



DIRECTORS' REPORT OF THE COMPANY
AKTOR SA
ON THE CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS FOR THE YEAR FROM
1 JANUARY TO 31 DECEMBER 2011

AKTOR SA
CONSTRUCTION COMPANY
25 ERMOU STR.– 14564 KIFISIA
Tax ID No.: 094149722 Tax Office: ATHENS FABE
SA Reg. No. 8153/01AT/B/86/355/05

DIRECTORS' REPORT OF "AKTOR SA" ON THE FINANCIAL STATEMENTS FOR FY 2011

As a result of the continuing aggravation of the financial environment in Greece, construction, one of the major sectors of the Greek production economy, has been severely affected, causing a reduction of revenue compared to the pre-crisis period. Faced with the challenges of the domestic market, the Company has turned to the Balkans and Russia to carry out its activities, capitalising on its long experience and equipment.

Further, after many years of operations and research with the purpose of creating the appropriate environmental framework in which the Kassandra mines could be rationally developed, and due to the adverse circumstances created by the lack of liquidity from banks, the Management decided to liquidate part of its holding in European Goldfields (EGU) to perform its obligations, in anticipation of a recovery in Greek economy.

The Company's financial results are detailed in the financial statements which are accompanied by notes providing all necessary figures and explanatory information, based on which conclusions can be reached about the Company's financial position. .

More specifically:

Despite the negative environment, in 2011 the Company recorded profits on a consolidated basis, resulting from the disposal of part of its participation share in EGU held via an AKTOR subsidiary, and the valuation of the remaining share of AKTOR in EGU and the 5% share held in HELLAS GOLD at fair value. This was a dual-purpose disposal: First, due to the EGU's difficulty to achieve bank lending given the circumstances in Greece, AKTOR facilitated the entry of a strategic investor in EGU which would contribute the funds required for an investment in the mines. Second, AKTOR was forced to liquidate to meet its obligations. Construction activity recorded losses due to: (a) a reduction in the Group's domestic construction activity and turnover; (b) the Management's more conservative reassessment of the profit margin of all projects in progress, in view of the new conditions prevailing in the construction sector, which have caused significant delays and suspensions of works in large

infrastructure projects in Greece and abroad, in Middle East countries in particular, as they have also been affected by the international crisis and deep recession in building activity; and (c) the formation of significant provisions for doubtful receivables resulting from the general economic conditions.

1. Financial results

On a consolidated basis, the construction segment, including quarries and mines, recorded a turnover of €859.3 million in 2011, down by approximately 33% compared to 2010. In terms of profitability, profits from several projects in Greece radically decreased in 2011 due to lower progress rates as a result of the financial condition. At the same time, a decrease in profits was also recorded in projects undertaken in the Middle East due to higher financial costs. Further, in 2011 the company formed provisions for the write-off of doubtful receivables, in view of the general market conditions. On a positive note, the disposal of EGU shares and the valuation of the Company's participation share in EGU and HELLAS GOLD at fair value generated profits of €261.2 million in total. Of such profits, operating results (earnings before taxes, financing and investment results) stood at €59.3 million, recording a 107% increase. Net profits after taxes and non-controlling interests stood at €47.6 million, compared to losses for 2010.

On a consolidated basis, cash and cash equivalents at year end amounted to €126.3 million, compared to €181.3 million in 2010. Total borrowings for AKTOR and its subsidiaries amounted to €249.7 million, reduced by approximately 15% compared to 2010.

At company level, AKTOR reported a turnover of €326.5 million, down by 39% compared to the previous year. Operating results (earnings before taxes, financing and investment results) were negative.

2. 2011 highlights

The impending development of the mines is expected to add a significant amount of construction activities to AKTOR. As regards EGU, owner company of the Cassandra mines, the following important developments took place in 2011:

- In July 2011 the Minister of Environment, Energy and Climate Change, and the jointly competent ministers, signed the Joint Decision approving the Environmental Terms for the Mining and Ore Plant project at the Cassandra Mines, Halkidiki. The mining and ore activities in Cassandra, Halkidiki represent an investment of PPE to the amount of €1.3 billion, which, once fully developed, will employ approximately 1,800 workers.
- On 1 October 2011, AKTOR CONSTRUCTION INTERNATIONAL LTD entered into an agreement for the sale of 13,000,000 shares in EGU to Qatar Holding, i.e. 7.07% of its share capital, for the total amount of CAD 130 million. Therefore, the holding of AKTOR CONSTRUCTION INTERNATIONAL LTD in EUROPEAN GOLDFIELDS was adjusted to 12.2% of its share capital, and Qatar Holding holds a call option for acquiring another 9,373,390 shares at CAD 13 per share. As a result of the acquisition by ELDORADO GOLD CORPORATION (ELDORADO), the call option applies to 7,967,381 shares at the strike price of CAD 15.30. The Management considered this agreement as appropriate, in order to facilitate financing and immediately implement the investment plan of HELLAS GOLD in Halkidiki, by way of Qatar Holding's strategic involvement, which finances EGU with US\$750,000,000.
- On 20 December 2011, EGU announced ELDORADO's proposal of friendly takeover at an exchange ratio of 0.85 shares in ELDORADO for every EGU share. The takeover was completed in February 2012, following approval by the Extraordinary General Meetings of shareholders of EGU and ELDORADO.
- Considering the disposal of shares, the Group's 12.2% holding in EGU and its 5% holding in HELLAS GOLD were classified as "Investments available for sale" in Q4 2011 in accordance with IAS 39, as the criteria for classification of such holdings as "Investments in Associates" were no longer met.

The Group's pure construction activity declined compared to the previous financial year, both in Greece and abroad. Following are important developments and new projects in the construction segment:

- ADCC Joint Venture whose leader is AKTOR (40% share) was awarded project "GSE Maintenance Facility, Motor Transport Workshop, Facilities Maintenance Facility Building and Facilities Maintenance Facility Workshop at the New Doha International Airport". The contractual amount stands at about €68 million.
- In Albania, a contract was signed with the Albanian State for the construction of a tunnel in a section of the Tirana-Elbasan motorway, budgeted at €60 million.
- In Romania, AKTOR signed a contract for the construction of a section on the DN 18 motorway, section Baia Mare – Sighetul Marmatiei, of €44 million approximately.
- In Serbia, AKTOR was awarded the construction of the E80 motorway, section Crvena Reka - Ciflic, of €43 million. The contract was executed on 1.9.2011.
- In November 2011, AKTOR signed a contract for the completion of project "Construction of the National Modern Art Museum". The contractual amount stands at €26.3 million plus VAT, and the construction period was set to 23 months.
- For operating and administrative reasons, the following company conversions were effected in 2011: PANTECHNIKI SA was split up and absorbed by AKTOR SA and EFA TECHNIKI SA, the amalgamation balance sheet date of the split company being 31 March 2011. The relevant split-up agreement was signed on 23.12.2011. Moreover, the merger by absorption of the companies DIMITRA SA and HELLENIC LIGNITES SA by HELLENIC QUARRIES SA was completed, the Amalgamation Balance Sheet date for each absorbed company being 31.03.2011. The relevant Merger Agreement was signed on 7.10.2011.

3. Outlook

On 31.12.2011, the unexecuted balance of construction stood at approximately €2.3 billion. Of this amount, €690 million or approximately 30% of the unexecuted balance represent projects in progress abroad. In terms of domestic projects, infrastructure projects represent approximately €1.5 billion, and building projects represent approximately €110 million. The near-future outlook for the Greek construction sector is not expected to change. AKTOR has focused on rationalizing its operating costs and intensifying its receivable collection procedures. It is also trying to secure the award of domestic and foreign projects, where there are secure economic and profitability conditions.

4. Risks

The major risk facing the Company is the extent and length of recession in Greece. Due to the lack of liquidity and capital inadequacy of Greek banks, it is extremely difficult – if at all possible- but also expensive to draw funds through working capital. Also, due to the low rating of Greek banks, their ability to issue guarantee letters for foreign projects is shrinking.

5. Post 31.12.2011 events

- AKTOR, holding a leader participation share of 51% in a Joint Venture with Turkish company ARBIOGAZ, entered into a contract for the construction of the project “WASTE TREATMENT PLANT OF THE METROPOLITAN MUNICIPALITY OF SMYRNA (TURKEY) – SLUDGE DIGESTION AND DRYING PLANT”. The contractual amount stands at €25.4 million plus VAT, and the construction period was set to 36 months.
- AKTOR, holding a 51% leader share in a Joint Venture with Romanian company ARCADA, undertook the construction of the Micasasa-Coslariu section of the Brasov-Simeria Railroad Line. The contractual amount amounted to €168 million, plus VAT, and the construction period was set to 3 years. The project

was financed by 85% by the EU Cohesion Fund and by 15% by the Romanian Government.

- AKTOR entered into a contract with the Ministry of Public Works of Bulgaria for the construction of the LOT-4, Sandanski – Kulata, section of the STRUMA motorway. The project was budgeted at 56 million Leva, VAT exclusive (€28 million, VAT exclusive). The technical subject matter included, inter alia, the construction of a closed motorway with two traffic lanes and one emergency lane in each direction, with a total road deck width of 25m for a length of 15km, as well as the modification of the route of the existing railroad line for a length of 4km. The total deadline set for the construction of the project was 23 months and the relevant funds were provided by the European Union through the “Transport” program. Given the vital need for infrastructure development and upgrading in the entire area of Bulgaria and taking into account that the required for the relevant projects have been secured from the European Union, the prospects of AKTOR SA in Bulgaria are very promising.
- On 23 March 2012, the parent, AKTOR SA, transferred all its shares held in subsidiary PSITALIA MARITIME COMPANY to third parties outside the Group.

In view of the foregoing, Shareholders are invited to approve the Annual Financial Statements for FY 01.01.2011 – 31.12.2011 and the accompanying reports by the Board of Directors and the Certified Auditor, and discharge the members of the Board of Directors individually and the Board of Directors collectively, as well as the Certified Auditor, from all liability to compensation for FY 01.01.11 – 31.12.2011.

Kifissia, 26 March 2012
For the Board of Directors

The BoD Chairman
DIMITRIOS A. KOUTRAS

This report comprises eight (8) pages and is the one mentioned in the audit certificate granted today.

Athens, 21 May 2012
The Certified Auditor -Accountant

Despina Marinou
SOEL Reg. No 17681

PriceWaterhouseCoopers
Audit Firm
Certified Auditors - Accountants
268 Kifissias Ave.
152 32 Halandri
SOEL Reg. No. 113