

**MANAGEMENT REPORT**  
**Of the Board of Directors of the Joint-stock Company "VACAR S.A."**  
**Fiscal year 01/01/2011 - 12/31/2011.**

To  
The Shareholders' Regular Meeting.

Gentlemen Shareholders,

According to article 43<sup>a</sup>, paragraph 3, Codified Law 2190/1920, as amended by article 35 of Presidential Decree 409/1986, we hereby present to your Meeting the attached financial statements for the fiscal year ended on 12/31/2011 with our comments on them and we kindly ask for your approval.

**1. Development of the company's business.**

The turnover of the aforementioned year amounts to EUR 9,790,046.04 and undoubtedly is considerably reduced compared to the turnover of the previous year.

Given the economic conditions and the severity of the economic crisis, changes in the tax system and many other adverse factors, nothing different was expected and the result is fully explainable.

However, concerning the Brand, this year was terminal because after two years of intense consultations for its rescue, the application for its definitive bankruptcy was filed.

This unexpected development created insuperable problems in the operation and continuation of the company's business.

Responding to evolving developments, the company ceased the operation of its last two stores in Athens, almost nullified its operating costs and maintained the activity of Spare Parts Wholesale as it was obliged anyway.

This year is considered a milestone of negative development, the end of a successful course, a change in course, its objectives and the beginning of a completely different era. In any case, the company must maintain continuity with the remaining activity and to be able to cover all its fixed expenses and servicing of its loans with the income from this activity and the income from the exploitation of its Real Estate Property.

**2. Financial position of the Company.**

The financial position of the company was further burdened by this year's results, taking into account everything mentioned above.

The owner's equity of the company became (negative) -2,864,265.08 Euros and the company's management should take steps to cover this amount.

**2<sup>a</sup>. Statistical View of the Company.**

1. Financial Structure Ratios.

Current Assets / Total Assets	<b>37.47 %</b>
Equity / Total Liabilities	<b>-19.47 %</b>
Equity / Fixed Assets	<b>-38.17 %</b>

***TOTAL LIQUIDITY OR OPERATING CAPITAL***

Current Assets / Short –term Liabilities	<b>0.606</b>
Operating Capital / Current Assets	<b>-65.01%</b>

2. Efficiency and Profitability Ratios.

***NET MARGIN***

Net Profit or Loss / Sales	<b>-20.75 %</b>
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***OWNER'S EQUITY***

Net Income (before taxes) / Equity	<b>70.69 %</b>
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***GROSS MARGIN***

Gross Profit or Loss / Sales	<b>17.26 %</b>
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***RATE OF EQUITY***

Sales / Equity	<b>-3.42</b>
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***RATE OF STOCK TURNOVER***

Cost of Sales / Average Inventory	<b>2.3349</b>
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3. **Future development of the Company.**

The development of the company in the following years shall be extremely difficult and shall depend on any developments to follow on the revival of the Brand.

4. **Research and Development Activities.**

There are not such.

5. **Securities, held by the Company.**

There are not such.

6. **Foreign Currency available.**

There is not such.

7. **Information on the use of financial instruments.**

It is not essential for the valuation of assets and liabilities, financial position and income statement.

8. **Real Estate Property of the Company**

The following is in full ownership of the company on 12/31/2011 - after the adjustment according to Law 2065/92 - according to the objective values of 2008:

1. Land plot of 10,455.00 m<sup>2</sup> on 3 Archaïou Theatrou str., Alimos, with portable steel constructions of 1,715.00 m<sup>2</sup>, objective value of 2008: 1,899,390.00 Euros.
2. Building on 292 Kifissias Avenue, Chalandri, 1,546.00 m<sup>2</sup>, objective value of 2008: 2,343,012.88 Euros.
3. Building on 100 Kifissou Avenue, Peristeri, 1,083.00 m<sup>2</sup>, objective value of 2008: 1,306,203.45 Euros.
4. Building on 61 Kifissias Avenue, Marousi, 3,801.20 m<sup>2</sup>, objective value of 2008: 4,952,394.27 Euros.

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Information and explanation about the remaining Balance Sheet items are given in the Appendix.

**9. Significant loss at the time of presentation of the report, either existing or expected to incur.**

There are loss for the current year and losses of previous fiscal years.

**10. Significant events that have occurred since the end of the fiscal year until the date of presentation of this report.**

The total equity of the company has become negative and therefore the conditions for the application of the provisions of article 48 Codified Law 2190/1920 are present. The financial statements have been prepared under the principle of the continuation of the company business. The company's management has prepared an appropriate program to remove the application of the provisions of this Article and for the uninterrupted continuation of the company's business.

What is worth noting is that there is an attempt to revive the Brand (SAAB), which shall determine the continuation and operation of the company in the future.

**11. Company branches.**

<b>Company branches on 12 /31/ 2011</b>		
<b>s/n</b>	<b>Address</b>	<b>Business</b>
1	3 Archaïou Theatrou str., Alimos	Spare Parts Warehouse
2	572 Vouliagmenis Ave.-Argyroupoli	Store-Service- Spare Parts

Kifissia, April 30 2012

The Board of Directors

Exact copy of the Minutes of the Board of Directors of 04/30/2012

**THE BoD VICE PRESIDENT & CEO**

**GEORGIOS THEOD. VASILAKIS**

**CERTIFICATE**

It is certified, that the above Report of the Board of Directors consists of 4 pages and is the one mentioned in the Audit Report I have provided.

PAPPAS DEMETRIOS

INTERNATIONAL CERTIFIED & REGISTERED AUDITORS S.A.

CERTIFIED PUBLIC ACCOUNTANTS-AUDITORS

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INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF GREECE REG. No. 111