



**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF AKTOR SA
ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE
YEAR FROM
1 JANUARY TO 31 DECEMBER 2014**

AKTOR SA
CONSTRUCTION COMPANY
25 ERMOU STR. - 14564 KIFISIA
Tax ID No.: 0941497220
Tax Office: Athens Tax Office for Industrial Sociétés Anonymes (FAVE)
SA Reg. No 8153/01AT/B/86/355/05

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF AKTOR SA ON THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 DECEMBER 2014

This report of the Board of Directors pertains to the twelve-month period from 01.01-31.12.2014 for the financial year then ended, and provides summary financial information about the annual consolidated and separate financial statements and results of the Company and the AKTOR SA Group. The Report outlines the most important events which took place during 2014, and the effect that such events had on the financial statements, the main risks and uncertainties the Company is faced with, while it also sets out qualitative information and estimates about future activities.

The companies included in the consolidation, except for parent company AKTOR SA, are those mentioned in note 8 of the financial statements as of 31.12.2014.

1. Financial results

The Group's revenue amounted to euro 1,164 million in 2014, increased by approximately 29% compared with 900 million in the fiscal year 2013. The increase in revenue is mainly due to the re-initiation of the two road concession projects in Greece and projects in the Middle East (Qatar METRO). 57% of the revenue was generated from domestic projects and 43% from foreign projects.

Due to the impairment of Group's holding shares in mining companies by euro 54.2 million, which are included in Available for Sale Financial Assets (cumulative loss of euro 45.6 million reclassified from Available for Sale Financial Assets reserves to other expenses in Income Statement and amount of euro 8.6 million due to impairment recognized directly to Income Statement) operating results recorded losses amounting to euro 32.4 million in 2014 compared with profits of euro 34.9 in 2013. If we left out that extraordinary impairment, operating results of the Group would amount to profits of euro 21.8 million for 2014. Earnings before tax amounted to losses of euro 41.6 million in 2014 (if we left out the above impairment, the earnings before tax would amount to profits of euro 12.6 million) compared with profits of euro 27.2 in the fiscal year 2013.

The Group's cash and cash equivalents as of 31.12.2014 amounted to euro 181 million, compared to euro 227.2 million as of 31.12.2013, whereas equity amounted to euro 375.3 million compared to euro 350.1 million for the year ended 31.12.2013. Total borrowings at consolidated level stood at euro 175 million as of 31.12.2014 compared to 137 million as of 31.12.2013. Out of the total borrowings, the amount of euro 120 million corresponds to short-term borrowings and the amount of euro 55 million to long-term borrowings. The corresponding amounts for the year ended 31.12.2013 are euro 83 million and euro 54 million respectively.

The Group's net debt as of 31.12.2014 and 31.12.2013 is presented in the following table:

All amounts in Euro thousands.

	GROUP	
	31-Dec-14	31-Dec-13
Short-term bank borrowings	120,086	83,049
Long-term bank borrowings	55,156	53,958
Total borrowings	175,242	137,007
Less: Cash and cash equivalents ⁽¹⁾	196,204	246,376
Net Debt/Cash	(20,962)	(109,370)
Total Group Equity	375,277	350,051
Total capital	354,315	240,681
Gearing ratio	-	-

Note:

(1) Total Cash and cash equivalents of FY2014 amounting to euro 181,020 th., (2013 euro 227,186 th. *) include Restricted cash of euro 15,185 th., (2013 euro 19,190 th.).

The capital gearing ratio is not applicable for the Group at 31.12.2014 and 31.12.2013. This ratio is calculated as net debt divided by total capital (i.e. total equity plus net debt).

In 2014, AKTOR SA reported at company level a turnover of euro 950.2 million (2013: euro 707.8 million), increased by 34% compared to the previous year. Operating results, in 2014, amounted to profits of euro 8.4 million compared with euro 33.6 million in 2013. The company's earnings before tax amounted to profits of euro 6.3 million compared with profits of euro 26.9 million in 2013.

2. Evolution of activities

The accumulated experience and expertise obtained by the Group and the Company while performing construction contracts for Wastewater Treatment Plants (WWTP), construction contracts for Photovoltaic Parks and contracts for the provision of Facility Management Services allowed AKTOR SA and its subsidiaries to expand their operations abroad. Specifically, AKTOR SA has completed design-construction projects for Wastewater Treatment (WWTP) and Sludge Drying Plants in Dubai, Bucharest and Turkey, which confirms the highest level of expertise obtained by the company over the years resulting to an international recognition in this segment. The fact that it holds major international certificates gives it a competitive advantage over international competition in bidding medium and large scale projects. AKTOR SA undertook just recently the construction of a WWTP in Addis Ababa, Ethiopia, and participates with significant chances of success, in the tendering procedures for three projects in Naples, Italy, the Colombian capital, Bogota and Krusevac, Serbia.

Regarding the contracts for the construction of PV Parks, after its successful activity in Greece, Italy and the Balkan countries in previous years, AKTOR SA expanded to the markets of England, Chile and Panama in 2014, with considerable success. In Chile, the company signed, completed and connected to the local network a 40MW project, in Panama is currently constructing two projects (56MW total) with large construction backlog, while in England is constructing numerous projects (above 80MW in total). In the 3 above countries, AKTOR SA possesses a significant market share, which gives high growth opportunities for the forthcoming years. Meanwhile, AKTOR SA participates in international tenders both in these countries and the rest of Latin America, Africa and the Middle East in order to further expand its activities abroad.

Finally, AKTOR Facility Management, a subsidiary of AKTOR SA, after succeeding in an international tender, is performing three major projects at the New Doha International Airport, with a total budget of euro 62 million. With this activity, AKTOR SA has managed to cover the entire life cycle of a project, from design and construction to maintenance and operation, which is the international trend in new construction contracts tendering, worldwide. This project area is rapidly rising, and AKTOR SA intends to extend to other countries where it already operates.

Following are some of the largest contracts signed by AKTOR SA and its subsidiaries in Greece and abroad in 2014:

1. AKTOR SA signed a contract for the construction in the Middle East of the "Gold Line Underground" subway line in Doha, Qatar, as a leader in a J/V, with a share of 32% and a budget of euro 1.167 billion (attributable contract value, including the sum of euro 280 million that is subject to the client's discretion). Moreover, a EUR 31 million worth contract was signed for the provision of facility management services regarding the duty free and car rental facilities of the International Airport of Doha.
2. A contract for the operation and maintenance of the sewage treatment plant of Psitalia amounting to euro 138 million.
3. In Romania AKTOR SA signed a contract for the construction of the motorway SEBES-TURDA LOT2 from km 17+000 - km 41+250, as leader of a joint venture with a share of 51% and a total budget of EUR 122 million.

4. Completion of phase C1 of the new Igoumenitsa port (as a substitute for IONIOS), amounting to euro 32 million.
5. The subsidiary TOMI signed a contract to repair and upgrade the signaling and telecommanding system and replace 70 switches in localized sections of the axis Athens - Thessaloniki - Promachonas, as the leader in a joint venture with a share of 75% and a budget of euro 31 million (attributable contract value).
6. In Ethiopia AKTOR SA signed with the City Government of Addis Ababa an agreement for the design and construction of a waste management plant, of euro 28 million.
7. Completion of the construction of an embankment – power generating and related complex works (YHE Metsovitiko), amounting to euro 22 million.
8. Two contracts for the development of broadband infrastructure in rural areas of the Greek territory (Geographical Unit 1 and Geographical Unit 3), as member in a joint venture with a share of 50%, budgeted of euro 20.7 million (attributable contract value).
9. Construction of the “Gerakina Beach” hotel in Chalkidiki Prefecture, budgeted of euro 19 million.
10. Construction of the vertical axis to Egnatia Odos Siatista - Krystallopigi, Koromilia Krystallopigi Section from KP 16+200 to KP 20+320 (45.5), as member in a joint venture with a share of 33.33%, budgeted of euro 10 million (attributable contract value).
11. Construction of one (1) 44-MWp PV Park in Chiriquí province in Panama, of euro 57 million.
12. Construction of one (1) 40-MWp PV Park in Diego D’Almagro commune in Chile, of euro 21.5 million.
13. Construction of eight (8) PV Parks with a total power of 70 MWp in England, of euro 50 million.

3. Outlook

The backlog of AKTOR and its subsidiaries amounted to euro 3.712 billion as of 31.12.2014. There are also projects budgeted of 65 million signed after 31.12.2014 and projects budgeted of euro 555 million, which are expected in the near future. Due to the reduction in the number of tendering projects in Greece, AKTOR SA has focused on projects tendered in Balkans and Middle East, exploiting its long experience and its available technical equipment valued at euro 360 million (replacement value). As a result of this strategy, approximately 53% of its backlog consists of foreign projects, and after the remaining contracts are signed, this percentage will rise to 57%.

The successful completion of projects in Greece and abroad has strengthened AKTOR’s SA international presence and now with its multifarious activities, it keeps developing beyond the areas of infrastructure and constructions.

4. Risks

The most significant risk that AKTOR SA has to cope with is the prolonged recession faced by the country. The delay in getting the economy back to a growth path, combined with the lack of liquidity in the banking system creates risks for the continued development of construction activity in the country.

5. Post 31.12.2014 events

In the beginning of 2015, AKTOR SA proceeded to the long-term refinancing of its loans amounting to euro 78.8 million.

Kifissia, 31 March 2015
For the Board of Directors

The Chairman of the Board of Directors
DIMITRIOS A. KOUTRAS

This report comprises five (5) pages and is the one mentioned in the audit certificate granted today.

Athens, 19 May 2015
The Certified Auditor-Accountant

Despina Marinou
Institute of CPA (SOEL) Reg. No 17681
PricewaterhouseCoopers SA
Audit Firm

Certified Auditors - Accountants
268 Kifissias Avenue
152 32 Halandri
Institute of CPA (SOEL) Reg.No. 113