



**REPORT OF THE BoD OF AKTOR TECHNICAL COMPANY S.A.
ON THE FINANCIAL STATEMENTS OF THE YEAR 2008**

AKTOR S.A.
TECHNICAL COMPANY S.A.
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MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY “AKTOR S.A.” ON THE FINANCIAL STATEMENTS OF THE YEAR 2008

2008 was a year that began with very good prospects for the world economy. However, during the second half of the year, the world financial markets faced the early signs of recession. Despite this, AKTOR and its subsidiaries found themselves in a favourable situation in order to confront these challenges:

- They have a significant backlog, amounting to € 4.3bn.
- Contracts have already been signed and financing have been secured for all the big concession projects, in which AKTOR has significant construction activity.
- Additional activities, such as quarries, also have good prospects due to the co-financed projects.

1. Financial Results

Having had as major targets implementing the very high backlog, preserving the operating margins and establishing its activities in the foreign countries in which it already operates, AKTOR financial performance in 2008 was good.

On a consolidated basis AKTOR sales stood at € 1,29.2 mil., increased by 60.8% compared to last year. This increase derived from the significant construction backlog, which is already being implemented, and especially from infrastructure projects. Projects in the Middle-East greatly contributed to this turnover. Operating results (earnings before taxes, financial and investment results) stood at € 60.2 mil., increased by 73.7% compared to 2007. Operating profit margin on a consolidated basis in 2008 stood at 4.8% over 4.4% in 2007. Earnings before taxes amounted € 59 mil. over € 86.8 mil. last year. This decrease is mainly attributed to the fact that within 2007 there were extraordinary earnings from the transaction with HELLENIC GOLD (non recurring). Earnings after taxes for 2008 stood at € 38.4 mil.

Moreover, on a consolidated basis cash and cash equivalents at the end of the year amounted to € 301.2 mil. over € 214.1 mil. in 2007. Total loans of AKTOR and its subsidiaries stood at € 245 mil. increased by 42.8%. This increase results from the increased needs for working capital mainly for the projects abroad – due to the high backlog – as well as from the realization of investments.

On a company basis AKTOR sales stood at € 607.9 mil, increased by 44.8% compared to last year. Operating results (earnings before taxes, financial and investment results) stood at € 18.6 mil., over € 9.4 mil. in 2007, increased by 97.4%, while earnings after taxes amounted to € 24.7 mil., increased by 17.5% compared to last year.

The largest part of the income and profits from the Group's construction projects derived from infrastructure projects implemented within Greece. These projects have the highest profit margins, while the construction projects and projects of AKTOR's subsidiary companies in Greece present lower profit margins. Projects in the Middle East developed smoothly in 2008. In certain cases, there was a delay in financing from banks, an issue, however, that was settled satisfactorily and which did not create problems in project development, while the decrease in prices of raw material positively affected profitability. In addition, taking into account that most of the projects were governmental, there were no problems with collections.

2. Significant Events of the Financial Year 2008

The most significant events for AKTOR and its subsidiaries in the fiscal year 2008 were the following:

- Signing of a contract between the companies EGNATIA ODOS, AKTOR S.A. and PANTECNIKI S.A. for the completion of segments of the Egnatia Odos, budgeted at 121.7 million EUR (exclusive of VAT).
- Signing of an agreement between the companies AKTOR S.A. and PANATHINAIKOS FC, for the construction of a new football field belonging to PANATHINAIKOS. The overall cost is estimated at the amount of 88.35 million

EUR (exclusive of VAT) and the duration of the construction of this Project will be 19 months (from the issuance date of the building permit for the new football field).

- Signing of a contract between the companies, AKTOR S.A and ISAP S.A. for the construction of ISAP's project "Renovation of the Infrastructure – Superstructure of ISAP lines and Reinforcement of the tunnel between Omonia and Monastiraki Stations". The contract cost amounts to 79 million EUR (exclusive of VAT).
- Signing of a contract with the Russian Petroleum company LUKOIL, for the construction of two desulphurization units at LUKOIL's refineries in Burgas, Bulgaria, budgeted at 65 million EUR. The construction period will be 2 years.
- Signing of a contract between the Greek State and TOMI SA for the restoration of the Municipal Theater of Piraeus, budgeted at 25 million EUR (exclusive of VAT).
- Completion of the mandatory public proposal from which AKTOR, through 100% of its subsidiary AKTOR CONSTRUCTION INTERNATONAL LTD and the latter's subsidiary SVENON INVESTMENTS LTD, ended up owning 67.02% of the company listed in the Bucharest stock market (Rasdaq), INSCUT BUCURESTI S.A.
- Raising a three-year bond loan of 50 million EUR for re-financing its existing short-term loans.

In the Quarries sector, the Group's aim is to develop this sector, foremost to facilitate its large projects throughout Greece, but also to sell material to third parties. Within the scope of this target, the following actions took place within 2008:

- Acquisition of an additional 49% of LATOMIA STYLIDA
- Acquisition of 100% of LATOMIKI IMATHIA
- Acquisition of an additional 34% of ANAPLASI MARKOPOULOU
- Transfer of 49% of LATEEM held by the Group to TITAN S.A.

- Commencement of the merging procedure for the absorption of the companies, LATOMIA STYLIDA S.A. and ANAPLASI MARKOPOULOU S.A. by the subsidiary company HELLENIC QUARRIES S.A. with a balance sheet transformation date of 31.12.2008. The above mentioned companies hold business in the industrial sector for the production and trade of inert quarry material.

3. Prospects

The Group's construction activity had a high backlog (4.3 billion EUR as of 31.12.2008 from signed contracts, plus another 0.5 billion EUR from contracts expected to be signed in the near future, 0.3 billion of which comes from projects overseas) which secures significant turnover for the following years. The backlog consists of co-financed projects worth 1.4 billion EUR, other infrastructure projects worth 1 billion EUR, building projects worth 0.5 billion EUR and projects abroad worth 1.6 billion EUR.

The infrastructure projects in Greece comprise a stable basis for the Group's construction activity securing high sales for several years. The same applies to the construction of co-financed projects, where the corresponding Concession companies have already secured bank financing. We expect a decline in building projects due to the economic crisis which has affected this sector in Greece, as private building activities in 2008 went down by 15.6%. Projects of smaller companies are also expected to decline and, as a result, business of AKTOR's subsidiary companies in Greece is expected to gradually downsize. Projects which AKTOR and its subsidiary companies are already implementing abroad are expected to develop smoothly in 2009. There is a possibility that construction activities will decline in certain countries because of the economic crisis.

Taking into account the existing high backlog, the Management's aim is not directed toward expansion at any cost, but rather towards improvement of profitability.

4. Risks

Risks are limited with respect to infrastructure projects implemented by AKTOR in Greece and those are mainly Public projects which are not co-financed. There is a risk of a further decline in the profitability 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 precarities. For this reason, AKTOR's strategy is to cautiously and selectively pursue private projects from a reliable clientele base.

There are more difficulties abroad compared to Greece, since, due to the economic crisis, there is a decline in the construction business and, in certain cases, there is a difficulty in achieving bank financing. Therefore, if this situation continues, the development of the Group's activities in the Gulf and the Balkans may not continue at the current pace. At the moment, the Group is pursuing projects in Qatar, Abu Dhabi and Oman, which are countries not greatly affected by the crisis. The majority of projects in the Middle East are governmental and, therefore, the risk of collections is relatively small. The goal is to pursue secure governmental projects and emphasis will be given on their implementation in the most rational and economical manner.

For the quarries sector, the greatest risk is the delay in collections from small clients, which will be more common in the future, since many small companies and private clients are facing liquidity issues. However, due the co-financed projects, sales of the quarries have increased.

5. Events after 31.12.2008

The most significant developments after 31 December 2008 were:

- The Joint-Venture Vinci Concessions – AKTOR CONCESSIONS – Vinci Construction Grand Projects – AKTOR SA filed a binding offer for the construction, operation and maintenance of the Comarnic – Brasov highway. The total length of the highway is 58 km and its budget amounts at 2,000 mil. EUR. AKTOR SA and AKTOR CONCESSIONS participate with 50% each in the Construction and Concession Joint Ventures. The total concession period is 30 years.

- The Merging Plan Contract was approved during the Board of Directors' meeting of ELLINIKA LATOMIA S.A. on 26.2.2009, with the absorption of the companies, LATOMIA STYLIDA and ANAPLASI MARKOPOULOU.

Considering all of the above, we invite you, Dear Shareholders, to approve of the Company's Annual Financial Statements for the year 1/1/2008 – 31/12/2008, 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 1/1/2008 – 31/12/2008.

Kifissia, March 23, 2009
For the Board of Directors

The President of the BoD

The present report consists of eight (8) pages and is mentioned in the audit report, which is granted today.

Athens, May 21, 2009
THE CERTIFIED AUDITOR-ACCOUNTANT

Marios Psaltis
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