

A silhouette of a construction worker wearing a hard hat and safety harness, walking across a large steel structure. The background is a sunset sky with a bright orange sun low on the horizon. The overall scene is in black and white, with the sunset providing a warm glow.

GRAÑA y MONTERO

BUILDS TALENT

**ANNUAL
REPORT
2010**

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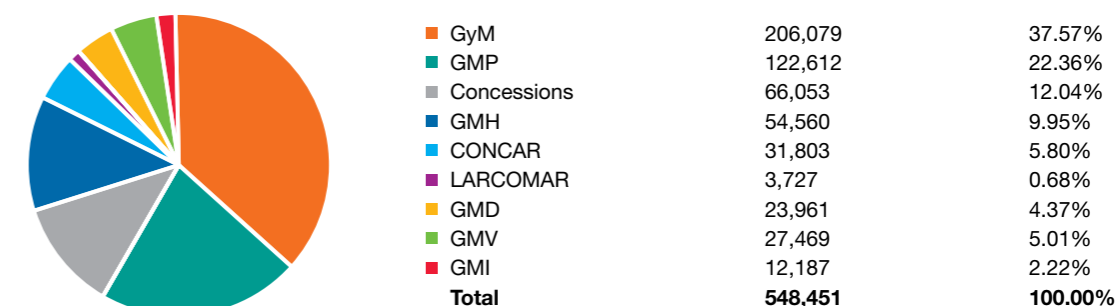
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RESULTS FOR THE FISCAL YEAR

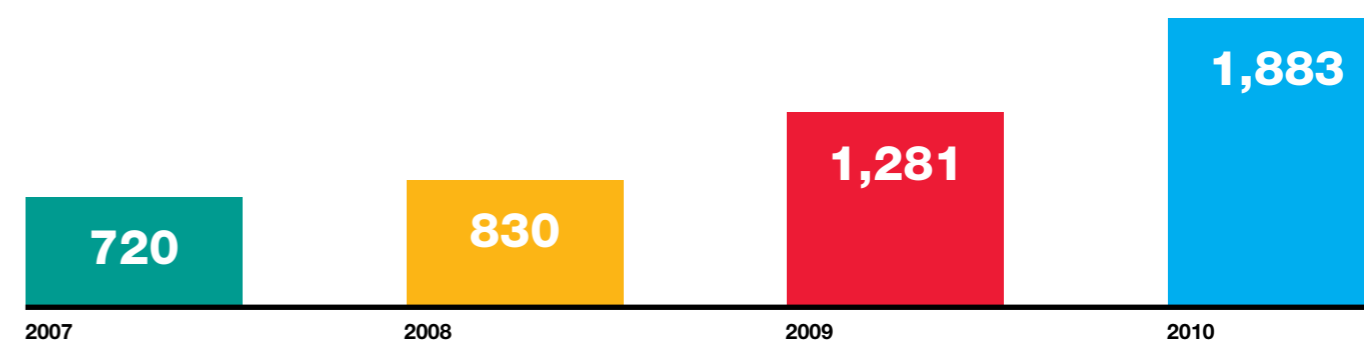
Main figures

Thousands of Nuevos Soles Constant values As of December 2009 (Projected)	2007	2008	2009	2010	Growth %	Equivalent Thousands USD
Activity	1,529,818	1,887,723	2,183,233	2'660,398	21.86%	947,098
Billing	1,439,974	1,827,710	2,001,475	2'502,461	25.03%	890,872
Gross Profit	299,027	399,490	329,551	455,584	38.24%	162,187
Profit before taxes	207,199	232,985	227,549	418,067	83.73%	148,831
Net profit	129,900	147,189	134,401	273,542	103.5%	97,131
EBITDA	286,607	372,696	339,397	548,451	61.60%	195,248
Professionals	1,705	1,947	2,143	2,816	31.04%	

EBITDA by Company 2010 (In thousands of S/.)



Backlog (In millions of US\$ Dollars)



LETTER TO THE SHAREHOLDERS



JOSÉ GRAÑA MIRÓ QUESADA and MARIO ALVARADO PFLUCKER

Dear Shareholders:

We are pleased to present the Annual Report for the year 2010, which shows the best results in our 77 year long history.

Last year Peru grew almost 9%, our Group's activity increased 22%, EBITDA 66% and profit grew 103%.

Sales closed at the equivalent of 947 million dollars and net profits of 97 million dollars. This level of results had never been seen before, even if the extraordinary earnings of 25 million dollars on the sale of the Larcomar Entertainment Center and the payment received for the expropriation of the company Logística de Hydrocarbons Boliviana were excluded.

The most important occurrence for the Group in the year 2010 was the decision to acquire two engineering service firms that will be the beginning of stable, continuous development in other Latin American countries. The company TSD was purchased from Telefónica and will reinforce the leadership of GMD in digital services and its regional development in Latin America. It was also agreed to acquire the company CAM from the Endesa Group. CAM, a company that specializes in service for the electricity sector, has operations in Chile, Peru, Colombia and Brazil, with over 300 million dollars in revenues for the year 2010.

This is the type of development that we expect in Latin America, in sectors that have great potential, such as energy and information technology. They are more sophisticated, on-going engineering services that add to the shorter-term contracts that we are now executing abroad, such as the supervision of the Hotel Meliá in Playa del Carmen in Mexico or the Pueblo Viejo mining project in the Dominican Republic where we currently have more than 600 Peruvian workers.

In Peru, the activity continues to grow rapidly in increasingly large and complex projects. We have begun the Antapacay and Bambas large-scale mining projects in a joint venture with Bechtel, we have completed the Inter-oceanic Highway, and now we are executing the mass-transportation system (Electric Train) project in Lima in a consortium with Odebrecht. We have delivered the large Parques del Agustino social housing project with 3,200 living units and we are beginning the Parques de Comas project to build 9,000 units. We have completed the Bayóvar Phosphate Plant, we are building the Machu Picchu and Huanza hydroelectric plants, and we have recently been awarded the concession for the La Chira Waste Water Treatment Plant.

These projects have increased our portfolio of contracts to be executed by over 47% to the record figure of 1.883 billion dollars, which enables us to forecast solid growth for the coming years.

However, we are aware that the success achieved and future growth are based on the professional and personal development of the great team we have formed, especially the more than 2,000 engineers.

In the coming years, research and the development of knowledge within the Group and in relation with the community will be fundamental. For this reason, over 209,000 hours of training have been provided to our employees and more than 280,000 hours have been provided to the communities related to our projects.

With a desire to share and foster knowledge in the community of Peruvian engineers, this year we have created an engineering portal that already has more than 10,000 engineers registered and we have instituted the Graña y Montero award for Engineering Research that was awarded for the first time on our 77th anniversary.

Due to constant concern for our employees' development, this year the Graña y Montero Group, composed of its six main companies, has been recognized as a Great Place to Work among large Peruvian companies where over two thirds of their employees consider to be a great place to work.

Similarly, in recognition of the importance we give to our relationship with our shareholders, in the year 2010 we obtained the Lima Stock Exchange Key, which is the distinction given by that entity to the company with the highest score on Good Corporate Governance practices, and we have also been incorporated in the Companies Circle, a group sponsored by the IFC and composed of the 19 companies with the highest corporate governance standards in Latin America.

Lastly, we would especially like to thank our customers and employees who have made the success achieved possible.

José Graña Miró Quesada
Chairman

Mario Alvarado Pflucker
Chief Executive Office

STRATEGIC DEVELOPMENT



DIVERSIFICATION

This year it was decided to acquire two companies: TSD, which specializes in the digitization of images, and the Chilean company CAM, which specializes in services for the electricity sector. Additionally, during the year the Larcomar Entertainment Center was sold.

These decisions are aligned with our strategy to diversify within our specialty of Engineering Services and now we are developing more steadily in other Latin American countries.

Today, what was once a construction company has become a group of 21 companies grouped in 6 operating companies and one infrastructure concessions division



GMD, the information technology Services company that has a Technological Operations Center (TOC) for technology outsourcing services and has recently acquired the company TSD, which specializes in digitalization of images.



GMI, the engineering consulting firm that has a subsidiary that specializes in environmental engineering, called ECOTEC.



GyM is the original construction company that had three divisions: Electromechanics, Civil Works and Buildings. This year it has formed the Mining Services Division split from the Civil Works Division.



GMP, which is the petroleum services company that drills wells, operates two petroleum lots in northern Peru, operates a natural gas fractionation plant in Talara and has incorporated the Consorcio Terminales with Oiltanking of Germany for the operation of fuel terminals in Peru.



GMV, the real estate development company that acquired control of Inmobiliaria Almonte this year and launched the GyM Viva brand for its specialization in low-income housing.



CONCAR is the company specialized in the maintenance and operation of highways under concession that operates the Norvial, Survial, IIRSA Norte and Canchaque concessions.

CONCESSIONS



Norvial is the company that has the concession for Red Vial, which connects Ancón with Pativilca in the north of Lima.



Survial is the company that has the concession for the 1st phase of the 750 km Interoceanic Highway was completed in the first months of 2010.



Concesionaria IIRSA Norte S.A is the company that has the concession contract for the 980 Km Paita-Yurimaguas highway.



Canchaque is the company that has the concession for the Buenos Aires-Canchaque highway.

In recent years we have been successful in our objective of ensuring the stability of the Group based on the strategy of obtaining long-term contracts and building capacities to design, build, finance and operate infrastructure concessions.

At the end of the year, the company was awarded the concession for the La Chira Waste Water Treatment Plant south of Lima, with which we currently have interest in the following concession companies:



CONIRSA, is building sections 2 and 3 of the Interoceanic Highway to Brazil.



TGP (Transportadora de Gas del Peru), is the contract award winner for Camisea construction and gas transportation.



Consorcio Terminales, a consortium with Oiltanking of Germany to operate fuel storage terminals in Peru, the Camisea loading dock in Pisco and the Nash warehouse and dispatch facilities at the Port of Matarani.



Consorcio La Chira, in a joint venture with the Spanish company, Acciona Agua, was awarded the concession of the La Chira Waste Water Treatment Plant in south Lima toward the end of the year 2010.

INTERNATIONAL DEVELOPMENT



PUEBLO VIEJO MINING PROJECT IN THE DOMINICAN REPUBLIC

At the end of the year 2010, a fundamental step was taken in our internationalization process with the purchase of the Chilean-based company CAM, which has operations in Colombia, Peru and Brazil, a step that will expand and make more permanent our development abroad.

With these operations, the group will have operations in 6 Latin American countries in addition to Peru, through its subsidiaries.

GyM is the main contractor for the Pueblo Viejo mining project in the Dominican Republic where over 600 Peruvian technicians and engineers are currently working and recently it was awarded the contract for the management of the Pataquillas mining project in Panama in a joint venture with Canada's SNC Lavalin.

GMI is supervising the construction of the new Meliá hotel in Playa del Carmen in Mexico.

GMD is providing SAP technological support services for the international operations of the EBEL group and help desk services at the regional level for the mining company Barrick and for Unique.

CAM, the company specializing in services for the electricity sector, reported revenues of 300 million dollars annually in Chile, Peru, Colombia and Brazil.

ORGANIZATION





GMD



THE GMD TEAM

1,073 employees

We are pleased to present the annual report for the year 2010, which shows the best results obtained in our 26 years of operations.

In the year 2010, GMD was able to consolidate its leading position in outsourcing solutions for the corporate market by increasing its activity IT Infrastructure Outsourcing (ITO), Business Process Outsourcing (BPO) and Help Desk outsourcing.

The company's total activity for the year was US\$ 50.28 million, which represents growth of 38% compared to the year 2009. Net profits for the year amounted to US\$ 2.52 million, with EBITDA of US\$ 8.53 million, which represents 73% growth compared to the preceding year.

The strategy of seeking business with stable flows has made it possible to consolidate our position and lay the groundwork for solid, steady growth. The revenue from Business Process Outsourcing, IT Infrastructure Outsourcing, Help Desk Outsourcing and Application Outsourcing amounted to US\$ 31.51 million, which accounts for 64% of the total activity and represents growth of 35%.

The solid results of 2010 have allowed us to invest US\$ 8.35 million, of which US\$ 3.6 million were for the acquisition of TSD, the company dedicated to the business of digitizing and automating banking processes, and US\$ 4.74 million in assets for new Business Process Outsourcing and IT Infrastructure Outsourcing projects for which contracts were awarded to us during the year. As a result of these investments, the backlog increased 99% in relation with the year 2009, reaching US\$ 68 million.

Undoubtedly, the main reasons we have obtained these good results are, above all, our employees' team work and the systemization of our processes, both of which enabled us to fulfill our contractual commitments, improve customer satisfaction and, therefore, increase the company's activity and profitability.

Human resource management was geared toward strengthening the working climate and building skills among middle management, as well as restoring trust and cooperation between the support and project areas, in both commercial and project execution processes. Part of this plan consisted of launching

the Middle Management Training Program and the creation of communities for the purpose of exchanging experiences and information, thereby fostering the cultural change necessary to support the knowledge management strategy.

The following are the main projects on which GMD has worked.

INDUSTRY AND COMMERCE SECTOR

Minera Barrick: Help Desk Outsourcing at the regional level, 4 countries

EBEL: SAP IT Outsourcing and Integrated Commercial System worldwide. Avícola San Fernando: IT Outsourcing of Oracle and Oracle Suite support

BACKUS: Outsourcing of Network Equipment Technology

REPSOL: Outsourcing of the billing and collection process nationwide, Fuel service and dispatch monitoring, Outsourcing of the Sealing Process

ACCENTURE: Outsourcing of Application Development and Maintenance for Telefónica del Peru

GOVERNMENT SECTOR

ONP (Pension Administration Office): Software Factory Outsourcing, Technological Infrastructure and Help Desk Outsourcing, Document Management and Filing Outsourcing

ONPE: Outsourcing of Technological Infrastructure for Municipal and Regional elections at the national level

OSINERGMIN: Outsourcing of Supervision of Grievances and Complaints

BANKING AND FINANCE

AFP Integra: Software Factory Outsourcing

AFP Horizonte: Application Development and Maintenance Outsourcing

BBVA Continental: Help Desk Outsourcing at the national level, Outsourcing of Classification of checks and promissory notes, and Document Digitation Outsourcing

Compañía de Seguros Pacífico: Help Desk Outsourcing at the national level

TALENT AT GMD



HUGO GONZALEZ

I had the opportunity to join GMD in August 1997 as an intern. At Graña I've gained experience and confidence, experiences that have enabled me to be with my family and give them the peace of mind they need. The happiest time of my life was my wedding and then the birth of my child. It really is a new front, a new way of looking at things, really every step I've taken has helped me to gain experience and to become the person I am.



GMI



THE GMI TEAM

687 employees

Following the worldwide crisis of 2008-2009, 2010 was a good year for our country's economy. GDP reached 9%, maintaining its growth trend. Consequently, GMI was able to achieve 33 % growth in relation with 2009, with 33.9 MMUS\$ in sales and EBITDA of 4.33 MMUS\$.

This year GMI signed framework contracts in mining with SHOUGANG and Antamina, in order to provide support on their expansion and on petroleum and gas with COGA (Cía. Operadora de Gas del Amazonas). Shortly before the end of the year, GMI was awarded a framework mining contract with Minera Yanacocha for its investments in 2011, which only confirms our leadership in both sectors. Internationally, we resumed our commercial relationship with Meliá and began supervising work on the Hotel Paradisus Playa del Carmen in Mexico.

At GMI we are aware of our employees' role and that of the use of technology in the execution of our services. For this reason, this year 13,375 hours of internal training have been provided, as well as 8,500 hours of research and application of technologies that have enabled us to work in 3D, incorporating content management to ensure better products in our engineering designs.

The success of our growth is based on knowledge management, which is why we will continue operating according to our strategy of strengthening our work culture, in which our employees share, socialize, study, conduct research and apply what they learn, seeking to be an organization that GENERATES VALUE for our customers.

IN THE YEAR 2010 THE FOLLOWING PROJECTS WERE CARRIED OUT:

MINING SECTOR

- In the mining sector, we continued providing services under the Engineering Framework Contract with Cia Minera Antamina (continuous service for over 10 years).
- In the mining sector, we also continued providing services under the Topography Framework Contract with Cia Minera Antamina(continuous service for over 6 years).

- Detail engineering on the Antamina Seepage System
- Detail engineering on the system for supplying fresh water to Yanacancha (Antamina)
- Detail engineering on the Debottlenecking Project in the 3D platform forSociedad Minera Cerro Verde (SMCV)
- Detail engineering on the Relocation of Tailings Cyclones project in the 3D platform for SMCV
- Detail engineering on the Jacking Header Extension Project Phase III
- Detail engineering on the water recovery system for the Antamina expansion project

- Urban Resettlement of the City of Morococha Project for Minera Chinalco.
- Revision of detail, civil and mechanical engineering on the continuation of PAD vv vvvvvv and Horizontal Extension of Phase III, among others for Sociedad Minera Cerro Verde S.A.A.
- Framework Contract de Servicios de ingeniería para MINERA YANACOCHA S.R.L.
- Topography inspection of works for AKER SOLUTIONS

BUILDINGS AND INDUSTRY

- 4 years of continuous industrial cleaning and waste management services for Cementos Andino S.A. through our subsidiary, Ecotec S.A.
- Supervision of the container plant for the Peruplast S.A. Center for Distribution and Warehousing of Miscellaneous Products for Supermercados Peruanos S.A.
- Project Management on the remodeling of TELEFONICA DEL PERU S.A.A. facilities in Surquillo
- Supervision of the Hotel Paradisus Playa del Carmen in Mexico

HYDROCARBONS

- Supervisory services continued on environmental remediation at the La Pampilla Refinery and its sales plant for Petroperú S.A.
 - Detail Engineering under the Framework Contract on RELAPASA investment projects for the La Pampilla Refinery
 - Under the Engineering Framework Contract, investment projects at the Pisco and Malvinas plants for PLUSPETROL PERU CORPORATION
 - Detail engineering on the construction of two drilling rigs in Lot 126 for PETROMINERALES S.A.
 - Framework Contract on Engineering Services for Compañía Operadora de Gas del Amazonas - COGA S.A.
- INFRASTRUCTURE AND TRANSPORTATION**
- Supervision of work to improve the Ica-Palpa-Nazca Highway, Sector Km 388- 290 - km 449-+000
 - Supervision of the construction of the Santa María del Socorro Hospital in Ica for the Ministry of Health

- Supervisory services continued on section 5 of the Peru – Brazil Southern Inter-oceanic Highway for OSITRAN
- Supervision of works to improve the Line 9, Magnetic Plant for Shougang Hierro Peru S.A.A.
- Supervision and civil and electromechanical installation, Line 9 San Nicolás Magnetic Plant for Shougang Hierro Peru S.A.A.
- Supervision of shutdown of construction of Ball Mill base of substation 9 and electromechanical installation – Line 9-A, San Nicolás Magnetic Plant for Shougang Hierro Peru S.A.A.
- Supervision of structures, silos and belts. Shougang Hierro Peru S.A.A.
- Supervisión of change of magnetic separators for fine-grinding at San Nicolás for Shougang Hierro Peru S.A.A.
- Supervision of crusher maintenance works for Shougang Hierro Peru S.A.A.
- Supervision of repair of laborers’ quarters in San Juan Shougang for Hierro Peru S.A.A.
- Supervision of closure of fabrication, assembly and maintenance work on San Nicolás water tanks for Shougang Hierro

TALENT AT GMI



DONATO RIVERO

Working at Graña has been a very interesting experience in my life and, throughout my career, it has been most enriching, it can be said, because at Graña you do all kinds of things. Those who work for Graña could work for any transnational company. That is an advantage of working for GMI, especially. What is important to me is being with my daughters, spending time together, having lunch together, going out with them, giving them quality more than quantity of time. Your values should be first in your life; that is the most important thing I can leave my daughters as an example.



GyM



THE GyM TEAM

11,880 employees

In the year 2010, GyM continued its solid growth in the construction market. A new sales record was attained, reaching a total of 621 million dollars that represents 18% growth compared to 2009, as well as record after-tax profits of 36 million dollars, which is a 48% increase in comparison with 2009.

These results are based on improvement in our efficiency, having obtained a gross margin greater than 12%, closing the year with a backlog of 1.05 billion dollars, which guarantees the company's development in the coming years.

In the mining area, the obtention of the contract with Xtrata del Peru on the new Antapaccay Concentrator Plant should be noted. This project will be carried out in a joint venture with the North American company, Bechtel. During the year, we have continued the works on the Pueblo Viejo mining project in the Dominican Republic and we have begun the preliminary works for our customer, the Conga mine located in Cajamarca.

In December, we signed an engineering, procurement and construction contract with Xtrata for the development of the new Fuerabamba settlement, which is the beginning of the Las Bambas mining project.

In the energy sector, we are currently executing projects to expand the Machu Picchu Hydroelectric Plant and the Huanza Hydroelectric Plant and in December we signed an EPC contract with Calidda on the construction of 40 additional kilometers of pipeline for transporting gas within the city of Lima.

In the building sector, we have had very significant growth; in the first months of 2011 we will complete the new Banco de Crédito building in Chorrillos and the Westin Lima Hotel. Over the course of the year, we obtained very important contracts, such as the execution of the Gran Teatro Nacional (theater), the expansion of the

San Felipe Clinic, and an institutional building for Universidad del Pacífico. During the year, construction was completed on 3,200 housing units in the Los Parques del Agustino project and construction began on the shopping center for the same project. Construction also began on the Los Parques de Carabaylo and Los Parques de Comas social housing projects with 1,200 and 9,000 units respectively.

Aware that knowledge is the pillar that has enabled GyM to thrive over time, consolidating its position as the leading construction company in the sector, during the year 2010 the decision was made to maximize knowledge management, fostering the "Learn to Grow" program as the Key to Future Growth.

It would not have been possible to obtain these results without GyM's great team, which now comprises 921 engineers and more than 11,000 laborers. Due to their dedication, commitment and effort, we have been able to execute a great diversity of projects, both in Peru and abroad, with great success.

**MAJOR PROJECTS
2010**

MINING

PUEBLO VIEJO

Project in the Dominican Republic. Civil works: 40,000 m3 of concrete in the concentrador, assembly of the north zone and primary crusher

ANTAPACAY

Earth movement and concentrator plant

SHOUGANG - MARCONA

Renewal of the mining contract

CONGA

Access roads and camps

ANTAMINA

Electromechanical assembly for the concentrator expansion

**INFRASTRUCTURE AND
INDUSTRY**

Electric Train

Construction of the Electric Train, Villa El Salvador - Av. Grau stretch

AREQUIPA

Potable Water Treatment Plant Intake, 11 km pipeline and 1.5 m3/s potable water treatment plant

PARIACHI

Expansion and improvement of the potable water and sewer system Esquema Pariachi, La Gloria, San Juan, Horacio Zevallos and annexes. 9,500 potable water and sewer connections

BUILDINGS

Hotel Westin Libertador

Hotel with 303 guestrooms in San Isidro

HOTEL IBIS

Hotel with 250 guestrooms in Miraflores

GRAN TEATRO NACIONAL

First multifunctional theater: to put Peru on the map of major performing arts presentations. 1500-person capacity

**CLARO CORPORATE
BUILDING**

New 7-story, 5,549 m2 headquarters building in Santa Catalina, La Victoria

TELECOMUNICACIONES

CETAC Construction, equipping and commissioning of the army's Centro de Entrenamiento Táctico y Computarizado (CETAC) training center

EXPLOSIVE STORAGE

Magazines Phase 1 Installation of the electronic security system for 07 of the army's ammunition magazines

**ENERGY, GAS AND
PETROLEUM**

Egemsa Expansion of the Machu Picchu 99 MW Hydroelectric Plant

**EMPRESA DE
GENERACIÓN HUANZA
S.A.**

Servicios Huanza - 90.6 MW Hydroelectric Plant

TALENT AT GyM



MAGGIE MATSUDA

I joined the Group through GML, which was the construction company in Lima. I think that working in a group to seek solutions is best and I think that Graña is always willing to listen to you.

Sometimes we go on family outings and other times I accompany my husband in the auto racing activities that he likes; I'm his co-pilot.

Life has its problems; it also brings joy, but you have to know how to land on your feet, especially emotionally.



GMP



THE GMP TEAM

406 employees

The year 2010 was the year that GMP S.A. had the best results in its 26 years of history. These results were possible due to the recovery of international crude prices, increased domestic fuel consumption, the sale of energy to Ecuador during the summer and the extraordinary income from payment for the expropriation of the company Logística de Hydrocarbons Boliviana.

It should be noted that 2010 was a year in which many of our company's records were broken with regard to the volume of crude produced, development wells drilled in our lots and volume of products dispatched from the fuel terminals.

At the beginning of 2010, in a joint venture with Oiltanking of Germany, we renewed the contract on the operation of the Camisea Marine Terminal for 5 more years and we obtained the contract for the operation and maintenance of the Pure Biofuels 600,000-barrel capacity fuel terminal located in Ventanilla. In the month of December we received payment for the expropriation of the company Logística de Hydrocarbons Boliviana following nearly 5 years of negotiations with the Bolivian government.

In line with the knowledge management that the group fosters, we have invested 21,832 hours of training in our personnel, which is 55 hours per person, and we obtained a 73% satisfaction level among our workers on the annual Great Place to Work survey.



Exploration / Production

Thirteen development wells were drilled in Lots I and V with an investment of almost US\$ 9.5 MM, and 436,493 barrels of crude were produced, which is the highest annual production level in the history of GMP S.A., as well as 8 MMSCF of natural gas.

Drilling

Thirty-six oil and gas wells were drilled in northeastern Peru with a total depth of 171,600 feet and 2 water injection wells were drilled in the jungle.

Talara Gas Plant

The gas plant in Pariñas processed 10.8 BSCF of natural gas, equivalent to an average of 29.66 MMSCFD and production of liquids was 423,827 barrels (75% GLP and 25% HAS - saturated acyclic hydrocarbons)

Consorcio Terminales

The consortium comprised of GMP and Oiltanking dispatched an average of 70,154 barrels per day of products from its 9 terminals and the storage volume rented by our users was 1.907 MM barrels.

Oiltanking Andina

Services In the operations of the Camisea Marine Terminal (Pisco), 118 ships were loaded with a total of 2,723 thousand tons of propane (C3), butane (C4), low-sulfur diesel (MDBS) and Nafta.

Logística de Químicos del Sur

At the Químicos Terminal in Matarani, 11 ships arrived and 27.9 thousand tons of sodium hydrosulfide (NaSH) were dispatched in 996 tankers.

Oiltanking Andina S.A.C

At the Pure Biofuels Terminal, 159.3 thousand barrels of diesel were dispatched during the year 2010.

TALENT AT GMP



AYDA CASTRO

When I joined GyM, I went to work at a construction site where the Santa Rosa housing project was underway. It was quite an experience, but I got used to it gradually. New companies were formed and I began working for GMP. I think I turn into a housewife when it comes to gardening. I love plants. On the weekends, I get away from Lima; we have a small house in Lunahuanà and we always have company there.



THE GMV TEAM

81 employees

Macroeconomic stability and easy access to mortgage loans during the year 2010 created a very healthy framework for the development of the real estate business in the country.

During 2010 we maintained our strategy of developing projects geared toward the most neglected segments, while taking full advantage of the synergies between GyM and us, achieving advantages in terms of cost, speed and quality.

During 2010, our projects geared toward high-end segments continued through our GMV brand, while projects in social sectors were executed through our Viva brand. At GMV, sales and handovers continued in relation with Golf Millenium, Javier Prado 200 and Neo 10. In Viva, sales and handovers continued in relation with Los Parques de El Agustino, reaching a sales record of 250 units in the month of March. In Parque Central Club Residencial, in the year 2010, 500 apartments were sold and 293 units were sold in Parque Garezón. A total of 2,021 units were handed over in all of our projects during 2010, resulting in total activity of US\$ 89.8 million dollars and 48% growth in relation with 2009.

In line with the strategy outlined for GMV, during 2010 we bought large areas of land for the purpose of consolidating our position in the market as the leading company in the real estate market. In the month of July, in a public call for tenders, we were awarded the contract on the sale of land that was part of the San Martín army base in Miraflores. On this 68,000 m² piece of land, we plan to carry out a world

class project for combined use. The project will have housing unit, offices, a shopping center, a 5-star hotel and a convention center. Following several months of arduous work, the purchase of the land where the former Collique airport was located took place. This project, Los Parques de Comas, will be executed on 32 Ha of land and will have 9,880 apartments.

In Carabaylo we have purchased a 9.5 Ha piece of land where we will build 1,200 apartments and, lastly, in Villa el Salvador 23,700 m² of land was purchased for a 670-apartment project.

With all of these lands, we have a total of 15,000 real estate units to develop in the coming years. Additionally, in the year 2010 we obtained a controlling interest in Inmobiliaria Almonte, a company that owns more than 1000 Ha in Lurín and San Bartolo, with our long-term development in mind.

Additionally, during 2010 our Social Accompaniment Program continued successfully with our customers in Los Parques de El Agustino and with our customers in Parque Central Club Residencial, obtaining a TTB rating (total number of workers benefited) of 80% in a satisfaction survey taken among our customers.

Lastly, in relation with our Learn to Grow program, throughout the year 2010 a large number of professionals have participated in internal training sessions, external training, internal teaching, the knowledge portal, the Real Estate Management Manual, etc.

TALENT AT GMV



ERIKA PASTOR

I've worked for Graña for 13 years and I feel that it has greatly enriched my life in every sense. It has been with me throughout my growth process, the day to day struggle, so that the family progresses; achieving balance between family life and work, which is difficult.

Concar



THE GyM TEAM

1,964 employees

The country's growth over the past year generated greater investment in highway infrastructure, especially in the task of recuperating and maintaining existing roads. Concar participated actively, increasing its billing by more than 70% and improving profits by 32% compared to the preceding year.

Concar's sales exceeded US\$ 50 million dollars, mainly due to a contract award obtained early in the year for the preservation of the Bappo, La Merced, Sullana and Icapal roads in a call for tenders by the Ministry of Transportation for the purpose of maintaining these sections of roads for a 5-year period.

Winning the contract on these new projects gave our organization the responsibility of keeping 1,300.78 Km of roads in perfect operating condition, in addition to the 3,125.56 Km that we already had, making a total of 4,426.34 km of highways under our responsibility in Peru.

This gave rise to significant growth in the number of people composing the Concar team, which currently includes over 1,900 workers.

During the year, great efforts were made to implement the CAE (Emergency Service Switchboards) in all of our projects, developing an information system entirely designed by CONCAR that enables us to respond more quickly to emergencies on the road, as well as to provide adequate management of information stored systematically, which in turn facilitates better decision making, with the objective of having a centralized system in our main office in Lima with which it is possible to monitor all of our operations.

For the year 2011, the Ministry of Transportation and Communication plans to outsource the maintenance of several stretches of highways for 5 to 10 year periods, in which we intend to participate actively.

The following chart shows the highway operation and maintenance projects on which we were working as of December 31, December 2010.

	Highway Section	Length (Km)
1	Ancon - Huacho - Pativilca	285.66
2	Paíta - Yurimaguas	955.00
3	San Juan de Marcona - Urcos	758.00
4	Tacna - La Concordia, Palca, Tarata, Pte Camiara, Ilo	399.00
5	Ayacucho - Pte Sahuinto	384.50
6	Limite Regional Lambayeque - Dv Bayovar, Olmos	261.66
7	Dv Buenos Aires - Canchaque	78.00
8	Dv Bayovar - Piura, Pto Bayovar - Piura	253.00
9	Piura - Aguas Verdes, Sullana - Macara	437.74
10	Dv Las Vegas - Tarma - La Merced - Satipo	234.00
11	Ica - Palpa - Nazca - Atico	379.78
	Total	4,426.34

TALENT AT CONCAR



MARIA ALEJANDRA HUANQUI

I began working for the company in September of 2003. It was in Arequipa in the construction of the Arequipa - Matarani road. It is a company that has 4.000 km of roads. Knowing the context of each project or being in contact with the workers enables us to do a better job. I'm a bit of a mother hen taking care of her chicks. That is what fills me with pride, my children, seeing that they are good kids who want to get ahead like their parents. Despite everything, they are there with us pushing this little car that is our family.

SOCIAL RESPONSIBILITY



SOCIAL RESPONSIBILITY

Our organization's high level of growth along with the best outcomes in its history are the result of a recognized company history guided by its corporate values of quality, seriousness, reliability and efficiency.



THE PORTAL ALSO MAKES IT POSSIBLE TO CARRY OUT DEVELOPMENT ACTIVITIES WITH THE CIP.

In addition to the company's "Learn to Grow" strategy that allows to gather, systematize and share knowledge that its employees generate in its operations, giving it considerable competitive advantages, on the external front the organization now has its "Grow and Share" strategy for the purpose of reaching beyond the organization itself, generating and sharing knowledge to fulfill the expectations of its different stake-holders and fostering the development of a new culture centered on knowledge.

For this reason, in the year 2010 a new set of actions related to the development and promotion of value-generating spaces and links with the country's engineering community have been added to the regular programs such as "Developing Job Skills in the Areas of Influence". The development of the Engineering Portal, the Graña y Montero Award for Peruvian Engineering Research, the development of special training programs for new engineering graduates at the national level, the signing of agreements with the UNI (National Engineering University) on conducting applied engineering research are examples of a CSR policy aligned with education and its strategic objective of Knowledge Management.

The "Espacio Azul" (Blue Space) civil association, a non-profit entity pertaining to Graña y Montero, supports and assists with CSR actions in companies in the Group and others of a philanthropic nature, in which employees participate as an organized group called "Graña y Montero Volunteers".

These social responsibility actions and initiatives, as well as others detailed in subsequent sections of this report, are included in our annual report to the United Nations' World Pact and have been the subject of studies and recognition by institutions such as Universidad del Pacífico, which included Graña y Montero's CSR practices in its book "Experiencias Exitosas de RSE" (Successful CSR Experiences).

Currently, the organization's high level of local and international growth, the professional and personal development of its more than 16,000 employees including over 2,000 engineers, have become a key focus of action for successfully taking on future challenges in its organizational development through human resource management policies and programs geared toward the formation of highly motivated, high-performance teams, for their own benefit, as well as that of their families and the company.

HUMAN RESOURCE MANAGEMENT

The Group's considerable growth has entailed an increase in the number of employees, totaling 16,158; that is, an increase of 21.11 % compared to 31 /12/09. The group of professional employees has grown by 31.4 %, totaling 2,816, among which 2,061 engineers in different specialties stand out. This number has risen 31.02% in relation with 31.12.09. It is a young, professional organization in which 74.73% of its employees are 40 years of age or less.



REPRESENTATIVES OF THE GRAÑA Y MONTERO GROUP WITH THE CERTIFICATE RECEIVED AT THE "GREAT PLACE TO WORK" AWARD CEREMONY

This growth was accompanied by human resource management in line with the challenges posed by an organization growing domestically and internationally, facing growing standards of competitiveness and specialization, and creating greater opportunities for its employees' personal and professional growth. In response, programs for the identification of talent as reference sources for the different business specialties, as well as coaching and mentoring programs for different groups of professionals, have been implemented. Virtual knowledge forums have been established, and knowledge and professional development maps have been prepared and disseminated, among other actions.

For these reasons, in the measurement of the working climate conducted in 2010 by the Great Place to Work Institute, the Graña y Montero Group, composed of its six main companies, was recognized among the large Peruvian companies that over two thirds of their employees consider to be a great place to work.

Because we are an engineering service organization that has the valuable contribution of 2,061 engineers and knowledge management as a guiding principle of its strategic development, training activities continued increasing in coordination with our Corporate Learning Center (CLC).



YEAR-END CELEBRATION

In the different programs run by the CLC, 209,203 hours of training have been offered, which is an increase of 10.63% over the number of hours recorded as of 12/31/09. The startup of the third internal Specialization Program for Project Managers, taught jointly with the Universidad de Piura's Senior Management Program (PAD), in which 43 engineers from the different companies in the Group participate, merits special mention.

Among the different activities carried out in order to achieve an organizational culture that promotes communication, creativity and integration, internal channels of communication have been increased through the use of a number of physical and virtual publications and portals. A mid-year internal corporate communication campaign whose slogan was "Graña y Montero: Peruvians building Peru", established an emotional link of pride and identification between the projects executed by the company and employees' personal and family achievements.

The promotion of employees' artistic talent has been noted at different gatherings to promote camaraderie that have been organized in the companies, reflecting joy and identity in relation with them, which are key factors in continuing to face the challenges of growth with enthusiasm and professional responsibility.

In conjunction with the human resource management of laborers, a database including over 50,000 laborers was created and more than 10,000 laborers were recruited during the year 2010.

Educational statistics

No. of Individuals as of 12/31/10	G&M S.A.A.	GyM	GMV	GMD	GMP	GMI	CONCAR	Total
Employees on Subsidiaries' Payrolls								
Engineers / Architects with Master's Degrees	25	55	10	8	20	3	20	141
Other Professionals with Master's Degrees	20	8	1	17	3	6	1	56
Engineering / Architecture Professionals	5	866	21	453	81	370	124	1,920
Other Professionals	11	448	18	72	33	70	47	699
Total Professionals	61	1,377	50	550	137	449	192	2,816
Technicians	6	241	21	487	259	147	1,769	2,930
Total Employees on Subsidiaries' Payrolls	67	1,618	71	1,037	396	596	1,961	5,746
Laborers								
Skilled Laborers	-	4,180	-	-	-	-	-	4,180
Non-skilled Laborers	-	4,446	-	-	-	57	-	4,503
Subcontractors' Laborers	-	1,540	-	-	-	-	-	1,540
Total	-	10,166	-	-	-	57	-	10,223
Total Personal	67	11,784	71	1,037	396	653	1,961	15,969
Interns	-	90	8	36	9	1	3	147
Independent Professionals	-	6	2	-	1	33	-	42
Total	-	96	10	36	10	34	3	189
Grand Total	67	11,880	81	1,073	406	687	1,964	16,158

Age Distribution

No. of employees as of 31.12.10	G&M S.A.A.	GyM	GMV	GMD	GMP	GMI	CONCAR	Total
Under 20	-	-	-	-	-	2	25	27
From 20 to 30	7	743	28	430	82	198	773	2,261
From 31 to 40	19	483	27	488	83	217	689	2,006
From 41 to 50	28	223	14	90	90	95	339	879
From 51 to 60	10	130	2	28	107	62	120	459
From 61 to 65	2	27	-	-	27	12	13	81
Over 66	1	12	-	1	7	10	2	33
Total	67	1,618	71	1,037	396	596	1,961	5,746

Population Statistics

No. of Individuals as of 31.12.10	G&M S.A.A.	GyM	GMV	GMD	GMP	GMI	CONCAR	Total
Organization								
Headquarters	67	367	43	196	69	294	31	1,067
Projects	-	1,251	28	841	327	302	1,930	4,679
Total	67	1,618	71	1,037	396	596	1,961	5,746
Gender								
Male	49	1,252	33	736	357	507	1,776	4,710
Female	18	366	38	301	39	89	185	1,036
Total	67	1,618	71	1,037	396	596	1,961	5,746
Hierarchy								
Senior Management	37	7	-	3	5	6	1	59
Employees	30	1,611	71	1,034	391	590	1,960	5,687
interns	-	90	8	36	9	1	3	147
Independent Professionals	-	6	2	-	1	33	-	42
Laborers	-	10,166	-	-	-	57	-	10,223
Total	67	11,880	81	1,073	406	687	1,964	16,158

Hiring Scheme Statistics 2009 - 2010

No. of Individuals as of 31.12.10	G&M S.A.A. 31.12.09	G&M S.A.A. 31.12.10	GyM 31.12.09	GyM 31.12.10	GMV 31.12.09	GMV 31.12.10	GMD 31.12.09	GMD 31.12.10	GMP 31.12.09	GMP 31.12.10	GMI 31.12.09	GMI 31.12.10	CONCAR 31.12.09	CONCAR 31.12.10	TOTAL 31.12.09	TOTAL 31.12.10
Type of Employment Contract																
Employees																
Permanent Employees	50	67	278	433	9	26	251	288	228	237	38	92	64	70	1,213	
Temporary Employees	-	-	931	1,185	54	45	679	749	131	159	379	504	1,106	1,891	4,533	
Total Employees	50	67	1,209	1,618	63	71	930	1,037	359	396	417	596	1,170	1,961	5,746	
Laborers - Common System																
Permanent Laborers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Laborers	-	-	1,095	1,158	-	-	-	-	-	-	56	57	-	-	1,151	1,215
Special Civ. Cons. Sys. (Temporary)	-	-	5,580	7,468	-	-	-	-	-	-	-	-	-	-	5,580	7,468
Total Laborers	-	-	6,675	8,626	-	-	-	-	-	-	56	57	-	-	6,731	8,683
Total Employees and Laborers	50	67	7,884	10,244	63	71	930	1,037	359	396	473	653	1,170	1,961	10,929	14,429

PREVENTION AND ENVIRONMENT



At Graña y Montero, the consolidation of an integrated management system for risk prevention and the environment has implied the development of a preventive culture supported daily by internal specialized training, proper tools and equipment and, fundamentally, continuous encouragement of safe conduct in our operations.

During 2010, Behavior-Based Safety (BBS) has been incorporated as a key tool in the Operating Risk Management System aimed at turning unsafe behaviors into safe behaviors, identifying critical behaviors, designing safe conducts and monitoring our workers' performance on the job. The progress and results already obtained on works such as Poracota and Orcopampa, where it has been possible to increase safe behaviors 13% in rock clearing and support activities, enable us to continue innovating and applying this methodology in other important works such as Lot 1AB (Andoas), Lot 8 (Trompeteros), the Marcona Mine, the National Theater and structural assembly at Antamina.

Our performance indicators are unequivocal evidence that we are on the right path. Over the last two years, Frequency Index (FI) has remained below 0.60 (OSHA), the number of hours of safety and environmental training total 872,293, and the investment in personal and collective protection equipment is approximately US\$ 6.5M. These results are objective support for the trust that our employees and customers place in us and they enable us to pursue the growth of our operations with safety.

Our preventive culture is a source of value and a sign of our unfailing commitment to our employees, customers and society.

KNOWLEDGE MANAGEMENT



OUR KNOWLEDGE MANAGEMENT APPROACH IS PERSONIFIED IN THESE INTERNAL INSTRUCTORS

In the year 2010 the General Managers and their Human Resource Management teams consolidated Knowledge Management as a strategic line of action for the Group's human resource development. As part of this process, they met in the month of August to evaluate the progress achieved on the implementation of the model and to analyze the results of the qualitative study conducted at each company on its employees' perception of the training received and its effect on working climate measurements. This exercise has made it possible to review and optimize the development of future training plans within the Knowledge Management model.

A total of 209,203 hours of training have been provided, which is 15% more than the goal for the year, obtaining a ratio of 41.2 man hours per employee. The ratio is slightly lower than that of the preceding year, due to the significant increase in personnel in the companies, which exceeded the number initially planned by 20%.

In the exercise of internal teaching, the key activity for the development of knowledge in the organization, 41,117 hours have been taught, which is an increase of 69% of the total hours of internal training.

In this manner, internal instructors become reference sources on topics covered in the courses they teach.

In the execution of the "Learn to Grow" strategy, 90.4 % of the objectives established were achieved, among which the increase in motivation and commitment among professionals from the different companies to the great cultural change that the development of Knowledge Management entails stands out.

Toward the end of the year, the Board of Directors approved the creation of CLC Management to foster the development of a culture of knowledge and its central role in the development and timely allocation of professional talent demanded by the challenges presented by the growth of the companies in the Group.

Training in the year 2010

Description	G&M S.A.A.	GyM	GMV	GMD	GMP	GMI	CONCAR	Total
Training								
Basic Program - Young Engineers	22	19,517	-	3,508	2,211	114	903	26,275
Professional Development	224	12,128	612	14,686	12,680	7,690	56,136	104,156
Collective Memory		1,132	140	1,418		255		2,945
External Training	277	28,970	3,931	18,798	2,906	13,774	7,171	75,827
Grand Total	523	61,747	4,683	38,410	17,797	21,933	64,210	209,203
Avg. Monthly Number of Employees	60	1,383	68	980	587	379	1,622	5,078
Hours of Training / Employees	8.7	44.7	69.4	39.2	30.3	57.6	39.6	41.2
Risk prevention and Environmental Management - Laborers		775,253	38,199		15,141	29,016	43,700	872,293

COMMUNITY RELATIONS

During 2010, the development and implementation of CSR plans in the different projects continued to be a line of action in the "Grow and Share" strategy that seeks to go beyond our own organization, generating and sharing knowledge in the different communities associated with our operation, driving the development of positive leadership that generates welfare and the development of a culture of progress centered on knowledge.

Our different CSR activities have benefited more than 116,000 people in every region of the country and in our Pueblo Viejo project in the Dominican Republic, offering 289,574 man hours in training activities, which is 37.86% growth in comparison with the number of hours taught in the preceding year.

The team of professionals in charge of CSR activities has more than 40 members, including professionals in social sciences, such as anthropologists, sociologists, social communicators and social workers. All of them work to develop and maintain positive relations with the different communities with ties to our operations.

The consolidation of the "Capacities Building in the Areas of Influence" program has continued. In the year 2010, more than 3,500 residents of the areas surrounding the projects have been trained and the new "Program for Social Accompaniment in Social Housing Projects" has been implemented. This program is aimed at promoting a new urban lifestyle respectful of people's rights and supportive of harmonious community relations. A total of 3,718 owners of real estate in the Los Parques del Agustino condominiums and the Parque Central condominiums in downtown Lima have been trained.

In relation with the scientific and university community, the "Graña y Montero Award for Peruvian Engineering Research" has been institutionalized through the first awards ceremony held in June 2010 and the immediate announcement of its second edition. With the Universidad Nacional de Ingeniería (National Engineering University) the agreements to support the development of applied research in project engineering have continued and the study on self-construction in outlying areas was completed.



JOSÉ GRAÑA MIRÓ QUESADA BESTOWS THE FIRST AWARD FOR PERUVIAN ENGINEERING RESEARCH

Reinforcing support for the professional engineering community, in the month of June the Engineering Portal (www.portaldeingenieria.com), was launched for the purpose of promoting the dissemination of knowledge and interaction among all members of the community (companies, universities, research centers, industry associations, professional associations, etc.). This social/professional network now has over 10,000 registered users in its first 06 months of existence and is expected to be an interactive means of communication capable of benefiting each user and contributing to the development of a culture of cooperation in the community.

SURVIAL published a guide titled "Aventura 757: La Ruta SURVIAL" (Adventure 757: The SURVIAL Route) intended to foster economic development of the route through tourism for the benefit of users and communities in the area. An award was received for this initiative in the Communication category of the "Business Creativity 2010" contest.

The following is a summary of the most significant CSR actions carried out in the different geographic areas where the different companies in the Graña y Montero Group operate:



Business Creativity Award 2010, in the Communication category

Social Responsibility Projects

INITIATIVE	TARGET GROUP DIRECTLY BENEFITED	PLACE
Educational talks geared toward improving relationships parents and children, 517 hours of training	Residents of the towns of Condorcocha and Carpapata	Tarma - Junín
Events and donations to celebrate Christmas in the communities of the different projects, 4,882 beneficiaries	Children in the different communities where the projects are located	Moquegua, Cusco, Abancay, Ayacucho, Piura and Lima
Support with philanthropic donations to the firefighters, educational entities, police entities, private entities, religious groups, NGO's, the armed forces, Instituto de Trabajo y Familia (Work and Family Institute), local governments, suppliers, art and culture.	Fire department, schools, "Sembrando" (Sowing) program, Peruvian National Police, symphonic orchestra, Peruvian Navy and related communities	Piura, Lima, Puno, Loreto, Ancash, Lambayeque, La Libertad, Ayacucho, Arequipa and Cajamarca
Social welfare campaigns and good housing conditions for local residents	Local laborers and relatives living in the area of influence of the projects	Pasco, Arequipa, Ayacucho and Piura
Environmental awareness-raising campaign for Earth Day	Community of Colquijirca, Tinyahuarco, Pasco; La Calera school, San Pablo, Negritos, Piura and residents of the town of Andoas, Loreto	Pasco, Piura and Loreto

Training program for teachers to improve primary education	Teachers at schools Arequipa located in the areas of influence of the petroleum storage terminals	Arequipa
Capacity-building program for insertion in the labor market - Direct training, 2878 beneficiaries and 132,518 man hours of training	Local residents of the areas of influence of the projects	Ayacucho, Arequipa, Cusco, Lima, Pasco, Lambayeque, La Libertad and Lima
Waste water treatment for domestic use program	Communities located in areas adjacent to the projects	Piura and Ancash
Visits by students to see the operations of Consorcios Terminales	Grade school through high school students in the areas near the petroleum storage terminals	Ica, Arequipa, Lima, La Libertad and Chiclayo
Training related to developing self-esteem and identity	High school seniors, parents and women of the communities located in the areas of influence of the projects	Arequipa, Junin, Lima

Training on safety and security	Local residents of the areas of influence of the projects	Piura, Pasco and Loreto
Developing job skills program in the areas of influence – Indirect training. 605 beneficiaries and 28,654 man hours of training	Local residents of the areas of influence of the projects	Cajamarca, Arequipa, Ica, Pasco, Piura, Callao and Lima
Training on environmental protection and the environmental impact of operations in the areas of influence	University students, schools, customers, relatives of employees and the community in general	Ancash, Lima, Arequipa, Cusco, Junín, Loreto, Pasco, Piura and República Dominicana
Several training sessions on health, psychological and sex education	University students, schools, customers, relatives of employees and the community in general	Ica, Ancash, Junín and Lima
Continuous dialogue with local and communal authorities different areas of Influence	Local residents of the areas of influence of the projects	Ica, Arequipa, Lima and Pasco
Orientation talks and description of projects	Local residents of the areas of influence of the projects	Piura

Establishment of opportunities for dialogue with customers	Local residents of the areas of influence of the projects	Arequipa
Preparation and dissemination of Survival Guide to promote local tourism	Communities neighboring the Survival highway concession	Ayacucho - Cusco
Programs and cleanup campaigns to protect the environment	Communities neighboring the Survival highway concession	Cajamarca, Pasco, Arequipa, Piura, Lima and República Dominicana
Hazardous material and substance management program	Local residents of the areas of influence of the projects	Ica, Cusco, Lima and República Dominicana
Improvement in education infrastructure	Schools located in the areas of influence of the projects	Piura and Lima
Improvement in infrastructure to support environmental protection and mitigate the impacts of the operations	Communities adjacent to the areas of influence of the project	Pasco, Piura, Arequipa and Ancash
Environmental monitoring programs to prevent pollution	Communities adjacent to the areas of influence of the projects	Pasco, Arequipa, Piura and Lima

Program for entrepreneurial women	Women of the communities adjacent to the areas of influence of the projects	Junín, Piura, Arequipa, Ica and Lima
Vocational Orientation and Life Plan Program geared toward young people and adolescents	Young people and adolescents living in the areas of influence of the projects	Lima and Piura
Disaster prevention program; spill, earthquake, tsunami and flood drills	Employees and communities in the areas of influence of the projects	Moquegua, Ica, La Libertad, Lima, Ancash, Chiclayo, Pasco
Social Accompaniment Program: Leader training in order to form communities of healthy homes, 3,718 beneficiaries	Residents of the social housing condominium built by GMV	El Agustino/Cercado - Lima
Traffic safety, civic and highway cleaning programs	Children and adolescents in the schools located in the areas near the highways maintained by Concar	Junín, Piura, Ayacucho, Cusco, Lima, Tarapoto, Amazonas and Pasco
Waste Management Program: collection and elimination	Communities located in the areas surrounding the projects	Pasco, Ica, Lima, Arequipa, Piura and the Dominican Republic

Environmental programs and good environmental practices in the projects and offices	Communities adjacent to the areas of influence of the projects	Pasco, Ica, Ancash and Lima
Health campaigns and programs	Children and adolescents in the schools located in the areas of influence of the projects	Piura, Lima and Arequipa
Graña y Montero Volunteering Program: Christmas activities, cold weather relief campaign, pre-fabricated construction of PRONEI (non-formal early childhood education facility) in Lurín and tree planting at children's shelter	Children of PRONEI Corazón Lima de Jesús, the Santa María Reyna school in Vila el Salvador the Padre Iluminato shelter communities high in the Andes with respiratory problems victims of the Haiti earthquake and Cusco floods	Puno and Lima
Program to rescue endangered species, rescuing the Hualtaco	Communities near the areas of influence of the projects	Talara - Piura
Participation in handicraft fairs in towns to support productive workshops in the La Arena project	Communities located in the areas adjacent to the La Arena project	Sánchez Carrión - La Libertad

HISTORICAL SUMMARY



HISTORICAL SUMMARY

Graña y Montero was founded 77 years ago on June 22, 1933 under the name of GRAMONVEL by engineers Carlos Graña Elizalde, Alejandro Graña Garland and Carlos Montero Bernales. It was a construction company until the year 1949 when it merged with Morris y Montero to acquire capacity for the execution of paving and earth moving works under the new name of Graña y Montero.



1937 - BAÑOS MUNICIPALES DE MIRAFLORES

In those times it participated in the country's major infrastructure works, such as the Southern Pan-American Highway, El Pato Air Base for the United States government and the city of Talara, and built some of Lima's most emblematic buildings, such as the Ministry of Economy and the Ministry of Labor.

In the 1950s, it formed Consorcio de Ingenieros Contratistas Generales S.A. to execute more complex projects, such as the Cañón del Pato Hydroelectric Plant, the Steel Mill in Chimbote and the runway for Lima's Jorge Chávez Airport.

Subsequently, it concentrated its growth on large-scale projects such as the Cuajone and Cerro Verde mines, the Shell, Mobil and Occidental petroleum projects, and the Chavimochic and Chinecas irrigation projects.

Upon the celebration of its 50th anniversary in 1983, the Strategic Diversification Plan was launched, leading to the formation of GMP, the petroleum service company; GMD, the information technology service company; and GMI, the engineering consulting company. These companies were the origin of what is now the Graña y Montero Group.

In the 1990s, Graña y Montero participated actively in the Peruvian privatization process as Telefónica's local partner in Telefónica del Peru, as ENDESA's partner in Empresa de Generación Eléctrica de Lima, and REPSOL's in the La Pampilla Refinery.

In recent years, Graña y Montero was the first company to participate in the infrastructure concession program, which has led to participation in the majority of the contracts and the operation of over 4,000 Km of highways today through its subsidiary, CONCAR S.A.

It has also led the expansion low income housing with the execution of megaprojects through its subsidiary, GMV, which began its operations on January 1, 2009.

Currently, the Group has 2,061 engineers, and it is the only company in its field listed on the Lima Stock Exchange, it is the clear leader in the country's engineering and infrastructure sector and it has activities in 6 other Latin American countries in addition to Peru.

CORPORATE GOVERNANCE

A low-angle photograph of a worker in a white shirt and hard hat talking on a mobile phone while standing on a complex metal lattice tower against a clear blue sky. The worker is positioned in the lower-left quadrant, looking upwards. The tower's structure is a dense network of intersecting metal beams that fills most of the frame, creating a strong geometric pattern. The sky is a uniform, clear blue, providing a high-contrast background for the metallic structure. The overall composition emphasizes the scale and complexity of the infrastructure project.

CORPORATE GOVERNANCE

The year 2010 was a very important year for Graña y Montero with regard to corporate governance. We not only obtained the Lima Stock Exchange Key for the second year in a row; we were also invited to join the Companies Circle, a select group of 19 Latin American companies with high corporate governance standards.

The Companies Circle pertains to the Latin American Corporate Governance Roundtable, which was formed in May 2005 in Sao Paulo, Brazil, with support from the OECD, the International Finance Corporation (IFC) and the Global Governance Forum. The purpose of this group of companies is to share our experiences, as well as the benefits that incorporating good corporate governance practices has brought to our companies, and to promote their adoption by other private-sector companies in Latin America.

Board of Directors



José Graña Miró Quesada
Chairman



Carlos Montero Graña
Vice-Chairman



Hernando Graña Acuña
Internal Director



Mario Alvarado Pflucker
Internal Director-CEO Chief
Executive Officer



Augusto Baertl Montori
Independent External Director



José Chlimper Ackerman
Independent External Director



Roberto Abusada Salah
Independent External Director



José Antonio Colomer Guiu
Independent External Director



Teodoro E. Harmsen Gómez
de la Torre
External Director

Profile of the Board of Directors

José Graña Miró Quesada

Chairman of the Board of Directors since August of 1996. Architect. Additionally, he is the Chairman of the Board of Directors of subsidiaries GyM, GMP, GMD, GMV and CONCAR, as well as Vice Chairman of the Board of Directors of GMI. He is also a Director of Empresa Editora El Comercio S.A. and Relapasa.

Carlos Montero Graña

Vice Chairman of the Board of Directors since August of 1996. Civil Engineer. Additionally, he is the Vice Chairman of the Board of Directors of GyM, Vice Chairman of the Board of Directors of GMP and Director of CONCAR

Roberto Abusada Salah

Director since March 1998. PhD in Economics (Cornell, USA). He is a Director of GMD, CONCAR and the Instituto Peruano de Economía (IPE/ Peruvian Institute of Economics).

Augusto Baertl Montori

Director since March 2005. Mining Engineer. He is the Executive President of Gestora de Negocios e Inversiones S.A. and Agrícola Chapi .S.A. Additionally, he is a Director of Alturas Minerals, Norsemont, Golden Alliance, Interbank, FIMA, BISA and GMP.

José Chlimper Ackerman

Director since March 2006. Engineer with a Master's degree in Economics and Business Administration from North Carolina State University, Chairman of the Board of Directors of Corporación Drokasa and Sociedad Agrícola Drokasa, of which he is also the CEO. Director of Maestro Peru S.A. and Banco Central de Reserva del Peru. Director of Aeropuertos del Peru S.A. Additionally, he is a Director of GyM.

José Antonio Colomer Guiu

Director since March 2009. Certificate in Corporate Management IESE Business School, Universidad de Navarra. Certificate in Marketing from ESADE. Certificate in Quality and Strategic Marketing from AEDEM, Senior Management. Certificate in Leadership and Innovation IESE, Universidad de Navarra. He is a Director of BBVA Banco Continental and Holding Continental, as well as MAPFRE Cataluña. Additionally, he is a Director of GMV.

Teodoro E. Harmsen Gómez de la Torre

Director since August of 1996. Civil Engineer. President of GMI S.A. He is a Director of Wagonlits and Director of MDI. Professor emeritus at the PUCP School of Science and Engineering. He is also an Honorary Member of the American Concrete Institute, among other distinctions.

Mario Alvarado Pflucker

Director since March 2003 and General Manager. Civil Engineer with a Master's degree in Engineering Administration from George Washington University, USA. Currently, he is also a director of GMD, GMI, GyM, GMP, GMV, CONCAR, Norvial and América Leasing.

Hernando Graña Acuña

Director since August of 1996. Industrial Engineer with a master's degree in Mining Engineering from the University of Minnesota, USA. He is a Director of GyM, GMI, GMP, Ecotec S.A. and CONCAR. President of Norvial S.A. He is also a Director of CAPECO, AFIN and TGP.

Board of Directors Committees

Auditing and Processes Committee

Roberto Abusada Salah, Chairman
José Chlimper Ackerman
Teodoro E. Harmsen Gómez de la Torre

This committee held two meetings during the year.

Human Resource Management and Social Responsibility Committee

Augusto Baertl Montori, Chairman
José Chlimper Ackerman
Roberto Abusada Salah

This committee held three meetings during the year.

Investment and Risk Committee

José Graña Miró Quesada, Chairman
Augusto Baertl Montori
José Antonio Colomer Guiu

This committee held four meetings during the year.

Executive Commission

The Executive Commission responsible for coordination of the Group is composed of the 4 Executive Directors and the 6 General Managers of the companies in the Group.

José Graña Miró Quesada	Chainman
Carlos Montero Graña	Vice Chainman
Hernando Graña Acuña	Director
Mario Alvarado Pflucker	Chief Executive Officer
Juan Manuel Lámbarri	General Manager GyM
Francisco Dulanto Swayne	General Manager GMP
Jaime Dasso Botto	General Manager GMD
Walter Silva Santisteban Requejo	General Manager GMI
Jaime Targarona Arata	General Manager CONCAR
Rolando Ponce Vergara	General Manager GMV

The Executive Commission held 4 meetings during the year 2010.

Shareholder Service Office

The Shareholder Service Office handled a total of 39 inquiries and meetings with investors and company shareholders during the year 2010 and participated in 4 international meetings with investors in Colombia, Chile, London and New York, where 41 meetings were held.

Self-Evaluation of the Board of Directors

The Board of Directors' fifth Self-Evaluation Process took place at Graña y Montero S.A.A., as well as at our subsidiaries. On this occasion, the self-evaluation consisted of offering points for improvement in the way Board of Directors meetings are run, improving committee meeting times. Continuing visits to projects, the Directors visited the Commuter Rail (Electric Train) project and, in Arequipa, they visited the Cementos Yura Plant Expansion project and the Cerro Verde Potable Water Treatment Plant project.

Main Executives

Mario Alvarado Pflucker

Chief Executive Officer since 1997. He obtained a Bachelor's degree in Civil Engineering from Universidad Ricardo Palma and a Master's degree in Engineering Administration with specialization in Construction Management from George Washington University, USA. Currently, he is a director of GMD, GMI, GyM, GMP, CONCAR, Norvial and América Leasing.

Juan Manuel Lámbarri Hierro

General Manager of GyM since 2001. Civil Engineer, graduate of Pontificia Universidad Católica del Perú and the Universidad de Piura Senior Management Program (PAD). He joined Graña y Montero in the year 1982 and currently, he is also a Director of GyM, GMV and GMI.

Hernando Graña Acuña

Director and Executive at GyM. Industrial Engineer with a master's degree in Mining Engineering from the University of Minnesota, USA. He is a Director of GyM, GMI, GMP, Ecotec S.A. and CONCAR. President of Norvial S.A. He is also a Director of CAPECO and TGP.

Francisco Dulanto Swayne

General Manager of GMP S.A. since the company was founded in 1984. Director since 1988. He attended Universidad Nacional de Ingeniería, ESAN, and Universidad de Piura (PAD). He has worked for the Graña y Montero Group since 1974. He is also he is a Director of Consorcio Terminales. He was the President of the SPE (Society of Petroleum Engineers), Lima Section in 1991 and Director of the Sociedad Nacional de Minería y Petróleo y Energía in 1993-1994 and 2005-2006.

Jaime Dasso Botto

General Manager of GMD from 2000 to the present. He obtained a bachelor's degree in Electronic Engineering and a Master's degree in Software Development from Stevens Institute of Technology, U.S.A. He was the Commercial Manager of GMD from 1994 to 1999. Currently, he is also a director of GMD.

Walter Silva Santisteban Requejo

General Manager of GMI from 1998 to 2005 and Managing Director from 2006 to the present. He obtained a bachelor's degree in Civil Engineering from Universidad Nacional de Ingeniería (National Engineering University). Currently, he is also a director of ECOTEC.

Jaime Targarona Arata

General Manager of CONCAR since August of 2005. Civil Engineer graduated from Universidad Autónoma de Guadalajara, with an MBA from Universidad San Ignacio de Loyola. He has also held the position of Civil Engineer on different projects, Commercial Manager of the GyM Special Projects Division and General Manager of Graña y Montero Mexico.

Rolando Ponce Vergara

General Manager of GMV since October of 2008. Previously, he held the position of Manager of the Real Estate Division. He has worked for the Group since the year 1993. He is a Civil Engineer by profession, with a degree from Universidad Ricardo Palma and a Master's degree in Construction and Real Estate Business Management from Pontificia Universidad Católica de Chile-Politécnica de Madrid. Currently es also Director of GMV

Mónica Miloslavich Hart

Chief Financial Officer July 1, 2009. Economist. Graduate of Universidad de Lima. She has been with the Group since 1993. She was the Finance Manager of GME S.A from 1998 to 2004 and Finance Manager of GyM from 2004 to 2009.

César Neyra Rodríguez

Manager of Internal Auditing and Management Processes since 2003. He has a Bachelor's degree in Accounting from Universidad Nacional Federico Villarreal and a Master's degree in Business Administration and Finance from Universidad del Pacifico. He has also studied Quality Improvement Systems and graduated from the Six Sigma Methodology program at Caterpillar University in Mexico and the U.S.A

Claudia Drago Morante

Corporate Legal Manager from 2000 to the present. Attorney graduated from the University of Lima. PADE in Finance and Corporate Law from ESAN. She was the Legal Advisor to GMD from 1997 to 2000. Currently, she is also the Stock Exchange Representative.

Juan José Arrieta Ocampo

Manager of Human Resources Management and Social Responsibility since November of 2007. Bachelor's degree in Sociology from Pontificia Universidad Católica. PADE in Business Administration from ESAN. He was the Human Resources Manager at GyM from 1999 through October 2007.

Kinship

Mr. José Graña Miró Quesada, Chairman of the Board of Directors, has third degree kinship with Ms. Yamile Brahim Graña, shareholder of the company, and fourth degree kinship with the director, Mr. Hernando Graña Acuña. Lastly, Mr. Teodoro Hans Harmsen Andress, a director of GMP, has first degree kinship with Mr. Teodoro Harmsen Gomez De La Torre, a director of the company.

Legal Denomination

In a corporate split-off from Inversiones Graña y Montero S.A., Graña y Montero S.A.A. was incorporated by means of a public document on August 12, 1996 and registered on card 131617 and electronic record 11028652 in the Registry of Juridical Persons of Lima.

Capital

The capital of the company as of December 31, 2010 amounted to S/.390,798,933.00 represented by 558,284,190 shares with a nominal value of S/.0.70 each.

List of Main Shareholders as of 12/31/2010

As of December 31, 2010, we had 1077 shareholders, of which approximately 13.58% own less than 1% of the capital stock and nearly 21.44% have from 1 to 5%.

The main shareholder is the GH Holding Group, represented by José Graña Miró Quesada, Chairman of the Board of Directors.

Main Partnership List al 31.12.2010

FULL NAME	NUMBER OF SHARES	INTEREST (%)	NATIONALITY
GH Holding Group	117,538,203.00	21.05%	Panama
AFP Integra (ING GROUP)*	66,925,007.00	11.99%	Peru
Prima AFP (Grupo Crédito) *	65,872,707.00	11.80%	Peru
AFP Horizonte (Grupo BBVA)*	47,214,243.00	8.46%	Peru
Bethel Enterprises S.A.	33,785,285.00	6.05%	Panama
Profuturo AFP (Scotiabank Group)*	31,414,443.00	5.63%	Peru
Byron Development S.A.	22,432,223.00	4.02%	Panama
CTM6 Cartica Corporate Governance Fund, L.P.	16,144,748.00	2.89%	EE.UU.
Subtotal	189,900,459.00	71.89%	
Other Shareholders	368,383,731.00	28.11%	
Total	558,284,190.00	100.00%	

* Sum of Funds 1, 2 and 3

SHAREHOLDING	NUMBER OF SHAREHOLDERS	INTEREST PERCENTAGE AS OF 31/12/2010
Less than 1%	1,061	13.58%
From 1% - 5%	10	21.44%
From 5% - 10%	3	20.14%
Other 10%	3	44.84%
Total	1,077	100.00%

Dividend Policy

The company's Dividend Policy in effect in the year 2010 is to distribute 20% of the available profits as dividends.

Corporate Purpose

The company's main purpose is to dedicate its efforts toward investments and mercantile operations in general, as well as engineering services, management consultancy, real estate investments, and the acquisition, transfer and negotiation of shares of companies and other securities.

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Duration of the Company

Graña y Montero S.A.A. was incorporated for an indefinite period of time.

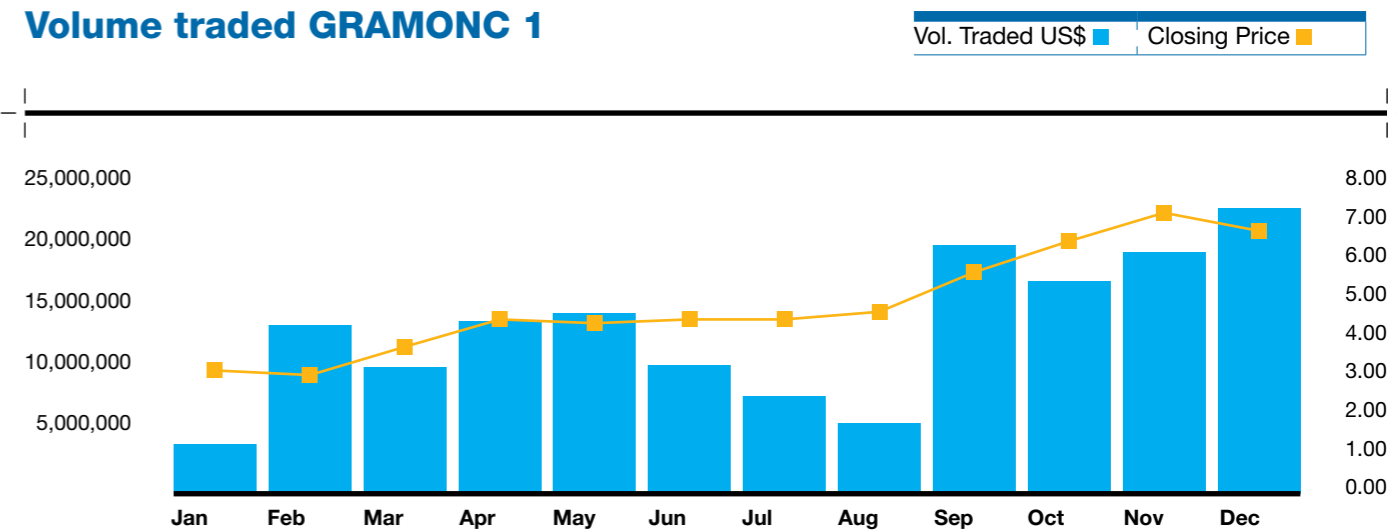
Changes in Shares

The share price quoted at year end was S/. 6.65. Average liquidity during the year was 97.61 % and the volume traded during the year amounted to S/. 437,277,661.60. Lastly, the IGBVL (general index) recovered 64.99% and the ISBVL (selective index) recovered 42.86%. It should be noted that the variation in GRAMONC shares was 134.98% (including the effect of the issuance of stock dividends)

MONTHLY SHARE QUOTES

ISIN CODE	MNEMONIC	Year - Month	Quotes 2010				Price
			Opening S/.	Closing S/.	Max. S/.	Min. S/.	Avg. S/.
PEP736581005	GRAMONC1	2010-01	2.85	3.07	3.50	2.85	3.16
PEP736581005	GRAMONC1	2010-02	3.07	3.00	3.14	2.95	3.01
PEP736581005	GRAMONC1	2010-03	3.00	3.70	3.70	3.00	3.34
PEP736581005	GRAMONC1	2010-04	3.70	4.40	4.50	3.70	4.17
PEP736581005	GRAMONC1	2010-05	4.40	4.30	4.50	4.05	2.51
PEP736581005	GRAMONC1	2010-06	4.25	4.40	4.41	4.14	2.44
PEP736581005	GRAMONC1	2010-07	4.35	4.36	4.36	4.19	2.37
PEP736581005	GRAMONC1	2010-08	4.40	4.55	4.61	4.40	2.51
PEP736581005	GRAMONC1	2010-09	4.55	5.60	5.60	4.45	2.87
PEP736581005	GRAMONC1	2010-10	5.60	6.37	6.50	5.60	2.99
PEP736581005	GRAMONC1	2010-11	6.37	7.15	7.35	6.37	2.81
PEP736581005	GRAMONC1	2010-12	7.15	6.65	7.15	6.50	2.96

Volume traded GRAMONC 1



ANALYSIS OF RESULTS



ANALYSIS OF RESULTS

As of December 31, 2010
(Audited figures)

Summary

- The activity as of the 2010 year-end closing increased 21.86% (in nuevos soles) compared to the end of the year 2009, totaling S/. 2'660.4MM (US\$ 947.0 MM, 25.4% growth in dollars).
- Available Net Income at the end of 2010 amounted to S/. 273.5 MM (US\$ 97.3 MM), which represents 10.2% of the activity and an increase of 110.8% compared to the year 2009. This increase is due to the profit on the sale of the Larcomar Entertainment Center, the profit resulting from recovery of the investment in Compañía Logística de Hidrocarburos Boliviana (CLHB), and greater profit in the construction business, as well as the petroleum business. The growth in Available Earnings, without considering the effect of the sale of Larcomar and the income from payment of the investment in CLHB would be 52.2%.
- EBITDA (1) at the end of the year 2010 amounted to S/. 548.4 MM (US\$ 195.2 MM) which represents 20.6% of the activity and an increase of 61.6% compared to the end of 2009. The increase in EBITDA without the effect of the sale of Larcomar would be 49.6%.
- The consolidated Backlog at the end of the year 2010 totaled S/. 5,289.7 MM (US\$ 1,883.1 MM), which is an increase of 46.8% compared to year end 2009. Of this Backlog, S/. 2,731.1 (US\$ 972.2 MM) will be executed during the 2011 fiscal year, S/. 1,316.7 MM (US\$ 468.7 MM) in 2012, and the balance from 2013 on.

(1) Operating Profit + Depreciation + Amortization

Consolidated Figures
(in thousands of nuevos soles)

	2009	2010	2010 / 2009
Activity	2,183,233	2,660,398	21.8%
Billing	2,001,475	2,502,461	25.0%
Gross Profit	329,551	455,584	38.2%
Operating Profit	224,019	414,616	85.1%
Net Income	207,550	418,067	101.4%
Available Net Income	134,401	273,542	103.5%
EBITDA (1)	339,397	548,451	61.6%

Note:

Reference to the infrastructure business corresponds to highway concessions and not to construction, as mentioned in preceding reports. The construction business is referred to as such in this report.

Profit and Loss

The consolidated activity of the Graña y Montero Group closed the year 2010 with 21.86% growth compared to the year 2009, totaling S/. 2,660.4 MM. The growth in the activity is mainly due to growth in the construction business, which grew S/. 221.9 MM (+14.6%), in the infrastructure business which grew S/. 97.4 MM (+60.4%), in the petroleum business which grew S/. 40.9 (+22.2%), and in the real estate business which grew S/. 76.9 MM (+43.9%), taking into account that this company just began its operations in the year 2009.

The activity in the construction business amounted to S/. 1,743.3 MM (US\$ 620.6 MM). The major contracts executed in the year 2010 by the Electromechanical Division were the Plant and Workshops for the Bayovar Mine, the Electrical Works and Instrumentation for Peru LNG, and the assembly work for the Pueblo Viejo Mine in the Dominican Republic, while the major contracts for the Civil Works Division were the Inter-oceanic Highway Section 1, the mining service contracts for the El Brocal and Shougang mines, and the Commuter Rail (Electric Train) works. The Building Division's major contracts executed were Hotel El Libertador, the Banco de Crédito IT Center, and the Santa Rosa Tunnel.

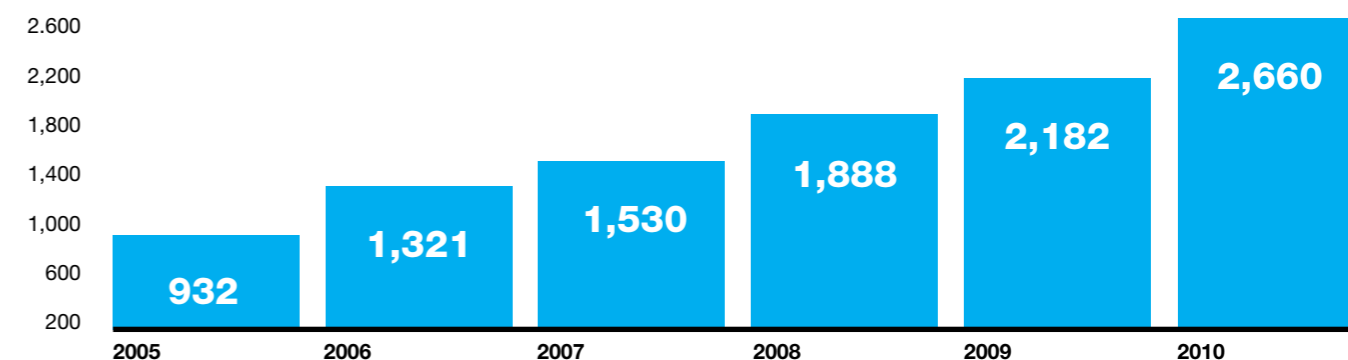
Activity in the real estate business amounted to S/. 252.3MM (US\$ 89.8 MM). The majority of the revenue reported in the year corresponds to the handover of housing units in the following projects: Parques del Agustino, Javier Prado 200 in Magdalena, Parque Central, Malecón Cisneros in Miraflores and Golf Millenium in San Isidro.

Activity in the petroleum business closed the year 2010 at S/. 225.9 MM (US\$ 80.4), which is an increase of 22.2% compared to the year 2009. This increase is mainly due to an increase in the number of barrels produced per day from 1,100 to 1,300 on average, in addition to an increase in the price of petroleum, as well as a higher number of cubic feet processed by the gas plant.

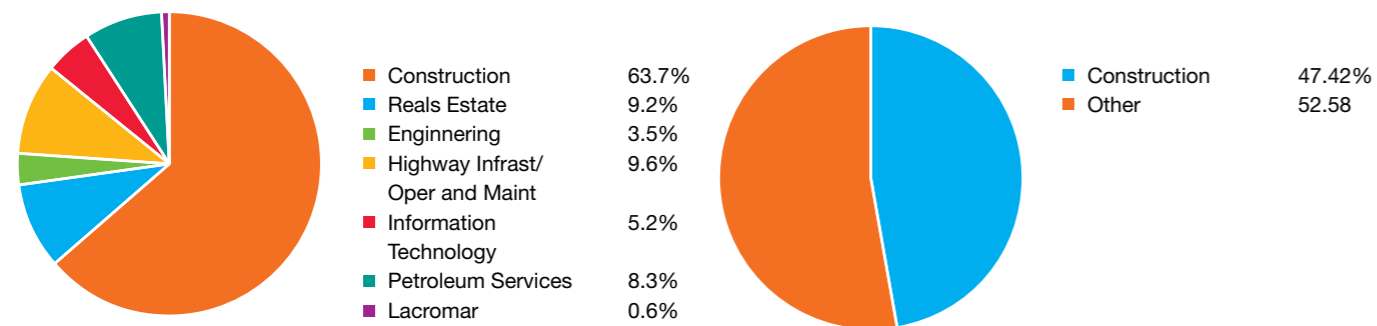
Activity in the engineering business amounted to S/. 95.3 MM (US\$ 33.9 MM), which represents an increase of 29.0% compared to the figure at the end of the year 2009. The sectors that drove the growth of this business are energy, mining, industry and building construction. The major contracts executed during the year 2010 were engineering for the Consorcio Alto Cayma Water Treatment Plant, the Engineering Framework Contract with Antamina, engineering for the New City of Morococha for Chinalco, Engineering for the El Sol Highway for Consorcio Hidalgo Hidalgo, engineering studies for access roads to Las Bambas for Bechtel, the contract on the Supervision of Construction at Anglo American's Michiquillay Mine and the Supervision of the construction of the Inter-oceanic Highway Section 5.

The activity in the highway infrastructure operation and maintenance business as of the end of the year 2010 totaled S/. 258.6 (US\$ 92.1), which is an increase of 60.4% compared to the year 2009. This increase is due to the Paita-Yurimaguas Highway Operation Contracts, the Contract on the Operation and Maintenance of Road Network 5 for Norvial, the Highway Maintenance Contract on Inter-oceanic Highway Southern Section 1 for Survial, and contracts on state-owned highways to Tacna, Lambayeque, La Merced, Sullana and Ayacucho, among others.

In the information technology business, the activity as of the end of the year 2010 totaled S/. 141.2 MM (US\$ 50.3 MM), which represents growth of 30.2% compared to year-end 2009. This growth was mainly due to Software Factory and Technology Outsourcing.



• 47.4% of the consolidated Gross Profit came from the construction business: Although 63.7% of the activity was in the construction business, the percentage of Gross Profit from this business is lower; 52.6% of Gross Profit was from business unrelated to construction, in line with the Group's diversification strategy.



• Gross Profit amounted to S/. 455.6 MM (US\$ 162.2 MM), which represents 17.1% of the activity and an increase of 38.3% compared to year-end closing 2009. Gross Profit for 2010 is due to Gross Profit from the construction business, which amounted to S/. 215.0 MM (US\$ 76.5 MM), Gross Profit from the petroleum business totaling S/. 83.4 MM (US\$ 29.7 MM), Gross Profit from the infrastructure business and highway operation and maintenance amounting to S/. 88.5 (US\$ 31.5 MM) and Gross Profit from the real estate business amounting to S/. 30.9 MM (US\$ 11.0 MM). The other lines of business accounted for the remaining balance of Gross Profit.

Gross Profit from the construction business rose 28.9% compared to the preceding year. This increase is due to a higher level of activity in the three divisions, as explained previously, as well as an improvement in the gross margin from one year to the next.

Gross Profit from the petroleum business rose 43.6% compared to the preceding year. The increase in Gross Profit from this line of business is due to a greater number of barrels of petroleum produced per day, in addition to the higher price of oil, as well as a greater volume of gas produced at the gas plant, as explained before.

Gross Profit from the highway infrastructure operation and maintenance business totaled S/. 88.5 MM (US\$ 31.5 MM), which represents 60.0% growth compared to the preceding year, mainly due to the Norvial highway concession and the aforementioned highway operation and maintenance contracts.

Gross Profit from the real estate business totaled S/. 30.9 MM (US\$ 11.0 MM), which was 89.3% higher than that of the preceding year due to the delivery of housing units in the Parque Central project and the Malecón Cisneros project in Miraflores.

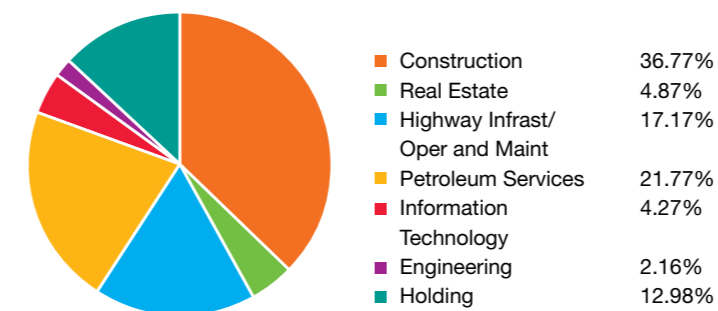
Gross Profit from the engineering business amounted to S/. 25.3 MM (US\$ 9.0 MM), which represents 42.8% growth in relation with the year 2009.

Gross Profit from the information technology business rose 49.2%, totaling S/. 26.4 MM (US\$ 9.4 MM).

• Operating Profit was S/. 414.6MM (US\$ 147.6 MM) which represents an Operating Margin of 15.6% and an increase of 85.1% compared to the year 2009. The increase in Operating Profit compared to the preceding year is mainly due to profit on the sale of the Larcomar Entertainment Center, as well as payment for the investment of CLHB from the Bolivian government. Additionally, general expenses amounted to 4.4% of the activity, which is a lower percentage than that of the year 2009.

- Net financial expenses totaled S/. 19.0 MM (US\$ 6.8 MM), which represents a decrease of 54.6% compared to the figure at the end of the year 2009, due to reduction of the financial debt and lower rates obtained in the financial system. As of the 2009 year-end closing, coverage of financial expenses was 28.9x.
- The cumulative effect of devaluation at the end of 2010 represents income of S/. 8.2 MM, compared to S/. 19.9 MM for 2009. Slight appreciation of the nuevo sol in relation with 2009 produced an exchange gain due to the lower value of liabilities in foreign currency.
- Available Income amounted to S/. 273.5 MM (US\$ 97.4 MM), which represents an increase of 103.5%. Greater Available Earnings are the result of higher Operating Profit which, as explained previously, includes the sale of the Larcomar Entertainment Center, payment of the investment in CLHB in Bolivia, lower financial expenses, and the positive effect of the currency exchange difference.

- Cumulative EBITDA(1) at the end of the year 2010 amounted to S/. 548.5 MM (US\$ 195.2 MM), which represents 20.6% of the activity and an increase of 66.3% compared to the preceding year. This growth is due to greater Operating Profit, as explained before, and higher depreciation and amortization of investments as of the end of the year 2010.



Stable long-term flows from the highway infrastructure operation and maintenance business, the petroleum service business and the outsourcing business accounted for 56.2% of EBITDA(1), resulting in 2.07x coverage of the Group's total financial expenses plus general expenses not specifically related to these lines of business. Additionally, it is assumed that these will not decrease in the event of a total loss of activity.

Balance Sheet

• Financial leverage decreased from 0.42x to 0.33x, while total leverage decreased from 1.59x to 1.44x. The cash levels generated by the end of the year 2009 and during 2010 have made it possible to reduce financial debt during 2010, including prepayment of the Asset-Backed Securities that would have matured in 2011, due to which the leverage ratios have improved compared to the year 2009. The net cash flow deficit is not considered in the calculation of these ratios, but rather the gross debt.

• Current liquidity at the end of the year 2010 was 1.45x. It was higher than at the end of 2009 as a result of higher cash levels, an increase in inventories and lower short-term liabilities.

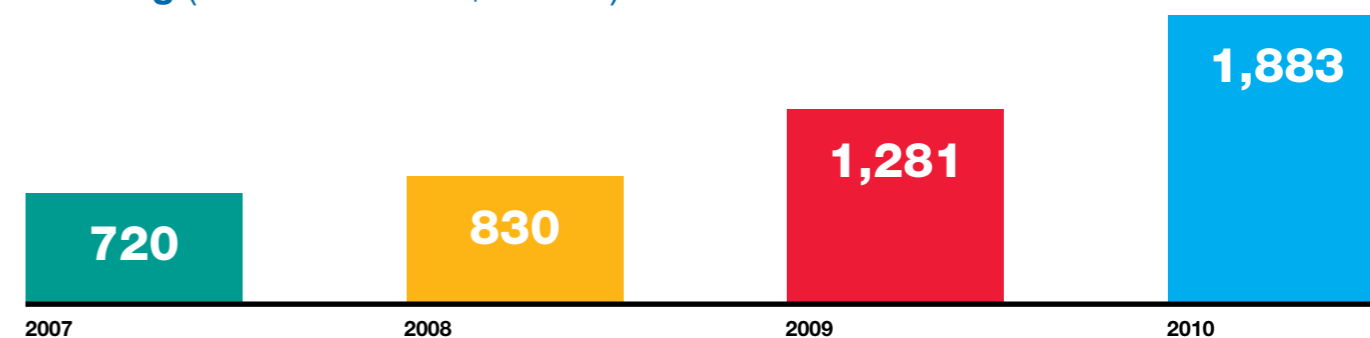
• Financial debt / EBITDA(1) amounted to 0.32x at the end of 2010. The increase in EBITDA combined with a reduction in financial debt resulted in a 0.19x improvement in this indicator compared to the preceding year.

• The average Return on Equity at year-end closing for 2010 was 27.7% while the Return on Assets was 11.4%. The Return on Equity is higher than that obtained by the year-end closing for 2009 as a result of the increase in Available Earnings at the end of 2010. There was a similar effect on the Return on Assets compared to that obtained in the preceding year.

Backlog and Perspectives

• The Group's Backlog increased 46.8% compared to the year 2009, amounting to S/. 5,289.7 MM (US\$ 1,883.1 MM), which represents 1.97x the activity over the last 12 months. Of this Backlog, S/. 2,731.1 (US\$ 972.2 MM) will be executed during the 2011 fiscal year, S/. 1,316.7 MM (US\$ 468.7 MM) in 2012 and the balance from 2013 on. Once again, the highest level of Backlog has been obtained, after surpassing the previous record in September 2010.

Backlog (In millions of US\$ Dollars)



• The group's capital investments totalled S/. 287.6 MM (US\$ 102.4 MM) during the year 2010. Of the total investments, S/. 25.2 MM (US\$ 8.9 MM) correspond to investments in the infrastructure structure, S/. 36.9 (US\$ 13.1) in the hydrocarbons sector and S/. 62.8 (US\$ 22.4) in the mining sector. Additionally, S/. 90.8 (US\$ 32.3) corresponds to investments in the replacement of equipment for the Group's different lines of business, and lands for the real estate business for S/. 118.9 (US\$ 42.3). This capital investment total includes divestitures due to the sale of the Larcomar Entertainment Center and the sale of equipment and other assets for S/. 63.2 (US\$ 22.5)