest income is recorded based on the time proportion (accrual principle) and by employing the effective interest rate.

### (d) Income from dividends

Dividends are recognized as income when the shareholders' right to collect them has been established (that is, after their approval by the General Meeting).

## 2.22 Leases

Leases where risks and benefits of ownership are transferred from the lessor to the lessee are classified as financial leases, regardless of whether the ownership is eventually transferred or not. In this case, the fixed asset and liability are recorded at the lowest of the present value of minimum benefits guaranteed by the lessor or the fair value of the asset. Financial lease payments include the amount of principal and the financial expense. The financial expense should be allocated in the results so as to provide a fixed rate on the balance of the liability.

A lease is classified as financial or operating based on the essence of the transaction and not the type of contract.

If it arises from the lease agreement that all the benefits and risks derived from the ownership of the asset substantially remain with the lessor, then it is classified as an operating lease. The lease payments of an operating lease are registered as an expense in the results on a regular basis during the lease period.

## 2.23 Dividend distribution

Distribution of dividends to the parent Company's shareholders is recorded as a liability in the financial statements when distribution is approved by the shareholders' General Meeting.

## **2.24 Government Grants**

Government grants are initially recognized in the Balance Sheet as deferred income, when the collection of the grant is fairly certain and the Group is expected to comply with all required conditions. Grants that concern the Group's expenses are recognized as other operating income on a regular base in periods when the respective expenses are recognized. Grants that concern the acquisition cost of the Group's assets are recognized as other operating income on a regular base according to the useful life of the corresponding assets.

## **2.25 Earnings per share**

Basic earnings per share are calculated by dividing the net earnings after taxes with the weighted average number of shares during each financial year.

## **2.26 Long-term Receivables / Liabilities**

Long term receivables and liabilities, which are without interest or bear an interest lower than the given market rates, appear at their net present value. The discount differences are presented as financial income / expenses in the Results of the given year in which they occur.

## **2.27 Related parties**

Transactions and balances with related parties appear separately in the Financial Statements. Such related parties basically concern the major shareholders and the Management of a business and/or its subsidiary companies, companies with a joint ownership status and/or Management with the business and the consolidated subsidiaries or subsidiaries of these companies.

## **2.28 Capital management**

It is the Group's policy to maintain a strong capital base in order to retain investors' and creditors' confidence and so that its future development will be supported. Management monitors equity, which it considers aggregately, with the exception of minority interest, so that the debt equity ratio (except for Company deposits) will amount to less than between 2 and 2.5 to 1.

In accordance with Codified Law 2190/1920, regarding société anonymes (SAs), limitations are imposed in relation to equity, as follows:

The acquisition of treasury shares, with the exception of acquisition with the intent of distribution to employees, cannot exceed 10% of the paid share capital and cannot result in the decrease of equity to an amount less than the amount of the share capital augmented by the reserves for which distribution is prohibited by Law.

In the event where the company's total equity amounts to less than ½ of share capital, the Board of Directors is obligated to convene a General Meeting, within a period of six months from the end of the financial year, which will decide on the dissolution of the Company or the adoption of another measure.

When the Company's total equity reaches below 1/10 of the share capital and the General Meeting does not take the appropriate measures, the Company may be dissolved by a court decision following a claim by anyone with a lawful interest.

At least 1/20 of net earnings are deducted annually in order to form a statutory reserve, which is used exclusively to counterbalance, before any dividend distribution, any debit balance of the retained earnings account. The formation of this reserve is rendered optional when its amount reaches 1/3 of share capital. The payment of annual dividends to shareholders in cash, to an amount at least 35% of net earnings, after the deduction of the statutory reserve and the net result from the measurement of assets and liabilities at fair value, is mandatory. This is not applicable if decided by a General Shareholders' Meeting by a majority of at least 65% of the fully paid share capital.

In this case, the non-distributed dividend of up to at least 35% of the above net earnings is recorded in a special reserve for capitalization account, within four years with the issue of new shares that are offered at no charge to the entitled shareholders.

Finally, with a majority of at least 70% of the fully paid share capital, the General Meeting of shareholders may decide on the non-distribution of dividend.

The company complies fully with the relevant provisions imposed by law in relation to equity.

### **3. *Financial risk management***

#### **RISKS AND UNCERTAINTIES**

The Group is exposed to the following financial risks within the scope of its basic activity:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The Group's risk management policy is focused on the volatility of financial markets with the objective of minimizing the factors that may negatively affect its financial performance.

The risk management policies are applied in order to recognize and analyze risks which the Group faces, to set limits on risks assumed and to apply controls to such limits. The systems and policies applied are periodically reviewed to incorporate changes observed in market conditions and the Group's activities.

The risk management is performed by the Company's Finance Department, in cooperation with the Group's other departments and according to the guidelines and approvals of the Company's Board of Directors.

Adherence to risk management policies and procedures is controlled by the Internal Audit Department, which performs ordinary and extraordinary audits on the application of procedures, the findings of which are disclosed to the Board of Directors.

#### **1) Credit risk**

Due to the great dispersion of its clientele (no client exceeds 5% of total sales), the Group does not have a significant concentration of credit risk. Based on the credit policy approved by the Company's Board of Directors, which is applied throughout the Group, all new clients are examined on an individual basis in terms of their creditworthiness prior to the proposal of the standard payment terms. Credit limits are set for each client; these are reviewed depending on ongoing conditions and, if necessary, the sales and collection terms are adjusted. As a rule, customer credit limits are determined on the basis of the insurance limits set for them by the insurance companies. While monitoring credit risk of customers, such are grouped according to their credit profile, the maturity of their receivables and any prior collection problems that may have emerged. Clients and other receivables mainly include the Group's wholesale clients. Clients characterized as "high risk" are placed in a special client list and future sales are to be pre-collected and approved by the Board of Directors. The Group's management makes impairment provisions which reflect its estimation on losses related to clients and other receivables. This provision mainly consists of impairment loss of specific receivables which are estimated on the basis of given conditions that such will be collected, but have not yet been finalized.

The amount of the impairment loss is estimated as the difference between the book value of receivables and the present value of estimated future cash flows, discounted by the initial effective interest rate. The impairment loss amount is accounted for as an expense in the results. Receivables which are assessed as bad debts are written off.

The credit risk is limited to 20% of the total trade receivables, on the basis of the Group's insurance policies. The margin of this risk is limited even further as tangible or other guarantees (such as letters of guarantee) are requested wherever deemed necessary.

#### **2) Liquidity risk**

Liquidity risk is the risk that the Group might be unable to meet its financial liabilities when these become due. The approach adopted by the Group to manage liquidity is to secure the necessary cash and sufficient credit limits from the banks with which it cooperates, so that there is sufficient liquidity to pay for its liabilities when such become due, under standard as well as strenuous conditions without incurring unacceptable loss or risking its reputation. In order to prevent liquidity risks, the Group makes provision for cash flows for the fiscal year when preparing its annual budget and a monthly rolling three-month provision so as to secure that it has the necessary cash to meet its operating needs, including its

financial liabilities. This policy does not take into account the impact of extreme conditions, which cannot be foreseen. It is, however, emphasized that there is no security-guarantee for the total amount of loan liabilities to banks, which proves the Group's high creditworthiness.

The following table presents an analysis of the Company's and Group's liabilities, based on their expiration and remaining duration as at 31.12.2011.

**Company:**

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	35,192,610.84	6,000,036.00	41,192,646.84
Suppliers & other liabilities	6,566,244.68	4,721,039.91	11,287,284.59
<b>Total liabilities</b>	<b>41,758,855.52</b>	<b>10,721,075.91</b>	<b>52,479,931.43</b>

**Group:**

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	45,208,827.21	8,108,389.35	53,317,216.56
Suppliers & other liabilities	7,462,518.26	6,198,100.01	13,660,618.27
<b>Total liabilities</b>	<b>52,671,345.47</b>	<b>14,306,489.36</b>	<b>66,977,834.83</b>

On 31.12.2011 the Company and Group maintained cash & cash equivalents amounting to 23.47 mil and 26.04 mil respectively.

### 3) Market risk

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of change in the foreign exchange rates that the Group conducts transactions in and the risk of change in interest rates that the Group borrows at and which can affect the Group's results. The purpose of risk management against market conditions is to control the Group's exposure to those risks, within the context of acceptable parameters while at the same time optimizing performance.

➤ **Metal (iron, steel, etc.) Raw Material Price Volatility Risk**

The Group conducts its purchases mainly in the global steel market under normal market terms. Each change in the market price of raw materials is discounted for in the sales price, resulting in changes in the Group's profit margin during periods of big price fluctuations for raw materials in the world market. More specifically, in periods during which prices follow an upward trend, the Group's margins improve, as the upward trend is transferred to the sales prices. Accordingly, when raw material prices follow a declining trend, the Group's margins decrease.

The Group does not apply hedging to cover its basic operating reserve, which means that any increase/decrease of metal prices may affect its results accordingly through depreciation or appreciation of inventories.

➤ **Foreign exchange risk**

The Group is exposed to foreign exchange risk from the purchase of inventories it makes in a currency other than the operating currency of the Group's companies, which is the Euro. The currency in which such transactions are made is the US Dollar and, in order to limit foreign exchange risk, it purchases foreign currency in advance. The Group's borrowings are euro denominated in their entirety while there are no receivables denominated in foreign currency.

Foreign currency has been purchased in advance for an equal amount of the Group's total liabilities in foreign currency on 31.12.2011 and has been accounted for. As a result, there is no foreign exchange risk from the change in the dollar exchange rate.

An appreciation of the EURO by 10% against the USD or RON on 31 December, would affect equity and the results by the following amounts:

	31.12.2011		31.12.2010	
	EQUITY	RESULTS	EQUITY	RESULTS
USD	-6,184.60	-6,184.60	-349,881.24	-4,260.69
RON	-68,420.57	-9,997.57	-81,592.23	-19,735.81

Respectively, a depreciation of the EURO by 10% against the USD or RON on 31 December, would result in an exactly reversed effect of above.

#### ➤ Interest rate risk

Interest rate risk arises mainly from long-term and short-term bank loans in € at a floating rate.

The Group finances its investments, as well as its need for working capital, through self-funding, bank loans and bond loans and as a result is burdened by interest expenses. Increasing trends in interest rates shall negatively affect results, as the Group incurs the additional borrowing cost.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate (Euribor) would be 1% higher/lower on average during financial year 2011:

(Amounts in million)	Loans 31.12.2011	Effect on results before tax ( + / - )
Group	53.3	0.5
Company	41.2	0.4

This would occur due to the higher/lower financial cost of bank borrowing with a floating rate in €

A smaller effect on cash flows results from income on term deposits in €

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate on term deposits would be 1% higher/lower on average during financial year 2011:

(Amounts in million)	Site and term deposits 31.12.2011	Effect on results before tax ( + / - )
Group	26.0	0.3
Company	23.5	0.2

This would occur due to the higher/lower financial income from term deposits.

## 4. Significant accounting estimations and judgments by management

The Group proceeds with estimates and assumptions regarding the progress of future events. Estimates and assumptions that entail significant risk of causing material adjustments to the book values of assets and liabilities within the coming 12 months are as follows:

#### Income Taxes

There are several transactions and calculations for which the final determination of tax is uncertain. On 31.12.2011 the Company and the Group have made a provision for accounting periods unaudited by the tax authorities amounting to € 500 thousand and € 532.5 thousand respectively.



## 5. Analysis of tangible fixed assets

The Group's fixed assets are analyzed as follows:

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property	Total
Book value	33,870,451.95	28,637,194.41	1,123,141.86	4,340,838.39	417,566.67	1,120,186.50	69,509,379.78
Accumulated depreciation/amortization and impairment	-4,431,594.26	-7,280,404.98	-796,335.35	0.00	-311,081.56	-10,315.76	-12,829,731.91
<b>Net book value 31.12.10</b>	<b>29,438,857.69</b>	<b>21,356,789.43</b>	<b>326,806.51</b>	<b>4,340,838.39</b>	<b>106,485.11</b>	<b>1,109,870.74</b>	<b>56,679,647.87</b>
Book value	35,595,229.41	30,854,503.06	1,146,499.56	631,717.19	437,216.92	1,120,186.50	69,785,352.64
Accumulated depreciation/amortization and impairment	-5,228,175.02	-8,601,869.11	-896,854.41	0.00	-375,265.29	-11,789.44	-15,113,953.27
<b>Net book value 31.12.11</b>	<b>30,367,054.39</b>	<b>22,252,633.95</b>	<b>249,645.15</b>	<b>631,717.19</b>	<b>61,951.63</b>	<b>1,108,397.06</b>	<b>54,671,399.37</b>

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property	Total
<b>Book value 1.1.2010</b>	<b>30,086,747.52</b>	<b>18,546,937.37</b>	<b>366,014.47</b>	<b>5,537,455.46</b>	<b>135,256.88</b>	<b>1,111,344.42</b>	<b>55,783,756.12</b>
Additions	105,276.51	4,036,370.59	66,405.09	2,580,150.17	44,596.79	0.00	6,832,799.15
Depreciation/Amortization	-749,883.13	-1,212,143.98	-111,724.43	0.00	-73,453.66	-1,473.68	-2,148,678.88
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales - write-offs	0.00	-88,361.08	0.00	0.00	0.00	0.00	-88,361.08
Depreciation of assets sold/written-off	0.00	80,202.13	0.00	0.00	0.00	0.00	80,202.13
Transfer to fixed assets	0.00	-6,200.00	6,200.00	-3,774,807.13	0.00	0.00	-3,774,807.13
Transfer to another account	0.00	0.00	-85.37	0.00	85.37	0.00	0.00
Fx differences from translation to €	-3,283.21	-15.60	-3.25	-1,960.11	-0.27	0.00	-5,262.44
<b>Net book value 31.12.10</b>	<b>29,438,857.69</b>	<b>21,356,789.43</b>	<b>326,806.51</b>	<b>4,340,838.39</b>	<b>106,485.11</b>	<b>1,109,870.74</b>	<b>56,679,647.87</b>
Additions	1,732,460.81	2,217,352.20	23,366.39	230,743.64	19,652.53	0.00	4,223,575.57
Depreciation/Amortization	-796,599.54	-1,321,475.60	-100,523.14	0.00	-64,184.82	-1,473.68	-2,284,256.78
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales - write-offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation of assets sold/written-off	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fx differences from translation to €	-7,664.57	-32.08	-4.61	-1,209.22	-1.19	0.00	-8,911.67
Transfer to fixed assets	0.00	0.00	0.00	-3,938,655.62	0.00	0.00	-3,938,655.62
<b>Net book value 31.12.11</b>	<b>30,367,054.39</b>	<b>22,252,633.95</b>	<b>249,645.15</b>	<b>631,717.19</b>	<b>61,951.63</b>	<b>1,108,397.06</b>	<b>54,671,399.37</b>

The Company's fixed assets are analyzed as follows:

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property	Total
Book value	30,254,741.44	21,077,656.46	858,543.28	2,464,730.02	301,858.44	1,120,186.50	56,077,716.14
Accumulated depreciation/a mortization and impairment	-4,226,980.02	-5,376,917.37	-677,549.58	0.00	-231,333.93	-10,315.76	-10,523,096.66
<b>Net book value 31.12.10</b>	<b>26,027,761.42</b>	<b>15,700,739.09</b>	<b>180,993.70</b>	<b>2,464,730.02</b>	<b>70,524.51</b>	<b>1,109,870.74</b>	<b>45,554,619.48</b>
Book value	30,259,405.50	23,276,785.74	875,451.98	473,734.99	309,310.02	1,120,186.50	56,314,874.74
Accumulated depreciation/a mortization and impairment	-4,883,050.93	-6,311,744.33	-739,558.58	0.00	-275,366.59	-11,789.44	-12,221,509.87
<b>Net book value 31.12.11</b>	<b>25,376,354.57</b>	<b>16,965,041.41</b>	<b>135,893.40</b>	<b>473,734.99</b>	<b>33,943.43</b>	<b>1,108,397.06</b>	<b>44,093,364.87</b>

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property	Total
<b>Book value 1.1.2010</b>	<b>26,590,220.58</b>	<b>13,705,465.72</b>	<b>201,240.66</b>	<b>2,843,750.65</b>	<b>81,988.59</b>	<b>1,111,344.42</b>	<b>44,534,010.62</b>
Additions	104,176.51	2,836,074.60	45,621.66	2,503,510.73	41,388.93	0.00	5,530,772.43
Depreciation/Amortization	-666,635.67	-828,854.78	-72,068.62	0.00	-52,853.01	-1,473.68	-1,621,885.76
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales - write-offs	0.00	-85,361.08	0.00	0.00	0.00	0.00	-85,361.08
Depreciation of assets sold/written-off	0.00	79,614.63	0.00	0.00	0.00	0.00	79,614.63
Transfer to fixed assets	0.00	-6,200.00	6,200.00	-2,882,531.36	0.00	0.00	-2,882,531.36
<b>Net book value 31.12.10</b>	<b>26,027,761.42</b>	<b>15,700,739.09</b>	<b>180,993.70</b>	<b>2,464,730.02</b>	<b>70,524.51</b>	<b>1,109,870.74</b>	<b>45,554,619.48</b>
Additions	4,664.05	2,199,129.28	16,908.70	227,713.84	7,451.58	0.00	2,455,867.46
Depreciation/Amortization	-656,070.90	-934,826.96	-62,009.00	0.00	-44,032.66	-1,473.68	-1,698,413.20
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales - write-offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation of assets sold/written-off	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to fixed assets	0.00	0.00	0.00	-2,218,708.87	0.00	0.00	-2,218,708.87
<b>Net book value 31.12.11</b>	<b>25,376,354.57</b>	<b>16,965,041.41</b>	<b>135,893.40</b>	<b>473,734.99</b>	<b>33,943.43</b>	<b>1,108,397.06</b>	<b>44,093,364.87</b>

There are no liens, collateral or other commitments on fixed assets of the Company and the Group's companies. Intangible assets mainly included acquired software and licenses for use of software.

During 2011 the useful economic life of specific machinery and vehicles of the company CORUS KALPINIS SIMOS SA was reassessed and as a results the group's depreciations appear reduced by € 24,452.15. Apart from this case, there is no other change in the accounting estimation regarding the useful life of tangible and intangible assets, in relation to the previous year.

## 6. Investment property

	COMPANY	
	31.12.2011	31.12.2010
Land Plot on Thivon Street 1,191.7 sq.m.	1,090,712.82	1,090,712.82
Apartment at Filippiados Str.	29,473.68	29,473.68
<b>Total Value</b>	<b>1,120,186.50</b>	<b>1,120,186.50</b>
Amortized	(11,789.44)	(10,315.76)
<b>Net book value</b>	<b>1,108,397.06</b>	<b>1,109,870.74</b>

## 7. Summary financial data of consolidated companies

The participation stakes of the Company in the consolidated subsidiaries and joint ventures, which are all non-listed, are as follows:

	Domicile	Assets	Liabilities	Income from sales	Profit / (losses)	Participation stake
<b>31.12.2011</b>						
TATA ELASTRON S.A. STEEL PROCESSING CENTER	Greece	28,989,292.78	19,194,786.39	20,659,804.62	(884,305.65)	50%
CORUS – KALPINIS – SIMOS – S.A. COATING MATERIALS	Greece	17,964,250.38	9,594,447.85	14,789,613.67	(2,230,346.72)	50%
BALKAN IRON GROUP SRL	Romania	2,474,852.33	643,278.09	82,500.00	(11,714.44)	33.33%

	Domicile	Assets	Liabilities	Income from sales	Profit / (losses)	Participation stake
<b>31.12.2010</b>						
TATA ELASTRON S.A. STEEL PROCESSING CENTER	Greece	31,541,578.13	23,470,904.24	20,934,077.58	(223,245.63)	50%
CORUS – KALPINIS – SIMOS – S.A. COATING MATERIALS	Greece	20,230,289.88	10,050,384.87	17,494,560.64	(1,940,453.90)	50%
BALKAN IRON GROUP SRL	Romania	2,482,416.04	615,217.78	206,089.27	(140,636.86)	33.33%

## 8. Analysis of receivables

The Group's and Company's trade receivables are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Customers	16,854,075.22	24,610,661.15	15,375,508.33	22,182,173.28
Notes	30,500.00	227,822.27	30,000.00	45,018.15
Post-dated cheques	17,651,805.50	19,766,025.10	14,464,072.78	14,992,667.42
Provisions for Bad Debt	(2,021,771.58)	(1,286,884.09)	(1,441,765.61)	(981,884.09)
<b>Total trade receivables</b>	<b>32,514,609.14</b>	<b>43,317,624.43</b>	<b>28,427,815.50</b>	<b>36,237,974.76</b>

The movement of the provision for bad debts is presented in the following table:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Initial balance	1,286,884.09	777,931.55	981,884.09	600,000.00
Additional provision (results)	735,908.59	523,247.65	459,881.52	381,884.09
Use of provision	(1,021.10)	(14,295.11)	0.00	0.00
<b>Final balance</b>	<b>2,021,771.58</b>	<b>1,286,884.09</b>	<b>1,441,765.61</b>	<b>981,884.09</b>

There is no concentration of credit risk in relation to trade receivables, as such are dispersed amongst a large number of customers. All the above receivables are short-term and there is no need to discount such to present value during the balance sheet date. Also, the largest part (about 80%) of the company's trade receivables are insured against credit risk.

The amortized receivables are monitored in transitory accounts and the probability for collection is reviewed.

The Group's and Company's other receivables are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Receivables from employees	8,643.22	18,221.77	7,101.00	16,408.31
Receivables from other partners - third parties	285,536.79	199,598.79	89,145.00	80,331.56
Greek State– income tax receivable	1,217,802.13	1,166,448.71	1,110,096.05	1,059,914.64
Greek State – receivable of other taxes	885,866.55	1,180,132.90	165,120.41	66,233.45
Grants receivable	3,602,138.79	3,650,917.32	3,602,138.79	3,154,713.97
<b>Total</b>	<b>5,999,987.48</b>	<b>6,215,319.49</b>	<b>4,973,601.25</b>	<b>4,377,601.93</b>

The long-term receivables of the Group and Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Given guarantees	51,351.07	30,461.96	42,074.87	20,080.24
Other long-term receivables	782,412.21	796,276.20	832,412.21	831,787.81
<b>Total</b>	<b>833,763.28</b>	<b>826,738.16</b>	<b>874,487.08</b>	<b>851,868.05</b>

The given guarantees presented in long-term receivables concern guarantees and receivables that will be received in a period over twelve (12) months from the end of the reporting period. The fair value of such receivables does not differ substantially from that presented in the financial statements and is subject to a review annually. The given guarantees that will be received in the next year, are presented in other short-term receivables.

## 9. Analysis of inventories

The Group's and Company's inventories are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Merchandise	13,063,489.49	10,358,286.88	12,069,740.43	9,608,843.95
Impairment of merchandise	0.00	0.00	0.00	0.00
Products	6,335,115.30	5,884,533.09	6,062,439.79	5,398,378.28
Impairment of products	0.00	0.00	0.00	0.00
Orders	1,285,407.39	1,502,547.80	999,406.51	1,203,256.73
Raw materials – consumables	2,449,262.89	2,922,567.66	0.00	0.00
Impairment of raw materials	0.00	0.00	0.00	0.00
Production underway	0.0	0.00	0.00	0.00
<b>Total</b>	<b>23,133,275.07</b>	<b>20,667,935.43</b>	<b>19,131,586.73</b>	<b>16,210,478.96</b>

Losses due to loss of inventory from natural disasters, theft etc., are extremely low due to the nature of inventories. There is however risk of impairment due to the volatility of prices globally. Management continuously reviews the net liquidation value of inventories and makes the appropriate provisions in order to ensure that the value of inventory in the financial statements coincides with the real value.

## 10. Derivatives

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Forward foreign exchange contracts (current assets/ short-term liabilities)	17,267.58	12,966.86	12,599.93	6,684.45
Amounts registered in the results	(6,204.49)	(205,104.34)	3,637.12	(204,518.06)

## 11. Analysis of cash reserves

The Group's and Company's cash & cash equivalents include the following:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Cash in hand	12,377.83	7196.72	5,837.25	1,469.05
Demand deposits	26,031,097.96	27,971,526.14	23,466,480.51	27,025,308.77
<b>Total</b>	<b>26,043,475.79</b>	<b>27,978,722.86</b>	<b>23,472,317.76</b>	<b>27,026,777.82</b>

Demand deposits refer to short-term placements with significant dispersion between the relevant banks.

## 12. Analysis of all equity accounts

The Group's and Company's equity are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Share Capital	<b>18,648,000.00</b>	<b>18,648,000.00</b>	<b>18,648,000.00</b>	<b>18,648,000.00</b>
Share premium	<b>11,171,177.70</b>	<b>14,900,777.70</b>	<b>11,171,177.70</b>	<b>14,900,777.70</b>
Statutory reserve	3,446,154.96	3,445,833.53	3,334,000.00	3,334,000.00
Extraordinary reserves	3,270,400.00	1,540,800.00	3,270,400.00	1,540,800.00
Tax-exempt reserves subject to special legal provisions	11,985,901.87	11,985,901.87	11,885,777.86	11,885,777.86
Free shares from profit capitalization	344,862.50	344,862.50	0.00	0.00
Reserves of tax-exempt income	404,315.87	404,315.87	404,315.87	404,315.87
Difference from adjustment in value of other assets	0.00	0.00	0.00	0.00
Fair value reserves	17,267.58	15,245.22	12,599.93	8,962.81
FX differences on consolidation	(189,803.71)	(181,576.86)	0.00	0.00
Special reserves	2,000,000.00	0.00	2,000,000.00	0.00
<b>Total Reserves</b>	<b>21,279,099.07</b>	<b>17,555,382.13</b>	<b>20,907,093.66</b>	<b>17,173,856.54</b>
Retained earnings	29,672,949.71	30,295,568.57	29,202,085.47	28,945,071.66
Results for the period	(3,690,012.45)	(622,297.43)	(2,212,878.03)	257,013.81
<b>Accumulated Earnings</b>	<b>25,982,937.26</b>	<b>29,673,271.14</b>	<b>26,989,207.44</b>	<b>29,202,085.47</b>
<b>Total equity without minority interest</b>	<b>77,081,214.03</b>	<b>80,777,430.97</b>	<b>77,715,478.80</b>	<b>79,924,719.71</b>
Minority interest	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>77,081,214.03</b>	<b>80,777,430.97</b>	<b>77,715,478.80</b>	<b>79,924,719.71</b>

According to Greek tax law, the Company created tax-exempt reserves in the past, with the objective to achieve tax reliefs.

In the case where such reserves were distributed to shareholders as dividends, such would be taxed according to tax rates in effect during the distribution. No provision has been recognized for possible liabilities for income tax in the case of a future distribution of such reserves to company shareholders, given that such liabilities are recognized at the same time as the liability for the dividend related to such distributions.

### 13. Analysis of other liabilities

The Group's and Company's other liabilities are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Insurance accounts & other taxes	517,646.03	413,811.29	449,534.50	374,469.24
Customer prepayments	427,833.95	275,688.90	271,190.81	214,555.68
Other liabilities / provisions	13,822.88	13,055.54	3,039.28	6,437.50
Dividends payable	18,205.25	27,357.74	18,205.25	27,357.74
<b>Total</b>	<b>977,508.11</b>	<b>729,913.47</b>	<b>741,969.84</b>	<b>622,820.16</b>

The other long-term liabilities amounting to euro 89,756.87 and 90,218.42 in consolidated Statement of Financial Position of 31.12.2011 and 31.12.2010 respectively, refer to the proportion of a liability of the joint venture BALKAN IRON GROUP SRL towards its other two shareholders, apart from ELASTRON S.A.

All the above liabilities are of short-term nature and there is no need to discount such to present value during the balance sheet date.

### 14. Analysis of loans

The Group's and Company's loan liabilities are analyzed as follows:

#### Long-term loans

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Bond loans	8,108,389.35	31,256,172.91	6,000,036.00	27,000,000.00

#### Short-term loans

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Bank loans	22,054,647.87	23,984,940.14	14,186,239.51	18,105,124.01
Short-term part of bond loans	23,154,179.34	2,709,434.08	21,006,371.33	1,000,000.00
<b>Total</b>	<b>45,208,827.21</b>	<b>26,694,374.22</b>	<b>35,192,610.84</b>	<b>19,105,124.01</b>

<b>TOTAL LOANS</b>	<b>53,317,216.56</b>	<b>57,950,547.13</b>	<b>41,192,646.84</b>	<b>46,105,124.01</b>
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	GROUP		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.11	45,208,827.21	8,108,389.35	0.00

	COMPANY		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.11	35,192,610.84	6,000,036.00	0.00

	GROUP		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.10	26,694,374.22	31,256,172.91	0.00

	COMPANY		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.10	19,105,124.01	27,000,000.00	0.00

The changes in the Company's and Group's loans are analyzed in the following table:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
<b>Loans outstanding at beginning of the period</b>	<b>57,950,547.13</b>	<b>44,367,872.68</b>	<b>46,105,124.01</b>	<b>33,611,896.49</b>
Loans received	44,800,464.19	92,926,325.75	42,550,000.00	85,350,000.00
Interest	2,611,769.96	2,136,945.30	1,968,967.72	1,648,530.14
	<b>105,362,781.28</b>	<b>139,431,143.73</b>	<b>90,624,091.73</b>	<b>120,610,426.63</b>
Loans repaid	(49,294,643.06)	(79,592,999.61)	(47,350,000.00)	(72,999,714.84)
Interest paid	(2,750,921.66)	(1,887,596.99)	(2,081,444.89)	(1,505,587.78)
<b>Balance of Loans</b>	<b>53,317,216.56</b>	<b>57,950,547.13</b>	<b>41,192,646.84</b>	<b>46,105,124.01</b>

## *15. Analysis of deferred taxes*

Deferred tax assets and liabilities are calculated at the level of each individual Company of the Group. If both assets and liabilities arise, such are offset against one another at the individual Company level.

The deferred tax assets (DTA) and liabilities (DTL) are offset when there is an applicable legal right for the current tax assets to be offset against current tax liabilities and when the deferred income taxes concern the same tax authority.

Deferred taxes are as follows:



a) For the Group

	01.01.2010	1.1. – 31.12.10	31.12.2010	1.1 – 31.12.11	31.12.2011
Intangible assets	-31,510.81	7,387.59	-24,123.22	11,734.25	-12,388.97
Tangible assets	-1,695,344.70	-350,150.31	-2,045,495.01	-426,685.56	-2,472,180.57
Installation expenses	10,891.14	-7,645.38	3,245.76	-1,101.72	2,144.04
Inventories	211,813.07	-179,384.06	32,429.01	4,514.03	36,943.04
Long-term receivables	1,438.49	-178,211.23	-176,772.74	16,588.82	-160,183.92
Trade & other receivables	208,586.98	177,849.19	386,436.17	18,890.57	405,326.74
Employee benefits	116,229.77	-2,411.88	113,817.89	-13,867.74	99,950.15
Government grants	-67,124.65	-55,376.57	-122,501.22	-54,782.18	-177,283.40
Suppliers and other liabilities	7,583.89	-16,364.77	-8,780.88	6,804.69	-1,976.19
Tax loss offset by taxable earnings of subsequent years	2,858,962.85	543,632.98	3,402,595.83	-302,595.82	3,100,000.01
From unrealized profit of intercompany transactions	12,838.39	-8,649.18	4,189.21	731.01	4,920.22
Other	-343.26	1,474.78	1,131.52	-1,131.52	0.00
<b>Total</b>	<b>1,634,021.16</b>	<b>-67,848.84</b>	<b>1,566,172.32</b>	<b>-740,901.17</b>	<b>825,271.15</b>

b) For the Company

	01.01.10	1.1. – 31.12.10	31.12.10	1.1 – 31.12.11	31.12.11
Intangible assets	-19,174.38	3,157.99	-16,016.39	9,227.70	-6,788.69
Tangible assets	-1,370,753.55	-274,811.67	-1,645,565.22	-312,508.05	-1,958,073.27
Installation expenses	4,306.68	-4,306.68	0.00	0.05	0.05
Inventories	190,184.77	-163,965.74	26,219.03	7,183.53	33,402.56
Long-term receivables	1,438.49	-179,040.33	-177,601.84	17,355.89	-160,245.95
Trade & other receivables	166,096.64	168,965.00	335,061.64	-11,118.31	323,943.33
Employee benefits	107,254.70	-3,610.86	103,643.84	-10,563.30	93,080.54
Government grants	-53,656.55	-43,151.30	-96,807.85	-40,623.61	-137,431.46
Suppliers and other liabilities	6,249.58	-13,038.05	-6,788.47	6,788.47	0.00
Tax loss offset by taxable earnings of subsequent years	2,405,436.62	226,079.41	2,631,516.03	-511,516.03	2,120,000.00
Other	0.00	524.02	524.02	-524.02	0.00
<b>Total</b>	<b>1,437,383.00</b>	<b>-283,198.21</b>	<b>1,154,184.79</b>	<b>-846,297.68</b>	<b>307,887.11</b>

The tax loss creates a tax receivable equal to the income tax that will, from which the Company will benefit in the next years when it will be offset against the respective taxable earnings. The registration of the receivable for deferred tax took place as the Management of the Company and Group considers that there is reasonable certainty for the realization of earnings during financial years 2012-2015, whereas such earnings will be capable to offset the present receivable with the future tax liability.

Deferred tax assets and liabilities are offset when there is an applicable legal right to offset current tax assets against current tax liabilities and when deferred income tax refers to the same tax authority. Deferred tax liabilities and assets are presented as offset in the account "Deferred Tax Assets" in the Statement of Financial Position of 31 December 2011, given that the financial statements of the subsidiary "BALKAN IRON GROUP SRL" do not include deferred tax liabilities but only deferred tax assets, even though such refer to the tax authority of Romania.

## *16. Analysis of post-employment benefits*

The Group has assigned an actuary to conduct a study in order to investigate and calculate the actuarial figures, based on the specifications set by International Accounting Standards (IAS 19), which must be recorded on the balance sheet and the statement of comprehensive income. When performing the actuarial estimate, all economic and population parameters related to the employees of the Group were taken into account.

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
<b>Balance Sheet liabilities</b>	<b>498,884.09</b>	<b>569,756.06</b>	<b>465,402.72</b>	<b>518,219.18</b>
<b>Charges to the Results</b>	<b>319,486.37</b>	<b>380,015.15</b>	<b>249,144.31</b>	<b>330,396.06</b>
Present value of financed liabilities	651,769.50	722,641.47	600,387.33	653,203.79
Non registered actuarial (profit) / losses	(152,885.41)	(152,885.41)	(134,984.61)	(134,984.61)
Non registered prior working service cost	0.00	0.00	0.00	0.00
<b>Balance Sheet Liability</b>	<b>498,884.09</b>	<b>569,756.06</b>	<b>465,402.72</b>	<b>518,219.18</b>
<b>Changes in the net liability recognized in the Balance Sheet</b>				
Net liability at beginning of year	569,756.06	581,948.84	518,219.18	536,273.51
Employer contributions	0.00	0.00	0.00	0.00
Benefits paid	(390,358.34)	(392,207.93)	(301,960.77)	(348,450.39)
Total expense recognized in the results	319,486.37	380,015.15	249,144.31	330,396.06
<b>Net liability at end of year</b>	<b>498,884.09</b>	<b>569,756.06</b>	<b>465,402.72</b>	<b>518,219.18</b>
<b>Analysis of expenses recognized in the results</b>				
Cost of current employment	48,867.26	66,276.35	45,382.48	49,969.67
Interest on liability	30,465.39	34,749.18	28,740.97	31,984.77
Cost of additional benefits	233,458.78	269,196.92	169,144.31	239,651.13
Cost of settlements from employee transfers	0.00	0.00	0.00	0.00
Actuarial (profit) / losses	6,694.94	9,792.70	5,876.55	8,790.49
Effect from employment termination benefits	0.00	0.00	0.00	0.00
<b>Total expense recognized in the results</b>	<b>319,486.37</b>	<b>380,015.15</b>	<b>249,144.31</b>	<b>330,396.06</b>
<b>Basic actuarial assumptions used for accounting purposes</b>				
Discount rate	5.9%	4.4%	5.9%	4.4%
Future wage increases	3.2%	3.2%	3.2%	3.2%
Expected remaining average working life during valuation	11.85	12.57	11.85	11.85

## 17. Analysis of tax liabilities

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Income tax liability	0.00	0.00	0.00	0.00
Credit balance of tax statements to be refunded	(1,750,302.13)	(1,698,948.71)	(1,610,096.05)	(1,559,914.64)
Provision for tax audit differences	532,500.00	532,500.00	500,000.00	500,000.00
Tax dues from previous years	0.00	0.00	0.00	0.00
<b>Total</b>	<b>(1,217,802.13)</b>	<b>(1,166,448.71)</b>	<b>(1,110,096.05)</b>	<b>(1,059,914.64)</b>

## 18. Segment reporting

The Group operates only in one business segment, namely steel products. However, due to the requirements of IFRS 8, which replaces IAS 14, and adopts the approach of presenting segment information, based on the manner in which such is presented internally to those that make decisions for the allocation of resources and the audit of the effectiveness of the company's operations, the company redefined its segment reporting.

The business segments are now the following:

- Segment of polyurethane panels
- Segment of other long and flat steel products

a) Statement of Financial Position per segment on 31.12.2011 and 31.12.2010 respectively

(Amounts in €)

	31.12.2011			
	PANELS	OTHER STEEL PRODUCTS	CONSOLIDATION ENTRIES	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
<b>ASSETS</b>				
Tangible and intangible fixed assets	2,868,996.35	51,802,403.02		54,671,399.37
Other non-current assets	180,725.12	4,575,693.71	(3,077,384.40)	1,679,034.43
Inventories	1,848,104.74	21,306,998.33	(21,828.00)	23,133,275.07
Trade and other receivables	2,855,748.86	36,443,298.69	(767,183.35)	38,531,864.20
Cash and cash equivalents	1,335,478.97	24,707,996.82		26,043,475.79
<b>Total Assets</b>	<b>9,089,054.04</b>	<b>138,836,390.57</b>		<b>144,059,048.86</b>
<b>EQUITY &amp; LIABILITIES</b>				
Equity	4,040,064.31	76,140,362.12	(3,099,212.40)	77,081,214.03
Long-term loans	183,353.33	7,925,036.02		8,108,389.35
Other long-term liabilities	159,669.64	6,038,430.37		6,198,100.01
Short-term loans	3,690,342.22	41,518,484.99		45,208,827.21
Other short-term liabilities	1,015,624.54	7,214,077.07	(767,183.35)	7,462,518.26
<b>Total Equity &amp; Liabilities</b>	<b>9,089,054.04</b>	<b>138,836,390.57</b>		<b>144,059,048.86</b>

(Amounts in €)

31.12.2010

	PANELS	OTHER STEEL PRODUCTS	CONSOLIDATION ENTRIES	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
<b>ASSETS</b>				
Tangible and intangible fixed assets	3,131,561.18	52,331,730.84		55,463,292.02
Other non-current assets	135,205.70	6,577,417.03	(3,078,356.40)	3,634,266.33
Inventories	2,602,812.65	18,079,262.79	(14,140.01)	20,667,935.43
Trade and other receivables	4,106,473.26	45,452,986.26	(13,548.74)	49,545,910.78
Cash and cash equivalents	245,840.95	27,732,881.91		27,978,722.86
<b>Total Assets</b>	<b>10,221,893.74</b>	<b>150,174,278.83</b>		<b>157,290,127.42</b>
<b>EQUITY &amp; LIABILITIES</b>				
Equity	5,089,952.51	78,779,974.87	(3,092,496.41)	80,777,430.97
Long-term loans	366,714.17	30,889,458.74		31,256,172.91
Other long-term liabilities	179,440.70	5,603,058.20		5,782,498.89
Short-term loans	2,639,428.75	24,054,945.47		26,694,374.22
Other short-term liabilities	1,946,357.61	10,846,841.55	(13,548.74)	12,779,650.43
<b>Total Equity &amp; Liabilities</b>	<b>10,221,893.74</b>	<b>150,174,278.83</b>		<b>157,290,127.42</b>

b) Statement of Comprehensive Income per segment on 1.1-31.12.2011 and 1.1-31.12.2010 respectively

(Amounts in €)	1.1-31.12.2011			
	PANELS	OTHER STEEL PRODUCTS	CONSOLIDATION ENTRIES	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Sales	7,394,806.84	78,025,911.69	(1,377,701.06)	84,043,017.47
Cost of sales	-7,125,680.78	-70,108,060.36	1,486,712.20	-75,747,028.94
<b>Gross profit / (loss)</b>	<b>269,126.06</b>	<b>7,917,851.33</b>		<b>8,295,988.53</b>
Other income	87,948.38	1,546,238.67	(179,812.55)	1,454,384.50
Distribution expenses	-698,782.91	-5,600,606.69	54,703.40	-6,244,686.20
Administration expenses	-289,827.09	-3,340,250.43	8,400.00	-3,621,677.52
Other expenses	-251,757.29	-724,307.27		-976,064.56
<b>Earnings / (losses) before interest and taxes (EBIT)</b>	<b>-883,292.85</b>	<b>-201,074.39</b>		<b>-1,092,055.25</b>
Financial income	7,658.87	1,302,167.95		1,309,826.82
Financial cost	-239,539.37	-2,912,998.59		-3,152,537.96
Dividends from Subsidiary Companies	0.00	0.00		0.00
<b>Earnings / (losses) before taxes (EBT)</b>	<b>-1,115,173.35</b>	<b>-1,811,905.03</b>		<b>-2,934,766.39</b>
Income Tax	65,285.17	-821,503.22		-755,246.06
<b>Earnings / (losses) after taxes (EAT) (a)</b>	<b>-1,049,888.18</b>	<b>-2,633,408.25</b>		<b>-3,690,012.45</b>
<b>Attributed to:</b>				
Shareholders of the parent	-1,049,888.18	-2,633,408.25		-3,690,012.45
Minority interest				0.00
Other comprehensive income after taxes (b)	0.00	-6,204.09		-6,204.49
<b>Total comprehensive income after taxes (a) + (b)</b>	<b>-1,049,888.18</b>	<b>-2,639,612.34</b>		<b>-3,696,216.94</b>
<b>Attributed to:</b>				
Shareholders of the parent	-1,049,888.18	-2,639,612.34		-3,696,216.94
Minority interest				0.00
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>	<b>-605,707.46</b>	<b>1,531,686.05</b>		<b>918,290.60</b>

1.1-31.12.2010

(Amounts in €)

	PANELS	OTHER STEEL PRODUCTS	CONSOLIDAT ION ENTRIES	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Sales	8,747,280.32	82,451,250.58	(690,754.27)	90,507,776.63
Cost of sales	-8,249,593.72	-73,366,167.07	855,405.97	-80,760,354.82
<b>Gross profit / (loss)</b>	<b>497,686.60</b>	<b>9,085,083.51</b>		<b>9,747,421.81</b>
Other income	165,669.36	1,816,201.04	(215,191.59)	1,766,678.81
Distribution expenses	-1,012,020.97	-6,211,314.88	65,884.90	-7,157,450.95
Administration expenses	-351,187.98	-3,048,535.70	10,515.00	-3,389,208.68
Other expenses	-117,608.65	-615,129.16		-732,737.81
<b>Earnings / (losses) before interest and taxes (EBIT)</b>	<b>-817,461.64</b>	<b>1,026,304.81</b>		<b>234,703.18</b>
Financial income	13,750.12	1,952,878.28		1,966,628.40
Financial cost	-166,515.44	-2,587,294.61		-2,753,810.05
Dividends from Subsidiary Companies	0.00	0.00		0.00
<b>Earnings / (losses) before taxes (EBT)</b>	<b>-970,226.96</b>	<b>391,888.48</b>		<b>-552,478.27</b>
Income Tax	202,810.66	-266,423.22		-69,818.96
<b>Earnings / (losses) after taxes (EAT) (a)</b>	<b>-767,416.30</b>	<b>125,465.27</b>		<b>-622,297.43</b>
<b>Attributed to:</b>				
Shareholders of the parent	-767,416.30	125,465.27		-622,297.43
Minority interest	0.00	0.00		0.00
Other comprehensive income after taxes (b)	0.00	-199,728.71	-199,728.71	-205,104.34
<b>Total comprehensive income after taxes (a) + (b)</b>	<b>-767,416.30</b>	<b>-74,263.44</b>		<b>-827,401.77</b>
<b>Attributed to:</b>				
Shareholders of the parent	-767,416.30	-74,263.44		-827,401.77
Minority interest	0.00	0.00		0.00
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>	<b>-534,195.37</b>	<b>2,615,041.63</b>		<b>2,106,706.27</b>

The geographic segment may be considered as the secondary reporting segment, and includes the following reporting sectors:

- Domestic Sales (approximately 84 %)
- Foreign Sales (approximately 15 %)

The Group's and Company's sales are analyzed as follows:

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Sales of Merchandise	35,546,524.18	38,272,649.88	32,442,353.42	34,666,106.62
Sales of Products	46,903,983.81	50,160,083.13	38,365,122.90	39,860,079.07
Other Sales	1,592,509.48	2,075,043.62	9,347.40	0.00
<b>Total Sales</b>	<b>84,043,017.47</b>	<b>90,507,776.63</b>	<b>70,816,823.72</b>	<b>74,526,185.69</b>

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Domestic Sales	70,759,379.72	77,375,022.56	62,535,608.46	66,421,364.90
Foreign Sales	13,283,637.75	13,132,754.07	8,281,215.26	8,104,820.79
<b>Total Sales</b>	<b>84,043,017.47</b>	<b>90,507,776.63</b>	<b>70,816,823.72</b>	<b>74,526,185.69</b>

## *19. Analysis of other results*

### (a) Other income

The Group's and Company's other income are analyzed as follows:

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Income from transport & delivery expenses	901,542.97	982,819.48	806,887.76	804,049.28
Rental Income	173,873.04	213,332.26	344,420.00	422,700.00
Income from commissions, brokerage etc	30,974.74	73,393.25	43,379.47	75,346.39
Income from Grants	273,910.93	276,882.77	203,118.06	215,756.48
Profit from sale of fixed assets	0.00	49,253.55	0.00	49,253.55
Income brought forward	28,218.03	26,414.77	583.10	4,040.39
Other income	45,864.79	144,582.73	43,259.84	135,473.85
<b>Total other operating income</b>	<b>1,454,384.50</b>	<b>1,766,678.81</b>	<b>1,441,648.23</b>	<b>1,706,619.94</b>

## (b) Other expenses

The Group's and Company's other expenses are analyzed as follows:

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Bad debts	735,908.59	523,247.65	459,881.52	381,884.09
Losses from sale of fixed assets	0.00	0.00	0.00	0.00
Other expenses & previous years' expenses	240,155.97	209,490.16	215,112.87	159,215.10
<b>Total other operating expenses</b>	<b>976,064.56</b>	<b>732,737.81</b>	<b>674,994.39</b>	<b>541,099.19</b>

## (c) Expenses

The Group's and Company's expenses are analyzed as follows:

	GROUP		
	1.1-31.12.11		
	SALES COST	DISTRIBUTION EXPENSES	ADMINISTRATIVE EXPENSES
Employee fees & expenses	2,270,615.92	2,537,476.94	1,332,897.22
Third party fees & expenses	478,804.52	434,481.34	626,931.34
Third party benefits	702,403.22	609,332.20	866,968.38
Taxes - dues	90,068.02	98,214.46	195,429.43
Sundry expenses	173,149.66	1,861,641.97	413,500.51
Depreciation	1,394,766.85	703,539.29	185,950.64
Cost of inventories	70,637,220.75	0.00	0.00
<b>Total</b>	<b>75,747,028.94</b>	<b>6,244,686.20</b>	<b>3,621,677.52</b>

	GROUP		
	1.1-31.12.10		
	SALES COST	DISTRIBUTION EXPENSES	ADMINISTRATIVE EXPENSES
Employee fees & expenses	2,741,770.19	3,222,663.84	1,498,393.11
Third party fees & expenses	464,922.30	408,761.87	667,172.41
Third party benefits	727,396.58	612,413.39	580,292.70
Taxes - dues	155,593.86	30,542.05	70,544.83
Sundry expenses	465,517.72	2,218,638.87	375,487.81
Depreciation	1,287,137.11	664,430.93	197,317.82
Cost of inventories	74,918,017.06	0.00	0.00
<b>Total</b>	<b>80,760,354.82</b>	<b>7,157,450.95</b>	<b>3,389,208.68</b>



COMPANY			
1.1-31.12.11			
	SALES COST	DISTRIBUTION EXPENSES	ADMINISTRATIVE EXPENSES
Employee fees & expenses	1,758,832.93	2,126,967.92	1,001,573.57
Third party fees & expenses	420,245.61	270,668.33	567,222.38
Third party benefits	482,853.64	330,530.87	841,169.79
Taxes - dues	58,155.32	88,733.45	189,420.04
Sundry expenses	138,492.09	1,614,344.85	389,533.47
Depreciation	939,176.61	604,644.95	154,591.64
Cost of inventories	59,845,524.18	0.00	0.00
<b>Total</b>	<b>63,643,280.38</b>	<b>5,035,890.37</b>	<b>3,143,510.89</b>

COMPANY			
1.1-31.12.10			
	SALES COST	DISTRIBUTION EXPENSES	ADMINISTRATIVE EXPENSES
Employee fees & expenses	1,995,887.91	2,649,996.61	1,101,448.77
Third party fees & expenses	396,513.43	321,031.69	596,504.85
Third party benefits	443,602.89	425,189.69	549,587.50
Taxes - dues	110,422.59	15,301.04	46,807.28
Sundry expenses	420,809.24	1,673,330.85	333,830.04
Depreciation	839,422.25	613,563.93	168,899.58
Cost of inventories	62,135,270.85	0.00	0.00
<b>Total</b>	<b>66,341,929.16</b>	<b>5,698,413.81</b>	<b>2,797,078.02</b>

(c) Financial expenses – income

The Group's and Company's financial expenses are analyzed as follows:

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Debit interest	2,611,769.96	2,136,945.30	1,968,967.72	1,648,530.14
Other bank expenses and fees	316,670.64	237,405.67	229,987.27	184,950.02
Foreign exchange differences	224,097.36	377,180.72	195,621.21	363,946.38
Losses from Derivatives	0.00	2,278.36	0.00	2,278.36
<b>Total</b>	<b>3,152,537.96</b>	<b>2,753,810.05</b>	<b>2,394,576.20</b>	<b>2,199,704.90</b>

The Group's and Company's financial income is analyzed as follows:

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Credit interest	915,253.16	1,421,149.41	895,835.17	1,392,357.07
Interest receivable from customers	101,605.37	140,816.85	98,600.56	139,868.73
Foreign exchange differences	290,689.93	404,662.14	270,485.84	353,405.67
Profit from derivatives	2,278.36	0.00	2,278.36	0.00
<b>Total</b>	<b>1,309,826.82</b>	<b>1,966,628.40</b>	<b>1,267,199.93</b>	<b>1,885,631.47</b>

(c) Income tax expense

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Results before taxes (taxable)	(4,922,776.68)	<b>(2,690,375.92)</b>	(2,941,307.44)	<b>(1,129,594.15)</b>
Expenses not recognized	803,969.18	806,298.72	585,243.19	700,000.00
Income not subject to tax	0.00	(700,000.00)	0.00	(700,000.00)
	<b>(4,118,807.50)</b>	<b>(2,584,077.20)</b>	<b>(2,356,064.25)</b>	<b>(1,129,594.15)</b>
Income tax of current year	(1,342.90)	(1,970.12)	0.00	0.00
Deferred taxation	(740,901.17)	(67,848.84)	(846,297.68)	(283,198.21)
Tax audit differences	(13,001.99)	0.00	0.00	0.00
Provision for possible tax differences	0.00	0.00	0.00	0.00
<b>Effective tax burden</b>	<b>(755,246.06)</b>	<b>(69,818.96)</b>	<b>(846,297.68)</b>	<b>(283,198.21)</b>

(d) Other comprehensive income / expenses after taxes

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Foreign exchange differences of consolidation	(8,226.85)	(5,375.63)	0.00	0.00
Result from cash flow hedge minus the corresponding tax	2,022.36	(199,728.71)	3,637.12	(204,518.06)
<b>Total</b>	<b>(6,204.49)</b>	<b>(205,104.34)</b>	<b>3,637.12</b>	<b>(204,518.06)</b>

## 20. Analysis of earnings per share

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Net earnings corresponding to shareholders	(3,690,012.45)	-622,297.43	(2,212,878.03)	257,013.81
Number of shares	18,648,000	18,648,000	18,648,000	18,648,000
<b>Earnings / (losses) per share (€)</b>	<b>-0.1979</b>	<b>-0.0334</b>	<b>-0.1187</b>	<b>0.0138</b>

## 21. Transactions with related parties

The amounts of the Group's and Company's sales and purchases, from and towards related parties, as well as the balances of receivables and liabilities, are analyzed as follows:

### (a) Income

	COMPANY	
	1.1-31.12	
	2011	2010
Sales of Inventories to Corus-Kalpinis-Simos S.A.	562,385.39	620,165.35
Sales of Inventories to Tata Elastron S.A.	3,435,809.97	4,256,295.28
Sales of other inventories to Tata Elastron S.A.	3,120.00	0.00
Sales of Inventories to Steel Center S.A.	238,785.67	87,802.42
Rental Income by Corus –Kalpinis-Simos S.A.	340,200.00	422,700.00
Sales of fixed assets to Tata Elastron S.A.	0.00	0.00
Processing Income from Steel Center S.A.	1,462.97	4,089.44
Income of transfer services from Steel Center S.A.	80.00	0.00
Income of transfer services from Tata Elastron	7,359.00	2,602.00
Processing income from Corus-Kalpinis-Simos S.A.	10,798.71	4,193.38
Processing income from Tata Elastron S.A.	3,573.37	2,091.45
	<b>4,603,575.08</b>	<b>5,399,939.32</b>

### (b) Expenses

	COMPANY	
	1.1-31.12	
	2011	2010
Purchases of inventories from Corus-Kalpinis-Simos S.A.	2,179,380.72	749,898.73
Purchases of inventories from Tata Elastron S.A.	2,857,698.72	916,737.44
Purchases of inventories from Steel Center S.A.	790,730.10	756,150.50
Processing expenses from Tata Elastron S.A.	9,737.24	651.45
Purchases of packaging material from Tata Elastron S.A.	6,773.50	0.00
Purchases of consumables from Tata Elastron S.A.	0.00	0.00
Purchases of consumables from Corus-Kalpinis-Simos S.A.	2,820.36	11,185.46
Purchases of fixed assets from Corus-Kalpinis-Simos S.A.	0.00	259.00
Purchases of fixed assets from Steel Center S.A.	0.00	524.60
Processing expenses from Steel Center S.A.	117.72	13,820.23
Purchases of consumables from Steel Center S.A.	1,846.77	1,582.14
Security expenses from Steel Center S.A.	0.00	0.00
Sales commissions from Balkan Iron Group srl	27,500.00	0.00
	<b>5,876,605.13</b>	<b>2,450,809.55</b>

(c) Receivables

	COMPANY	
	1.1-31.12	1.1-31.12
	2011	2010
From Tata Elastron S.A.	1,610,502.86	1,748,225.32
From Corus-Kalpinis-Simos S.A.	0.00	27,097.45
From Steel Center S.A.	0.00	0.00
From Balkan Iron Group S.R.L.	150,000.00	160,000.00
From Kalpinis Simos Bulgaria EOOD	725,000.00	710,000.00
	<b>2,485,502.86</b>	<b>2,645,322.77</b>

(d) Liabilities

	COMPANY	
	1.1-31.12	1.1-31.12
	2011	2010
To Corus-Kalpinis-Simos S.A.	1,533,547.44	0.00
To Tata Elastron S.A.	0.00	0.00
To Steel Center S.A.	13,993.73	77,032.27
To Balkan Iron Group srl	68,000.00	0.00
	<b>1,615,541.17</b>	<b>77,032.27</b>

(e) Income

	GROUP	
	1.1-31.12	
	2011	2010
Sales of inventories to Steel Center S.A.	240,380.51	146,193.17
Processing Income from Steel Center S.A.	1,462.97	4,089.44
Income of transfer services from Steel Center S.A.	80.00	0.00
Rental Income by Steel Center S.A.	294.80	0.00
	<b>242,218.28</b>	<b>150,282.61</b>

(f) Expenses

	GROUP	
	1.1-31.12	
	2011	2010
Purchases of inventories from Steel Center S.A.	822,359.88	929,643.90
Purchases of consumables from Steel Center S.A.	1,846.77	1,582.14
Processing expenses from Steel Center S.A.	2,720.20	27,670.64
Purchases of Fixed Assets from Steel Center S.A.	0.00	524.60
Security expenses from Steel Center S.A.	0.00	0.00
	<b>826,926.85</b>	<b>959,421.28</b>

(g) Receivables

	GROUP	
	1.1 – 31.12	1.1-31.12
	2011	2010
From Steel Center S.A.	2,117.06	0.00

(h) Liabilities

	GROUP	
	1.1 – 31.12	1.1-31.12
	2011	2010
To Steel Center S.A.	30,613.48	106,475.10

(i) Transactions and remuneration of senior executives

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Transactions and remuneration of Board Members	412,000.00	432,500.00	412,000.00	432,500.00
Transactions and remuneration of senior executives	444,108.79	433,659.14	228,653.05	230,869.44
Transactions and remuneration of other related entities	19,195.30	20,637.30	19,195.30	20,637.30
Receivables from senior executives and Board members	0.00	0.00	0.00	0.00
Liabilities to senior executives and Board members	0.00	0.00	0.00	0.00

Senior executives according to IAS 24 are those individuals that have the authority and responsibility for the planning, management and control of the entity's activities, directly or indirectly, and include all members of the Board of Directors (executive and non-executive) of the entity, as well as all other senior executives according to the above definition.

Following the above, the number of senior executives for 2010 and therefore their transactions and remuneration, were adjusted in order to meet the requirements of IAS 24.

## *22. Contingent Liabilities - Receivables*

There are no disputes in court or in arbitration, nor are there any decisions by judicial or arbitration bodies that may have a significant impact on the Company's or Group's financial position or operation.

### **Tax Compliance Report**

From financial year 2011, Greek Société Anonyme Companies and Limited Liability Companies, whose annual financial statements are subject to audit by Certified Auditors Accountants, must receive an "Annual Certificate" defined in par. 5 of article 82 of Law 2238/1994 and which is issued following a tax audit performed by the same Legal Auditor or auditing firm that audits the annual financial statements.

Following the completion of the tax audit, the Legal Auditor or audit firm issues a "Tax Compliance Report" for the company and then the Legal Auditor or audit firm submits the report electronically to the Ministry of Finance the latest within ten days from the final date of approval of the company's financial statements by the General Meeting. The Ministry of Finance will select a sample of companies equal to

at least 9% for an audit by the relevant audit services of the Ministry. This audit must be completed in a period not larger than eighteen months from the date the "Tax Compliance Report" is submitted to the Ministry of Finance.

## Tax un-audited fiscal years

The Parent Company has been audited by the tax authorities up to fiscal year 2005 included. The tax audit for fiscal years 2006-2009 is currently in progress.

"CORUS-KALPINIS-SIMOS S.A. COATING MATERIALS" has been audited up to and including fiscal year 2007. "TATA ELASTRON STEEL SERVICE CENTRE S.A." has been audited up to and including fiscal year 2006, while it has been submitted to the tax settlement finalization process for fiscal years 2007 and 2008. Therefore, tax obligations have not been finalized for the non-audited or non-finalized fiscal years.

The Group and company have made a provision for tax un-audited fiscal years amounting to euro 532.5 thousand and 500 thousand respectively.

The Group and Company incur contingent liabilities and receivables with regard to banks, suppliers, other guarantees and other issues that arise in the context of their ordinary activities, as follows:

	31.12.2011	
	GROUP	COMPANY
Guarantees to secure obligations to suppliers	7,050,574.48	4,183,209.03
Guarantees to secure trade receivables	2,859,333.73	2,046,760.13
Other Guarantees	100,000.00	0.00
<b>Total</b>	<b>10,009,908.21</b>	<b>6,229,969.16</b>

## 23. Dividends

According to Greek commercial law, companies are obligated to distribute at least 35% of earnings after the deduction of taxes and the statutory reserve, to shareholders. The Board of Directors will propose to the General Meeting of shareholders not to distribute dividend for financial year 2011 due to the negative result.

## 24. Staff information

### (a) Number of staff

The number of employees working for the Group and Company is presented in the following table:

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Regular staff	109	130	73	76
Staff on day-wage basis	114	143	93	96
<b>Total staff</b>	<b>223</b>	<b>273</b>	<b>166</b>	<b>172</b>

## (b) Staff remuneration

The remuneration of the Group's and Company's employees is presented in the following table:

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2011	2010	2011	2010
Employee remuneration	4,832,204.75	5,565,808.90	3,909,426.12	4,258,158.61
Employer contributions	951,156.41	1,462,425.01	702,175.39	1,121,306.96
Other benefits	37,625.83	54,578.08	26,628.59	37,471.66
<b>Total</b>	<b>5,820,986.99</b>	<b>7,082,811.99</b>	<b>4,638,230.10</b>	<b>5,416,937.23</b>

## 25. Government Grants

	31.12.2011		31.12.2010	
	GROUP	COMPANY	GROUP	COMPANY
Grants on completed investments	6,770,914.58	5,145,912.56	6,014,429.10	4,698,487.74
Grants on revenue for financial year 2011 / 2011	(273,910.93)	(203,118.06)	(276,882.77)	(215,756.48)
Grants on revenue from previous financial years	(612,506.06)	(484,039.25)	(335,623.29)	(268,282.77)
<b>Balance on deferred income</b>	<b>5,884,497.59</b>	<b>4,458,755.25</b>	<b>5,401,923.04</b>	<b>4,214,448.49</b>
Short-term portion	275,038.54	203,118.06	279,398.63	215,756.48
Long-term portion	5,609,459.05	4,255,637.19	5,122,524.41	3,998,692.01
Received Prepayment	3,168,775.79	1,543,773.77	2,363,511.78	1,543,773.77
Receivable from Grant	3,602,138.79	3,602,138.79	3,650,917.32	3,154,713.97

### (a) ELASTRON S.A. - STEEL PRODUCTS

On 22 December 2006 the Ministry of Development approved a five-year investment plan worth € 14.7 million. A grant for 35% of the above amount is anticipated.

### (b) CORUS - KALPINIS – SIMOS S.A. COVERING MATERIALS S.A

On 13 October 2008 the Ministry of Economy and Finance approved a new two-year investment plan worth €2.43 million. A grant for 25% of the above amount is anticipated.

### (c) TATA ELASTRON S.A. STEEL SERVICE CENTRE S.A.

On 23.07.08 the Ministry of Economy and Finance approved a new two-year investment plan worth €11.6 million. A grant for 25% of the above amount is anticipated.

### (d) Proceeds on account of Grants

In June 2007 the company ELASTRON S.A. received a prepayment of € 1.54 mil, which corresponds to 30% of the total grant by using the capability for a lump sum prepayment. Both CORUS – KALPINIS – SIMOS S.A. and TATA ELASTRON S.A. had received the total amount of the grant, namely € 364,500 and € 2,885,504 respectively, until 31.12.2011.

The above investments are implemented or were implemented in the companies' facilities in Aspropyrgos and in Skaramaga Attica, as well as at the Industrial Area (VIPE) of Sindos in Thessalonica. The companies CORUS – KALPINIS – SIMOS S.A. and TATA ELASTRON S.A. have

completed the total approved investment, while the parent company has submitted a request to extend the completion of the approved investment until August 2013.

The investment cost grant is subject to limitations and conditions that are reasonably expected to be implemented in whole. For this reason the Company and Group account for grant receivables against completed investments. The government grants that refer to expenses are deferred and registered in the results when the granted expense is registered, in order to match the income with the expense.

## 26. Exchange rates

The exchange rates used to translate the financial statements of the company “BALKAN IRON GROUP SRL”, from foreign currency to € are the following:

### 31.12.2011

1 € = 4.3233 RON (Exchange rate used in the Statement of Financial Position)  
1 € = 4.2390864 RON (Exchange rate used in the Statement of Comprehensive Income)

### 31.12.2010

1 € = 4.2620 RON (Exchange rate used in the Statement of Financial Position)  
1 € = 4.2122 RON (Exchange rate used in the Statement of Comprehensive Income)

## 27. Information of article 10 L. 3401/2005

SUBJECT	PUBLICATION	DATE
P.R COMMENTARY ON 9M 2011 RESULTS	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	29/11/2011
P.R COMMENTARY ON 6M 2011 RESULTS	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	31/08/2011
ANNOUNCEMENT – RESIGNATION OF BOARD MEMBER	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	25/07/2011
P.R. DECISIONS BY THE REPEATED GENERAL MEETING	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	14/07/2011
P.R. DECISIONS BY THE GENERAL MEETING	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	30/06/2011
ANNOUNCEMENT – DRAFT AMENDMENT OF ARTICLES OF ASSOCIATION	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	16/06/2011
INVITATION TO GENERAL MEETING	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	07/06/2011
P.R COMMENTARY ON Q1 2011 RESULTS	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	31/05/2011
P.R. COMMENTARY ON 2010 ANNUAL RESULTS	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	30/03/2011
DISCLOSURE OF CHANGE IN BOARD OF DIRECTORS or SENIOR EXECUTIVES	<a href="http://www.elastron.gr">www.elastron.gr</a> & <a href="http://www.ase.gr">www.ase.gr</a>	30/03/2011

## 28. Availability of Financial Statements

The annual Financial Statements of the Group and Company as well as the financial statements of consolidated companies, the Audit Report by the Certified Auditor and the Management Report by the Board of Directors for the financial year ended on 31.12.2011, have been posted on the company's website <http://www.elastron.gr>.



*29. Events after the end of the reporting period*

There were no events that would affect the financial statements.

Aspropyrgos, March 23<sup>rd</sup> 2012

THE CHAIRMAN OF THE BOARD

THE DEPUTY CEO

THE CHIEF FINANCIAL OFFICER

PANAGIOTIS SIMOS

ID No. AE 063856

STYLIANOS KOUTSOTHANASSIS

ID No. AB 669589

STATHIS LAGIOS

ID No. N 133407

Prof. License No. 0020811

THE HEAD ACCOUNTANT

VASILIS MANESIS

ID No. AE 008927

Prof. License No. 0072242

INFORMATION FOR THE COMPANY				CASH FLOW STATEMENT FOR THE PERIOD			
Competent Authority:		Ministry of Development, Department of S.A. & Credit		THE GROUP		THE COMPANY	
Company's website:		<a href="http://www.elastron.gr">http://www.elastron.gr</a>		1.1-31.12.2011	1.1-31.12.2010	1.1-31.12.2011	1.1-31.12.2010
Board of Directors' Composition:		Panagiotis Simos (Chairman), Elvira Kalpini (Vice Chairman) Athanasios Kalpinis (Managing Director) Stilianos Koutsothanasias (Deputy Managing Director) Andreas Kalpinis (Executive Member), Anastasios Binioris (Executive Member), Eirini Simou (non Executive Member), Gianniris Konstantinos (Independent non Executive Member) Vasilis Malalitzoglou (Independent non Executive Member) Vasilis Ioannidis (Independent non Executive Member)		Operating activities			
Date of approval of the annual financial statements by the BoD:		26/03/2012		Profit before taxes			
Certified Auditors - Accountants:		Ioannis Karalis		-2.934,77			
Audit firm:		SOL SA		-552,48			
Type of audit report:		Unqualified Opinion		-1.366,58			
				540,21			
				2.284,26			
				2.148,68			
				1.698,41			
				1.621,89			
				-273,91			
				-276,88			
				-203,12			
				-215,76			
				-70,88			
				-12,19			
				-52,82			
				-18,05			
				0,00			
				48,71			
				0,00			
				48,71			
				-916,11			
				-1.311,45			
				-898,11			
				-1.296,24			
				3.152,54			
				2.753,80			
				2.394,58			
				2.199,70			
				1.241,13			
				2.798,19			
				1.572,36			
				2.880,46			
				Plus/less adjustments for changes in working capital or related to operating activities			
				Decrease / (Increase) of inventory			
				-2.465,34			
				2.011,07			
				-2.921,11			
				2.435,85			
				11.232,80			
				2.045,29			
				7.411,84			
				2.075,55			
				-4.663,03			
				-3.492,06			
				-2.861,87			
				-4.298,72			
				-3.291,69			
				-2.504,46			
				-2.507,05			
				-2.056,76			
				-65,70			
				-78,35			
				-50,18			
				-42,66			
				<b>Total inflows / (outflows) from operating activities (a)</b>			
				<b>1.988,17</b>			
				<b>779,68</b>			
				<b>643,99</b>			
				<b>993,72</b>			
				<b>Investing activities</b>			
				Acquisition of affiliates, subsidiaries, joint ventures and other investments			
				0,00			
				-10,00			
				0,00			
				-10,00			
				-334,60			
				-4.379,13			
				-285,13			
				-3.933,77			
				0,00			
				0,00			
				0,00			
				0,00			
				56,75			
				0,00			
				55,00			
				913,83			
				1.266,48			
				895,83			
				1.249,26			
				0,00			
				0,00			
				0,00			
				0,00			
				<b>Total inflows / (outflows) from investing activities (b)</b>			
				<b>579,23</b>			
				<b>-3.065,90</b>			
				<b>610,70</b>			
				<b>-2.639,51</b>			
				<b>Financial activities</b>			
				Proceeds from share capital increase			
				0,00			
				0,00			
				0,00			
				0,00			
				44.800,46			
				92.926,33			
				42.550,00			
				85.350,00			
				-49.294,64			
				-79.593,00			
				-47.350,00			
				-72.999,71			
				-9,15			
				-4,54			
				-9,15			
				-4,54			
				<b>Total inflows / (outflows) from financing activities (c)</b>			
				<b>-4.503,33</b>			
				<b>13.328,79</b>			
				<b>-4.809,15</b>			
				<b>12.345,75</b>			
				Foreign exchange differences			
				0,68			
				<b>Net increase / (decrease) on cash and cash equivalents for the period (a) + (b) + (c)</b>			
				<b>-1.935,25</b>			
				<b>11.042,57</b>			
				<b>-3.554,46</b>			
				<b>10.699,96</b>			
				Cash and cash equivalents at the beginning of the period			
				27.978,72			
				16.936,15			
				27.026,78			
				16.326,82			
				<b>Cash and cash equivalents at the end of the period</b>			
				<b>26.043,47</b>			
				<b>27.978,72</b>			
				<b>23.472,32</b>			
				<b>27.026,78</b>			
				<b>ADDITIONAL DATA &amp; INFORMATION</b>			
				1. The Group's structure is illustrated in note 2.3 of the financial statements			
				2. Note 22 of the financial statements includes reference to the Group's unaudited fiscal years			
				3. The number of employed personnel as of 31.12.2011 was 223 people for the Group and 166 people for the Company while on 31.12.2010 that number was 273 for the Group and 172 people for the Company.			
				4. There are no Company disputes in litigation or arbitration nor court or arbitration bodies judgments that might significantly affect the financial status or operation of the Company and the Group.			
				5. There are no liens on the fixed assets of the Company and the Group.			
				6. The provisions of the Group and the Company as of 31.12.2011 are the following:			
						THE GROUP	THE COMPANY
				a) Any form of litigations or arbitrations		-	-
				b) Tax unaudited fiscal years		532,50	500,00
				c) Other provisions		-	-
				7. Amounts of sales and purchases of the Group and the Company to and from associated parties for the period from 1.1.2011 to 31.12.2011 as well as the balances of receivables and obligations are analyzed as follows (amounts in thousand €):			
						THE GROUP	THE COMPANY
				a) Revenues		242,22	4.603,58
				b) Expenses		826,93	5.876,61
				c) Receivables		2,12	2.485,50
				d) Payables		30,61	1.615,54
				e) Transactions and fees of executives and members of the management:		875,30	659,85
				f) Receivables from executives and members of the management:		0,00	0,00
				g) Liabilities to executives and members of the management:		0,00	0,00
				8. The consolidated comprehensive income / (other expenses) after tax formed at € (6,21) th. and includes foreign exchange differences from the conversion of the financial statements of the company BALKAN IRON GROUP SRL, amount (€ 8,23) th. and the result from cash flow hedging of amount € 2,02 th. The company comprehensive income / (expenses) after tax formed at € 3,64 th. and includes the result from cash flow hedging. Note No 19 of the financial statements refers to other comprehensive income / (expenses).			
				9. On 14.07.2011, the Repeated General Shareholders' Meeting approved the expansion of the company's objective with the aim to include activities in the sector of production and trade of electric energy from renewable sources. Additionally, the Repeated General Shareholder's Meeting approved the partial amendment of Resolution No. 6 of the Ordinary General Meeting dated 30.06.2010 with the corresponding amendment of article 5 of the Articles of Association and committing funds of "Extraordinary reserves" for the company's participation in an investment of L. 3299/2004.			

THE CHAIRMAN OF THE BOD

DEPUTY MANAGING DIRECTOR

ASPROPIRGOS, MARCH 23, 2012

THE FINANCIAL SERVICES DIRECTOR

THE ACCOUNTING DIRECTOR

PANAGIOTIS SIMOS  
ID CARD NO. AE 063856STYLIANOS KOUTSOTHANASIAS  
ID CARD NO. AB 669589STATHIS LAGIOS  
ID CARD No N 133407 A CLASS LICENSE NUMBER 0020811VASILIS MANESIS  
ID CARD NO. AE 008927 A CLASS LICENSE NUMBER 0072242