



ELLINIKI TECHNODOMIKI TEB GROUP

**REPORT OF THE BOARD OF DIRECTORS OF “ELLINIKI
TECHNODOMIKI TEB S.A.”**

ON FY2006 FINANCIAL STATEMENTS

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REPORT OF THE BOARD OF DIRECTORS OF “ELLINIKI TECHNODOMIKI TEB S.A.” ON FY2006 FINANCIAL STATEMENTS

1. Evolution of activities and key events of FY2006

Originating from the area of Construction where it has been active for over 50 years, “ELLINIKI TECHNODOMIKI TEB S.A.” Group, holds today a leading position in the fields of Construction, Concessions and a powerful portfolio of investments in the fields of Energy and Environment and Real Estate Development. With more than 3,000 employees and activities in 8 countries, with financial vigor portrayed in its steadily high revenues, its profitability, its solid capital base and its high capitalization, the Group stands among the strongest business forces in Greece.

Leveraging upon the experience and financial power gained from Construction, responding to present-day needs and proving themselves highly perceptive regarding the future, the Group’s management planned and implemented strategic actions aiming at the formation of a Group according to European standards. These actions include the development of new profitable activities and penetration of new markets in order to release the Group from the cyclicity of construction and the limitations of the Greek market.

In 2006, the Group results confirm its momentum and the Management’s consistency regarding the implementation of the Group’s strategy. The progress of the Group’s activities and the key events of 2006 are:

1.1. Construction

In the field of Construction, the subsidiary construction company AKTOR is steadily the top construction company in Greece. Following the recession in the Greek construction market in 2005, the year 2006 marks the beginning of an ascending period for AKTOR. This recovery results from the stimulation of the local greek construction market, through the auctioning and contracting of several large-scale projects, and from the contribution of projects abroad. The backlog for AKTOR and its subsidiaries in Greece and abroad rose at the end of 2006 to 3.3 billion euros. 30% of it comes from projects outside Greece, where AKTOR’s and its subsidiaries’ expansion and establishment are evident. Presently, the Group is actively involved in the Gulf Region (Oman, Qatar, Kuwait, and Dubai) and Bulgaria and Romania in the Balkans. The Group has established branches in Romania and Kuwait.

The most significant events for 2006 in the field of Construction are:

- Signing of the contract for the construction of the Thessalonica Submerged Tunnel, with a total budget of € 345 million, by a joint-venture in which AKTOR participates by 50%
- Signing of contracts for large-scale projects, such as the expansion of the Athens Metro line2 from Agios Demetrios to Hellinikon, with a total budget of € 295 million and 70% participation of AKTOR, various commissions at Egnatia Odos with a total budget of € 160 million, where AKTOR participates by 100%, works on behalf of OSE (Greek Railway Organisation) with a total budget of € 250 million and AKTOR's participation of 33.3%, as well as the expansion of the runway at MAKEDONIA airport in Thessalonica with a budget of € 140 million and AKTOR's participation of 30%.
- Signing of the contract for the funding and initiation of construction of a project with a total budget of € 1.5 billion in Oman, regarding the completion of the first out of 10 development stages for a new city named Blue City. The project is undertaken by a joint-venture in which ELTEB participates by 50% via a subsidiary.
- Signing of the contract for the construction of the biological purification facilities in the city of Bucharest, Romania, with a total budget of € 84 million, by a joint-venture in which AKTOR participates by 50% and is the leader.
- Appointment of the joint-venture which AKTOR leads with a participation of 40%, as contractor for the construction of the air-support facilities of the new Doha airport , with a budget of € 200 million.
- Merger through absorption of the subsidiary BISTONIS and the newly acquired TECHNOLIMENIKI by TOMI.

1.2. Concessions

In the field of Concessions the Group has enhanced its already leading position among local competitors. In addition to its participation in Attiki Odos Motorway and the Rio – Antirrion Bridge, ELTEB has secured significant stakes in the big market of the new co-funded projects. The Group possesses today, significant know-how and experience that cover all the range of activities involved in a concessions project: funding, lending (project finance without recourse), design-study, construction, maintenance and operation. Apart from its motorway concessions, the Group participates by 20% in the concessions company ATHENS PARKING STATIONS S.A. owning 4 parking stations

in full operation in Athens with a capacity of 2,164 cars as well as in two more companies owning 4 parking stations under construction with a capacity of 1,780 cars.

The major events in the field of Concessions for 2006 were:

- Signing of the concession contract for the Thessalonica Submerged Tunnel between the Greek Government and THERMAIKI ODOS S.A., in which ELTEB is the leader and participates by 50%. The total investment amounts to € 470 million.
- Signing of the concession contract for the underground parking stations of the Metropolitan complex of Athens, with a capacity of 1,165 cars, by METROPOLITAN ATHENS PARK S.A., a 100% subsidiary of ELTEB.
- Appointment of the MOREAS S.A. Group, in which ELTEB is the leader and participates by 73.34%, as preferred bidder for the concession of the Corinth – Tripoli – Kalamata Motorway. The total investment amounts to € 1 billion.
- Appointment of AEGEAN MOTORWAY GROUP, in which ELTEB participates by 20% as temporary preferred bidder for the concession project of the Maliakos-Kleidi Motorway. The total investment amounts to €1 billion.
- Appointment of MARINA SYROU S.A. in which ELTEB participates by 60% as preferred bidder for the concession project of the marina in Syros. The total investment amounts to € 3 million.

1.3. Energy and Environment

The ELTEB Group, leveraging on the incentives for energy production through renewable energy sources, has invested in wind parks and biogas energy production units. As a result, it currently operates wind parks with a total capacity of 30 MW, and biogas units, operating at the Wastewater Treatment Plants of Athens and Thessalonica, with a total capacity of 30 MW. Furthermore, wind parks with a capacity of more than 150 MW have acquired installation licenses or are currently being constructed. Additionally, the Group has production licenses for the development of wind parks with a capacity of 200 MW. In the field of conventional energy sources, the Group, via THISVI POWER GEN. PLANT S.A., has a generation license for a combined cycle natural gas unit of 422 MW in Voiotia.

Significant events in the field of Energy for 2006 include:

- Start of operation of wind parks with a total capacity of 6.6 MW in Rhodes and Kos.
- Start of operation of a wind park of 30.6 MW in Kefallonia.
- Start of the commission phase of the biogas energy production unit at Tagarades landfill in Thessalonica.
- Participation of the Group at the bidding process for the exploitation of the lignite mine at Vevi, in cooperation with Mitalinaios Group. This is a critical step on behalf of the Group, in a vital field regarding energy in Greece.

In the field of Environment, the Group holds, via its 90% subsidiary HELECTOR S.A., a leading position in Greece and Cyprus in the areas of waste management, as well as construction and operation of landfills. Through the acquisition of HERHOF in Germany, the Group has gained access to an important technology in recycling and processing of municipal solid waste (“dry stabilat” technology), which opens its way to a field with great development prospects. HELECTOR S.A. has completed pioneering projects like the construction and operation of a private unit for the recycling and processing of municipal solid waste in Osnabrueck, Germany, implementing the dry stabilat technology and having a capacity of 30,000 tons/ year. HERFOF has also constructed a similar unit in Berlin, with a capacity of 150,000 tons/year.

Key events in the Environmental field for 2006 were:

- Signing of the contract for the construction and 10-year operation of the waste treatment and disposal plants at Larnaka and Ammochostos regions in Cyprus, by a joint-venture of HELECTOR (45%) and ELTEB (20%) with a Cypriot company. The total budget for the construction and operation is € 135 million.
- Signing of the contract for the construction of a mechanical-biological waste treatment plant in Trier, Germany, with a capacity of 180.000 tons per year.
- Signing of a € 64 million contract for the operation of the hospital waste incinerator in Attica, by a joint-venture in which HELECTOR participates by 60%.

1.4. Real Estate Development

The total market value of the Group real estate assets stands approximately at € 110 million. These include among others the shopping and entertainment centers VESO MARE in Patras and ESCAPE CENTER in Athens, as well as the large properties in Kantza (for which a sale memorandum agreement exists to a French Group) and Gyalou.

Through its subsidiary REDS (50.83%), the Group is intensively active in the Balkan real estate market, mainly focusing in the Romanian market.

The most important events regarding the Real estate sector involve the Gyalou property and can be described as follows:

- Sale memorandum agreement for part of the property of the subsidiary company GYALOU (42,000 sq. meters), to MACARTHURGLEN HELLAS, subsidiary company of MACARTHURGLEN EUROPE Hellenic Investment SARL, which is active in the field of construction of designer outlets, at a price of € 13.4 million. The final contract agreement is subject to the issuance of the building licence.
- Start of the construction of a residential building project, which will be implemented on part of the Kantza property.

1.5. Other Participations

Having anticipated growth opportunities in certain business areas, which are not within the Group's core strategic areas, ELTEB has already made investments of a short- to medium-term horizon in some of these areas. More specifically, the Group has invested in the entertainment sector by participating in HELLENIC CASINO PARNITHAS (15%) and to the telecommunications sector by participating in ATTIKA TELECOMMUNICATIONS (39.2%) which has developed and exploits a broad fibre optics network in the Attica region.

Main development within the year 2006 for the telecommunications sector was:

- The decision to sell ATTIKA TELECOMMUNICATIONS to HELLAS ON LINE at a price which guarantees high returns. This decision is in full compliance with the Group's strategy aiming at the long-term growth of its core businesses and at securing high returns of its short- to medium-term non-strategic investments.

Finally, anticipating the significant growth prospects of the fields of Quarries and Mines, the Group is also active in the above sectors. Through AKTOR, the Group participates in the company HELLENIC GOLD which possesses the mining rights of the Kassandra Mines in Chalkidiki in an area of 300,000 thousand square meters. The company has already submitted an investment plan for the total development of the Mines and gold extraction and is now awaiting the approval of the environmental terms preliminary

study. Regarding the production of lead and zinc the company is operating smoothly and is profitable.

2. 2006 Results and Future Prospects

2.1. Construction and Quarries

For the year 2006 the Group's construction sector turnover amounted to € 610.6 million, its operating profits (earnings before interest and tax) to € 32.7 million and its net profits to € 13.8 million. The prospects for the construction activities are really optimistic. In the domestic market, within the year 2007 the construction of the big co-financed projects is expected to start. In total, the funds expected to be allocated to infrastructure projects within the period from 2007 to 2013 are estimated at approximately € 20 billion (3rd and 4th Community Support Framework). Overseas projects are also expected to have a significant contribution.

The Quarries sector turnover amounted to € 15.6 million, its operating profits to € 2 million and its net earnings to € 1.4 million.

2.2. Concessions

The Concessions contribution to the Group's net earnings for the year 2006 was € 21 million. The Group's participation in concessions are consolidated under the net worth method, therefore, they contribute neither at the consolidated turnover nor at the consolidated operating profit level. Hence, their contribution to the Group's cash flow is only through dividend distribution. The contribution of this sector to the Group's financial results is expected to be even higher within the next years, as the concessions portfolio of the Group will grow resulting in significant profit contribution at a consolidated level. In addition, the growth of the concessions portfolio will be the basis for bidding for projects at a European level. The high performance of the concessions projects is revealed by the respective performance indicators like the Internal Rate of Return (IRR) of future dividends that will arise throughout the lifetime of the concessions. The IRR of the two large Group projects i.e. Attiki Odos and Rio-Antirion Bridge for the duration of the concession is estimated at approximately ~ 13% (in current prices).

2.3. Energy & Environment

This sector presented for 2006 consolidated turnover of € 65.1 million, operating profits of € 12.3 million and net earnings of € 6.8 million. Expecting considerable growth of the sector in the future, the Group has made investments within the last years, which have already begun to flourish. The Group's strategic plan focuses on the provision of environmentally friendly solutions for waste management including all available existing methods. In the field of energy production from renewable sources the prospects are very promising as well especially due to the enactment of the new zoning framework for renewable sources that is under way. The Group is also investigating the prospects of expansion in the sector of energy production from photovoltaic systems, a sector that due to the new legislation framework and the incentives offered to individual producers is expected to have a rapid growth in Greece within the next years.

2.4. Real Estate Development

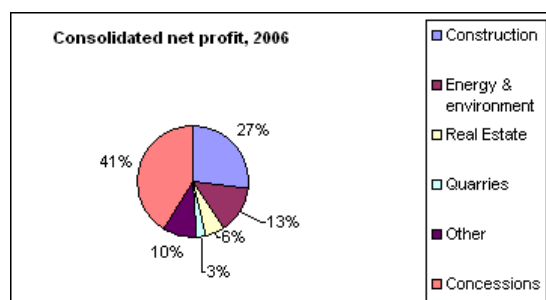
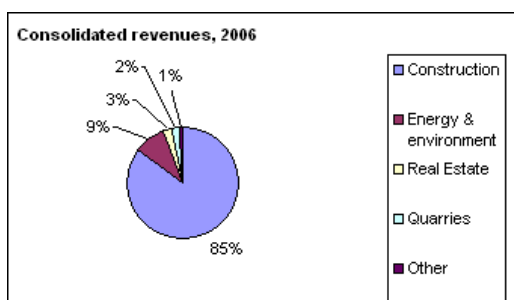
The Real Estate Development sector for the year 2006 presented consolidated sales of € 20.6 million, operating profits of € 5.4 million and net profits of € 2.8 million. The Group currently focuses on the completion of the processes concerning the properties in Kantza and Gyalou as well as the exploitation of investment opportunities in the Balkan area and particularly in Romania.

2.5. Other Participations

The contribution of these participations in terms of profits from associates amounted to € 7.3 million.

2.6. Consolidated Financial Results

Consolidated turnover for ELTEB amounted to € 717.6 million, operating profits to € 51.8 million and net profits to € 50.6 million. The allocation of consolidated revenues and net profits per business sector are presented in the following graphs.:



ELTEB's dividends from its subsidiaries for the financial year 2006 amount to € 33.6 million. Regarding the dividend distribution for the financial year 2006, the company's management, taking into consideration the Group's profitability, future prospects and investment plans, proposes the distribution of a dividend of 0.18 €/share.

3. Risks

Main risks per business sector comprise the following:

- In domestic Construction, 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 are often lead to "irrational" conduct, submitting extremely low bids
- In addition, the expansion of the Group's construction activities abroad demands certain investments and contains the usual risks associated with every investment effort in the attempt of establishing itself in a foreign market. These factors in the domestic market and the expansion of construction activities abroad impose some uncertainty in maintaining high operating profit margins.
- In Concessions, competition is constantly increasing with international groups wanting to penetrate the Greek market. The Group invests in the construction of new motorways baring the circulatory risk and anticipating constant traffic growth on the Greek motorways.
- The bureaucracy in the Greek public domain and the lack of a legal framework on the development of specialized technologies in the field of Waste Management and Energy Production are the main obstacles for the company's development in the Greek market. The penetration of HERHOF's technology in foreign markets other than Germany will be faced with great challenges and, therefore, the risk for the development of the company is further enhanced. In the field of wind parks, the absence of legislative framework in Greece as far as the location of the wind parks is concerned, as well as bureaucratic problems constitute negative factors to the sector's development at a high pace.
- In Real Estate Development, the lack of a legal framework on townscape and urban planning issues and consequently on the development of the Group's properties is an adverse factor for the exploitation of existing properties for the benefit of shareholders.

4. Events after 31.12.2006

The most significant events after 31.12.2006 were:

- Agreement for the consolidation of forces of ELTEB with PANTECHNIKI. The new Group, apart from the principal role it ensures within the Greek borders, constitutes an essential step towards the emergence of the Group into a competitive Group at a European level. With the above mentioned merger plan the construction activities of AKTOR are further strengthened along with the concessions activities. The new Group will comprise in its portfolio important participations in large projects, possessing 60% of Attiki Odos, in Rio-Antirion Bridge, as well as in the new, large concession projects. The transformation procedure – that is under approval of the competent authorities – includes dissolution of PANTECHNIKI and:
 - i. Absorption of a portion of the construction activities, including participations and related to them assets, from ELTEB. Other activities and the related assets of PANTECHNIKI will be absorbed from a non-listed company of the same interest of the latter company's main shareholders.
 - ii. Secession from ELTEB of the (under configuration) services sector of the absorbed construction activities including other assets of PANTECHNIKI and contribution of it to the entirely subsidiary of the non-listed company AKTOR S.A.
 - iii. Secession from ELTEB of the concession's technical project sector and contribution of it to the entirely subsidiary of the non-listed company ASTIKES ANAPTIXEIS S.A.
- Accomplishment for AKTOR and its subsidiaries of a backlog of approximately € 4 billion (€ 3 billion from already signed contracts and € 1 billion from contracts about to be signed shortly). 33% of total backlog comes from projects abroad.
- Affirmation from the Parliament of the concession contract for the Thessalonica Submerged Tunnel.
- Signing of the concession contract between the Greek Government and MOREAS S.A. for the Corinth-Tripoli-Kalamata Motorway.
- Appointment of the APION KLEOS group as temporary preferred bidder of the concession for the Elefsina-Corinth-Patra-Pyrgos-Tsakona Motorway, with a total investment of € 2.1 billion.
- Participation of ELTEB in the share capital (percentage of 20%) of the Nea Smyrni car park concession company (SMYRNI PARK S.A.), with a capacity of 630 cars.
- Appointment of AKTOR and its Dubai subsidiary AL AHMADIAH –AKTOR L.L.C. as the preferred bidder for the construction of a biological cleaning plant in Jebel Ali, with a total budget of approximately € 325 million.

- Signing of the contract for the construction of a new landfill in Grammatiko Attica, with a budget of € 16 million, from a joint-venture where the subsidiary HELEKTOR participates with 40%.
- Enhancement of the Group's activities in the field of real estate with the purchase of land from REDS (total surface of 8,500 square meters) in Bucharest, where a block of luxurious villas will be constructed with a total budget of € 15 million as well as the purchase of land (total surface of 8,000 square meters) in the region of Athinon Avenue for the development of an office building with a total budget of € 50 million.
- Participation in the Tender for the development of the first private energy production plant, with an output of 422 MW, through THISVI POWER GEN. PLANT at which the Italian company Edison participates with (65%), along with the subsidiary HELLENIC ENERGY & DEVELOPMENT (30%) and HALCOR (5%).

Athens, 28 March 2007
THE BOARD OF DIRECTORS

The President of the Board
Anastasios Kallitsantsis

The present report consists of twelve (12) pages and is that mentioned in the audit report which is granted today.

Athens, 29 March 2007
THE CERTIFIED AUDITOR ACCOUNTANT

Kyriakos Riris
SOEL No 12111
PriceWaterhouseCoopers