



**REPORT OF THE BοD OF AKTOR TECHNICAL COMPANY S.A.
ON THE FINANCIAL STATEMENTS OF THE YEAR 2006**

AKTOR S.A.
TECHNICAL COMPANY S.A.
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MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY “AKTOR TECHNICAL COMPANY S.A.” ON THE FINANCIAL STATEMENTS OF THE YEAR 2006

1. Overview of Activities

AKTOR SA remains the leading Greek construction company, systematically holding a market share exceeding 22% among the largest domestic construction companies. In recent years AKTOR has played a leading role in the development of infrastructures in Greece and is a robust company with a consistent high turnover and significant profits.

Following a slump in the Greek construction market in 2005, 2006 marked the beginning of progress for AKTOR. This recovery is a result of the revival of the domestic construction market, with the procurement and award of many large-scale projects, as well as the contribution of projects overseas. By the end of 2006, the remaining amount from incomplete projects of AKTOR and its subsidiaries in Greece and overseas amounted to EUR 3.3 billion. 30% of this amount arose from projects overseas, where AKTOR and its subsidiaries have expanded and are now established. Today AKTOR and its subsidiaries are active in Gulf countries (Oman, Qatar, Kuwait, Dubai) as well as Bulgaria and Romania in the Balkans. AKTOR has three branch offices with registered offices in Greece, Romania and Kuwait respectively.

Furthermore, realizing the outstanding growth prospects in the sectors of Quarries and Mines, AKTOR is also active in those sectors. Through its subsidiary, AKTOR participates in HELLAS GOLD, which holds mining rights in the Mines of Kassandra, Chalkidiki at an area of 300,000,000 square meters. The company has already submitted an investment plan regarding the overall exploitation of the Mines and gold mining and awaits approval of the environmental terms. The company's operation with regards to lead and zinc is back on track and is already profitable.

Significant events for the financial year 2006

The most significant events for AKTOR and its subsidiaries within the financial year 2006 were:

- Signing an agreement for the construction of the Thessaloniki Submerged Tunnel with a total budget of EUR 345 million, as part of a joint venture in which AKTOR participates with a percentage of 50%.
- Signing agreements for large-scale projects, such as, among other, the extension of the Metro line 2 from Agios Dimitrios to Elliniko, with a total budget of EUR 295 million and a participation percentage of 70% for AKTOR, various projects at Egnatia Odos with a total budget of EUR 160 million, in which AKTOR participates by 100%, OSE projects with a total budget of EUR 250 million, with a participation percentage of 33.33% for AKTOR, as well as the airfield extension of the Thessalonica state airport 'MACEDONIA' of a budget of EUR 140 million, with a participation percentage of 30% for AKTOR.
- Signing an agreement for the funding and construction of a project in Oman with a total budget of EUR 1.5 billion, concerning the implementation of the first out of ten development stages of a new city under the name Blue City. The project will be executed by a joint venture in which ELLINIKI TECHNODOMIKI TEB participates through a subsidiary by a percentage of 50%.
- Signing an agreement for the construction of a wastewater treatment plant in Bucharest, Romania with a total budget of EUR 84 million, as part of a joint venture in which AKTOR is the leader and participates with a percentage of 50%.
- Pronouncement of a joint venture, in which AKTOR participates with a percentage of 40% and is the leader, as the contractor for the construction of support facilities at the new Doha airport with a budget of EUR 200 million.
- AKTOR's participation by 60% in the tender for the lease and operation of the Vevi lignite mine in cooperation with the Mytilineos Group. It is a strategic move in a sector of significant importance for covering the country's energy needs.
- Merger through absorption of the subsidiary VISTONIS and the newly acquired TECHNOLIMENIKI by TOMI.

FY 2006 Results and Prospects

In 2006, AKTOR's turnover amounted to EUR 635.3 million, the consolidated operating profits (operational results) were EUR 34.6 million and consolidated net profits were EUR 16.5 million. Profit margins both on an operating level as well as on a level of net profits amounted to a percentage of 5.4% and 2.6% respectively. On a consolidated basis, AKTOR's equity amounted to EUR 247.7 million; loans amounted to EUR 112.2 million and cash reserves to EUR 175.4 million. The generation of cash flow from operating activities amounting to EUR 55 million is indicative of the company's financial soundness.

On a company level, AKTOR's turnover amounted to EUR 386.8 million, the operating profits were EUR 14.3 million and net profits were EUR 22.5 million.

The construction prospects appear to be positive for the future. In the domestic market, the construction of large-scale co-financed projects is expected to begin within 2007, thus resulting in significant construction product. In total, the funds allocated to infrastructure projects from 2007 up to 2013 are expected to reach approximately EUR 20 billion (3rd and 4th CSF). International projects are also expected to contribute significantly. AKTOR's objective in Greece is to make full use of the ever-increasing opportunities through infrastructure projects and new co-funded projects. Its objective for SE Europe is to penetrate developing markets that will accede to the EU and absorb funds for the modernisation of their infrastructures, whereas in the Middle East it aims at developing markets with significant growth indexes and less fierce competition.

Risks

In domestic Constructions, the risks for the development of AKTOR result from changes in existing legislation on tender procedures of public works, together with the adverse financial standing of the majority of the companies of the sector, which often lead to "irrational" conduct, submitting extremely low bids.

Moreover, the penetration of the construction sector overseas requires investments and entails the usual risks faced during any investment when attempting to establish it in a foreign market. Both of these domestic and foreign factors lead to uncertainty regarding the continuation of the high operating profit margins that exist to date.

Events after 31.12.2006

The most significant events after 31.12.2006 were:

- Agreement between ELLINIKI TECHNODOMIKI TEB and PANTECHNIKI to join forces. The new joint venture formed, apart from its leading role domestically, constitutes an essential step in transforming the Group into a competitive corporation of European standards. Thus AKTOR's construction activities as well as concessions are boosted. The new joint venture will include in its portfolio significant participations in concession projects, owning 60% of Attiki Odos, high participation in the Rio-Antirrio Bridge as well as in new large-scale concession projects. The transformation procedure, which is subject to the approval of competent authorities, includes the split of PANTECHNIKI and the following:

- i. The absorption of part of the construction activities, as well as participations and relevant assets by ELLINIKI TECHNODOMIKI TEB. The other activities and relevant assets of PANTECHNIKI SA will be absorbed by a non-listed company owned by the majority shareholders of PANTECHNIKI SA.
 - ii. Separation of the sector (still under formation), which will absorb construction activities and all other assets of PANTECHNIKI SA, from ELLINIKI TECHNODOMIKI TEB and incorporation of same into the wholly-owned, non-listed, subsidiary AKTOR.
 - iii. Separation of the technical works concessions sector from ELLINIKI TECHNODOMIKI TEB and incorporation of same into the wholly owned, non-listed subsidiary ASTIKES ANAPTYXEIS SA.
- AKTOR and its subsidiaries achieved a remaining amount from incomplete projects amounting to EUR 4 billion (EUR 3 billion from already signed agreements and EUR 1 billion from agreements about to be signed). 33% of the total remaining amount from incomplete projects is from overseas.
 - AKTOR and its subsidiary in Dubai AL AHMADIAH–AKTOR L.L.C. were awarded the construction of a wastewater treatment plant in Jebel Ali, with a total budget of approximately EUR 325 million.

Considering all of the above, we invite you, Dear Shareholders, to approve of the Company's Annual Financial Statements for the year 1/1/2006 – 31/12/2006, together with the accompanying Reports of the Board of Directors and Certified Auditor-Accountant, and to discharge the BoD members individually and the BoD as a whole, as well as the Certified Auditor-Accountant from any liability for the financial year 1/1/2006 – 31/12/2006.

Athens, March 27, 2007
For the Board of Directors

The President of the BoD

The present report consists of six (6) pages and is mentioned in the audit report, which is granted today.

Athens, May 18, 2007
THE CERTIFIED AUDITOR-ACCOUNTANT

Piris Kiriakos
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