



**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF
THE SOCIETE ANONYME
AKTOR SA
ON THE FINANCIAL STATEMENTS FOR 2010**

**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**

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In 2010, Greek companies were faced with a particularly challenging environment, as a result of the deep recession of Greek economy. Reduced revenues, increased direct and indirect taxation, restricted liquidity are only few of the factors which jeopardised many, otherwise robust, companies, while signs of growth can hardly be seen for the country over the next twelve months.

The Greek sector of constructions has been severely hit by the consequences of the financial crisis. According to the latest report of SATE (Association of Greek Contracting Companies), the public works industry demonstrates the worst performance of the last 12 years, while the private works industry is in the worst position in terms of orders and activity for the last 30 years. The public investments plan has been radically restricted, therefore the number of new projects awarded is highly limited. As a result of the international credit crunch, problems are also seen abroad.

1. Financial results

At consolidated level, AKTOR reported a turnover of €1,287.7 million, reduced by 22.6% compared to the previous year. 78% of total revenues comes from projects in Greece and the remaining 22% from projects abroad. The decrease in turnover was anticipated, given the adverse conditions in the Greek market, where practically no tender procedures are held for new projects. At profitability level, operating results (EBITDA) stood at €28.6 million, and the operating margin reached 2.2% compared to 4.4% in 2009. This decrease is mainly due to the total decrease of profitability in Greece, as a result of the slower execution of projects and of the losses recorded in Dubai and Kuwait projects, due to the aggravated financial conditions. Profit before taxes stood at €9.4 million. It is noted here that net results came up negative also due to the extraordinary, social responsibility levy of €42 million at consolidated level.

Also at consolidated level, cash and cash equivalents at year end stood at €181.3 million, compared to €246.3 million in 2009. Total borrowings of AKTOR and its

subsidiaries stand at €294.2 million, increased by approximately 17% compared to 2009.

At company level, AKTOR reported a turnover of €5357 million, reduced by 14.6% compared to the previous year. Operating results (EBIDTA) were €6.6 million compared to €37.4 million in 2009.

2. 2010 highlights

As already mentioned, 2010 was a hard year for AKTOR and its subsidiaries due to the limitation of tenders for new projects in the public sector and a significant decline in private construction activity. Therefore, the increase of AKTOR's unexecuted part of new projects was limited.

Important projects awarded to AKTOR in 2010 include:

- A contract with the Bulgarian State for the construction of project: “Thrakia” /A-4/ “Orizovo – Burgas” Motorway, section: Lot 3 Nova Zagora – Yambol”, from km 241+900 to km 277+597. The total project construction cost amounts to €60 million
- Contract for the construction of section on motorway E-75 in Serbia (on the border to FYROM) between Srpska Kuca and Donji Neradovac, budgeted at €22 million
- Contract for the NGA network development project of OTE in urban areas of Attica and Thessaloniki, budgeted at €30 million
- Contract for project: “Sewage of waste for the eastern and western Thriassio Field sectors (secondary network), budgeted at €25million.
- Contract for pipe construction and liquid fuel storage plant in Souda, budgeted at €15 million

3. Outlook

The unexecuted balance for AKTOR and its subsidiaries stands at €1.8 bn and comprises projects of €1,618 million in Greece and €226 million abroad. With regard to projects in Greece, €844 million corresponds to concessions, €552 million to public infrastructure works, and €222 million to construction projects. There are also projects budgeted at €408 million, the contracts for which are expected to be signed. Said unexecuted balance includes the unexecuted balance of BIOSAR Energy which became a wholly owned subsidiary of AKTOR in Q1 2011.

Due to the decline in construction activity in Greece, the Group has intensified the efforts to identify projects abroad, taking careful steps when it comes to its participation in tender procedures, in selected countries. Significant projects are already under way in the Middle East (Qatar, UAE), and in SE European countries such as Romania, Bulgaria, Serbia and Albania. The Russian market is also targeted. In parallel, emphasis is placed on the reduction of construction operating costs.

4. Risks

The share of concession projects in the unexecuted balance reaches approximately 35%. Any delays in their execution (mainly the case for the Corinth-Patras-Pyrgos-Tsakona motorway, and the Maliakos-Klidi PATHE section) could cause problems to the Group's construction activity. Also, delays in the awarding of new projects or in payments by the State impact on the Group's results and business.

There is a risk of a further decline in the profit margin for building (private) projects, due to the decrease in business and an increase in competition. An additional high risk of these projects is the delay of collections and defaults.

Geopolitical and monetary risks are seen abroad, particularly in the Middle East, as a result of the political unrest in the wider area.

5. Events after 31.12.2010

- The joint venture of Group companies HELECTOR SA-AKTOR SA- AKTOR CONCESSIONS SA was awarded the project “Construction and Operation of the Saint Petersburg Urban Waste Management System”. The total investment exceeds €300 million, while the concession is granted for 25 years.
- ADCC JV, led by AKTOR which participates with 40%, 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 for the above project is QAR 337,290,603 (€68 million). The project construction period will be 13 months.
- AKTOR has entered into a contract with the Albanian State for the construction of two tunnels on section of the Tirana-Elbasan road, budgeted at €60 million. Construction of the project will take 18 months.
- AKTOR acquired 100% of BIOSAR Energy, an ELLAKTOR Group company. BIOSAR operates in the design, construction and maintenance of photovoltaic stations, and over the last years has been recording steadily improving figures.
- The merger of HELLENIC QUARRIES SA, LATOMIA STILIDAS SA and LATOMIKI IMATHIAS SA was completed by way of absorption of the second and third company by the first one.

In view of the foregoing, Shareholders are invited to approve the Company's Annual Financial Statements for fiscal year 1/1/2010 – 31/12/2010 and the accompanying reports by the Board of Directors and the Certified Auditor, and release 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 fiscal year 1/1/2010 – 31/12/2010.

Kifissia, 24 March 2011
For the Board of Directors

The BoD Chairman
DIMITRIOS A. KOUTRAS

This report comprises six (6) pages and is the one mentioned in the audit certificate granted today.

Athens, 25 May 2011
The Certified Auditor -Accountant

Marios Psaltis
SOEL Reg. No 38081

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