

Annual Report

2011



CORINTH PIPEWORKS S.A.

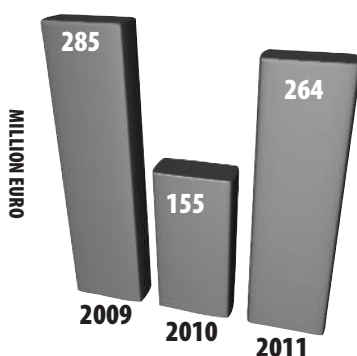
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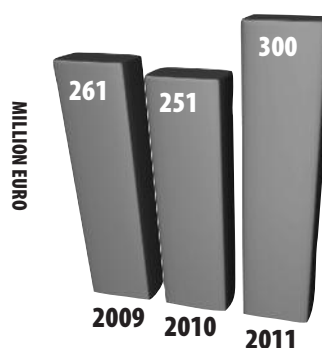
## 2011 at a glance

- CORINTH PIPEWORKS Group engages in the production of high quality medium and large diameter steel pipes for the transmission of oil, gas and water, as well as the production of hollow sections for use in the construction sector.
- Its production plants are located in Thisvi, Greece and Polevskoy, Russia.
- CORINTH PIPEWORKS is a member of SIDENOR Group, which is VIOHALCO's steel production, processing and trading division.

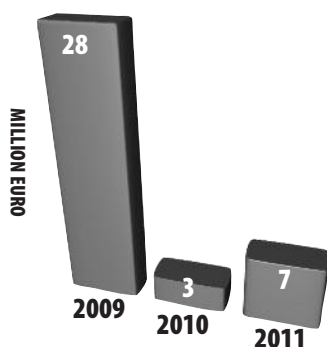
### TURNOVER



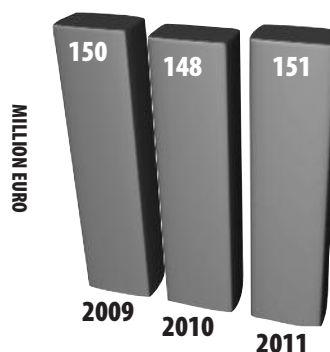
### TOTAL ASSETS



### EARNINGS BEFORE TAXES



### EQUITY



# 1. Message from the Chief Executive Officer

The instability and uncertainty that have characterised the global economy over the last few years continued into 2011, a year marked by significant volatility as regards the business environment on an international level. Within this environment, CORINTH PIPEWORKS managed to capitalise on its competitive advantages, thus making 2011 a successful year for the Group.

Persistently high oil prices encouraged new investments by energy companies in drilling projects and transmission of energy resources. CORINTH PIPEWORKS Group's high level of expertise and specialisation, the quality of its products and the geographic dispersion of its activity, in combination with a sound financial structure and competitive cost base, enabled the Group to absorb a major portion of the new demand and to improve its financial results for the fiscal period.

Consolidated turnover for the 2011 financial year rose significantly by 70.4% and amounted to euro 264.1 million, compared to euro 155 million in 2010. As regards profits, despite the significant increase in raw material costs and increased competition that squeezed profit margins, profits for FY 2011 overall increased, mainly due to notable improvements in results in the fourth quarter. More specifically, the Group's gross profits for FY 2011 amounted to euro 41.4 million, compared to euro 32.8 million in 2010, marking an increase of 26.3%. A similar increase of 26.7% was noted in consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA), which came to euro 18.1 million euro, compared to euro 14.3 million in 2010, while the EBITDA margin stood at 6.8% of consolidated turnover. The Group's gross profits before taxes for FY 2011 amounted to euro 6.8 million, compared to euro 2.9 million in 2010, for an increase of 135.7%. Finally, consolidated results after taxes and minority rights amounted to a profit of euro 5.6 million (a profit of euro 0.0453 per share) in FY 2011, compared to losses of euro 1.6 million (a loss of euro 0.0125 per share) in FY 2010.

CORINTH PIPEWORKS continues to grow, while continuously expanding its range of products. The latest key achievement in this direction was the signing of a memorandum of understanding with the german manufacturer of equipment SMS Meer, for the supply of a new pipe mill that will have the capability of producing energy pipes with external diameters ranging from 18" to 56", wall thicknesses of up to 40 mm, pipe lengths up to 18.3m, and steel grades up to X100, using the LSAW/JCOE production technique. By this planned investment, CORINTH PIPEWORKS S.A. is aiming at expansion of its product range in order to capture the fast growing global demand for high strength offshore and onshore energy pipes.

CORINTH PIPEWORKS has succeeded in becoming one of most reliable pipe manufacturers worldwide. Its strong position, combined with the latest developments in the energy sector, allow the company to maintain a positive outlook. While continuing to operate with respect for the environment and for society, CORINTH PIPEWORKS Group will succeed in further strengthening its competitive position.

**Apostolos Papavasileiou**  
Chief Executive Officer





## 2. SIDENOR Group

CORINTH PIPEWORKS is a member of SIDENOR Group. SIDENOR Group is VIOHALCO's steel production, processing and trading division. The Group is the largest long steel producer in South-Eastern Europe.

SIDENOR Group's production and commercial operations comprise of 20 subsidiaries or affiliated companies with headquarters in Greece and another 16 in foreign countries. The Group retains a presence in Greece, Bulgaria, Russia and FYROM:

Company	Direct & Indirect % Participation	Country
AEIFOROS S.A.	90.00%	Greece
ARGOS S.A.	69.28%	Greece
BEAT S.A.	41.60%	Greece
VEMET S.A.	100.00%	Greece
VET S.A.	63.52%	Greece
V.E.P.E.M. S.A.	50.00%	Greece
DEPAL S.A.	100.00%	Greece
DIA.VI.PE.THI.V. S.A. (Administration and Management Thisvi Viotia Industrial Area S.A.)	70.10%	Greece
DIAPEM S.A.	33.35%	Greece
ELKEME S.A. (Hellenic Research Centre for Metals)	20.00%	Greece
ERLIKON S.A.	98.85%	Greece
ETIL S.A.	69.99%	Greece
THERMOLITH S.A.	63.00%	Greece
ATTICA METAL PROCESSING S.A.	50.00%	Greece
PRAKSYS S.A.	51.00%	Greece
PROSAL S.A.	100.00%	Greece
SIDMA STEEL PRODUCTS S.A.	24.59%	Greece
CORINTH PIPEWORKS S.A.	78.55%	Greece
AEIFOROS BULGARIA S.A.	90.00%	Bulgaria
AWM SPA	34.00%	Italy
BIODIESEL S.A.	16.00%	Greece
BOZETTI LTD	100.00%	Cyprus
DOJARAN STEEL LLCOP	100.00%	FYROM
DOMOPLEX LTD	45.00%	Cyprus
JOSTDEX LTD	94.00%	Cyprus
PORT SVISHTOV WEST S.A.	73.09%	Bulgaria
PRISTANISHTEN KOMPLEX SVILOSA EOOD	73.09%	Bulgaria
PROSAL TUBES S.A.	100.00%	Bulgaria
SIDBALK STEEL DOO	100.00%	Serbia
SIDERAL STEEL SHPK	100.00%	Albania
SIDEROM STEEL SLR	100.00%	Romania
SIGMA S.A.	69.28%	Bulgaria
SOVEL S.A.	64.01%	Greece
STOMANA INDUSTRY S.A.	100.00%	Bulgaria
TEPRO STEEL EAD	100.00%	Bulgaria
ZAO TMK-CPW	38.49%	Russia

*Note: Based on the financial statements of 31/12/2011.*



SIDENOR Group's operational activity is fully vertical and includes the following sectors:

- Production of liquid steel (meltshops): billets, slabs, blooms.
- Production of long steel products: concrete reinforcing bars, hot rolled products, merchant bars, wire rods.
- Production of pipes and hollow structural sections: line pipes for oil, gas and water pipelines, hollow sections.
- Production of plate products: steel plates, narrow hot rolled strip.
- Downstream operations: wire products, structural meshes and cages, concrete reinforcing steel fibres, by-product recycling, special high-precision bright steels.

CORINTH PIPEWORKS and its subsidiaries are SIDENOR Group's pipe and hollow section arm.

With its superior state-of-the-art production base and its extensive sales network both inside and outside Greece, SIDENOR Group maintains its leading position, through dedication to excellence in product quality, ongoing emphasis on innovation, investment in integrated technological equipment and the fully customer-centred approach of its activities.

In an effort to maintain its competitive advantage at production level and commercial presence, SIDENOR Group remains focused on the continued upgrade and expansion of its plants and distribution network, through an extensive, long-term investment programme which amounted approximately to euro 732 million during the period 1998-2011.







### 3. Activities

CORINTH PIPEWORKS began operating in 1969 and within four decades, it has become a strong group of companies active in the production of medium and large diameter steel pipes for the transmission of oil, gas and water, as well as in the production of hollow sections for use in the construction sector.

The Group's production plants are located in Thisvi, Viotia, Greece and Polevskoy, Russia. CORINTH PIPEWORKS' clientele includes some of the largest gas and oil companies, such as: Chevron, BP, the Public Gas Corporation (DEPA), Hellenic Gas Transmission System Operator (DESFA), OMV, GRTgaz, National Grid, RWE, Sonatrach, Spectra Energy, Energy Transfer, Denbury, STEG, Enbridge, Cheniere Energy, Talisman, PDO, ARAMCO, SOCAR, SONATRACH, ABB, EDF, EPCO, Oman Gas Company, SPECTRA, DCP, MIDTREAM, McJUNKIN, SPARTAN, SNAM, TIGF, SAIPEM, GENESIS, ALLSEAS, SUBSEA 7 and others.



The Group's main production plant is located in the Thisvi Industrial Area in Viotia, Greece and its annual production capacity is 775,000 tons (metric). The total area of the plant's facilities is 497,000 m<sup>2</sup>, 83,000 m<sup>2</sup> of which are covered. The plant began operating in 2002. The Thisvi Industrial Area includes a port which provides port and dockside cranes, forklifts and other cargo loading/discharging equipment. The use of the port facilities ensures that CORINTH PIPEWORKS enjoys reduced delivery times for raw materials and dispatch times for final products, as well as lower transport costs.

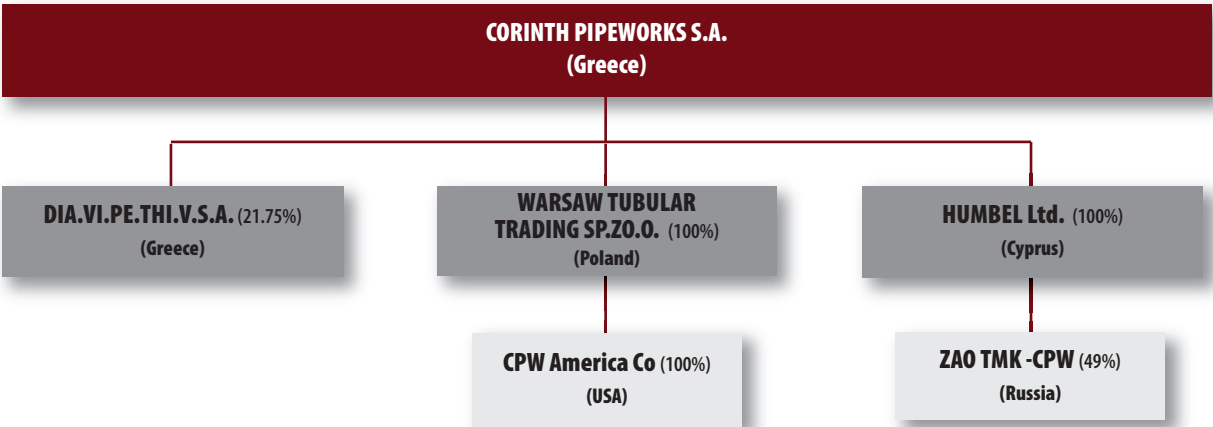


CORINTH PIPEWORKS' second production plant is located in Polevskoy, Russia and is owned by the ZAO TMK-CPW joint venture, which was founded by the Group in cooperation with TMK, one of the largest pipe manufacturers worldwide. The plant has a total annual production capacity of 200,000 tons and distributes its products in Russia and the Commonwealth of Independent States.

CORINTH PIPEWORKS has been listed on the Athens Stock Exchange since 1998, while since 2004 the majority of the Company's share capital is owned by SIDENOR Group.

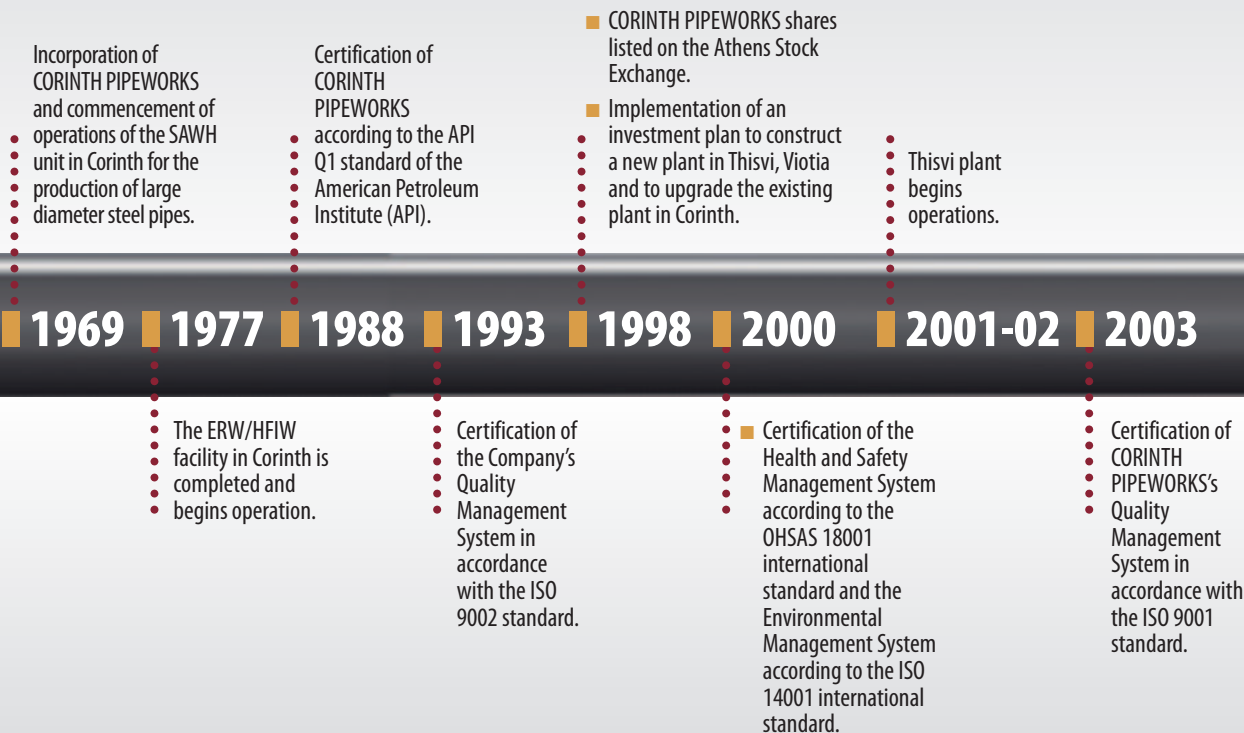
The primary activities of CORINTH PIPEWORKS Group's subsidiaries are to provide support to the parent Company, on an operational and production level, as well as on the promotion and customer service level.

## 4. Subsidiary Companies



## 5. Milestones in the History of the Company

The major milestones in the history of CORINTH PIPEWORKS since 1969 are as follows:



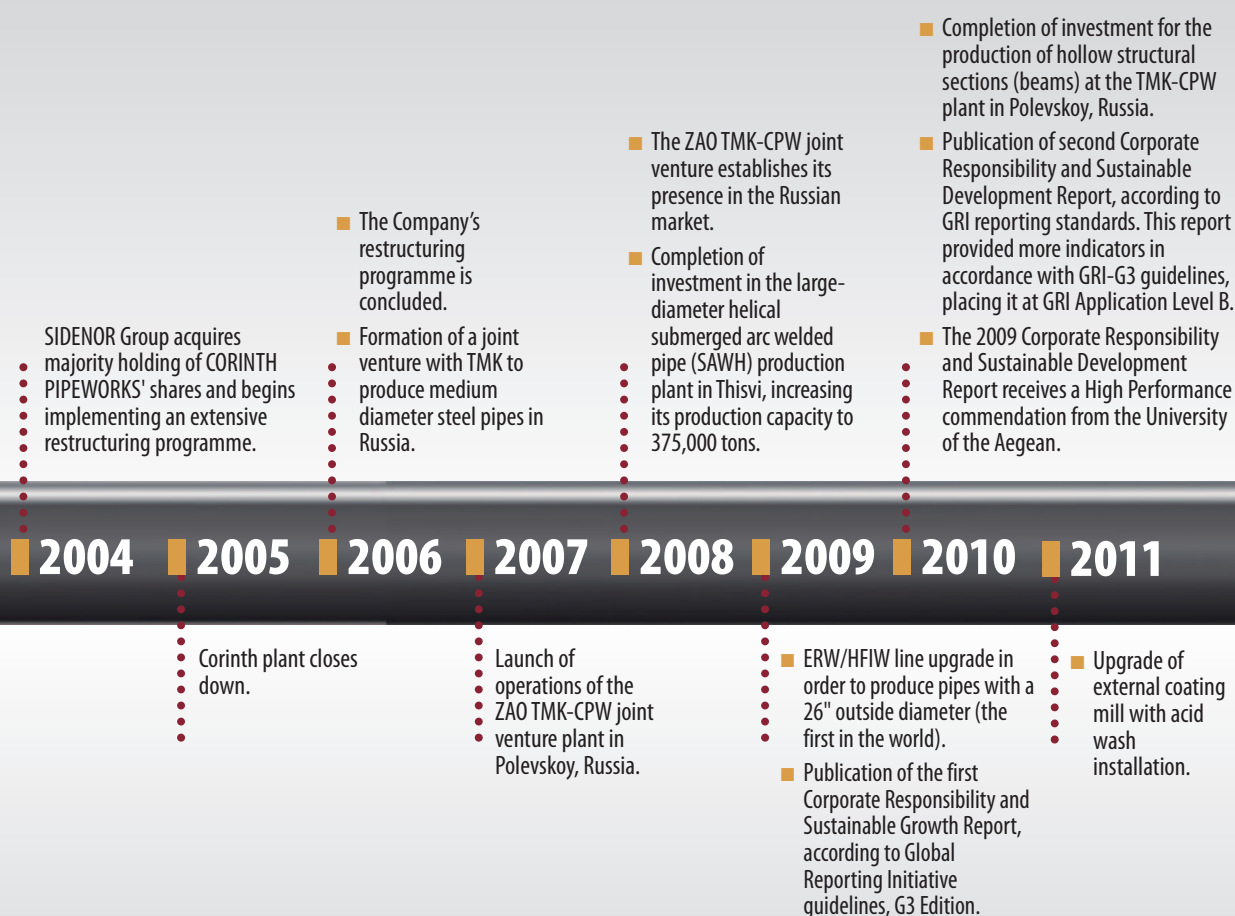
The companies included in the consolidated financial statements are the following:

CPW AMERICA subsidiary is headquartered in the USA and its mission is to promote CORINTH PIPEWORKS products and to serve directly the needs of the Group's customers in North and South America.

HUMBEL LTD controls 49% of the joint venture TMK-CPW in Russia, which produces medium diameter steel pipes for the transmission of oil and gas.

DIA.VI.PE.THI.V. S.A. is engaged in managing the Thisvi Industrial Area, in which the Group's main production plant is located.

WARSAW TUBULAR TRADING subsidiary is based in Poland and its primary activity is to participate in companies engaged in similar activities.





## 6. Strategy - Targets and Outlook

The Group's extensive experience on large-scale projects and high quality products has placed CORINTH PIPEWORKS among the most reputable pipe manufacturers worldwide. Meanwhile, the gradual stabilisation of the international business environment, combined with increased investments in energy and infrastructure projects, allow CORINTH PIPEWORKS Group to have high expectations for the current financial year. In addition, the broadened range of the Group's products, the quality of the products produced in its state-of-the-art plants and distributed widely through an extensive network, its sound financial structure and competitive cost base guarantee the Group's further expansion of activities in 2012.

In early 2012, CORINTH PIPEWORKS S.A. announced the signing of a memorandum of understanding with the german manufacturer of equipment SMS Meer, for the supply of a new pipe mill that will have the capability of producing energy pipes with external diameters ranging from 18" to 56", wall thicknesses of up to 40 mm, pipe lengths up to 18.3m, and steel grades up to X100, using the LSAW/JCOE production technique.

By this planned investment, CORINTH PIPEWORKS S.A. is aiming at expansion of its product range in order to capture the fast growing global demand for high strength offshore and onshore energy pipes, which meet very strict quality criteria and thus offering a unique product range, and excellent customer service. With these products, CORINTH PIPEWORKS targets, among others, on Mediterranean Region, Gulf of Mexico, Latin America, West Africa and North Sea.

The primary strategic goals of CORINTH PIPEWORKS Group are as follows:

- Reduction of operating costs, aiming at improving the Group's competitiveness.
- Continuous optimisation of production plant's efficiency.
- Expansion of its activity into the markets of Europe, North Africa and the Middle East.
- Enrichment of the product range, aiming at strengthening the Group's presence on a commercial level through innovative solutions, with high added value for customer.
- Maintenance of the current financial structure.



## 7. Plants and Production

The main CORINTH PIPEWORKS plant is located in the Thisvi Industrial Area in Viotia, Greece. Another plant was established and has been operating in Polevskoy, Russia, since 2007, as part of the ZAO TMK-CPW joint venture.

### Thisvi Plant (Greece)

CORINTH PIPEWORKS plant in Thisvi started operating in 2002 and produces pipes for the energy industry, as well as hollow sections for the construction sector. The plant's primary competitive advantages include its strategic location near a port, its flexible production process and the adoption of best practices at a production and distribution level.

Plant facilities occupy a total area of 83,000 m<sup>2</sup>, while the total size of the property owned by the Company in the area is 497,000 m<sup>2</sup> (nearly 50 hectares).

The plant's mechanical equipment is considered to be among the most advanced in the world and was procured from major recognised international firms like SMS-MEER and MEG.

Since 2002, a fully equipped port has been in operation within the Thisvi Industrial Area, about 2 km from CORINTH PIPEWORKS' plant, guaranteeing competitive transportation costs and reduced delivery times for raw materials and dispatch times for final products. Port facilities include port cranes, forklifts and other cargo loading/discharge machinery which meet the International Ship and Port Facility Security Code – ISPS code.

CORINTH PIPEWORKS is gradually implementing a medium-term investment plan with the goal of increasing the plant's production capacity and expanding the range of products the Group can offer. Within this framework, during 2009, the upgrade of the ERW/HFIW line from 24" to 26" was completed, thus enabling the Group to market the widest range of medium-diameter pipes.

### Thisvi Plant Production Process

The steel pipes used in the energy industry vary and differ depending on the application and the technical requirements of each project.

The basic categories of steel pipes are the following:

#### Seamless pipes

Seamless pipes used in oil and gas extraction and for underwater pipelines.

#### LSAW pipes

Large-diameter longitudinal submerged arc welded pipes used for underwater pipelines.

#### ERW Pipes

Longitudinal seam electric resistance welded, medium and large diameter pipes used in oil and gas transport and extraction.

#### SAWH pipes

Helical seam SAW pipes of large diameter for transporting oil, gas and water.

At its Thisvi plant, CORINTH PIPEWORKS produces ERW/HFI and SAWH pipes, using the following production process:

### • **Longitudinal seam ERW/HFIW line – (Electric Resistance Welding / High Frequency Induction)**

In electric resistance welding/high frequency induction welding (ERW/HFIW), the raw material is steel coil of high quality (API hot rolled coil). The ends to be welded are mechanically pressed together, while the required welding temperature is provided by the resistance of the pipe material to the electrical current flowing through it.

The annual production capacity of the ERW/HFIW unit is 400,000 tons and pipe diameters range from 8 5/8" to 26". The ERW/HFIW unit produces also large hollow sections (from 180x180 up to 500x500 and 600x400 mm), which are widely used in metal constructions.

### • **SAWH (Submerged Arc Welding-Helical) Unit**

The submerged arc-welded helical seam line produces large diameter steel pipes (26"-100") using high quality steel coil (API HRC) as raw material. The welding is achieved by joining metal ends, which are heated with one or more electrical arcs that are formed between one or more bare metal electrodes and the pieces to be joined. The annual production capacity of this line is 375,000 tons.

### • **External & internal coating units**

Depending on each project's technical requirements, as determined by the environment, the weather conditions and the content of corrosive substances in the oil or gas being transmitted, the pipes that are manufactured may require anti-corrosive protection. CORINTH PIPEWORKS operates three units for the external and/or internal coating of the pipes it produces:

#### **TCP 40 Unit**

This particular unit handles pipe coating with a triple layer of PE (polyethylene) or PP (polypropylene) or with FBE (epoxy paint) of one or two layers. The TCP 40 unit can coat pipes with an outside diameter of up to 40".

#### **TCP 100 Unit**

This unit also handles external coating with the abovementioned materials on pipes with an outside diameter of up to 100".

These two unit (TCP 40 and TCP 100) have an approximate total capacity of 6.3 million square metres per year.

#### **TLP 56 internal lining unit**

The internal coating of pipes with epoxy material takes place in the TLP 56 unit. It can process pipes with an external diameter of up to 56", while its total production capacity is approximately 2 million square metres per year.

## **Polevskoy Plant (Russia)**

The Group's first production plant outside Greece began operating in 2007, within the framework of the ZAO TMK-CPW joint venture. This joint venture is the result of a partnership between CORINTH PIPEWORKS (through its 100% subsidiary HUMBEL LTD, which controls 49% of the joint venture) and TMK, the largest pipe manufacturer in Russia and one of the top three in the world. The ZAO TMK-CPW



joint venture facilities are located in the town of Polevskoy (Seversky area) in the STW (Seversky Tube Works) plant, a subsidiary of TMK.

The plant's primary activity is to produce longitudinal seam high-frequency welded pipes of up to 21". The equipment used has very high technical specifications and allows for the production of pipes measuring 168-530 mm in diameter, with 4.8-12.7 mm wall thickness and up to 18 m in length, as well as hollow sections, in accordance with international quality standards. The plant's total annual production capacity is 200,000 tons.

## 8. Products and Services

CORINTH PIPEWORKS produces three main product categories: line pipes, casing pipes for oil or gas wells (casing pipes) and hollow sections. It also provides a range of added value services, such as further pipe processing, transportation and storage on behalf of third parties.



### Line Pipes

Line pipes are used to transmit gas, oil and water and must meet specific quality specifications, depending on their intended use. In the case of fuel (liquid or gas), strict conformance to safety specifications is required, while in the case of water transport, pipes must meet high standards of hygiene to ensure the suitability of the potable water's quality.



CORINTH PIPEWORKS plants produce either longitudinal seam ERW/HFIW or helical seam SAWH line pipes in accordance with international standards or specific customer requirements. Line pipes are produced in steel grades of up to X80.

### Casing Pipes

Casing pipes are used in drilling for extracting oil and gas. These are high frequency induction longitudinally welded (HFIW) casings, manufactured in accordance with international standards or customers' specific requirements in grades H 40 and J 55.

### Hollow Structural Sections

Hollow sections are widely used in the construction sector and especially in metal constructions. The shape of the final product may be circular, square or rectangular, while their length varies in accordance with customer specifications.

Hollow sections are manufactured in accordance with the EN 10219-1 European standard.

CORINTH PIPEWORKS takes advantage of commercial synergies with parent company SIDENOR and sells hollow sections manufactured under the SD HSS Extra trademark together with SIDENOR products, offering the widest product range of its kind in Europe.



## Services

Besides its production activities, CORINTH PIPEWORKS provides a range of added value services to its customers, including:

- Internal and external coating of pipes produced at other pipe works.
- Storage of pipes.
- Procurement of pipes or assignment of pipe coating outside CORINTH PIPEWORKS' product range to approved sub-contractors, within the framework of large projects, to provide integrated solutions.
- Combined transportation of pipes, including ship loading, sea transportation, discharge and road transportation.

## 9. Major Projects

### • Major ERW/HFI projects

ENTITY/ PROJECT	COUNTRY	PROJECT OBJECTIVE	YEAR
DESFA / AG. THEODORI MEGALOPOLI	Greece	Gas	2011
SAUDI ARAMCO/CONDUCTORS	Saudi Arabia	Drilling pipes	2011
DENBURY / GREENCORE CO2	USA	CO2	2011
OMV YEMEN / BLOCK 60	Yemen	Gas	2011
RWE / BREAGH OFFSHORE DEVELOPMENT	United Kingdom	Gas	2011
ABB / EL MERK LOT 3-4	Algeria	Gas	2010
BONATTI / EL MERK LOT 2	Algeria	Gas	2010
STEG/GABES ZARZIS DJERBA	Tunisia	Gas	2010
STEG/BASIN MINIER GAFSA VILLAGE	Tunisia	Gas	2010
GASCO/EDECO EL MAADIA	Egypt	Gas	2010
SAUDI ARAMCO/CONDUCTORS	Saudi Arabia	Drilling pipes	2010
WILLIAMS/PASCAGOULA EXPANSION	USA	Gas	2010
BP / IN AMENAS	Algeria	Gas	2009
STEG / GABES, ZARZIS, DJERBA	Tunisia	Gas	2009
GAZ DE FRANCE / ETREZ GENELARD	France	Gas	2009
EDF ENERGY / WEST BURTON GAS	United Kingdom	Gas	2009
BORD GAIS / CURRALEIGH WEST	Ireland	Gas	2009
OMAN GAS CO. / MURAYRAT AL GHUBRAH	Oman	Gas	2009
PDO / HARWEEL TO MARMUL	Oman	Gas	2009
BECHTEL / PILES	United Arab Emirates	Gas	2009
PLINACRO / LIKA TO DALMATIA	Croatia	Gas	2009
SNAM RETE GAS	Italy	Gas	2008
EBLA GAS PROJECT	Syria	Gas	2008
ABU DHABI NGL	United Arab Emirates	Gas	2008

### • Major SAWH projects

ENTITY/ PROJECT	COUNTRY	PROJECT OBJECTIVE	YEAR
OMV AUSTRIA / WAG EXPANSION	Austria	Gas	2011
SNAM RETE GAS / ZIMELLA GERVIGNANO	Italy	Gas	2011
GRT GAS / HAUTS DE FRANCE	France	Gas	2011
WESTCOAST ENERGY / STEWART LAKE	USA	Gas	2011
SPECTRA / TEMAX TIME III	USA	Gas	2010
CARDINAL GAS/PERRYVILLE INTERCONNECT	USA	Gas	2010
SPECTRA ENERGY / EAST TO WEST	USA	Gas	2009
ENERGY TRANSFER / TEXOMA KATY	USA	Gas	2009
ENERGY TRANSFER / REED TO MALONE	USA	Gas	2009
LUMINANT MINING / MARTIN LAKE	USA	Gas	2009
MITE-SAIPEM-SONATRACH / MENZEL	Algeria	Gas	2009
TEXOMA TO CARTHAGE LOOP LINE	USA	Gas	2008
TEXAS INDEPENDENCE PIPELINE	USA	Gas	2008
SNAM RETE GAS	Italy	Gas	2008
GRT GAS / MONTRAVEL ST. AVIT NORD EST	France	Gas	2008
ENERGY TRANSFER/GRIMES TO KATY	USA	Gas	2008
BAY GAS STORAGE	USA	Gas	2008

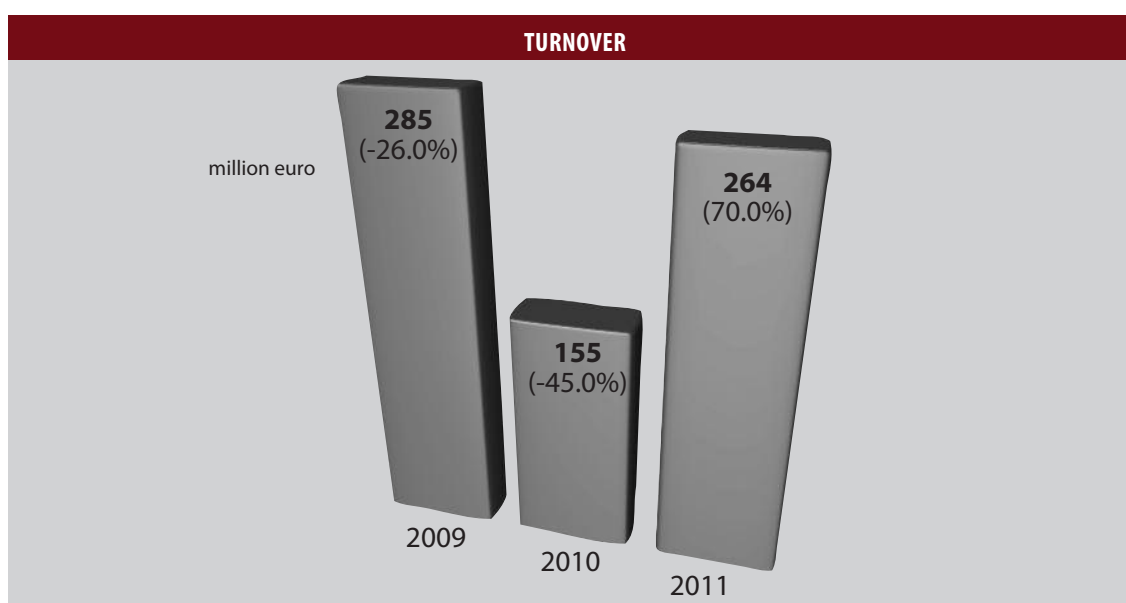


## 10. Group Financial Data

Consolidated Financial Results (amounts in euro thousand)	2009	2010	2011
Turnover	285,172	155,019	264,144
Gross profit	84,449	32,759	41,360
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	41,088	14,264	18,076
Earnings before interest and taxes (EBIT)	29,905	2,930	6,758
Profits before taxes	28,084	2,890	6,814
Earnings after taxes and minority interest	20,241	-1,556	5,627

% change	2009	2010	2011
Turnover	-25.95%	-45.64%	70.39%
Gross profit	16.38%	-61.21%	26.26%
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	31.79%	-65.28%	26.72%
Earnings before interest and taxes (EBIT)	48.18%	-90.20%	130.65%
Profits before taxes	77.32%	-89.71%	135.78%
Earnings after taxes and minority interest	128.48%	n/a	n/a

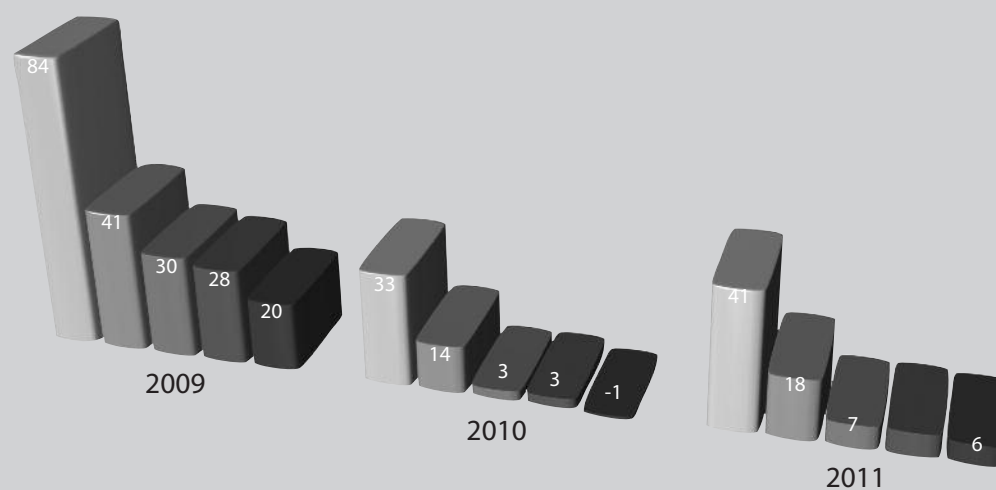
Profit Margins	2009	2010	2011
Gross profit	29.61%	21.13%	15.66%
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	14.41%	9.20%	6.84%
Earnings before interest and taxes (EBIT)	10.49%	1.89%	2.56%
Profits before taxes	9.85%	1.86%	2.58%
Earnings after taxes and minority interest	7.10%	n/a	2.13%



Consolidated Statement of Financial Position Data (amounts in euro thousand)		2009	2010	2011
ASSETS				
Fixed assets		148,846	150,514	133,279
Inventory		56,071	43,476	63,673
Trade and other receivables		43,052	29,937	64,543
Other current assets		796	5,912	18,164
Cash and equivalents		12,409	21,516	23,334
TOTAL ASSETS		261,175	251,355	299,993
EQUITY AND LIABILITIES				
Long-term borrowing		24,219	10,759	9,000
Other long-term liabilities		16,440	15,669	13,836
Short-term borrowing		27,314	15,959	55,245
Other short term liabilities		43,643	60,476	70,530
Total liabilities		111,616	102,863	148,611
Total Shareholders' Equity		149,559	148,492	151,382
Minority interest				
Total Equity		149,559	148,492	151,382
TOTAL LIABILITIES AND EQUITY		261,175	251,355	299,993

## FINANCIAL RESULTS

million euro



Gross profit

Earnings before interest, taxes, depreciation &amp; amortisation (EBITDA)

Earnings before interest &amp; taxes (EBIT)

Profits before taxes

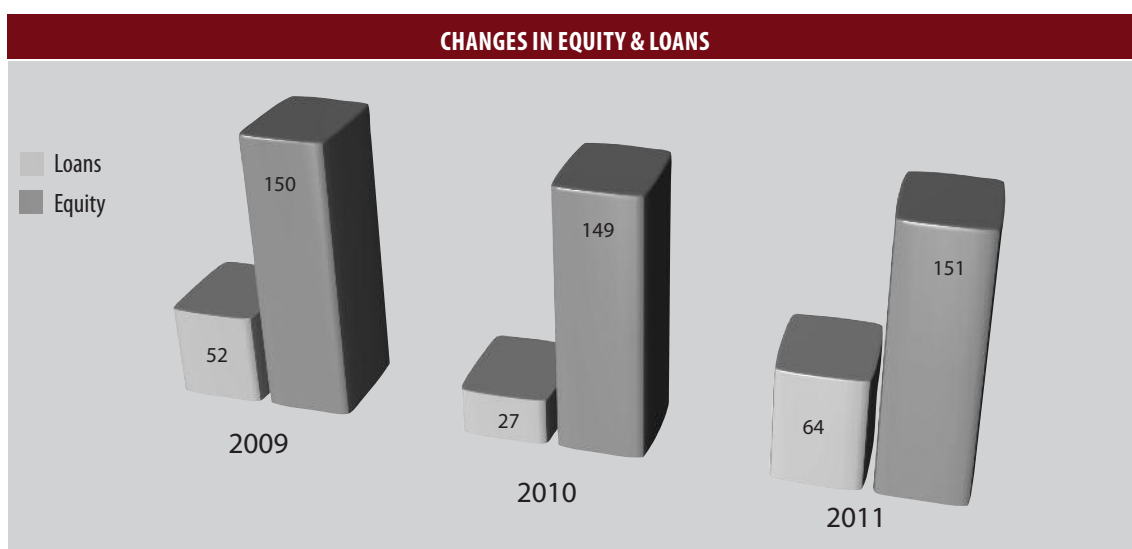
Earnings after taxes &amp; minority interest

<b>Consolidated Cash Flows (amounts in euro thousand)</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Operating cash flows	12,980	34,070	-35,172
Investment cash flows	-853	-452	-433
Financing cash flows	-18,915	-24,814	37,526
<b>Total cash flows</b>	<b>-6,788</b>	<b>8,804</b>	<b>1,921</b>
Cash and cash equivalents at beginning of year	19,405	12,409	21,516
Currency exchange differences	-208	303	-102
Cash and cash equivalents at year-end	12,409	21,516	23,334

<b>Financial ratios</b>		<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>LIQUIDITY</b>				
Current ratio	Times	1.58	1.32	1.33
Quick ratio	Times	0.79	0.74	0.82
<b>ACTIVITY</b>				
Inventory turnover	Days	107	130	104
Accounts receivable turnover	Days	55	70	89
Accounts payable turnover	Days	74	169	106
Difference	Days	19	99	17
<b>VIABILITY</b>				
Interest Coverage ratio	Times	8.17	1.49	2.23
Debt/Equity Ratio	Times	0.75	0.69	0.98

**Stock Symbols**

SOLK (ATHEX)  
CORr.AT (Reuters)  
SOLK GA (Bloomberg)





# 11. Company Management

## Board of Directors

### **Konstantinos Bakouris, Chairman of the Board of Directors**

Konstantinos Bakouris has been the Chairman of the Board of Directors of CORINTH PIPEWORKS since 2005. He holds an MBA from DePaul University in Chicago, Ill. (USA). Since 2000, he is serving as a board member in a number of VIOHALCO companies. He is Chairman of Transparency International - Greece (2006) and Chairman of the Board of the Greek-Russian Business Council. He served as Chairman of the NET MED NV Board of Directors (2004-2008), Managing Director of the Athens 2004 Olympic Games Organising Committee (1998-2000) and Chairman of the Board of the Hellenic Centre for Investment (2001-2002). He has also served as Chairman of RALSTON ENERGY SYSTEMS EUROPE S.A. and member of the company's WWBC (1986-1997), as well as Managing Director, Vice-President and General Manager of UNION CARBIDE (1970-1986). Amongst other activities, he has also served as President of the European Portable Battery Association, President of the Greek Community in Geneva, member of the Advisory Board of Business Europe, member of the World Presidents' Organisation (WPO), member of the MBA Advisory Board at DePaul University, Chicago and Vice-President of the Hellenic Management Association.

### **Meletis Fikioris, Vice-Chairman, Non-Executive Member**

Meletis Fikioris has been Vice-Chairman of CORINTH PIPEWORKS Board of Directors since January 2005. He has been a member of the Athens Bar Association since 1973 and has served as a legal advisor for a number of companies, participating on their Board of Directors.

### **Adamantios Vassilakis, Non-Executive Member**

Adamantios Vassilakis is a graduate of Political and Diplomatic Studies at Brussels Free University, as well as of the Chios Commercial School. In his long career in the diplomatic corps, he has served in many countries (indicatively, among others, Yugoslavia, the former USSR and the US) and has held high ranking positions in the Greek Ministry of Foreign Affairs. In 2002, he was named Permanent Representative of Greece to the United Nations, while in the same year, he was appointed chief negotiator representing Greece in discussions over FYROM's disputed name. In 2005, he was promoted to Ambassador and represented Greece in during the Country's term on the UN Security Council in New York (2005 – 2006). Within the framework of the Security Council, he participated in missions to Central Africa (Congo, Burundi, Rwanda, Uganda, Tanzania), Sudan and Afghanistan. He was also Chairman of the UN Security Council Sanction Committee on the Ivory Coast and Sudan, as well as of the Security Council's Informal Working Group on improving sanction effectiveness. In 2007, he was appointed National Representative of Greece in the negotiations held under the auspices of the UN to find a permanent name for FYROM. He has been decorated with the Grand Cross of the Order of the Phoenix.

### **Ioannis Stavropoulos, Executive Member**

Ioannis Stavropoulos is a graduate of the University of Piraeus and has been working at VIOHALCO since 1972. He has held the position of Financial Director at VITRUVIT S.A. (1978) and the position of General Manager at HELLENIC CABLES of Messologhi S.A. (1989), KEM S.A. (1998) and at SIDENOR S.A. (1999). He is an executive member of HELLENIC CABLES S.A. and a member of the Board of Directors of other VIOHALCO companies.

### **Nikolaos Galetas, Independent Non-Executive Member**

Nikolaos Galetas is an independent member of CORINTH PIPEWORKS Board of Directors. He is a Theology graduate of the University of Athens and has studied at the Vienna University of Technology (Technische Hochschule Wien). He has earned an Electrical Engineering degree from the National Technical University of Athens. During his lengthy career, Mr Galetas has served on the boards of the Hellenic Development Bank (ETVA), the Planning and Development Company (EPA) and the National Investment Bank for Industrial Development (ETEBA), where he also served as General Manager. Mr Galetas has also served as a management consultant for ETEBA and EFG EUROBANK PROPERTIES S.A. He has been a board member of a number of companies, including EFG EUROBANK PROPERTIES REIC and ERT-Greek Radio



and Television (Vice-Chairman) and several ETEBA Group subsidiaries where he served as Chairman of the Board of Directors during his many years with the Group. In addition, during the period 1990-92, he was advisor to the Ministers of the Interior, Agriculture and Coordination.

#### **Andreas Kyriazis, Independent Non-Executive Member**

Andreas Kyriazis has served on the Company's Board since 2005. Mr. Kyriazis is a graduate of the Chemistry, Physics & Mathematics Faculty of Athens University. He has served as Chairman of the Central Union of Greek Chambers, the Union of Balkan Chambers, the Athens Chamber of Commerce and Industry, the Hellenic Productivity Centre, the Greek Society for Business Administration and the Wood Processing Association. He was also Vice-Chairman of the Association of European Chambers of Commerce and Industry and the Secretary General of the Association of Greek Chemists.

### **Corporate Executives**

#### **Apostolos Papavasileiou, Chief Executive Officer**

Apostolos Papavasileiou has been Chief Executive Officer at CORINTH PIPEWORKS since November 2010. He is a licensed Chemical Engineer from the School of Engineering at the University of Patras, Greece and also holds an MBA from the University of Salford-Manchester, UK. Mr Papavasileiou worked at VIOHALCO as Head of Financial Planning, Budgeting and Reporting and has also served as Strategy and Investment Planning Manager at SIDENOR Group. Previously, Mr Papavasileiou served in several managerial positions at the NESTLE Group, both in Greece and Switzerland (Vevey), where he oversaw the supply chain, technical and industrial performance and operations strategies in projects around the world.

#### **John D Papadimitriou, Financial Director**

John D Papadimitriou took over as Chief Financial Officer of the Company in May 2011. He is an economist and a graduate of the Department of Economics, University of Piraeus. From 1998 to 2003, he worked as an auditor at PRICEWATERHOUSECOOPERS. In 2003, he joined financial services at CORINTH PIPEWORKS and held various positions of responsibility until 2008. From 2008 to 2011, he worked as Financial Controller in NEWLEAD HOLDINGS, a shipping company listed on NASDAQ.



#### **Athanassios Kotzakis, Plant Director**

Athanassios Kotzakis holds the position of Plant Director in Thisvi since July 2009. He is a Metallurgical Engineer, graduate of the National Technical University of Athens and holds a post-graduate degree in the Technology of Metals and Ceramic Materials from the University of Manchester Institute of Science and Technology (UMIST). He joined VIOHALCO in 1996 at the subsidiary KEM as Production Engineer. Prior to assuming his duties at CORINTH PIPEWORKS, he worked as Production Manager at SIDENOR, as well as Technical Director at the SOVEL plant. Since 2004, he has been in charge of SIDENOR Group's rolling mills and in 2007 he assumed the position of Assistant Plant Director at CORINTH PIPEWORKS.

#### **Dimitris Koulaxizis, Commercial Director**

Ο κ. Mr Koulaxizis has held the position of Commercial Director since July 2010. He is a graduate of the National Technical University of Athens, Department of Mining and Metallurgical Engineering and has earned an MSc from the University of Manchester Institute of Science and Technology (UMIST). He also holds an MBA from CIM (through Athens University of Economics). Before joining CORINTH PIPEWORKS, he was Sales Director for SIDENOR's pipe and hollow sections, merchant bars, special profiles and hot-rolled plate products (2003-2010); Commercial Director at ERLIKON (2000-2003); and also held various executive positions at IDEAL REFRACTORIES Industrial S.A. (1992-2000).

#### **Nikolaos Sarsentis, Raw Materials Procurement Director**

Nikolaos Sarsentis works at CORINTH PIPEWORKS since 2011. He is a Mechanical Engineer graduate of University College London with an MSc in Advanced Applied Mechanics and Management Science from the Imperial College of Science and Technology of the University of London. He has worked at SIDENOR Group since 2006 as Operational Director of the pipe sector. Previously, Mr Sarsentis held management positions at Friesland Foods, Tetra Pak, Alfa Laval and Diamant Boart.



## 12. Corporate Responsibility and Sustainable Development

The Company has incorporated Corporate Responsibility into its operations, recognising that the long-term prosperity of society as a whole and the Company itself can only be achieved through Sustainable Development. Respect and protection of the environment, attention to the Health and Safety of its employees, integrated coverage of customer needs and the harmonious coexistence with the local communities in which the Company operates, are key areas of CORINTH PIPEWORKS' Corporate Responsibility.

The topic areas of CORINTH PIPEWORKS' Corporate Responsibility and Sustainable Development are:



### Responsibility in the Marketplace

CORINTH PIPEWORKS has been successfully active in the Greek and primarily international market for more than 40 years. It has become one of the major manufacturers in the energy and construction sector worldwide, thus helping to strengthen the Greek economy. The Company operates responsibly, relying on its expert know-how, aiming to manufacture, distribute and provide integrated support for high quality, reliable products for large-scale fossil, fuel and water transportation projects and construction applications. In addition, the procedures implemented as part of the Company's quality assurance system and its customer relation management, combined with highly qualitative specifications according to which the Company's products are made and controlled, contribute in maintaining a high level of customer satisfaction.



### Economic Development and Sound Corporate Governance

Sound Corporate Governance and effective management of every possible risk are key principles in CORINTH PIPEWORKS' operation, as it aims to produce value for its shareholders and society as a whole.

CORINTH PIPEWORKS makes significant investments annually to increase its growth. These investments result in substantial collateral benefits for the national economy and the local areas in which the Company is active. In 2011, CORINTH PIPEWORKS made a total of euro 1.4 million in investments in Greece.



**CORINTH P**



### Responsibility to Society

For CORINTH PIPEWORKS, the harmonious coexistence and cooperation with the local communities in which it operates are very important. The Company's goal is to contribute to the development and sustainability of local communities, which are characterised by a relatively one-dimensional economic activity, chiefly of the primary sector (agriculture and livestock farming). A major part of the Company's needs for human resources and for supplies and services is met locally so that CORINTH PIPEWORKS' presence in the Thisvi Industrial Area has a positive impact both on the local job market and local businesses.





### Environmental Conservation

CORINTH PIPEWORKS' commitment to environmental protection and Sustainable Development is reflected both in the Company's values and through the Environmental Policy it has formulated and conforms to. The practical application of this environmental commitment is achieved through ongoing efforts to reduce CORINTH PIPEWORKS' environmental footprint. The Company implements responsible actions with the aim of containing and minimising its impact on the natural environment.



### Occupational Health and Safety

Occupational Health and Safety is the utmost priority for CORINTH PIPEWORKS. Company management is committed to taking all necessary measures required to form a safe working environment. It implements a Health and Safety Management System certified according to the OHSAS 18001 international standard. In addition, it makes significant investments each year towards ongoing upgrades and improvements in Health and Safety infrastructures, as well as conducting related training programmes.



### Responsibility to the Employee

CORINTH PIPEWORKS recognises the vital contribution of the human factor to its successful business course and to the achievement of its objectives. The Company ensures the fair compensation of its employees and provides equal opportunities for advancement, respecting both diversity and internationally protected human rights. In addition, the Company plans and implements educational programmes to provide continuous training for its employees on an annual basis.

# PIPEWORKS S.A.

*Detailed information concerning the Company's actions per Corporate Responsibility axis is provided in CORINTH PIPEWORKS' 2011 Corporate Responsibility and Sustainable Development Report, which is a separate section of this report.*

## 13. Invitation to the General Ordinary Shareholders Meeting

### NOTICE

of Annual General Meeting of shareholders of  
"CORINTH PIPEWORKS S.A.  
PIPE INDUSTRY AND REAL ESTATE"  
Reg. No. 1343/06/B/86/35

Under the provisions of the law and the Company's Articles of Association, the Shareholders of CORINTH PIPEWORKS S.A. PIPE INDUSTRY AND REAL ESTATE S.A. are hereby invited by the Board of Directors to attend the Company's Annual General Meeting, to be held on Thursday 28 June 2012, at 10:00 am, at the PRESIDENT HOTEL, 43 Kifissias Ave., Athens, to discuss and decide on the following:

### AGENDA

1. Approval of annual financial statements for the Company's 2011 financial year and related Directors and Certified Auditors reports.
2. Discharge of Directors and Certified Auditors from all responsibility for damages related to FY 2011.
3. Appointment of Certified Auditors and alternates for FY 2012 and approval of their remuneration.
4. Election of new Board of Directors members.
5. Appointment of members of the Audit Committee, according to article 37 of Law 3693/2008.
6. Approval of Directors' remuneration, according to article 24 par.2 of Codified Law 2190/1920.
7. Various announcements.

### RIGHT TO ATTEND THE GENERAL MEETING

Anybody appearing as a shareholder in the records of the Dematerialised Securities System, managed by "HELLENIC EXCHANGES S.A." (former Central Securities Depository), in which the Company's shares are kept, has the right to attend the General Meeting. Proof of shareholder status is verified by written certificate issued by the above entity, or alternatively, via the Company's direct online access to the electronic records of the entity. The shareholder's status must be in effect on 23/06/2012 (Registration Date), namely at the beginning of the fifth (5th) day before the date of the General Meeting and the pertinent written certificate of the shareholder's status must reach the Company no later than 25/06/2012, namely on the third (3rd) day before the date of the General Meeting.

With regard to the Company, anyone with shareholder status on the Registration Date has the right to attend and vote at the General Meeting. In the event of non-compliance with the provisions of the article 28a of CL 2190/1920, the shareholder in question may attend the General Meeting only by special permission.

The exercise of the rights in question does not require the blocking of shares of the beneficiary or compliance with any similar procedure which would limit the ability to sell or transfer shares during the period of time between the Registration Date and the General Meeting.

### PROCEDURE FOR EXERCISING VOTING RIGHTS THROUGH A PROXY

Shareholders attend the General Meeting and vote in person or through proxies. Each shareholder can appoint up to three (3) proxies. Legal entities can attend the General Meeting by appointing as their proxies up to three (3) natural persons. Nevertheless, if the shareholder holds shares of a company appearing in more than one securities account, the above restriction does not prevent the shareholder from appointing different proxies for the shares appearing in each securities account in respect with the General Meeting. A proxy acting on behalf of several shareholders may vote differently on behalf of each shareholder. The proxy of a shareholder is required to inform the Company, before the General Meeting is called to order, about any specific fact which may be useful to the shareholders in assessing the possibility that a proxy could serve interests other than those of the shareholder. Within the scope of this paragraph, a conflict of interest could arise especially when the proxy:

- a) is a shareholder controlling the Company or is another legal person or entity which is controlled by this shareholder;
- b) is a member of the Company's Board of Directors or management in general, or a shareholder who exercises control of the Company, or other legal person or entity controlled by a shareholder who exercises control of the Company;
- c) is an employee or certified auditor of the Company or a shareholder having control of the Company, or other legal person or entity controlled by a shareholder who controls the Company;
- d) is a spouse or first-degree relative of one of the natural persons mentioned in cases (a) through (c).

The appointment or recalling of the shareholder's proxy is executed in writing and communicated to the Company through the same procedure, at least three (3) days before the date of the General Meeting.

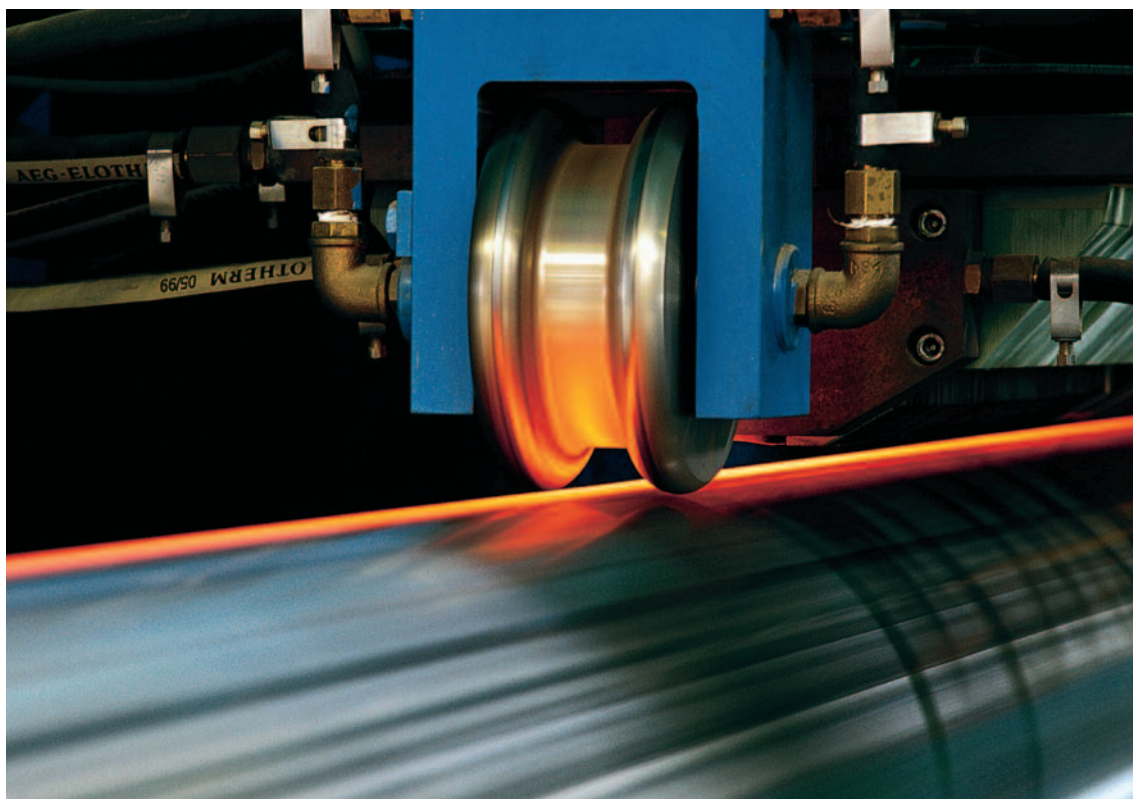
The Company shall make the form to be used to appoint a proxy available on its website ([www.cpw.gr](http://www.cpw.gr)). This form is to be submitted completed and signed by the shareholder to the Company's Investors Relations Service at this address: 16 Himaras Str., 15125 Maroussi, Greece, or sent by fax to: 0030 2106861347 at least three (3) days before the date of the General Meeting. The beneficiary is asked to confirm that the form appointing the proxy has been received by the Company by phoning Mr Konstantinos Kanellopoulos at 0030 2106861349.

Each share issued by the Company has one voting right.

The Company's Articles of Association do not make provisions for attending the General Meeting through electronic means and without the physical presence of the shareholders at the place it is to be held, nor do they allow for shareholders to participate in voting from remote locations

### MINORITY SHAREHOLDERS RIGHTS

According to the provisions of article 26 of CL 2190/1920, as currently in force, the Company informs its shareholders of the following:



- a) Following an application by shareholders representing one-twentieth (1/20) of the Company's paid up share capital, the Company's Board of Directors is required to include additional items on the agenda, provided such a request reaches the Board by 13/06/2012, namely at least fifteen (15) days before the General Meeting. The application for adding items to the agenda should be accompanied by relevant justification or a draft resolution for approval by the General Meeting. The revised agenda shall be published in the same way as the previous agenda, namely on 15/06/2012, thirteen (13) days before the date of the General Meeting. At the same time, it shall be made available to shareholders on the Company's website, together with the justification and the draft resolution submitted by the shareholders, according to the provisions of article 27 par. 3 of CL 2190/1920.
- b) Following an application by shareholders representing one-twentieth (1/20) of the paid up share capital, the Board of Directors shall make available to shareholders the draft resolutions regarding the items to be included in the initial or the revised agenda no later than 22/06/2012, namely six (6) days before the date of the General Meeting, as per the provisions of article 27 par. 3 of CL 2190/1920, provided the application reaches the Board by 21/06/2012, namely at least seven (7) days before the date of the General Meeting.
- c) Following an application submitted to the Company by any shareholder by 22/06/12, namely at least five (5) full days before the General Meeting, the Board of Directors is required to provide to the General Meeting the specific information requested regarding the Company's affairs, to the extent that this information could be useful in properly evaluating the items on the agenda.

The Board of Directors may provide a uniform response to shareholder applications having the same content. There is no obligation to provide information already available on the Company's website, especially in question-answer form.





In addition, following an application by shareholders representing one-twentieth (1/20) of the paid up share capital, the Board of Directors is required to announce at the General Meeting the amounts paid during the last two years to each Board of Directors member or to the managers of the Company, as well as any benefits provided to the above persons for any reason or arising from any agreement between them and the Company.

In all the above cases, the Board of Directors may refuse to provide the information citing substantial cause, which shall be recorded in the minutes.

- d) Following an application by shareholders representing one-fifth (1/5) of the paid up share capital, submitted to the Company by 22/06/2012, namely at least five (5) days before the General Meeting, the Board of Directors is required to provide at the General Meeting information regarding the Company's business affairs and its assets. The Board of Directors may refuse to provide the information citing substantial cause, which shall be recorded in the minutes.

The aforementioned time limits for exercising minority rights also apply in the event of Repeat General Meetings.

In all the aforementioned cases, shareholders submitting an application must show proof of their shareholder status and the number of shares they own when seeking to exercise these rights. Such proof may be a certificate issued by the entity where the securities are kept or verification of shareholder status acquired via direct online connection between the entity and the Company.

#### DOCUMENTS AND INFORMATION AVAILABLE

The information in article 27 par. 3 of CL 2190/1920 (text of the Notice for Annual General Meeting; total



number of Company shares and respective voting rights; comments by the Company Board of Directors on agenda items; and form appointing a proxy) shall be available in electronic form on the Company's website, [www.cpw.gr](http://www.cpw.gr). Copies of the above documents shall also be available at the offices of the Company's Investors Relations Service, at this address: 16 Himaras Str, 15125 Maroussi, Greece.

**Athens 6 June 2012**  
**The Board of Directors**

**CORINTH PIPEWORKS S.A.**

**ANNUAL  
FINANCIAL  
REPORT**

**FOR THE PERIOD**

**01/01/2011 – 31/12/2011**

**(according to regulations of Article 4 of L.3556/2007)**





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# CORINTH PIPEWORKS S.A. (Pipe Industry and Real Estate)

Company's No in the Registry of S.A.: 1343/06/B/86/35, Athens Tower, Building B', 2-4 Mesogeion Av., Athens

Financial data and information for the period from January 1, 2011 to December 31, 2011, (published as per L2190/20, article 135, on companies preparing their annual financial statements, consolidated or not according to IFRS) The figures and information illustrated below, aim at providing summary general information about the financial position and results of CORINTH PIPEWORKS S.A. (the Company) and its GROUP. We advise the reader, before making any investment decision or other transaction concerning the Company, to visit the Company's web site where the financial statements together with the audit report, when required, are uploaded.

Website: www.cpw.gr, Date of approval by Board of Directors: 26 March 2012, Supervising authority: Ministry of Development (department for limited companies), Board of Directors: Bakouris Konstantinos - Chairman, Fikioris Meletios - Vice Chairman, Vassilakis Adamandios - Member, Stavropoulos Ioannis - Member, Galetas Nikolaos - Member, Kyniazis Andreas - Member, Certified auditor: Dimitris Sourbis, Audit firm: PRICEWATERHOUSECOOPERS, Audit firm, S.A., Review audit type: Unqualified opinion

## STATEMENT OF FINANCIAL POSITION

(Amounts in euro)

	GROUP		COMPANY	
	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
<b>ASSETS</b>				
Tangible fixed assets	113,723,782	123,658,813	113,694,704	123,623,619
Intangible assets	800	7,183	800	7,183
Investments in associated companies	14,369,590	12,544,520	1,073,950	1,073,950
Investments in subsidiary companies	-	-	11,345,179	11,345,179
Deferred tax assets	34,758	11,847	-	-
Financial assets	173,307	514,288	173,307	514,288
Inventories	63,672,884	43,475,916	63,157,957	43,475,916
Trade receivables	55,670,987	18,802,046	33,779,666	17,464,549
Cash and cash equivalents	23,334,335	21,515,604	16,825,856	18,403,168
Other assets	29,012,965	30,824,490	42,955,619	30,423,525
<b>TOTAL ASSETS</b>	<b>299,993,408</b>	<b>251,354,707</b>	<b>283,007,038</b>	<b>246,331,377</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	96,852,757	96,852,757	96,852,757	96,852,757
Other equity items	54,529,478	51,639,048	50,040,475	48,033,328
Total equity of the owners of the parent company (a)	151,382,235	148,491,805	146,893,232	144,886,085
Minority interest (b)	-	-	-	-
Total equity (c)=(a)+(b)	151,382,235	148,491,805	146,893,232	144,886,085
Long term loans	9,000,000	10,759,100	9,000,000	10,759,100
Provisions/other long term liabilities	13,835,592	14,931,803	14,173,200	15,322,250
Financial items	4,361,683	1,681,324	4,361,683	1,681,324
Short term loans	55,244,789	15,959,411	55,244,789	15,959,411
Short term provisions	684,622	158,622	684,622	158,622
Other short term liabilities	65,484,487	59,372,642	52,649,512	57,564,585
Total liabilities (d)	148,611,173	102,862,902	136,113,806	101,445,292
<b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>	<b>299,993,408</b>	<b>251,354,707</b>	<b>283,007,038</b>	<b>246,331,377</b>

## STATEMENT OF CHANGES IN EQUITY

(Amounts in euro)

	GROUP		COMPANY	
	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
Equity at the beginning of the period (1/1/2010 & 31/12/2010 respectively)	148,491,805	149,558,667	144,886,085	148,137,624
Total comprehensive income after tax (from continuing operations)	2,890,430	(1,066,862)	2,007,147	(3,251,539)
<b>Equity at the end of the period (31/12/2011 and 31/12/2010 respectively)</b>	<b>151,382,235</b>	<b>148,491,805</b>	<b>146,893,232</b>	<b>144,886,085</b>

## CASH FLOW STATEMENT

(Amounts in euro)

	GROUP		COMPANY	
	1.01 - 31.12.2011	1.01 - 31.12.2010	1.01 - 31.12.2011	1.01 - 31.12.2010
<b>Operating activities</b>				
Profit before taxes	6,813,634	2,890,454	5,215,829	1,011,615
Adjustments for:				
Depreciation of tangible fixed assets	11,311,924	11,327,420	11,300,440	11,322,535
Amortization of intangible assets	6,383	6,383	6,383	6,383
(Profit) / loss from sales of tangible fixed assets	-	22,913	-	9,328
(Profit) / loss from dissolution of affiliates other than banks	-	(170,310)	-	-
Amortization of operating lease rentals	89,557	54,702	89,557	54,702
Interest income	(298,126)	(46,134)	(289,323)	(29,899)
Interest expense	3,324,061	2,010,958	3,234,300	2,053,590
Provisions	(102,779)	(5,321,135)	(102,779)	(5,609,954)
Remuneration to retiring personnel	305,864	491,167	305,864	491,167
Income from dividends	-	-	(2,065,711)	(2,843,144)
Non-effective portion of derivatives	135,748	-	135,748	-
Impairment of receivables	-	9,497,740	-	9,497,740
Impairment of inventories	198,468	372,883	198,468	372,883
Profit from associate companies	(3,081,948)	(1,925,433)	-	-
Foreign exchange differences	150,479	59,841	-	-
Changes in working capital				
Decrease / (increase) of inventory	(20,395,440)	12,222,572	(19,880,513)	8,070,621
Decrease / (increase) of receivables	(35,160,076)	3,340,292	(28,795,369)	8,059,645
Increase/ (decrease) of liabilities (except loans)	7,292,439	2,630,531	(3,732,891)	4,687,914
Increase / (decrease) of provisions	-	(12,364)	-	(12,364)
Increase / (decrease) of the liabilities for remuneration to retiring personnel	(336,458)	(370,483)	(336,458)	(370,483)
Interest paid	(2,682,215)	(2,052,190)	(2,592,454)	(2,094,823)
Income tax paid	(2,743,651)	(960,160)	(2,631,034)	(536,938)
<b>Total cash (used in) generated from operating activities (a)</b>	<b>(35,172,136)</b>	<b>34,069,647</b>	<b>(39,939,943)</b>	<b>34,140,518</b>
<b>Investing activities</b>				
Purchases of tangible fixed assets	(1,376,588)	(963,414)	(1,371,523)	(927,330)
Sale of tangible fixed assets	-	25,284	-	4,469
Interest received	150,968	46,134	142,165	29,899
Income from dividends	792,185	440,020	2,065,711	2,843,144
<b>Total cash (used in) generated from investing activities (b)</b>	<b>(433,435)</b>	<b>(451,976)</b>	<b>836,353</b>	<b>1,950,182</b>
<b>Financing activities</b>				
Proceeds from borrowings	91,663,419	73,790,000	91,663,419	73,790,000
Repayment of borrowings	(54,137,141)	(98,603,911)	(54,137,141)	(98,603,911)
<b>Total cash / (used in) generated from financing activities (c)</b>	<b>37,526,278</b>	<b>(24,813,911)</b>	<b>37,526,278</b>	<b>(24,813,911)</b>
<b>Net (decrease) / increase in cash and cash equivalents (a)+(b)+(c)</b>	<b>1,920,707</b>	<b>8,803,760</b>	<b>(1,577,312)</b>	<b>11,276,789</b>
Cash and cash equivalents at the beginning of the period	21,515,604	12,409,128	18,403,168	7,126,379
Translation differences in cash and cash equivalents	(101,976)	302,716	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>23,334,335</b>	<b>21,515,604</b>	<b>16,825,856</b>	<b>18,403,168</b>

CORINTH PIPEWORKS S.A. (Pipe Industry and Real Estate)

Financial data and information for the period from January 1, 2011 to December 31, 2011, (published as per L.2190/20, article 135, on companies preparing their annual financial statements, consolidated or not according to IFRS)

STATEMENT OF COMPREHENSIVE INCOME (Amounts in euro)	GROUP		COMPANY				
	1.01 - 31.12.2011	1.01 - 31.12.2010	1.01 - 31.12.2011	1.01 - 31.12.2010			
Turnover	264,143,644	155,019,356	250,410,046	142,674,156			
Gross profit	41,359,690	32,758,627	39,657,403	28,981,724			
Profit before taxes, financing & investing results	6,757,621	2,929,844	6,095,095	192,162			
Financing and investing results	56,013	(39,391)	(879,267)	819,453			
Profit before taxes	6,813,634	2,890,453	5,215,828	1,011,615			
Taxation	(1,186,874)	(4,446,549)	(900,207)	(3,495,392)			
Profit after taxes (A)	5,626,760	(1,556,096)	4,315,621	(2,483,777)			
Attributable to:							
Owners of the parent company	5,626,760	(1,556,096)	4,315,621	(2,483,777)			
Minority interest	-	-	-	-			
Other comprehensive income after tax (B)	(2,736,330)	489,233	(2,308,474)	(767,761)			
Total comprehensive income after tax (A)+(B)	2,890,430	(1,066,863)	2,007,147	(3,251,538)			
Attributable to:							
Owners of the parent company	2,890,430	(1,066,863)	2,007,147	(3,251,538)			
Minority interest	-	-	-	-			
Earnings per share after taxes - basic and reduced	0.0453	-0.0125	0.0348	-0.0200			
Profit before taxes, financing & investing results and depreciation	18,075,928	14,263,647	17,401,918	11,521,080			
Additional data and information:			Participation	Percentage holding	Country		
1. The companies of the Group with their respective countries of residence and percentage holdings, included in the consolidated financial statements:							
Full consolidation method:							
CPW America Co					Indirect	100%	USA
HUMBEL Ltd					Direct	100%	CYPRUS
WARSAW TUBULAR TRADING SP.ZO.O.					Direct	100%	POLAND
Equity consolidation method							
ZAO TMK-CPW					Indirect	49.00%	RUSSIA
DIAVIPETHIV SA					Direct	21.75%	GREECE
2. The financial statements of the company are consolidated in the full consolidation method in the financial statements of SIDENOR S.A. seated in Greece, which participates in the company's share capital with 78,55%. The consolidated financial statements of SIDENOR S.A. are consolidated in the financial statements of VIOHALCO S.A.							
3. The encumbrances on the Company's fixed assets amount to euro 73.200.000.							
4. At the balance sheet date, there were lawsuits against the Company (and the Group) amounting to euro 143.622. Against the above mentioned cases provisions of the same amount have been formed. The Company and the Group have formed provisions for tax unaudited fiscal years amounting to euro 50.000, and other provisions amounting to euro 1.541.000. for the company and the Group.							
5. During FY 2010 the Company proceeded to an impairment of receivables (\$ 24.864.102 or euro 18.627.586) being the result of delay in its collection. On 31/12/2011, th same amount is valued at euro 19.216.402, A set of legal and non legal actions have been undertaken in Greece and abroad in order to ensure the prompt collection of due amount. Based on the information available, Management estimates that potential loss will not exceed the impaired amount of euro 9.641.291 (2010: euro 9.497.740).During FY 2010, due to the estimation that collection of the aforementioned receivable would not have taken place within the next 12 months, the company discounted the non impaired portion of the receivable with a rate of 1,58% for 15 months. For the said receivables the company has in its possession a type of collateral amounting to euro 17.642.252.							
In order to ensure its rights, according to the decision taken by the First Instance Court of Athens during the procedures related to provisional and protective measures, the company imposed a prudent attachment on the property of third party involved in the mentioned case.							
6. The company has been audited by the Tax Authorities until the Fin.Year 2007. For FY 2011 tax audit is being performed by PricewaterhouseCoopers SA. On completion of the tax audit, management, do not expect significant changes in tax obligations beside those recorded and presented in the Company's and Group's financial statements.Regarding the foreign subsidiaries and associated companies located abroad, they have not been audited from the tax authorities for the following fiscal years and since, their tax obligations for mentioned fiscal years are not finalized: a) CPW America Co (2007-2011), β) HUMBEL Ltd (2008-2011), WARSAW TUBULAR TRADING SP. ZO.O. (2009-2011) and ZAO TMK-CPW (2010-2011). For the unaudited financial years, the possibility of additional or increased tax exists upon the year that the audit will be performed.							
Associated company DIAVIPETHIV S.A has been audited by the Tax Authorities until the FY 2009. For FY 2011 ABACUS AE is performing the tax audit. On completion of the tax audit, management do not expect significant changes in tax obligations beside those recorded and presented in the Company's and Group's financial statements. The Group has made a provision for additional tax based on the findings of the tax audit regarding prior years.							
7. Number of employees at the end of the current period: Group 428, Company 421 (31/12/2010: Group 430, Company 422).							
8. Cumulative amounts of sales and purchases, since the beginning of the year and the balances of receivables and payables of the Group and the Company at the end of the year, resulting from its transactions with associated parties, according to the IFRS 24, are as follows:							

Athens, March 26, 2012

THE CHAIRMAN OF THE BOARD  
OF DIRECTORS  
KONSTANTINOS BAKOURIS  
Id.C.No.: AB 649471

A MEMBER OF THE BOARD  
OF DIRECTORS  
IOANNIS STAVROPOULOS  
Id.C.No.: K 221209

THE GENERAL MANAGER  
APOSTOLOS PAPAVASILIOU  
Id.C.No.: AI 666035

THE FINANCIAL DIRECTOR  
IOANNHS DIMITRIOS PAPADIMITRIOU  
Id.C.No.: AA 035130

THE ACCOUNTING MANAGER  
PAVLOS KOYMPIS  
Id. C. No.: AB 589945  
E.C.G. Licence No. 0018936 A Class





**Statement by the Members of the Board of Directors**  
**(in accordance with the article 4, par. 2 of Law 3556/2007)**

Hereby, it is confirmed that to the best of our knowledge, the annual company and consolidated financial statements of CORINTH PIPEWORKS SA, for year end 2011 (1/1/2011 – 31/12/2011), have been prepared in accordance with the International Financial Reporting Standards and provide a true and fair view of the assets, the liabilities, the own capital and the financial results of the company and the entities included in the consolidated financial statements, taken as a whole.

Furthermore, it is confirmed that to the best of our knowledge, the full year Board of Directors' report presents in a true way the progress, the performance and the net equity position of the Company as well as the companies included in the consolidation in total, with a description of the major risks and uncertainties they confront.

Moreover, the full year Board of Directors' report contains the Statement of Corporate Governance, providing information as stipulated in the paragraph 3d article 43a of Codified Law 2190/1920.

**Athens, March 26, 2012**

**The Chairman of BoD**

**Konstantinos Bakouris**  
**Id.C. No : AB 649471**

**Vice Chairman of BoD**

**Meletios Fikioris**  
**Id.C. No : M 326615**

**A member of the BoD**

**Ioannis Stavropoulos**  
**Id C. No: K 221209**



## **BOARD OF DIRECTORS REPORT of the Company “CORINTH PIPEWORKS S.A.” on the consolidated and the Company Financial Statements for the period 1/1/2011-31/12/2011**

Dear Shareholders,

Pursuant to the provisions of Law 3556/2007, of Law 2190/1920, the decision 7/448/11.10.2007 of the Hellenic Capital Market Commission and the provisions of Law 3873/2010 we submit the Annual Consolidated Board of Directors Report of the company “CORINTH PIPEWORKS S.A.” for the Consolidated and the Company Financial Statements of FY 2011.

### **1. Group Financial performance**

2011 was a particularly instable year for both domestic and international markets. Simultaneously, the sustained high prices of oil led companies to new investments in excavation and transport of energy resources. The Group “CORINTH PIPEWORKS”, taking advantage of its high technology, its specialisation and a healthy financial structure, succeeded in capitalising the markets positive course and improving considerably its 2011 financial results.

**Sales:** Consolidated turnover amounted to euro 264,1 million (2010 euro 155,0 million), marking a 70,4% increase. Sales of energy sector amounted to euro 240,9 million (2010: euro 135,4 million) or 77,9% increase. On the other hand and despite the weakness of the European construction sector sales of structurals amounted to euro 23,2 million, that is 18,4% higher than 2010 (euro 19,6 million).

**Gross Profit:** Consolidated gross profit increased by 26,2% approximately

versus the previous year and stood at euro 41,4 million (2010: euro 32,8 million). This is the result of higher sales volume (approximately 18%). Despite the intensified efforts to further improve the production operations, squeezed profit margins for the reason mentioned above reasons resulted in gross margin of 15,8% versus 21,1 % in FY 2010.

**Administrative Expenses:** They increased 1,5% (euro 6,9 million versus euro 6,8 million in FY 2010).

**Selling Expenses:** They amounted to euro 26,9 million, marking a 37,2% increase versus 2010. That is the result of higher direct selling costs (freight, fees to third parties etc.) due to higher sales.

**Financial Expenses (net):** They amounted to euro 3,3 million Further versus euro 2,0 million in FY 2010. On one hand this increase is the result of high financial cost of borrowings, related to the financial situation financing institutions that operates in Greece. On the other hand the increase is due to the higher financing need in working capital related to 2011 projects.

Regarding the Russian energy market, we saw notable changes in the financial performance of Russian ZAO TMK-CPW, 49 % of which is held by HUMBEL Ltd.. Taking advantage of the vast Russian energy market, the said company generated earnings after tax of euro 5,6 million (2010 euro 3,1 million), marking an increase of 80,6% versus FY 2010.

Consolidated profit before tax

**Table 1.1 KEY FINANCIAL RATIOS**

	31/12/2011	31/12/2010
General Liquidity	1,33	1,32
Own Capital/Total Assets	50%	59%
EBITDA/Sales	6,8%	9,2%
Earnings per share	0,0453	-0,0125

\* (EBITDA= Profit before taxes, financing & investing results and depreciation)

amounted to euro 6,8 million (euro 2,9 million in FY 2010), that is a 134,5% increase. The consolidated after tax profits amounted to euro 5,6 million, notably higher when compared to the consolidated loss after tax of euro 1,6 million in FY2010.

Despite the efficient working capital management and compared to FY 2010, the considerable turnover increase induced an increase of borrowings. Specifically, net debt in 2011 amounted to euro 40,9 million (2010: euro 5,2 million). Own equity is amounting to euro 151,4 million showing a marginal increase against FY 2010 (euro 148,5 million).

During FY 2010 the Company proceeded to an impairment of receivables (\$ 24.864.102 or euro 18.627.586) being the result of delay in its collection. On 31/12/2011, the same amount is valued at euro 19.216.402. A set of legal and non legal actions have been undertaken in Greece and abroad in order to ensure the prompt collection of due amount. Based on the information available, Management estimates that potential loss will not exceed the impaired amount of euro 9.641.291 (2010: euro 9.497.740).

During FY 2010, due to the estimation that collection of the aforementioned

receivable would not have taken place within the next 12 months, the company discounted the non impaired portion of the receivable with a rate of 1,58% for 15 months.

For the said receivables the company has in its possession a type of collateral amounting to euro 17.642.252.

In order to ensure its rights, according to the decision taken by the First Instance Court of Athens during the procedures related to provisional and protective measures, the company imposed a prudent attachment on the property of third party involved in the mentioned case.

The **Table 1.1** illustrates the evolution of the key financial ratios.

## 2. Risks and uncertainties

Due to the nature of its activities, the Group is exposed to a series of risks: financial and business ones. As far as it concerns the financial risks (a detailed analysis can be found in notes section), the most important of which are the foreign exchange risk, the interest rate risk, the credit and liquidity risk, as well as the capital risk, several guidelines have been issued, based on which, the Financial Dept manages them. More specifically:

#### ***i) Foreign exchange risk***

The Group operates internationally (96,6% of the sales are to abroad, while all raw materials are imported) and is exposed to foreign exchange risk arising from various currencies, but mainly from the US dollar. The Group follows a full hedging policy, either with natural hedging (purchase of resources priced in the sale currency) or with FX forwards or with both.

#### ***ii) Interest rate risk***

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2011 and 2010, the Group's borrowings at variable rate (euribor + spread), were denominated in euro. Also, 5% of Group's and Company's borrowings have a fixed rate.

#### ***iii) Credit risk***

Credit risk arises from deposits, derivative financial instruments (banks and financial institutions credit risk), as well as credit, granted to customers (customer credit risk). Taking measures to face the Greek financial crisis, the Group is banking with some of the largest and healthiest financial institutions of the Greek market as well as some major foreign financing groups, whose credit rating is at least B-/B+ (Fitch) for the domestic financial institutions and A (Fitch) for the foreign ones.

The Group has adopted strict procedures for credit control and management of political risk, reviewing data like financial statements, payments'

record, possible counter guarantees they can provide etc. A considerable part of sales is against LCs or down payments. When this is not possible, the company uses credit insurance, factoring and when required political risk insurance.

#### ***iv) Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and the ability of funding each project that the Group undertakes through an adequate amount of committed credit facilities. Because of the different cash flow cycle of each project, the Treasury Dept. analyzes the needs and whenever it is necessary, uses the committed credit lines with banks and other financial institutions. It is noted that on 31/12/2011 the Group had euro 23,3 million in cash.

#### ***v) Capital risk***

The said risk is related to the possibility of operations' interruption, in such a way that the Group will not be able to yield satisfactory returns to its shareholders and other stakeholders. The Group is always trying to achieve the best mix of funds, in order to minimize its cost of capital. Therefore, in the prevailing conditions of increased uncertainty, the target gearing ratio ranges from 40%.

#### ***vi) Business risks***

Regarding business risks, the Group operates in the international energy markets, which makes it more vulnerable to the prevailing competition. Possible decrease on capital expenditures undertaken by major energy companies and the protectionism of local companies are likely to hinder the competitive position



of CORINTH PIPEWORKS. Furthermore, the fact that many core markets, as well as the cost structure of some major competitors are dollar based, in conjunction with a potential euro appreciation, ceteris paribus, dictates a more aggressive pricing policy, that may lead to squeezed profit margins.

Sales in the energy sector are on a project basis, where both selling prices and cost of raw materials are fixed throughout the execution period. However, the market of structurals is often subject to major fluctuations of prices and materials cost.

The Group's activities in the vast Russian energy market and its neighbouring countries, through its participation in ZAO TMK-CPW, beyond the obvious advantages, expose the Group to the economic conditions shaping these countries. Given Russia's dependency on the international commodity prices and especially on energy prices, potential return to the levels of 2009 will certainly have an impact on ZAO TMK-CPW's sales turnover and profitability.

Furthermore, freight, which is a major cost item for the Group, has been extremely volatile in the last few years. Even though the Group may conclude contracts on a project basis, for a big part of its transportation requirements, in cases when this is not possible, chartering is on the spot market, that in turn may affect projects' profitability.

### **3. Prospects – Estimations**

The business environment in which CORINTH PIPEWORKS operates remains instable. The continuing international fi-

nancial crisis, the increased volatility of raw material prices and the strengthening of Euro versus US Dollar have increased the competition and lowered profitability.

Despite the volatile situation, the Group, with many year experience in major projects and its high quality products, is one of the most reliable pipe manufacturers in the world. Simultaneously the gradual normalisation of the international operational environment, combined with the increased investments in energy projects and infrastructure, allows the Group CORINTH PIPEWORKS to maintain high expectations for the current year. Also, the wide spectrum and quality of its products, manufactured in the ultra modern plants, distributed through its worldwide networks, the healthy financial structure and the competitive cost effective base of the Group, constitutes a guarantee to an expansion of its activity in 2012.

### **4. Transactions with related parties (IFRS 24)**

SIDENOR SA owns 78,55% of CORINTH PIPEWORKS SA shares, while the remaining 21,45% is free float. The ultimate shareholder of the Group is VIOHALCO SA.

In the **Table 1.2**, are illustrated the important intra-company sales and other transactions with related parties (according to IAS 24), during the full year 2011. The related parties are members of VIOHALCO Group.

Finally, the remuneration to the members of the Board and the Management of the company, as well as the receivables and the payables from and

**Table 1.2 IMPORTANT INTRA-COMPANY SALES AND OTHER TRANSACTIONS WITH RELATED PARTIES**

<b>Sale of goods to</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
ANAMET SA	4,386,449.34	1,339,544.16
METAL AGENCIES LTD	789,590.09	629,510.95
METAL GLOBE	0	10,523.00
PROSAL TUBES SA	93,966.25	30,882.70
SID PAK BULGARIA	0	17,585.96
SIDMA BULGARIA SA	7,934.25	0
SIDBALK STEEL	0	48,455.60
STOMANA INDUSTRY	0	121,924.32
TEPROMETAL SA	1,751,377.82	1,328,110.22
DIAVIPETHIV SA	0	172.8
HELLENIC CABLES SA	0	13,421.76
SIDENOR SA	401,988.04	222,879.35
SOVEL SA	440	10,521.10
HALKOR SA	44,514.24	17,768.28
<b>Sale of services to</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
BELANTELT HOLDINGS LTD	0	26,183.89
BOZETTI LTD	127,426.96	96,682.30
STEELMET (CY) LTD	6,000.00	9,000.00
TEPROMETAL SA	5,691.12	52,131.55
DIAVIPETHIV SA	397,991.89	434,540.86
ELVAL SA	0	2,086.61
HELLENIC CABLES SA	42,780.58	28,292.20
ETEM SA	1,500.00	11,971.73
METALOURGIA KORINTH SA	32,814.22	16,529.91
PRAKSIS SA	3,998.00	1,660.50
SIDENOR SA	149,918.71	48,452.21
SOFIA MED	250.78	0
<b>Sales of Fixed assets to</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
SIDENOR SA	0	7,147.42
<b>Purchase of goods from</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
LESCO	250,965.13	80,702.25
SOFIA MED	440,495.57	40,576.55
ELVAL SA	0	670.35
HELLENIC CABLES SA	6,894.26	1,928.26
ERLIKON	4,238.28	1,958.92
ETIL SA	10,798.60	0
SIDENOR SA	6,918,155.54	281,461.83
SIDMA SA	28,536.45	5,347.17
TEKA SYSTEMS	565	0
HALKOR SA	126,393.62	409,173.72
<b>Purchase of services from</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
GENECOS SA	1,714.54	73
METAL AGENCIES LTD	2,537.45	10,773.48
TEKA SYSTEMS	404.24	0
NOVAL SA	201,728.40	243,323.25
STEELMET (CY) LTD	0	109,529.93
SANITAS SA	534.14	546.26
TEPROMETAL SA	164,524.94	119,603.83
AEIFOROS SA	2,740.57	2,660.34
ANTIMET SA	257.94	1,401.39
VIEXAL SA	251,170.19	260,698.30
DIAVIPETHIV SA	811,734.12	826,217.19
ELKEME	50,000.00	66,000.00
HELLENIC CABLES SA	7,904.70	7,901.39
ERGOSTIL SA	499.2	176.65
ETIL SA	2,142.25	1,700.00
PRAKSIS SA	50,096.48	89,718.83

**Table 1.2 IMPORTANT INTRA-COMPANY SALES AND OTHER TRANSACTIONS WITH RELATED PARTIES**

<b>Purchase of services from</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
SIDENOR SA	206,352.22	137,383.54
SIDMA SA	135,125.28	141,973.34
STILMET SA	414,232.89	423,687.77
<b>Purchase of fixed assets from</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
TEKA SYSTEMS	550,335.39	11,878.26
VIEXAL SA	5,810.64	0
HELLENIC CABLES SA	10,437.76	0
METALOURGIA KORINTH SA	1,500.00	0
ERGOSTIL SA	660	466,435.38
ETIL SA	0	6,970.00
SIDENOR SA	6,056.21	1,436.80
SIDMA SA	4,634.77	1,362.82
<b>Receivables from related parties</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
ANAMET SA	455,908.34	415,708.85
ANTIMET SA	58,155.76	47,580.09
PROSAL TUBES	7,829.15	0
SIDMA BULGARIA SA	7,934.25	0
BOZETTI LTD	127,426.96	96,682.30
METAL AGENCIES LTD	214,293.39	716,808.88
NOVAL SA	699,601.68	904,961.20
SID PAK BULGARIA	0	12,809.76
SIDEBALK STEEL	0	28,787.40
STEELMET (CY) LTD	10,551.71	3,651.71
TEPROMETAL SA	643,187.16	494,299.96
DIAPIPETHIV SA	3,616,173.67	3,616,173.67
HELLENIC CABLES SA	34,170.12	34,703.18
ETEM SA	0	14,725.23
METALOURGIA KORINTH SA	204,685.81	138,169.32
PRAXIS SA	4,917.54	2,042.42
SIDENOR SA	0	27,623.23
SIDMA SA	376,916.69	969,235.05
SOVEL SA	541.2	0
<b>Payables to related parties</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
ANTIMET SA	1,744.68	4,384.10
GENECOS SA	1,363.91	0
LESCO	118,835.35	35,417.85
METAL AGENCIES LTD	62,070.66	57,735.41
SOFA MED	387,530.08	20,923.70
TEKA SYSTEMS	270,464.53	14,426.87
TEPROMETAL AE	77,502.69	109,686.85
AEIFOROS SA	1,499.40	1,208.50
VIEXAL SA	18,267.55	5,725.04
DIAPIPETHIV SA	551,319.74	512,275.35
ELVAL SA	0	513.66
ELKEME	11,070.00	13,530.00
HELLENIC CABLES SA	28,351.10	10,059.47
ERGOSTIL SA	599.04	215.51
ERLIKON SA	2,018.16	1,147.96
ETIL SA	2,255.82	0
PRAXIS SA	4,740.27	6,307.66
SIDENOR SA	138,841.03	310,969.02
SIDMA SA	83,911.07	34,617.91
HALKOR SA	126,393.62	0
STILMET SA	159,537.79	31,912.63

**Table 1.3 REMUNERATION TO THE MEMBERS OF THE BOARD AND THE MANAGEMENT OF THE COMPANY**

	31/12/2011	31/12/2010
Remuneration to the BoD and Management	722,715.00	626,176.00
Employment termination fees	40,000.00	156,750.10
Amounts payable to the BoD and Management	0.00	8,667.75

to them, are illustrated in the **Table 1.3**.

### 5. Facilities and branches

The privately owned facilities of the plant are located in the industrial zone of Thisvi Viotia, on a total surface of 496.790 sq.m.

The Company has the following branches:

- Warehouse and branch in Thisvi plant.
- Headquarters in Athens.
- Branch in the United Arab Emirates to support sales in the Persian Gulf market.

Furthermore, the Group, besides Greece, has operations in the U.S., Cyprus and Poland, through its subsidiaries, and participates at 49% in the share capital of ZAO TMK-CPW seated in Russia.

### 6. Major events following 31/12/2011

There are no post balance sheet events that are likely to affect the financial statements of the Group and the parent company.

## Explanatory Report of the Board of Directors

(according to article 4 of L. 3556/2007)

### a) Share Capital Structure

The Company's share capital (premium value excepted) amounts to euro 96.852.756,78 divided into 124.170.201 ordinary registered shares with a nominal value of euro 0,78 per share. All shares are listed for trading on the Athens Exchange, in the Small and Mid Cap Categories. The company's shares are intangible, registered and with a right to vote.

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

- Right to dividends from the Company's annual profits. The dividend of each share is paid to shareholders following approval of the financial statements by the General Meeting in accordance with the provisions of the respective resolution of the Board of Directors. Individuals who do not receive dividends on time are not entitled to interest. The right to collect dividends is forfeited after the lapse of (5) years from the end of the year, during which it was due.
- Pre-emptive right to every Company share capital increase and the acquisition of new shares.
- Right to participate in the General Shareholder Meeting.
- The capacity of shareholder automatically entails the acceptance of the Company's Articles of Association and the decisions of its bodies, which are consistent to the provisions of the said Articles and the Law.
- The Company's shares cannot be divided and the Company acknowledges

only one owner per share. All joint shareholders, as well as those who have usufruct or bare ownership of shares, are represented in the General Meeting by only one person appointed by them upon agreement. In case of disagreement, the share of the aforementioned parties is not represented.

- The shareholders are not liable beyond the nominal capital of each share.

### b) Restrictions in the Transfer of Company Shares

The transfer of Company shares is carried out in accordance with the provisions of Law, and the Articles of Association do not stipulate any restrictions as to their transfer.

### c) Significant Direct or Indirect Participations Pursuant to Law 3556/2007

The significant participations (over 5%) as of 31-12-2011 were as follows:

- SIDENOR SA 78,55% of voting rights

### d) Shares that offer Special Control Rights

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

### e) Restrictions in voting rights

No voting right restrictions, arising from its shares, are stipulated by the Company's Articles of Association. The rules of the Company's Articles of Association regulating voting issues are given under Article 24.



**f) Agreements between Company Shareholders**

To the Company's knowledge, there are no such agreements.

**g) Rules of appointment and replacement of the Members of the Board of Directors and amendment of the Company's Articles of Association**

The rules provided by the Company's Articles of Association regarding, both the appointment and replacement of members of the Board of Directors, as well as the amendment of its provisions, are not differentiated from the statutory provisions of Codified Law 2190/1920.

**h) Jurisdiction of the Board of Directors for the Issuance of New or the Purchase of Own Shares**

- Pursuant to the provisions of Article 13, paragraph 1, sections b and c of Codified Law 2190/1920, the Company's Articles of Association stipulate that only the General Shareholder Meeting has the authority to increase the Company's share capital by issuing new shares, following a resolution taken by a majority vote of at least 2/3 of the votes represented in the meeting.
- The Board of Directors may purchase own shares within the framework of a General Meeting resolution pursuant to Article 16, paragraphs 5 to 13 of Codified Law 2190/20.
- Pursuant to the provisions Article 13, paragraph 9, of Codified Law 2190/1920 and following a relevant resolution by

the General Meeting to introduce a share offering plan for company BoD members and personnel, in the form of a Stock Option Plan, the Board of Directors may issue shares for beneficiaries, increasing share capital accordingly and confirming the relevant increase. Such a stock option rights plan has not been approved by the Company's General Shareholder Meeting.

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

Bond loans issued by the Company and undertaken in their entirety by banks, with a total balance of euro 19.500.000 as of 31 December 2011, include a clause in their terms for the event of change of control, which, if enacted, gives bondholders the right to terminate the loan before maturity.

To the Company's knowledge, there are no other agreements that become effective, are amended or terminated in the event of change of Company control.

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

To the company's knowledge, there are no agreements between the Company and members of the Board of Directors or its personnel, which provide for the payment of compensation, especially in the event of resignation or termination of employment without reasonable grounds or termination of term or employment due to a takeover bid.

**Athens, March 26, 2012**

**The Chairman of the Board of Directors  
Konstantinos Bakouris**

## Statement of Corporate Governance

The present statement has been drafted in accordance with the provisions of Law 3873/2010

In particular, in regard to the provisions of article 2 of Law 3873/2010, we note the following:

### 1. Code of Corporate Governance

The Company implements Corporate Governance practices in the management and its operations, as they have been defined under the current legislative framework, as well as in the Code of Corporate Governance recently published by SEV (Hellenic Federation of Enterprises) (hereinafter the "Code"), which is available at:

[http://www.sev.org.gr/Uploads/pdf/KED\\_TELIKO\\_JAN2011.pdf](http://www.sev.org.gr/Uploads/pdf/KED_TELIKO_JAN2011.pdf)

Drafting the Board of Directors' Annual Report, the Company reviewed the Code. Based on this review, the Company concluded that, overall, it complies with the specific practices applicable to listed companies, which are cited and described in the SEV Code of Corporate Governance, with the exception of the following practices, for which the following explanations are given:

- Section A.II .2.1. – Board of Directors consists of 6 members.
- Section A.III .3.3 - Role and mandatory capacities of the Chairperson of the BoD. The Deputy Chairperson of the current Board of Directors does not have the capacity of independent non-executive member, despite the fact that the Chairperson is an executive member. Given the present conjuncture, the status of independent member for the Deputy Chairperson was not deemed necessary since it would not provide any improvement in the company's operations.

- Section A.V .5.5. - Screening prospective candidates for membership of the Board of Directors. No committee for screening prospective candidates had been set up until the drafting of the present Statement. It is considered that given the present conjuncture this would not improve the performance of the company.
- Section A.VII. 7.1.-7.3. – Evaluation of the Board of Directors and its Committees. The Company had not chosen a specific collective procedure for evaluating the effectiveness of the Board of Directors and its Committees until the drafting of the present Statement.
- Section C.I.1.6. Amount and structure of remuneration. No remuneration committee had been set up until the drafting of the present Statement. This matter will be re-considered shortly.

The Company does not implement corporate governance practices beyond the specific practices of the SEV Code of Corporate Governance and the provisions of relevant legislation.

### 2. The main characteristics of the Internal Audit and Risk Management Systems in relation to the Procedure followed in Drafting the Financial Statements and financial reports.

*i) Description of the main characteristics and information included in the Internal Audit and Risk Management Systems, in relation to the procedure followed in drafting financial statements*

The Company's Internal Audit System contains audit procedures of Company's operations, its compliance with the requirements of supervisory authorities, risk management and financial reporting.

Internal Audit Department verifies the proper implementation of every procedure and internal audit system, regardless if it is accounting related or not and assess the Company through reviews of its operations, acting as a company unit reporting to the Management.

The Internal Audit System aims at, among others, ensuring the comprehensiveness and reliability of the data and information required for the evaluation of the Company's financial situation, in an accurate and timely manner, as well as the production of reliable financial statements.

In regard to the procedure followed in drafting the financial statements, the Company states that the financial reporting system of 'CORINTH PIPEWORKS PIPE INDUSTRY AND REAL ESTATE S.A.' makes use of an accounting system that is adequate for the purposes of reporting, both to Management as well as to external users. Financial statements, as well as other analysis reports addressed to management on a quarterly basis, are drawn up at company and consolidated level in accordance with International Financial Reporting Standards, as they have been adopted by the European Union, for the purposes of reporting to management as well as of publication, in accordance with effective regulations and on a quarterly basis. Both administrative reporting, as well as financial reporting intended for publication, include all required information foreseen under an up-to-date internal audit system, which encompasses breakdowns of sales, costs/expenses,

operating profits, as well as other data and indexes. All reports to management include the data of the current fiscal period, which are cross-checked against respective entries in the budget approved by the Board of Directors, as well as against data of the corresponding period of the financial year preceding the year of the report.

All published interim and annual financial statements include all the necessary amounts and disclosures relating to the financial statements, in accordance with International Financial Reporting Standards, as they have been adopted by the European Union. They are reviewed by the Audit Committee and approved in their entirety by the Board of Directors, respectively.

Safety procedures are in place regarding: (a) identification and evaluation of risks in relation to the reliability of financial statements; (b) administrative planning and follow-up in relation to financial data, (c) prevention and detection of fraud; (d) tasks/duties of executives; (e) the procedure followed for closing a fiscal year, including consolidation (such as recorded procedures, access authorisations, approvals, consistencies etc.) and (f) safeguarding the data in computerised systems.

The preparation of internal memos to Management and of reports, required under Codified Law 2190/1920 and supervisory authorities, is performed by the Financial Department, which is staffed with competent and experienced personnel entrusted with this task. Management ensures that these employees are properly informed of any changes in accounting and tax issues that may affect the Company and the Group.

The Company has established separate

procedures for the collection of necessary audit evidence from its subsidiaries. Moreover, it ensures consistency throughout all its transactions and the application of the same accounting principles by the above companies.

***ii) Annual evaluation of corporate strategy, primary business risks and Internal Audit Systems***

The Company's Board of Directors declares that it has examined the main business risks on which the Company is exposed, as well as its Internal Audit Systems. The Board of Directors re-evaluates the corporate strategy, primary business risks and Internal Audit Systems on an annual basis, including the scope of activities as well as the efficiency of Internal Audit Department.

***iii) Provision of non-auditing services to the Company by its lawful auditors and assessment of the impact this may exert on the objectivity and effectiveness of the mandatory audit, examined in conjunction with the provisions of Law 3693/2008***

The Company's lawful auditors for financial year 2011, 'PricewaterhouseCoopers Audit S.A. Company', which was elected by the Ordinary General Shareholders' Meeting of the Company held on 14 June 2011, do not provide and have not provided non-audit services to the Company and its subsidiaries, further to the stipulations of applicable legislation.

**3. Public Acquisition Offers - Information**

- There are neither binding acquisition offers and/or regulations calling for mandatory transfer and mandatory purchase of shares of the Company, nor provisions in the Articles of Association in regard to acquisitions.
- There have been no public offers by third

parties for the acquisition of the share capital of the Company during the preceding and current financial year.

- In the event that the Company participates in such a procedure, it will be executed in compliance with the relevant legislation.

**4. General Shareholders' Meeting and rights of shareholders**

The General Meeting is convened and operates in accordance with the provisions of the Articles of Association and the relevant provisions of Codified Law 2190/1920, as amended and currently in force. The Company complies with its reporting obligations, abiding by the provisions of Law 3884/2010 and, in general, takes all necessary measures in view of ensuring the timely and comprehensive briefing of shareholders regarding the exercise of their rights. The latter is ensured by publishing the invitations to General Meetings and posting them on the Company's website. The text of these invitations includes a detailed description of shareholders' rights and the manner of the exercise thereof.

**5. Composition and operation of the Board of Directors, Supervisory Bodies and Committees of the Company**

***Duties and responsibilities of the Board of Directors***

The Company's Board of Directors is responsible for the long-term strategy and business goals of the Company and, in general, has control and decision-making powers in the framework of the provisions of Codified Law 2190/1920 and of the Articles of Association as well as compliance with the principles of corporate governance.

The Board of Directors meets as frequently as it is required in order to perform effectively its duties.

The duties and responsibilities of the Board of Directors are summarized below:

- Supervision and monitoring of the Company's operations, as well as control of company goals and long-term plans achievement;
- Formulating and defining the primary principles and targets of the Company;
- Ensuring streamlining of the adopted strategy with the Company goals;
- The Board of Directors ensures that there are no cases of conflict of interest and examines any cases of non-compliance with the Company's confidentiality policy.
- Ensuring the credibility and approval of the Company's Financial Statements prior to their final approval by the Ordinary General Meeting;
- Ensuring the proper day-to-day operations of the Company, through a system of special authorisations, while execution of its other duties is implemented through special decisions.
- The Secretary of the Board of Directors has the main responsibility of supporting the Chairman and the overall operation of the body.

The current Board of Directors of the Company consists of 6 members (6-member Board), of which:

- 2 are executive members (Chairperson & Member)
- 2 are non-executive members (Vice Chairperson and other Members)
- 2 are independent, non-executive members (Remaining members)

The current Board of Directors of 'CORINTH PIPEWORKS PIPE INDUSTRY AND REAL ESTATE S.A.', has the following members:

- Konstantinos Bakouris, Chairman, Executive Member
- Meletis Fikioris, Vice-Chairman, Non-Executive Member
- Ioanis Stavropoulos, Executive Member
- Adamandios Vassilakis, Non-Executive Member
- Nikolaos Galetas, Independent, Non-Executive Member
- Andreas Kyriazis, Independent, Non-Executive Member

Board members are elected for an one-year term by the General Shareholders' Meeting. The current Board of Directors of the Company was elected by the Ordinary General Shareholders' Meeting of 14 June 2011, and its tenure expires within first half of 2012.

The Board of Directors met 34 times within 2011, and its sessions (except one) were attended by all its members in person.

Resumes of the members of the Board of Directors are provided below:

• **Costas Bakouris,**  
**Chairman of the Board of Directors**

Mr. Costas Bakouris is Chairman of the Board of Corinth Pipeworks since 2005, and member of Board of Directors of ELVAL and HALCOR. He started his career at ESSO PAPPAS. Two years later, he be-

came Financial Director at UNION CARBIDE in Athens and six years later General Manager of the company. In 1985 he became Europe Vice President of the company's consumables, while in 1986 he was elected President of RALSTON PURINA, Europe.



In 1998, he came back to Greece as Managing Director of the Organization Committee for the “Athens 2004” Olympic Games. From 2001 to 2002 he was Chairman to the Board of the Hellenic Center for Investments. From 2004 until 2008 he served as chairman of the Board of Directors of NET MED NV, parent company of cable television provider NOVA.

He is chairman of the Transparency International – Greece and chairman of the board of the Greek – Russian Business Council. He holds an MBA degree from De PAUL University in Chicago, Illinois.

- **Meletis Fikioris,**  
**Vice Chairman,**  
**Non Executive Member**

Mr. Meletis Fikioris is Corinth Pipeworks’ Vice Chairman, since January 2005. He is a member of the Athens Bar Association (1973) and legal advisor in a number of companies, participating in their board of directors.

- **Adamantios Vasilakis,**  
**Non Executive Member**

Mr Adamantios Vailakis is a graduate of Political and Diplomatic Studies of the Brussels Free University, as well as of the Chios Commercial School. He speaks English and French. In his long career in the diplomatic corps he served in many countries (among which Yugoslavia, former USSR and the US, as well at high ranking positions in the Ministry of Foreign Affairs. In 2002, he assumes as Permanent Representative of Greece at United Nations, while in the same year is appointed chief negotiator in the talks for “FYROM name issue”. In 2005-2006, he

represents Greece, to the UN Security Council, in New York. In the framework of the Security Council, he participated in missions to Central Africa (Congo, Burundi, Rwanda, Uganda, Tanzania), Sudan and Afghanistan. He was also President of Security Council’ sanction committees to Ivory Coast and Sudan, as well as to Special Committee for sanctions implementation of the same UN Body. In 2007, he was appointed National Representative of Greece in the negotiations, under UN’s auspices to find a permanent name for FYROM. He has received the Big Cross of Phoenix Decree.

- **Ioannis Stavropoulos,**  
**Executive Member**

Mr. Ioannis Stavropoulos is a graduate of Piraeus University and he has held various executive positions within VIOHALCO Group of Companies since 1972. He assumed the position of Financial Director in Vitruvit SA (1978) and the position of General Manager in Hellenic Cables of Messologi SA (1989), KEM SA (1998) and in SIDENOR SA(1999). He is an Executive Director of the Hellenic Cables SA and a member of the board of directors of many companies of VIOHALCO Group.

- **Nikolaos Galetas,**  
**Non executive and Independent Member**

Mr. Nikolaos Galetas is an independent member of the BoD of Corinth Pipeworks. He is a graduate of the School of Theology at the Athens University, has also studied at the Technische Hochschule Wien and is a licensed engineer from the School of Electrical Engineering at the National Technical University of Athens (NTUA). During his lifelong career Mr. Galetas has

assumed several managerial positions in ETBA (Hellenic Bank of Industrial Development) in EPA (Planning & Development Company) in ETEBA (National Bank of Industrial Development) where he also served as Managing Director. Mr. Galetas also served as member of the Board of Directors in several companies and organizations including EFG EUROBANK PROPERTIES SA, ERT SA - Hellenic Broadcasting Corporation – (vice chairman) as well as several of ETEBA's subsidiaries where he served as chairman of the Board during his long career with the Group ETEBA. Moreover, during the period 1990-92, he offered consulting services to the Ministers of Internal Affairs, Agriculture and Coordination.

- **Andreas Kiriazis,  
Non executive and Independent  
Member**

Mr. Andreas Kyriazis has served on our Board since 2005. Mr. Kyriazis is a graduate of the Chemistry, Physics & Mathematics Faculty of Athens University. He has served as Chairman of the Central Union of Greek Chambers, the Union of Balkan Chambers, the Athens Chamber of Commerce and Industry, the Hellenic Productivity Centre, the Greek Society for Business Administration, and the Wood Processing Association and; as Vice-Chairman of the Association of European Chambers of Commerce and Industry; and as General Secretary of the Association of Greek Chemists.

## **Audit Committee**

### ***i) Description of the composition, operation, duties, responsibilities and description of topics discussed at Committee's meetings***

The Audit Committee, which is elected and operates in accordance with the Law 3693/2008 (no. 37), consists of three non-executive members of the Board of Directors, of which one is independent and has the primary duty, in the framework of the obligations described in the above Law, of providing support to the Company's Board of Directors in regard to the fulfilment of the latter's mandate pertaining to ensuring the effectiveness of accounting and financial systems, audit mechanisms, management systems for business risks, ensuring compliance with the legislative and regulatory framework and the effective application of the principles of Corporate Governance.

Specifically, the Audit Committee is entrusted with the following responsibilities:

- Assess the effectiveness of all levels of the Management hierarchy, in relation to the latter's safeguarding of the resources under their management and their compliance with the established policy and procedures of the Company;
- Evaluate procedures and amounts for their adequacy, in regard to the achievement of goals, as well as appraise the policy and programme cited in the activity undergoing evaluation
- Periodically audit the various operations of the different divisions or departments, in such a manner to ensure that their diverse activities are conducted smoothly, comply with Management instructions, Company policy and procedures, and that they are aligned with Company objectives and Management best practices.

- Examine internal audit reports and, in particular:
- Assess their adequacy, in regard to the extent of information therein provided
- Verify the accuracy of the reports
- Examine the adequacy of audit evidence in regard to the results of the audit

The Audit Committee receives the following reports pertaining to audit procedures:

- Extraordinary
- Quarterly financial audit reports
- Annual regular audit reports
- Corporate Governance reports

The Audit Committee examines and ensures the independence of External Auditors of the Company; it is notified of their findings as well as of the findings of the Audit Reports on the annual or interim Financial Statements of the Company. At the same time, it recommends corrective actions and measures, in view of addressing any findings or flaws in the Financial Reporting or other significant operations of the Company.

In accordance with its Internal Regulation, the Audit Committee consists of two independent, non-executive members of the Board of Directors and one non-executive member, who have the

necessary knowledge and experience to fulfill Committee's tasks.

The current composition of the Audit Committee is the following:

Members: Meletios Fikioris,  
Vice-Chairperson, Non-Executive Board Member.  
Nikolaos Galetas,  
Independent, Non-Executive Board Member.  
Andreas Kyriazis,  
Independent, Non-Executive Board Member.

## **ii) Number of meetings of the Committee and frequency of attendance of each member at meetings**

The Audit Committee convened four (4) times within 2011, achieving full quorum, but was not attended by the regular auditors as stipulated in the Code.

## **iii) Assessment of the Committee's effectiveness and performance**

Till the date of drafting the present Statement, no specific procedures had been established for assessing the effectiveness of the Audit Committee of the Board of Directors. The Management of the Company will establish such procedures in the future.



<b>I. STATEMENT OF FINANCIAL POSITION</b>		<b>AMOUNTS IN EURO</b>			
	<b>CONSOLIDATED FIGURES</b>		<b>COMPANY FIGURES</b>		
	<b>31/12/2011</b>	<b>31/12/2010</b>	<b>31/12/2011</b>	<b>31/12/2010</b>	
<b>ASSETS</b>					
<b>Non-Current assets</b>					
Tangible fixed assets	113,723,782	123,658,813	113,694,704	123,623,619	
Intangible assets	800	7,183	800	7,183	
Investments in associated companies	14,369,590	12,544,520	1,073,950	1,073,950	
Investments in subsidiary companies	-	-	11,345,179	11,345,179	
Deferred Tax Asset	34,758	11,847	-	-	
Trade and other receivables	5,150,543	14,291,814	5,150,543	14,291,814	
	<b>133,279,473</b>	<b>150,514,177</b>	<b>131,265,176</b>	<b>150,341,745</b>	
<b>Current Assets</b>					
Inventories	63,672,884	43,475,916	63,157,957	43,475,916	
Trade and other receivables	64,542,962	29,936,718	56,668,766	28,424,084	
Income tax	74,471	225,828	-	-	
Derivative financial instruments	165,970	506,951	165,970	506,951	
Financial assets at fair value through profit and loss	7,337	7,337	7,337	7,337	
Other short-term financing assets	14,915,976	5,172,176	14,915,976	5,172,176	
Cash & Cash equivalent	23,334,335	21,515,604	16,825,856	18,403,168	
	<b>166,713,935</b>	<b>100,840,530</b>	<b>151,741,862</b>	<b>95,989,632</b>	
<b>Total Assets</b>	<b>299,993,408</b>	<b>251,354,707</b>	<b>283,007,038</b>	<b>246,331,377</b>	
<b>EQUITY</b>					
Equity attributable to shareholders of the company					
Share capital	96,852,757	96,852,757	96,852,757	96,852,757	
Reserve from issuance of shares above par	27,427,850	27,427,850	27,427,850	27,427,850	
Foreign exchange difference from consolidation of subsidiaries	-2,438,166	-2,010,311	-	-	
Other reserves	11,067,400	13,160,093	11,067,400	13,160,093	
Profits carried forward	18,472,394	13,061,416	11,545,225	7,445,385	
<b>Total equity</b>	<b>151,382,235</b>	<b>148,491,805</b>	<b>146,893,232</b>	<b>144,886,085</b>	
<b>LIABILITIES</b>					
<b>Long-term liabilities</b>					
Loans	9,000,000	10,759,100	9,000,000	10,759,100	
Derivative financial instruments	-	737,300	-	737,300	
Deferred tax liabilities	11,657,893	12,085,222	11,995,501	12,475,669	
Liabilities for remuneration to retired personnel	1,177,699	1,208,293	1,177,699	1,208,293	
Provisions	1,000,000	1,638,288	1,000,000	1,638,288	
	<b>22,835,592</b>	<b>26,428,203</b>	<b>23,173,200</b>	<b>26,818,650</b>	
<b>Short-term liabilities</b>					
Suppliers and other liabilities	64,631,229	56,693,197	51,796,254	54,883,551	
Income tax	853,258	2,679,445	853,258	2,681,034	
Loans	55,244,789	15,959,411	55,244,789	15,959,411	
Derivative financial instruments	4,361,683	944,024	4,361,683	944,024	
Provisions	684,622	158,622	684,622	158,622	
	<b>125,775,581</b>	<b>76,434,699</b>	<b>112,940,606</b>	<b>74,626,642</b>	
<b>Total liabilities</b>	<b>148,611,173</b>	<b>102,862,902</b>	<b>136,113,806</b>	<b>101,445,292</b>	
<b>Total equity and liabilities</b>	<b>299,993,408</b>	<b>251,354,707</b>	<b>283,007,038</b>	<b>246,331,377</b>	

\*The attached notes of the Annual Financial Report 2011 are an integral part of the financial statements.



## II. STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN EURO

	CONSOLIDATED FIGURES		COMPANY FIGURES	
	12 months until 31/12/2011	12 months until 31/12/2010	12 months until 31/12/2011	12 months until 31/12/2010
<b>Sales</b>	<b>264,143,644</b>	<b>155,019,356</b>	<b>250,410,046</b>	<b>142,674,156</b>
Cost of sales	-222,783,954	-122,260,729	-210,752,643	-113,692,432
<b>Gross profit</b>	<b>41,359,690</b>	<b>32,758,627</b>	<b>39,657,403</b>	<b>28,981,724</b>
Selling expenses	-26,850,636	-19,639,663	-26,921,344	-19,065,799
Administrative expenses	-6,859,787	-6,774,130	-5,743,318	-5,978,504
Other income	1,601,069	1,194,176	1,595,069	906,723
Other expenses	-2,492,715	-4,749,363	-2,492,715	-4,642,654
Other gains / (losses) net	-	140,197	-	-9,328
<b>Operating profit</b>	<b>6,757,621</b>	<b>2,929,844</b>	<b>6,095,095</b>	<b>192,162</b>
Financial income	298,126	46,134	289,323	29,899
Financial expenses	-3,324,061	-2,010,958	-3,234,301	-2,053,590
<b>Financial expenses - net</b>	<b>-3,025,935</b>	<b>-1,964,824</b>	<b>-2,944,978</b>	<b>-2,023,691</b>
Income from dividends	-	-	2,065,711	2,843,144
Share of profit of associates	3,081,948	1,925,433	-	-
<b>Profit before tax</b>	<b>6,813,634</b>	<b>2,890,453</b>	<b>5,215,828</b>	<b>1,011,615</b>
Income tax	-1,186,874	-4,446,549	-900,207	-3,495,392
<b>Profit/(loss) after tax</b>	<b>5,626,760</b>	<b>-1,556,096</b>	<b>4,315,621</b>	<b>-2,483,777</b>
<b>Other comprehensive income:</b>				
(Loss) after tax from change of fair market value of cash flow hedge	-2,308,474	-767,761	-2,308,474	-767,761
Foreign exchange difference from investment in associates	-427,856	1,256,994	-	-
<b>Other comprehensive income for the period, after income tax</b>	<b>-2,736,330</b>	<b>489,233</b>	<b>-2,308,474</b>	<b>-767,761</b>
<b>Total comprehensive income for the period</b>	<b>2,890,430</b>	<b>-1,066,863</b>	<b>2,007,147</b>	<b>-3,251,538</b>
<b>Profit/(loss) attributable to:</b>				
Owners of the parent company	5,626,760	-1,556,096	4,315,621	-2,483,777
	<b>5,626,760</b>	<b>-1,556,096</b>	<b>4,315,621</b>	<b>-2,483,777</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent company	2,890,430	-1,066,863	2,007,147	-3,251,538
	<b>2,890,430</b>	<b>-1,066,863</b>	<b>2,007,147</b>	<b>-3,251,538</b>
<b>Profits/(losses) per share that attributable to the owners of the parent company of the company during the period (expressed in euro per share)</b>				
Basic and reduced	0.0453	-0.0125	0.0348	-0.0200

\*The attached notes of the Annual Financial Report 2011 are an integral part of the financial statements.

### III. OWNER'S EQUITY STATEMENTS

AMOUNTS IN EURO

CONSOLIDATED FIGURES	Attributable to the owners of the parent company			
	Share Capital	Other reserves	Profit/(loss) carried forward	Total equity
<b>Balance on January 1, 2010</b>	<b>124,280,607</b>	<b>10,137,961</b>	<b>15,140,099</b>	<b>149,558,667</b>
Net (loss) of period	-	-	-1,556,095	-1,556,095
<b>Other comprehensive income for the period</b>				
Foreign exchange difference	-	1,256,994	-	1,256,994
(Loss) after tax from change of fair market value of cash flow hedge	-	-767,761	-	-767,761
<b>Total of other comprehensive income</b>	<b>-</b>	<b>489,233</b>	<b>-</b>	<b>489,233</b>
<b>Total comprehensive income for the period after tax</b>	<b>-</b>	<b>489,233</b>	<b>-1,556,095</b>	<b>-1,066,862</b>
<b>Transaction with owners</b>				
Transfer to ordinary reserve	-	522,588	-522,588	-
<b>Total transactions with owners</b>	<b>-</b>	<b>522,588</b>	<b>-522,588</b>	<b>-</b>
<b>Balance on December 31, 2010</b>	<b>124,280,607</b>	<b>11,149,782</b>	<b>13,061,416</b>	<b>148,491,805</b>
<b>Balance on January 1, 2011</b>	<b>124,280,607</b>	<b>11,149,782</b>	<b>13,061,416</b>	<b>148,491,805</b>
Net profit of period	-	-	5,626,760	5,626,760
<b>Other comprehensive income for the period</b>				
Foreign exchange difference	-	-427,856	-	-427,856
After tax from change of fair market value of cash flow hedge	-	-2,308,474	-	-2,308,474
<b>Total of other comprehensive income</b>	<b>-</b>	<b>-2,736,330</b>	<b>-</b>	<b>-2,736,330</b>
<b>Total comprehensive income for the period after tax</b>	<b>-</b>	<b>-2,736,330</b>	<b>5,626,760</b>	<b>2,890,430</b>
<b>Transaction with owners</b>				
Transfer to ordinary reserve	-	215,781	-215,781	-
<b>Total transactions with owners</b>	<b>-</b>	<b>215,781</b>	<b>-215,781</b>	<b>-</b>
<b>Balance on December 31, 2011</b>	<b>124,280,607</b>	<b>8,629,233</b>	<b>18,472,395</b>	<b>151,382,235</b>

COMPANY FIGURES	Attributable to the owners of the parent company			
	Share Capital	Other reserves	Profit/(loss) carried forward	Total equity
<b>Balance on January 1, 2010</b>	<b>124,280,607</b>	<b>13,405,266</b>	<b>10,451,751</b>	<b>148,137,624</b>
Net (Loss) of period	-	-	-2,483,778	-2,483,778
<b>Other comprehensive income for the period</b>				
(Loss) after tax from change of fair market value of cash flow hedge	-	-767,761	-	-767,761
<b>Total of other comprehensive income</b>	<b>-</b>	<b>-767,761</b>	<b>-</b>	<b>-767,761</b>
<b>Total comprehensive income for the period after tax</b>	<b>-</b>	<b>-767,761</b>	<b>-2,483,778</b>	<b>-3,251,539</b>
<b>Transaction with owners</b>				
Transfer to ordinary reserve	-	522,588	-522,588	-
<b>Total transactions with owners</b>	<b>-</b>	<b>522,588</b>	<b>-522,588</b>	<b>-</b>
<b>Balance on December 31, 2010</b>	<b>124,280,607</b>	<b>13,160,093</b>	<b>7,445,385</b>	<b>144,886,085</b>
<b>Balance on January 1, 2011</b>	<b>124,280,607</b>	<b>13,160,093</b>	<b>7,445,385</b>	<b>144,886,085</b>
Net profit of period	-	-	4,315,621	4,315,621
<b>Other comprehensive income for the period</b>				
(Loss) after tax from change of fair market value of cash flow hedge	-	-2,308,474	-	-2,308,474
<b>Total of other comprehensive income</b>	<b>-</b>	<b>-2,308,474</b>	<b>-</b>	<b>-2,308,474</b>
<b>Total comprehensive income for the period after tax</b>	<b>-</b>	<b>-2,308,474</b>	<b>4,315,621</b>	<b>2,007,147</b>
<b>Transaction with owners</b>				
Transfer to ordinary reserve	-	215,781	-215,781	-
<b>Total transactions with owners</b>	<b>-</b>	<b>215,781</b>	<b>-215,781</b>	<b>-</b>
<b>Balance on December 31, 2011</b>	<b>124,280,607</b>	<b>11,067,400</b>	<b>11,545,225</b>	<b>146,893,232</b>

\*The attached notes of the Annual Financial Report 2011 are an integral part of the financial statements.

IV. CASH FLOW STATEMENTS		AMOUNTS IN EURO			
	CONSOLIDATED FIGURES		COMPANY FIGURES		
	1/1 until 31/12/2011	1/1 until 31/12/2010	1/1 until 31/12/2011	1/1 until 31/12/2010	
<b>Cash flows from operating activities</b>					
Cash flows from operating activities	-29,746,270	37,081,997	-34,716,455	36,772,279	
Interest paid	-2,682,215	-2,052,190	-2,592,454	-2,094,823	
Income tax paid	-2,743,651	-960,160	-2,631,034	-536,938	
<b>Net cash flows from operating activities</b>	<b>-35,172,136</b>	<b>34,069,647</b>	<b>-39,939,943</b>	<b>34,140,518</b>	
<b>Cash flows from investment activities</b>					
Purchase of tangible fixed assets	-1,376,588	-963,414	-1,371,523	-927,330	
Sale of tangible assets	-	25,284	-	4,469	
Dividends received	792,185	440,020	2,065,711	2,843,144	
Interest received	150,968	46,134	142,165	29,899	
<b>Net cash flows from investment activities</b>	<b>-433,435</b>	<b>-451,976</b>	<b>836,353</b>	<b>1,950,182</b>	
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	91,663,419	73,790,000	91,663,419	73,790,000	
Repayments of borrowings	-54,137,141	-98,603,911	-54,137,141	-98,603,911	
<b>Net cash flows from financing activities</b>	<b>37,526,278</b>	<b>-24,813,911</b>	<b>37,526,278</b>	<b>-24,813,911</b>	
<b>Net (decrease)/increase in cash and cash equivalent</b>	<b>1,920,707</b>	<b>8,803,760</b>	<b>-1,577,312</b>	<b>11,276,789</b>	
Cash and cash equivalent at the beginning of the period	21,515,604	12,409,128	18,403,168	7,126,379	
Foreign exchange differences in cash and cash equivalent	-101,976	302,716	-	-	
<b>Cash and cash equivalent at the end of the period</b>	<b>23,334,335</b>	<b>21,515,604</b>	<b>16,825,856</b>	<b>18,403,168</b>	

\*The attached notes of the Annual Financial Report 2011 are an integral part of the financial statements.

## Independent auditor's report

### To the Shareholders of Corinth Pipeworks S.A.

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

We have audited the accompanying separate and consolidated financial statements of Corinth Pipeworks SA which comprise the separate and consolidated statement of financial position as of 31 December 2011 and the separate and consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### 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 International Financial Reporting Standards, as adopted by the European Union, and 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 about 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 considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 separate and consolidated financial statements present fairly, in all material respects, the financial position of the Corinth Pipeworks SA and its subsidiaries as at December 31, 2011, and

their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

**Reference on Other Legal and Regulatory Matters**

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information

that is required by paragraph 3d of article 43a of Codified Law 2190/1920.

b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying separate and consolidated financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

**Athens, 27 March 2012**

**PricewaterhouseCoopers**

**The Auditor  
Dimitris Sourbis  
Reg. No SOEL 16891**



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