



**BABIS VOVOS**  
INTERNATIONAL CONSTRUCTION S.A

# Annual Report

2006

CCC





ANNUAL REPORT  
2006

01

Overview

Strategic Objectives and Initiatives

Revenue	Profit	Market Share
Operating Expenses	Operating Profit	Operating Profit Margin
Capital Expenditure	Net Profit	Net Profit Margin
Dividends	EPS	EPS Growth

Vigilance

Environmental, Social and Governance

02

Financial

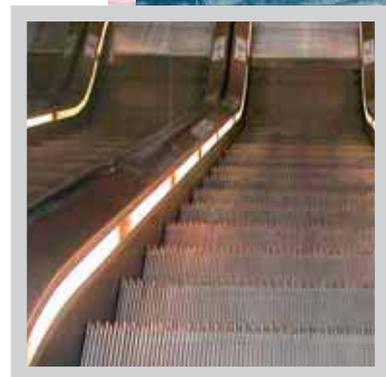
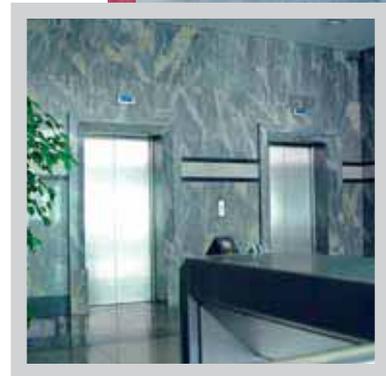
Financial Performance



# C O N T E N T S



Chapter	Page
1.	<b>04]</b> Financial highlights
2.	<b>06]</b> Corporate profile
3.	<b>09]</b> Position & strategy
4.	<b>14]</b> Chairman's Statement
5.	<b>16]</b> CEO's Review
6.	<b>18]</b> Greek property market review
7.	<b>20]</b> Property portfolio review
8.	<b>29]</b> Financial Review
9.	<b>41]</b> Information about the Company
10.	<b>54]</b> Information on the compilation of the Annual report & the Company's auditors
11.	<b>57]</b> "Babis Vovos International Construction S.A." Affiliated companies
12.	<b>68]</b> Share data
13.	<b>73]</b> Financial statements



# 1.

## Financial highlights

Gross fair market value  
of BVIC's property  
portfolio

**€1,241m**

- A valuation increase of 33% vs 2005



Net fair market value  
of BVIC's property  
portfolio

**€943m**

- A valuation increase of 33% vs 2005

EBITDA

**€146m**

- A 25% decrease vs 2005

NAV per share  
before deferred tax

**€20.38**

- A 19% increase vs 2005



Revenue

**€56m**

- A 37% increase vs 2005

Revaluation surplus

**€139m**

- A 26% decrease vs 2005

Profit after tax

**€85m**

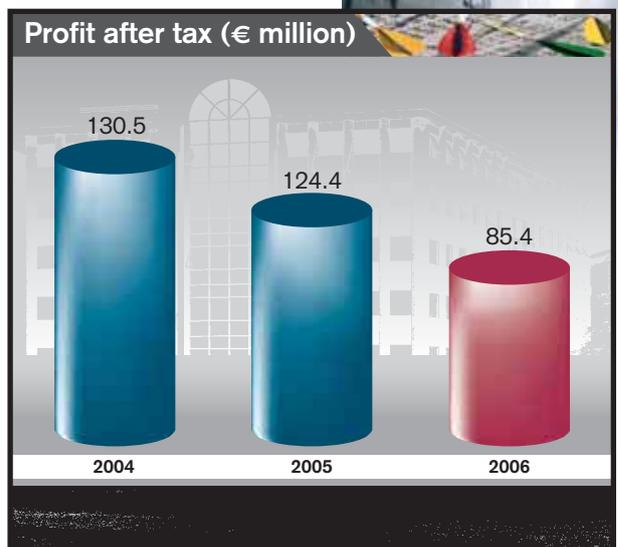
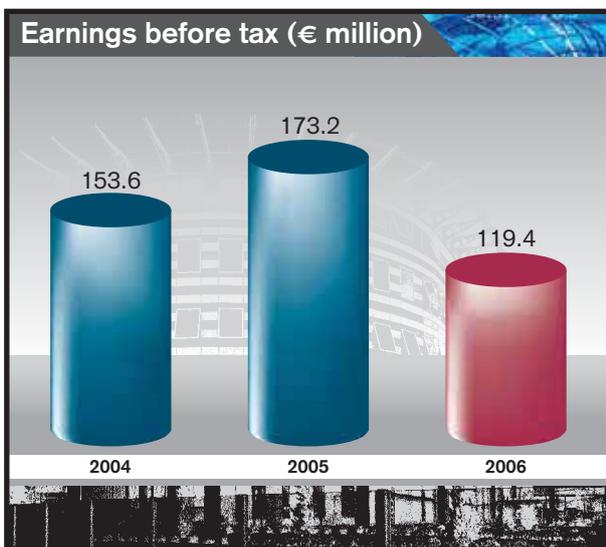
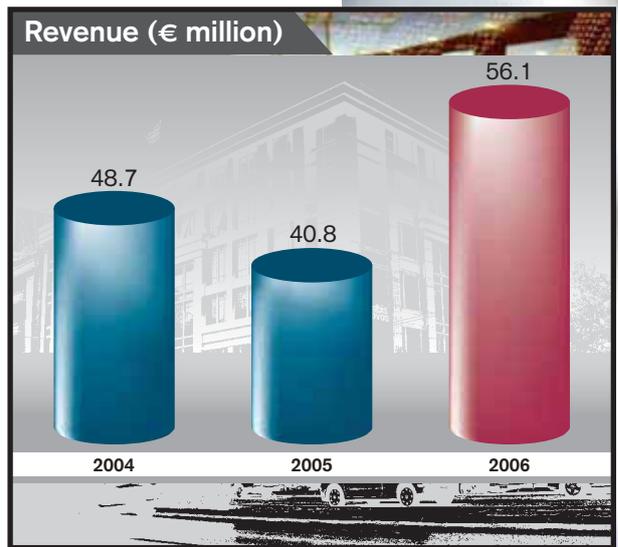
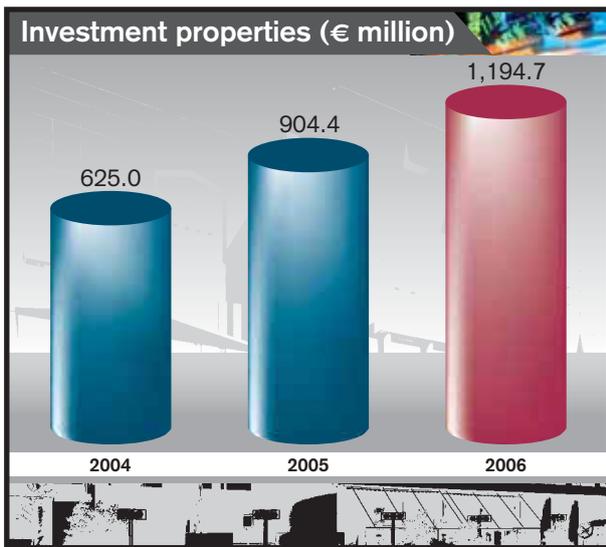
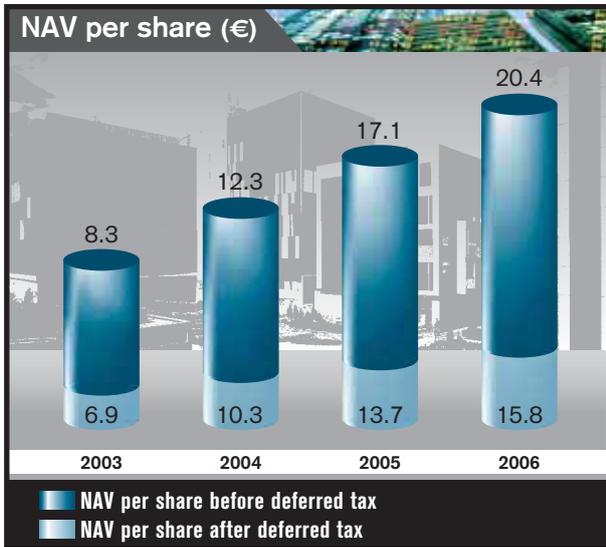
- A 31% decrease vs 2005

Investment properties

**€1,195m**

- A 32% increase vs 2005





# Corporate profile

## MARKET LEADING POSITION IN THE OFFICE SECTOR

## DIVERSIFYING INTO THE RETAIL AND TOURIST DEVELOPMENT SECTORS

## PROPERTY PORTFOLIO GROSS FAIR MARKET VALUE OF € 1,241 MILLION

## BVIC OWNS AND MANAGES OVER 200,000 SQM OF PROPERTY

Babis Vovos International Construction S.A. ('BVIC') is the leading Greek real estate developer, owner and manager. The Group's core business is the office property market. BVIC is also entering the high growth retail and tourist property markets, together with the refinement of its business model in order to maximise shareholder value.

BVIC has grown from nearly 20,000 sqm under ownership in 2001 to over 200,000 sqm today, valued at €1,241 million, by retaining prime assets. Our portfolio is characterised by class A' commercial properties around the central arteries of Athens, which offer significant advantages by virtue of their size, location and facilities.

The scale of our business is unique to the Greek market, exactly as our customer-focused approach is. The Group has developed a loyal and broad network of leading national and international corporations as clients, including **Cosmote, the Hellenic Exchanges, LG Electronics, Marfin Bank, Media Markt, Microsoft, Norton Rose, Telecom Italia Mobile (TIM), Village Roadshow, Vodafone and the Greek Ministry of Public Works.**

**We believe that our low vacancy rates are partly due to our strong customer focus while our attractive yields are mainly due to the high quality, 'turnkey' projects that we develop for our clients. We have been successful in capturing high returns on our investments while maintaining a low risk level, with nearly a 100% occupancy rate for our portfolio and a blue chip tenant base.**

## LONG AND SECURE LEASES, BLUE CHIP TENANTS

## ANNUAL LEASE INDEXATION AT CPI PLUS 100 bps

## HIGH RETURNS ON PROPERTY INVESTMENT THROUGH DEVELOPMENT & MANAGEMENT

BVIC is involved in all aspects of property development and investment, from site acquisition and project construction through to the leasing and sale or retention of the constructed building. Being able to cover the full spectrum of property development and management activities offers significant advantages in terms of access to deal flow, efficiency, speed and flexibility. We are well known for providing 'turnkey' solutions for our clients and almost all our projects are committed during the early stages of development enabling us to offer tailor made solutions to our tenants with average construction periods of 18 months.

BVIC produces sustainable, recurrent results by capitalising on its strong competitive advantage, comprising in-depth knowledge of the markets and access to deal flow, building on the Group's excellent track record.

---

## Development and Planning

The Group carefully selects the land plots in which it invests, having thoroughly analyzed the broader commercial environment, city planning, public transportation access and the legal and administrative provisions for the area. BVIC engages in continuous market research for the selection of the most attractive plots, bearing the trends of supply and demand as well as developments in land-construction regulations in mind.

BVIC is considered a pioneer in the prime office development sector and its projects often pave the way for an area to establish itself as a prime business location. This was the case with Kifissias Avenue, where BVIC was one the first developers to realise the potential of the area and develop office parks in an area that is now considered the top business location after the Central Business District (CBD).

## Building Construction

The buildings' designs are conducted in co-operation with leading Greek and international architectural companies. The company currently employs almost 500 people in technical crews including subcontractors' crews. BVIC maintains a strong and long-standing relationship with large sub-contractors enabling the Group to easily and rapidly secure all of the employees needed in order to complete a project, while presenting the most cost efficient solution. Following the completion of the infrastructure and construction work conducted in connection with the Athens 2004 Olympics, there is a large supply of experienced technical crews in Greece.



49 Kifissias Avenue • Media Markt



# 2. Corporate profile

## Sale or Lease

During the development process, the Group undertakes the sale or leasing and management of properties. BVIC aims to pre-lease or pre-sell its project at the beginning of the construction process. The main criteria used by management in deciding whether to maintain ownership of a development or not are: location, size and intended use of the building. Currently, BVIC seeks to retain large-scale properties of commercial use in prime locations, since the Group feels this is a low risk strategy. In most of these cases, BVIC finances the development and retention of the property using sale & lease back agreements, which provide an efficient means of financing for the Group.

BVIC is a member of the European Public Real Estate Association (EPRA) whose stated mission is to promote, develop and represent the European public real estate sector. EPRA's members include the majority of the leading real estate companies and investment institutions in Europe. Aris Vovos -BVIC's CEO- was appointed a member of the Management Board of EPRA in September 2004. Being included in the EPRA/NAREIT Index helps to raise BVIC's profile among international investors. BVIC is also included in the General Index Athex, the GPR 250 Index, the FTSE/Athex Mid 40 Index, the FTSE Med 100 Index, the MSCI Small Cap Greece and the EFG Eurobank MidCap Private Sector 50 Index, all of which increase its visibility.



# 3.

## Position & strategy

BVIC HAS GROWN CONSIDERABLY OVER THE PAST FEW YEARS AND HAS CREATED A STRONG PLATFORM FOR FUTURE GROWTH

BVIC intends to capitalise on its competitive strengths and concentrate on the fastest growing property sectors in the Greek real estate market. The Group's main strategic goal is to maintain its leading position in the domestic office market and to expand into the retail and tourist development markets in order to deliver long-term growth in shareholder value.

**BVIC will continue focusing on the optimisation of its prime asset portfolio in the commercial sector, enhancing property returns and creating attractive long-term investments. This will be achieved by exploiting both the current and future property development pipeline. The Group creates value for its portfolio through profitable development, active asset management and an optimal financial structure. Long-term leases with financially strong tenants ensure a secure rental income stream and enable the Group to obtain more efficient financing.**

### Office Sector

The Group has been active in the market since 1974 and has acquired an excellent reputation in the market because of its unique portfolio of class A' assets in prime locations. Since 2001, BVIC has been growing its investment property portfolio by developing and maintaining ownership and management of large-scale, high quality office buildings in prime business areas. The Group disposes of the assets that do not meet its risk adjusted return targets. These sales provide a cost effective source of capital for BVIC.

BVIC is the market leader in the office real estate sector with its office portfolio at nearly 100% occupancy rate.

The portfolio is characterised by a blue chip tenant base with minimum 12year closed lease agreements. The tenants opt out of the legal 2year break option since BVIC delivers tailor made 'turnkey' solutions for them. These lease agreements provide a secure long-term stream of cash flows to the Group. Moreover, lease indexation to Greek CPI with a 100 bps spread provides growth to the Group's rental revenues.

BVIC also aims at value creation from new developments, which increase the Group's NAV. BVIC's development pipeline has continued growing over time and the Group will be delivering the high profile Hellenic Exchanges building complex in 2007.

The restricted supply as well as the high barriers to entry, in the form of heavy bureaucracy, combined with strong demand intensify the dynamics of the class A' office market and turn it into a very attractive one. The shortage of sites available on Kifissias Avenue has driven BVIC to start looking towards other areas, such as Syggrou and Athens Avenue. Many corporations and governmental bodies

BVIC CLEARLY HOLDS THE LEADING POSITION IN THE OFFICE REAL ESTATE SECTOR WITH ITS OFFICE PORTFOLIO AT NEARLY 100% OCCUPANCY RATE



# Position & strategy



have announced their intention to relocate from the CBD to other, more fringe areas. Access to areas peripheral to the centre of Athens have been facilitated because of recent on-going infrastructural changes. Moreover, Athens Avenue is anticipated to benefit from a regeneration and redevelopment project, therefore the demand for this area is growing.

Votanikos



109-111 Kifissias Avenue • OTEnet

## Retail Sector

A key component of BVIC's strategy is to build on its experience and leading position in the real estate office sector and expand into the high growth retail real estate sector. Currently, BVIC has two retail developments in its pipeline, including a shopping mall of 70,000 sqm of gross lettable area, that would be the largest of its kind in Greece. As in the office market, the Group looks to secure long term leases with blue chip anchor tenants, creating a broad and loyal client base.

---

## Tourist Sector

BVIC has positioned itself to be able to capitalize on the predicted boom in the Greek tourist development market with two hotel development projects in its pipeline. BVIC owns two land plots totaling 158,000 sqm, for which all the necessary permits from the Greek National Tourism Organisation have been obtained.

The Group's risk-averse strategy in this sector is to initially undertake projects within close proximity to Athens, in areas that already benefit from high demand for large-scale projects. Once they are completed, the developments will be sold or leased on a long-term basis to hotel operators.



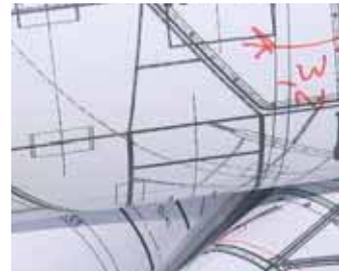
Poros-Galatas • Tourist Development



# Position & strategy

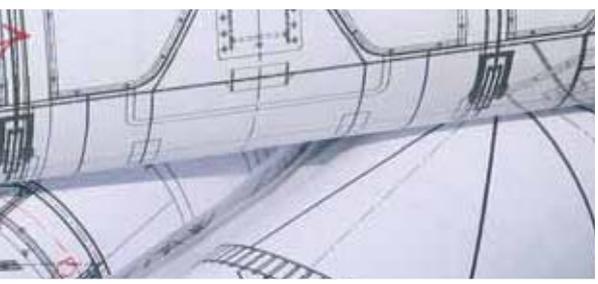
## Financing

Approximately 81% of BVIC's net debt comes from sale and lease-back and two Built Operate Transfer (BOT) agreements. BVIC pays interest and debt amortization payments to the leasing companies while receiving sublease payments from its tenants, thus providing securitised debt. Currently, this method of financing is the most efficient in order to cover the financing needs of the Group's developments. An average debt maturity of 12 years with floating interest rates as far as the sale and lease-back and BOT agreement are concerned, exposed the Group to interest rate risk. In order for this risk to be minimised, in January 2006, the Group entered into a floating to fixed interest rate swap with Credit Suisse, "locking" its cost of debt for these agreements at the low level of 5.29%. The Group, though, maintains some exposure to interest rate movements via bank loans, however, it is not very significant due to their duration which is not usually over 3-4 years.



60 Kifissias Avenue • Coca Cola, National Telecommunications & Post Commission

**BVIC is always looking to optimize the efficiency of its capital structure. BVIC's gross debt position of €544 million to fair value of the property portfolio of €1,241 million gives a loan to value gearing ratio of 44%. Excluding the sale and leaseback and BOT liabilities, bank loans amount to €160 million.**



# Chairman's Statement



Once again, I am very pleased to report on another year of outstanding activity for the Group, demonstrating our ability to create value and to generate attractive development opportunities. We realized our key strategic goal which is to enhance our NAV per share, generating NAV growth of 19%, with the completion of two significant projects under construction. The NAV growth we delivered is ahead of our single digit NAV growth target and, in fact, we have achieved double digit NAV growth every year since the adoption of IFRS in 2004.

During the year, we concentrated our efforts on investing for future growth by enhancing our development pipeline, particularly in the retail sector. We are diversifying our portfolio by increasing the size of our retail business; we invested over €80 million on acquiring two land plots and we are paving the way for significant value creation for our shareholders. In the fourth quarter of 2006, we announced the acquisition of a 100,000 sqm land plot in Votanicos, an area of regeneration and redevelopment. This land plot represents a new challenge for the Group as we intend to build a shopping mall of approximately 70,000 sqm of gross lettable area. This is the first shopping mall development of this size for BVIC and the largest ever to be developed in Greece. We are responding to a growing trend in Greece for large shopping malls, with high quality developments respecting the environment. There has also been significant progress concerning the Syggrou project. The final acquisition agreement of the company-owner of the property was signed during May 2006. The excavation works have already been completed while the building permit was issued during 2007.

We continue to maintain momentum in the office sector, where we made significant progress on our high profile development for the Hellenic Exchanges, as well as the other two buildings that we are developing on the site. This project has generated strong lease demand interest from the local corporate community as well as investment interest from international property investors. Our focus on prime assets in this sector continues generating high returns for the Group.

Our leading position in the office market, our long-term secure leases and strong customer relationships, our diverse income sources as well as our continued expansion into high growth real estate sectors form the platform from which we can seek new opportunities to grow our business. BVIC is well positioned to meet its long-term targets and to achieve significant returns for our shareholders in the coming years as well as to support growth in the communities where we operate.

I would like to welcome the two new independent members to our Board of Directors, Ms. Corina Sylira and Mr. Nick Van Ommen. Their appointment further strengthens our strong corporate governance. Their depth and breadth of experience make a positive contribution to the strategic decision making process of the company.



I would like to thank all of the staff at BVIC for their dedication and hard work, without which we would not be where we are today. I would also like to thank our shareholders for their continued commitment and support.

BABIS VOVOS  
Chairman



# 5 CEO's Review

I am pleased to report a strong set of results for 2006, as BVIC grew its property rentals and made excellent progress on its pipeline.

During the year our NAV per share before deferred tax rose by 19% to €20.28, and, on an after tax basis, NAV increased by 16% over 2005 to €15.84. The main underlying factors for this substantial increase were a) the completion of a leisure and retail development project at Delta Falirou II and b) the completion of a 49year BOT agreement for a retail and office complex at Delta Falirou I.

BVIC Group revenues increased by 37% in 2006 vs 2005 to €56 million. This was due to an increase in development and sales revenues in 2006 vs 2005 by 262% to €16 million. The sales revenues were generated mainly by the sale of one of the two BVIC owned buildings under construction at the HELEX complex. In the 4th quarter of 2006, BVIC signed a final sale agreement for Building C at 108-110 Athens Avenue, consisting of 5,000 sqm and 112 parking spaces, with the international insurance company Allianz S.A for €17.5 million, out of which €10.3 million were recorded during 2006 according to the percentage of completed development. The building will be delivered to Allianz S.A. by the 31st August 2007. The second building at the HELEX complex, with a GLA of 12,224 sqm, will be completed by the end of October 2007, and along with its respective land cost, was held in inventory at cost in 2006.

The Group's rental revenues, increased by 12% in 2006 to €39million, as a result of new lease agreements that came into effect during the year, as well as rent adjustments of approximately 4% on the existing lease agreements that include an annual upward revision based on Greek CPI plus 100 basis points.

The Group benefited from a fair value adjustment on investment properties of €139 million in 2006. Thus, BVIC Group's EBITDA stood at €146 million, a 25% decrease over 2005. This was mainly driven by a 21% fall in net gain from fair value adjustment on investment property in 2006 vs 2005. The Group's profit after tax for the year was €85 million, a 31% drop compared to €124 million during 2005.

BVIC's investment property portfolio reached, as at 31 December 2006, €1,195 million, a 32% increase from the 2005 respective value of €904 million.

The completion of a leisure and retail centre consisting of 13,200 sqm of lettable area and 738 parking spaces at Delta Falirou Complex II and 9,640 sqm of retail and office space as well as 658 parking spaces at Delta Falirou Complex I were the most significant additions to the investment portfolio, with a valuation increase of €217 million in 2006. Delta Falirou Complex II has been leased to Village Roadshow – the Australian media and entertainment Group, Media Markt – the German electronics retailer and Giannelos, a Greek parking station operator. Delta Falirou Complex I has Norton Rose and LG Electronics as anchor tenants, as well as various retailers for the ground floor space.



---

Furthermore the acquisition of two new land plots, a 5,850 sqm at 340 Syggrou Avenue and a 100,000 sqm at Votanikos, contributed significantly to the increase in the value of the Group's investment property portfolio.

In 2006, BVIC continued strengthening its pipeline of development opportunities and focusing on the retail sector where we see significant growth opportunities. BVIC completed the excavation of a land plot at 340 Syggrou Avenue where the development of a commercial building of 14,000 sqm of GLA as well as 400 parking spaces is planned. The project has already received significant interest from anchor tenants and we expect to proceed with substantial pre-let agreements before completion.

In October 2006, BVIC purchased a 100,000 sqm land plot in Votanikos, an area of combined urban regeneration and development. BVIC intends to build a shopping mall of 70,000 sqm of GLA, that will be the largest of its kind in Greece. The Group is very excited with the prospects of the area given the large catchment area of circa 3 million inhabitants in the neighbouring suburbs as well as significant infrastructure development, including a new metro station, financed by European Union and public funds.

The Company will not distribute dividend to its shareholders for the fiscal year of 2006. This is a result of limited property sales in 2006 in line with the Group's strategy of retaining most of the income producing properties which are developed by the Group.

ARIS VOVOS  
Chief Executive Officer

108-110 Athens Avenue • Hellenic Exchanges



# Greek property market review

Greece has experienced high growth rates, above the Eurozone average over the past few years, driven principally by growth in investment, private consumption and exports of goods and services. GDP growth was 4.2% in 2006, core inflation was 2.8% despite the strong growth and unemployment was at 8.9%, down from 9.9% in 2005. The economy's growth prospects remain positive based on forward-looking indicators and consensus estimates point at GDP growth of approximately 4.0% in the coming years. Underpinning the economy's long-term growth prospects and continued convergence with the European average per capita income level is strong private consumption and structural reforms aimed at increasing the competitiveness of the economy. The government is committed to economic and legislative reforms, including lowering corporate taxation, simplifying bureaucratic procedures, enhancing investment incentive laws, extensive privitizations and a new framework for public-private partnerships. The country is also trying to capitalise on its geopolitical position with direct access to South-east Europe.

## Office

Since 2000, the Greek office market has witnessed strong growth in the demand for high quality large-scale space fuelled by growth in the telecommunications, financial, IT and pharmaceutical sector along with privitization initiatives and the entry of multinational corporations in the Greek economy. Currently the supply of office space in Athens is estimated at c. 4.5 million sqm, with around one fifth of that consisting of class A space.

The Central Business District (CBD) consists mainly of an older, smaller stock of offices, in many cases converted residential buildings, with mostly financial institutions and governmental bodies located in the city centre. In the past few years, strong demand has been witnessed primarily in areas outside the CBD. Changes in infrastructure, including the new ring road and the metro system, facilitated the access to more peripheral areas and made them more attractive to corporations. Given this factor as well as the scarcity of land plots in the city centre, the lack of modern accommodation and high prices, corporations are increasingly looking for office space outside the city centre. Kifissias Avenue, has established itself as Athens' premier business district outside the CBD due to the high standard of its office buildings as well as its transportation systems and infrastructure. Other popular streets are Syggrou Avenue, Mesogeion Avenue and the E-75.

24 Kifissias Avenue • Marfin



Infrastructure projects are still underway in Athens and, thus, the geography of demand for office space is anticipated to change further. For example, Athens Avenue has been attracting a lot of attention with the relocation of the Athens Stock Exchange anticipated in June 2007, along with the new metro station opening in the area and other significant infrastructure projects. The difficulty of constructing new developments in the city center favors peripheral areas offering sustainable market growth in the medium term.

Foreign interest in the Greek real estate market has been growing, in light of recent and anticipated market liberalization and transparency. Sustained demand, from tenants and investors alike, combined with limited supply has led to a tightening in market yields over the past 24 months with current yields in the area of 6%.

## Retail

Greece has an under-developed retail real estate market with one of the lowest retail space per capita ratios in the Eurozone. This is due to the fact that the space offered in Greece is mainly high street retailing. Shopping malls, big box retail stores and outlet stores on the outskirts of the city are a new phenomenon in Greece that has met with huge success. Developers, investors and international retailers have shown strong interest in the market, leading to its development, with the first shopping centre of over 50,000 sqm opening in Athens in 2005.

Large international retail brands such as Media Markt, FNAC, Leroy Merlin and H&M have recently entered the Greek market, whereas Tesco, Parfois, and Vasco Santos are all looking to enter the market in the near future. Local and international retailers already present in the market are continuously looking to expand and establish a local network and expand from high street retailing.

The enhancement of the country's transportation network and new zoning regulation is expected to lead to more shopping centers and big box developments outside the centre of Athens. Current yields stand at approximately 6%.

## Hotel and tourist resort market

Greek tourism is considered a key industry for the country and currently accounts for approximately 18% of the country's GDP. With an ever growing number of tourist arrivals and over 15 million foreign visitors anticipated during 2007, Greece is ranked as one of the top 17 tourist destinations worldwide. The positive legacy from the success of the 2004 Athens Olympic Games, supported by the improvement in the transportation infrastructure, the upgrading of hotel and tourist resorts and a dynamic promotional campaign, have raised the country's profile as a major tourist destination. Nevertheless, the holiday home market in Greece is considered untapped, compared to Spain and Portugal, for example.

The Greek hotel and holiday home sectors has started shifting to the high-end tourist market due to increased demand for alternative and integrated forms of holidays. The industry has recently started witnessing investment activity in the form of integrated resort models, including golf courses, marinas, spas and hotels along with holiday homes. Currently, there are a few major vacation home developments in the pipeline in Greece, particularly in the Peloponnese and in Crete, tied to golf courses and marina developments.

The main hindrance to the development of this market is a lack of adequate infrastructure and significant bureaucratic and legal impediments. The government has put forth a series of legislative changes seeking to facilitate the development of integrated resorts by reducing bureaucracy and creating more favourable development laws. Moreover, investment activity in the tourism sector is supported by favorable tax incentives and subsidies, including those provided by the European Community Support Framework.



221 Kifissias Avenue • Microsoft



# 7

## Property portfolio review

### Property portfolio asset valuation

BVIC's gross property portfolio was valued by Colliers International, as at 31 December 2006, at €1,241 million, a 33% increase from the 2005 valuation of €936 million. The net value of the property portfolio was €943 million in December 2006, up 33% from €708 million in December 2005.

The increase in the value of BVIC's property portfolio stemmed from the completion of properties that the Group had under construction, a new Build Operate Transfer (BOT) agreement, as well as the acquisition of two land plots.

The completion of almost four buildings consisting of nearly 23,000 sqm of leisure, retail and office space and 1,400 parking spaces in the two complexes at Delta Falirou, was one of the most significant changes to the asset portfolio, with a net valuation of €162 million in 2006. Furthermore, the acquisition of two new land plots, one of 5,850 sqm at 340 Syngrou Avenue and the other of nearly 43,000 sqm at Votanikos contributed significantly to the increase in the Group's investment property portfolio.

### Investment properties

The Group's investment property portfolio consists, predominantly, about 58%<sup>1</sup>, of class A' office complexes in prime location in Athens, with nearly a 100% occupancy rate and a blue chip tenant base offering a highly visible and secure income stream. The pre-eminence of our portfolio in the Athens office market arises because of the size, location and the quality of construction of our assets, providing an excellent work environment. Our lease agreements are usually closed 12year lease agreements, with an annual indexation to Greek CPI and 100 bps spread. Our unique portfolio of prime assets has attracted high quality tenants such as Cosmote, LG Electronics, Marfin Bank, Microsoft, Norton Rose, TIM, and Vodafone. We have a market leading position and we continue in our endeavours to grow our portfolio of high quality income generating assets, protected by fixed long-term leases.

Retail assets currently consist of about 26% of our property portfolio, almost doubled since 2005, reflecting our growth strategy in the sector. Most of our pipeline is concentrated in the retail real estate development sector where the combination of low supply, strong consumer spending and strong demand for large-scale investments create a favourable environment.

In terms of hotel developments, we see significant opportunities in a market that is still relatively immature with significant growth potential and attractive returns. We currently have two projects in this sector that only account for 4% of our investment properties.

Residential assets represent 2% of the Group's investment properties as shown in the balance sheet.

Finally, land plots are included in investment properties, at the market value of the plot, and account for 10% of the property portfolio.

### Sale and leaseback

Over half of our investment property portfolio consists of income producing assets with long-term closed lease agreements and with secured long-term debt in the form of sale and leaseback agreements. All the sale and leaseback agreements, that we have entered into, are covered by interest rate swaps barring a €5 million sale and leaseback agreement. Thus, we have fixed our interest rate at 5.29%. On the other hand, the rental income, that we receive from these assets, benefits from leases with an annual readjustment of Greek CPI plus 100 bps, that provides rental growth.

BVIC's sale and leaseback properties have a gross value of €747 million and accounted for 63% of our investment properties in 2006, with €344 million of related debt. This is BVIC's largest asset class, that contributed approximately €16 million to BVIC's rental income in 2006. On an annualized basis, in 2007, this asset class should contribute over €21 million from current lease agreements for Delta Falirou Complex II that were in effect only for a few months during 2006.

BVIC has entered into sale and leaseback arrangements for 10 properties, comprising a total of almost 54,900 sqm of lettable area, and 3,770 parking spaces. Almost half of the assets are large single tenant office complexes situated on Kifissias Avenue.

There was one addition to our sale and leaseback portfolio during 2006 from the completion of a retail and

<sup>1</sup>Including parking spaces and ground floor retail space

leisure development at Delta Falirou covered by sale and leaseback agreements of €59 million, corresponding to 13,663 sqm of retail and leisure space as well as 738 parking spaces.

A sale and leaseback agreement is a transaction where the Group sells, a property or part thereof, subject to a lease (normally on institutional terms) for a fixed period of time, usually 10-15 years to a Greek leasing company. BVIC will then enter into a typically coterminous occupational lease with a tenant, usually for a period as long as the lease agreement period. The rent received from the tenant is used for the payment of the interest and amortisation costs to the leasing company. At the end of the lease, BVIC has the right to re-purchase the property, usually at a nominal cost.

The sale and leaseback agreements allow BVIC to transfer the asset's ownership, while having the right to use or grant sublease of the property. BVIC retains a call option over the properties, so at the end of the lease term, the property may revert to the Group, usually for a nominal fee.

In 2002, Greek tax law was amended so that sale and leaseback transactions were no longer subject to 11% transfer tax. As a result, BVIC had entered into a number of sale & leaseback agreements in respect of its large, prime location buildings. In summary, the benefits for BVIC of the sale and lease back structure are that:

- BVIC raises 100% of the market value of the property for the years of the sale & leaseback contract, on entering into the sale and leaseback;
- BVIC may re-purchase the property at the end of the lease term, usually at a nominal value;
- No transfer tax (currently at an 11% rate) is payable by the purchaser/leasing company;
- As of 2004, no corporate income tax (currently at 29%) is imposed on any profit derived by BVIC upon its initial sale to the purchaser/leasing company, provided that such a profit or gain is booked in a special tax-free reserve. Such reserve is taxed upon distribution or capitalisation thereof.

The diagram below illustrates the sale and leaseback process:



<sup>1</sup> Typically in the region of EURIBOR +250bps, fixed via a floating to fixed interest rate swap at 5.29% since January 2006

<sup>2</sup> Usually coterminous with tenant lease

<sup>3</sup> The annual adjustments is Greek CPI+(100-200bps)

Property address	Description	Lettable area (m <sup>2</sup> )	Parking spaces	Contract value (€ million)	Contract duration
Delta Falirou	Retail, leisure and storage	13,663	738	59.0	2006-2019
66 Kifissias Ave.	Retail, office & storage	8,207	853	80.0	2004-2018
95-97 Kifissias Ave.	Retail, office & storage	6,610	1,037	50.5	2004-2017
49 Kifissias Ave.	Retail, & storage	9,671	516	41.0	2005-2022
6 Poulou Str.	Retail, office & storage	6,590	192	27.9	2003-2015
24 Kifissias Ave.	Office & storage	3,019	204	20.9	2002-2014
221 Kifissias Ave.	Retail, office & storage	2,571	128	15.0	2004-2016
1-3 Kifissias Ave.	Office & retail	1,992	64	9.0	2003-2015
174 Syggrou Ave.	Office	1,945	37	5.3	2003-2015
109-111 Kifissias Ave.	Retail & storage	595	-	4.0	2003-2013
<b>Total</b>		<b>54,863</b>	<b>3,769</b>	<b>312.6</b>	

Property address	Tenant	Occupational lease duration	Yearly lease (€ million) as at 31/12/2006
Delta Falirou II	Village Roadshow, Media Markt, Giannelos	2006-2018	4.1
66 Kifissias Ave.	TIM	2001-2018	4.9
95-97 Kifissias Ave.	Cosmote	2004-2019	3.5
49 Kifissias Ave.	Media Markt, Ependysi Ltd., Giannelos	2005-2018	1.9
6 Poulou Str.	ASEP, Giannelos	2003-2015	2.1
24 Kifissias Ave.	Marfin Bank	2002-2014	1.0
221 Kifissias Ave.	Microsoft	2004-2016	1.0
1-3 Kifissias Ave.	Ministry of Internal Affairs and Ministry of Public Works	2003-2015	0.7
174 Syggrou Ave.	Bestend Publishing	2005-2017	0.4
109-111 Kifissias Ave.	Vacant	-	-
<b>Total</b>			<b>19.6</b>

# Property portfolio review

## Built operate transfer

BVIC Group has two Built Operate Transfer (BOT) agreements included in its investment property portfolio and the present value of the associated lease obligations are included in its debt.

Property address	Anchor Tenant	Occupational lease duration	Yearly lease (€ million) as at 31/12/2006
Ethnikis Antistaseos	Vodafone	2004-2022	4.8
Delta Falirou I	Norton Rose, LG Electronics	2006-2018	2.0

The first BOT that BVIC entered into in 2004 consists of two building complexes on a land plot of 27,372 sqm, located at Ethnikis Antistaseos, Tzavella and Mykonou, owned by the Russian Federation. Under a Build Operate Transfer (BOT) agreement, the Russian Federation retained ownership of one building complex and has sublet the second one to BVIC for 48 years, at a monthly lease of €10,000, annually readjusted by Greek CPI. The second building complex consists of 17,220 sqm of lettable area and 700 parking spaces and it has been sublet to Vodafone for an 18 years duration. Moreover, Alpha Bank has securitised the income stream for €60 million from the Building Complex II for 18 years.

During 2006, BVIC completed a Built Operate Transfer agreement for Delta Falirou Complex I, consisting of two retail and office buildings with a total lettable area of 9,640 sqm consisting of office and retail space as well as 658 parking spaces. Following completion of the development, BVIC entered into a 49 year BOT agreement with the landowner - Rizario Ecclesiastical School (RES). BVIC is required to pay the RES 49 annual leasing payments, starting at €1.2 million, adjusted over the term according to Greek CPI.

## Horizontal Ownership

Horizontal ownerships are based on individual floors, or parts thereof, that are owned directly by BVIC, within buildings developed by the Group, corresponding to a percentage ownership of the land and car parking spaces. Colliers International use a sales comparable sales data and the direct capitalization approach in order to value horizontal ownerships.

Prior to 2001, BVIC would sell the properties it developed to third party investors, retaining only some horizontal ownership. This has changed, as the Group's financing has evolved and the Greek office real estate market has matured, so that in case the Group wishes to retain ownership of a development, it may be financed via the sale and leaseback method. The

Property address	Description	Tenants	Area (m2)	Parking spaces
Poros	Hotel	Vacant	3,800	-
10-12 Kifissias Avenue	Office space, storage space & retail	Ant1, Intestra, Spot	3,184	136
32 Kifissias Avenue	Office space, storage space	Ministry of Economy & Finance, Coca Cola, Motorola, Lavicosmetica	2,038	326
49 Kifissias Avenue	Storage space	Vacant	274	-
64 Kifissias Avenue	Storage space, Retail shop	Vodafone, TIM, Scoplife	749	47
Mauromixali Street	Residential	Private individual	356	-
60 Kifissias Avenue	Office space and storage space	Coca Cola, National Telecommunications & Post Commission (EETT), CCC	616	170
56 Kifissias Avenue	Storage space	Vodafone, GM, Tetrapak	550	89
4 Vasilissis Sofias Avenue	Residential	Private Individuals	469	-
44 Kifissias Avenue	Retail shop, storage space	Cosmote, Philips, Cisco, Alpha Bank	443	303
3 Premetis Street	Retail shop, storage space	Zografakis, Intralot, Flash	141	22
14 Kifissias Avenue	Retail shop	Ant1	108	18
62 Kifissias Avenue	Retail shop	Coca Cola, GM, Computer Associates	50	69
340 Kifissias Avenue	Retail shop	Mazars Hellas	28	155
24 Kifissias Avenue	Parking	Coca Cola, Marfin Bank, BP	-	471
66 Kifissias Avenue	Parking	Coca Cola, Giannelos	-	223
Acadimias Street	Parking	Paradise & Co GP	-	17
7 Kifissias Avenue	Parking	General Secretary of Sports	-	1
<b>Total</b>			<b>12,806</b>	<b>2,047</b>

Group's long-term strategy is not to focus on this type of assets that represent partial building ownership.

BVIC has 18 assets in the horizontal ownership category, comprising a total of 12,806 sqm of lettable area, and 2,047 parking spaces. There were no significant changes to the horizontal ownership asset class during 2006.

## Under Construction

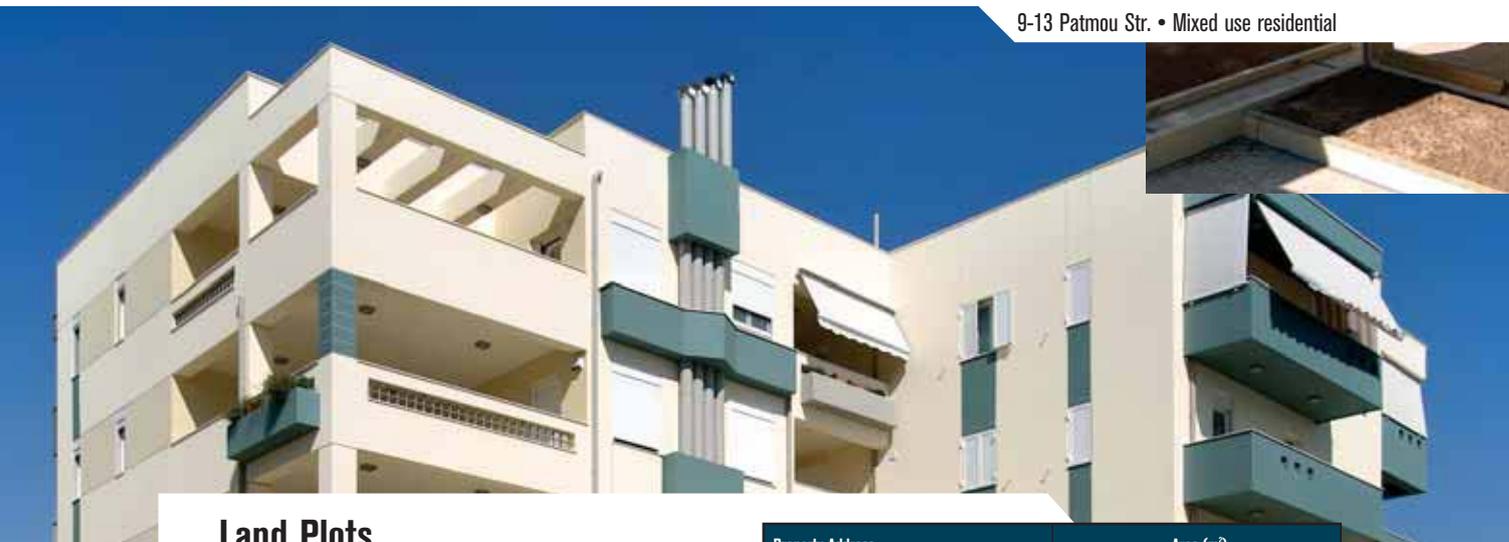
At the end of 2006, BVIC had nearly 76,000 sqm of lettable area on a total land area of 128,800 sqm under construction, including two projects in the tourist real estate market and a commercial complex, both areas in which we are materializing our expansion strategy. The largest project currently under construction is the development at 108-110 Athens Avenue consisting of 3 office buildings, including one which belongs to the Hellenic Exchanges of 6,700 sqm. In the table here below, only the two buildings belonging to BVIC are included.

Property address	Description	Land area (m <sup>2</sup> )	Building area (m <sup>2</sup> )
Poros-Galatas	Hotel development	30,000	18,000
HELEX	Office complex	5,216	15,257
Elfinco	Commercial complex	5,841	14,108
Sounio	Resort complex	62,144	13,000
Gymnastiriou Str.	Mixed use residential	18,263	7,402
9-13 Patmou Str.	Mixed use residential	3,827	3,830
109-111 Kifissias Ave.	Office development	3,000	3,062
Delta Falirou	Retail, leisure and office complex	529	910
<b>Total</b>		<b>128,820</b>	<b>75,569</b>

Properties under construction are included in our balance sheet as investment properties at the market value of the land and construction cost to date, or if they are to be sold, they are included in inventory at cost. These properties account for €85 million in terms of investment properties in our balance sheet.



9-13 Patmou Str. • Mixed use residential



## Land Plots

As at December 31<sup>st</sup>, 2006, BVIC Group owned 7 land plots with a total surface area of 74,461 sqm.

In October 2006, BVIC purchased a 100,000 sqm land plot in Votanikos, located within the borders of the Metropolitan intervention and combined urban regeneration and development of the areas of Alexandras Avenue and Votanikos, according to L.3481/2006. According to the provisions of the aforementioned law, the company granted 57% of the total surface to the municipality of Athens, whilst maintaining the building coefficient of the 100,000 sqm on the remaining 43% of the land plot. BVIC intends to build a shopping mall of 70,000 sqm of GLA, that will be the largest of its kind in Greece.

Property Address	Area (m <sup>2</sup> )
Votanikos	43,216
Poros-Galatas	24,000
Kifissias Avenue and Sorou Str.	2,479
338 Kifissias Avenue	1,973
Amaroussiou Chalandriou Avenue	1,260
Theotokopoulou Str.	933
Dimitsanas & Kaltetzon Str.	600
<b>Total</b>	<b>74,461</b>

# 7

## Property portfolio review

### Transfer of building coefficient

The allocated transferable building coefficient has been valued by our independent valuers, at €53 million, but this value has not been included in our balance sheet. The transferable building coefficient is included in our 2006 balance sheet as intangible asset at €18.9 million.

The transfer of building rights, in terms of transferring the equivalent commercial value, from one property to another, is permitted under certain circumstances in Greece. Properties from which you can receive transferable building rights include those which are defined as listed buildings, properties with buildings which have been characterized as monuments archaeological sites, or those defined as cultural heritage sites, or as common use areas etc. BVIC currently owns 16,425 sqm of such transferable building coefficient rights.

The areas which are permitted to receive the right of use of the fixed space transfer, referred to as the 'Zones of Acceptance', are required to be either street planned properties or outside of historically designated borders, archaeological areas; traditional settlements etc.

The law permitting the transfer has not been enacted yet, since it requires certain ministerial decisions. In addition, a recent Council of State decision froze its implementation. The Council of State's definite decision on the constitutionality of Law 3044/2002 is expected to be delivered no earlier than the end of 2007. If it is approved and applied, (given that no additional controversies will arise) the Group has already planned the allocation of transferable building coefficient rights, in terms of the value of the fixed floor space, onto existing buildings or land plots adjacent to them. The total pipeline from the allocated transferable building coefficient is for 22,000 sqm approximately.

#### Transferable Building Coefficient

Property Address	Description	Area (m <sup>2</sup> )
1-3 Kifissias Avenue & Alexandras Avenue	Office Space	11,298
Galatsi	Office Space	1,507
3 Souri Street, Syntagma	Office Space	1,250
Naxou Street, Melissia (Registered Titles)	Office Space	2,370
<b>Total</b>		<b>16,425</b>

#### Allocated Transferable Building Coefficient

Property Address	Description	Area (m <sup>2</sup> )
66 Kifissias Avenue	Future building consisting of a ground floor and 4 floors	3,250
Kifissias Avenue & Sina Street	Building I - future development of 1 floor	1,180
	Building III - future building consisting of a ground floor and 3 floors	1,050
95-97 Kifissias Avenue & Attiki Odos	Building I - future development of 3 floors	5,760
	Building II - future building consisted of a ground floor and 5 floors	8,400
221 Kifissias Avenue & Plastira Street	Future building consisting of a ground floor and 3 floors	1,065
14 Kifissias Avenue & Halepa Street	Future building consisting of a ground floor and 3 floors	1,400
<b>Total</b>		<b>22,105</b>

The Directors  
Babis Vovos International Construction S.A.  
340 Kifissias Avenue  
Neo Psychiko 154 51  
Athens, GREECE

**Re: Certificate of Value as of December 31, 2006**

Athens, 20 March 2007

Dear Sirs:

In accordance with the terms of our appointment as independent appraisers, we have conducted a valuation of their real estate assets, including land and buildings (the "Assets") belonging to Babis Vovos International Construction S.A. (BVIC) and certain subsidiaries (the "Company") in Greece. Colliers International Hellas has been instructed by Babis Vovos International Construction S.A. (here after the Company), to offer an opinion of the "Fair Market Value" of the real estate assets owned by the Company in Greece.

The properties are held for investment and in some instances held for development or are in the course of development. The valuation analysis of these properties and those of the remainder of the portfolio are included in the body of our report with the concluded estimates of value reported in the tables below and elsewhere in the executive summary in their appropriate categories.

The purpose of our valuation analysis was to assist Babis Vovos International Construction S.A. in establishing the fair market value of the real estate assets. The function of our valuation analysis was to provide information to the management of Babis Vovos International Construction S.A. about the market value of the subject properties in order to support their decision making process in relation to the restatements of the Company's financial statements according to the requirements of the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS).

The value estimates apply as of December 31, 2006 and are subject to the Assumptions and Limiting Conditions contained in the report in addition to any other assumptions that may be contained in the body of this report. In the process of preparing this appraisal we:

- Inspected the majority of the subject properties;
- Relied on information provided by the Company as well as on a previous valuation report;
- Conducted market research into sales and rental rates for comparable properties; and
- Examined market conditions and analysed their potential effect on the properties.

The function of the valuation is to provide information to the management of BVIC regarding the market value of the subject properties for Balance Sheet Reporting and inclusion in the Company's Annual Accounts.

Accordingly, our work product is not to be used for any other purpose or distributed to third parties without the express knowledge and written consent of Colliers International. Furthermore, the result of our valuation consulting services does not constitute a fairness opinion or investment advice and should not be interpreted as such. Accordingly, our consulting report is not intended for the benefit of a Bank or Developer (other than the client) or any other third party and should not be taken to supplant other inquiries and procedures that a Bank or any other third party should undertake for the purpose of considering a transaction with the Company.

Our real estate valuation analysis is based on the premise that the Company is and will continue as a going-concern business enterprise.

Our valuation consulting services are performed in accordance with generally accepted appraisal standards and in conformance with the professional appraisal societies to which we belong.  
The date of valuation has been established as December 31, 2006.

The standard of value is "Fair Market Value".

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowingly, and for self-interest, and assuming that neither is under undue duress."

Before any valuation analysis can be made, the appropriate premise of value should be established. The general concept of value can be separated into two categories: value-in-exchange on a piecemeal basis and value-in-use. Value-in-exchange represents the action of buyers, sellers, and investors, and implies the value at which the property would sell on a piecemeal basis in the open market. Value-in-use is the value of special purpose property and assets as part of an integrated facility and reflects the extent to which the assets contribute to the profitability of the operation of that facility or going concern. These two premises can have a significant effect on the results of a valuation analysis.

For purposes of this report and the valuation of the selected assets, we will use the premise of Value-in-Exchange.

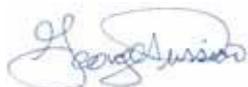
We have performed no test of earnings and cash flows to verify whether there is a sufficient return on and return of investment in the Assets. The background data of the property and valuation is included in the body of the full valuation report.

On the basis of our research, study, inspection, investigation and analysis as set forth in the valuation appraisal report, it is our opinion that the subject Assets have an estimated "Fair Market Value" as of December 31, 2006 of:

Property category	Estimated fair market value 2006 (€) (rounded)
Land Plots	127,817,000
Under Construction Properties	127,800,000
Transfer of Building Coefficient	52,930,000
Investment Properties	932,543,300
<b>Total Gross Value of the Portfolio</b>	<b>1,241,090,300</b>
Less: Value of the Sale & Leaseback Obligations to the Leasing Companies	(267,487,324)
Less: NPV of the lease obligation payments of the BOT agreements	(30,610,000)
<b>Total net value of the portfolio</b>	<b>942,992,976</b>

Our study was conducted in accordance with generally accepted appraisal standards, as set out by the American Society of Appraisers (the "ASA"). The valuation report is prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the ASA and RICS (the "Royal Institution of Chartered Surveyors")

Respectfully submitted,



COLLIERS INTERNATIONAL HELLAS  
George N. Dussias  
Senior Valuation Consultant



COLLIERS INTERNATIONAL HELLAS  
Richard Hazell  
Managing Director



COLLIERS INTERNATIONAL HELLAS  
Dimitris Papachristos  
MBA, PrCert, ASACandidate  
Head of Valuations

# Valuation Certificate

## Assumptions and limiting conditions

The following Terms, Assumptions and Limiting Conditions are an integral part of this report.

### 1. Complete Agreement

It is understood and agreed that these Terms embody the complete understanding of the parties and that any and all provisions, negotiations, and representations not included herein are hereby abrogated. These Terms cannot be changed, modified, or varied except by written instrument signed by both parties. These terms shall be binding upon the successors, heirs, administrators and executors or devisees of the parties hereto; and Babis Vovos International Construction S.A. (hereafter the 'Company') shall remain liable even though ownership of the business or its assets might change.

### 2. Single Purpose

This report is valid only when presented in its entirety and only for the purpose stated herein. It is expressly understood that our analyses and conclusions do not, in whole or in part, constitute a fairness opinion.

### 3. Confidentiality

Colliers International requests that the Company preserve the confidentiality of the format and content of any reports prepared on the Company's behalf. The Company agrees not to reference our name or our report, in whole or in part, in any document distributed to third parties, without our written consent Colliers International unless it is subject of equity & debt funding from 3rd parties for investment either into the company's shares or into certain financial vehicles the Company is considering establishing such as a Greek law REIC or Fund. Colliers International will likewise preserve the confidential nature of information received from the Company or developed during this engagement, in accordance with Colliers International established professional standards.

It is understood and agreed that all work-product shall remain the exclusive property of Colliers International.

### 4. Responsibility Statement

Colliers International agrees that the services provided were performed in accordance with recognized professional standards and that adequate personnel were assigned for that purpose. This report has been prepared in conformity with, and is subject to, the requirements of the code of professional ethics and standards of professional conduct of the professional appraisal organizations of which we are members.

We assume no responsibility for any financial and tax reporting judgments which are appropriately those of the Company's management.

We have acted as an independent contractor. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy of all data provided to us by the Company.

### 5. Indemnification

The Company agrees to indemnify and hold Colliers International harmless from, and at the option of Colliers International will defend it against, costs or liabilities which result from claims against Colliers International Finance S.A. by any third parties, where such claims arise out of any authorized use of the results of Colliers International work, unless it is finally judicially determined that such losses, claims, damages or liabilities were caused by fraud, gross negligence or willful misconduct on the part of Colliers International in performing its obligations under this Agreement.

### 6. Subsequent Work

We, by reason of this report, are not required to furnish additional work, or to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question unless arrangements have been previously made.

We have no responsibility to update this report for any changes occurring subsequent to the issuance of this report.

## 7. Asset Description

We assume no responsibility for the legal description or matters including legal or title considerations. Titles to the subject assets, properties, or business interests are assumed to be good and marketable unless otherwise stated.

The subject assets, properties, or business interests are appraised free and clear of any or all liens or encumbrances unless otherwise stated. We assume that there is full compliance with all applicable Federal, state, and local regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.

Any plot plans, sketches, drawings or other exhibits in this report are included only to assist the reader in visualizing the property. We have made no survey for this report and assume no responsibility for such. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning or other violations of any regulations affecting the subject property. Except as noted, this analysis assumes the land to be free of adverse soil conditions which would prohibit development of the property to its highest and best use.

## 8. Unseen Conditions

We assume no liability for structural conditions not visible through an ordinary inspection (or through a review of the plans and specifications, for proposed construction projects). This analysis is of surface rights only, and no analysis has been made of the subsurface or of hazardous waste conditions, if any. This appraisal does not take into consideration the possibility of the existence of asbestos, PC transformers, or other toxic, hazardous or contaminated substances and/or underground storage tanks (hazardous material), or the cost of removal. We are not qualified to detect such substances. An expert in this field should be retained if desired.

## 9. Further Assumptions

We assume responsible ownership and competent management with respect to the subject assets, properties, or business interests.

The information furnished by others is believed to be reliable. However, we issue no warranty or other form of assurance regarding its accuracy.

We assume that all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any local, state, or national government, private entity or organization have been or can be obtained or renewed for any use on which the valuation opinion contained in this report is based.

1. The square meters of the appraised land and buildings have been taken from documents provided to us by you. We assume that this information is correct.
2. All the information supplied by the owner, are correct especially, building areas as stated, cadastral documents, plan and technical description of the buildings, lease contracts, title deeds and the amount of annual local taxes. We have relied on this information being correct and complete and on there being no undisclosed matters which would affect our valuation.
3. No technical control has been carried out by Colliers International for the assets' proper insulation, for the static adequacy and the proper function of the asset's installations. In addition we did not perform any control of the existing reports related to the buildings and the topographical reports.
4. We did not perform any review of the materials used in the construction of the assets and therefore we assume that unhealthy materials have not been used during the construction or repairs.
5. We did not check for any archaeological, ecological or other environmental issues for the subject assets.
6. We did not perform any visual inspection of the assets to check if the land has been contaminated or polluted.
7. A potential purchaser of the property can acquire legal title for both land and buildings comprised by the property.
8. During the appraisal we did not taken into account any sale expenses or taxes that must be paid in case of the sale of assets.

# Financial Review





## 8.1 Fundamentals of «Babis Vovos International Construction S.A.»

INCOME STATEMENT 2005 – 2006		
amounts in thousand €	1/1-31/12/2006	1/1-31/12/2005
Revenue	46,121	34,437
Gross profit / (loss)	12,309	14,412
Earnings / (loss) before interest, tax, depreciation and amortization	14,952	139,580
Earnings / (loss) before interest and tax	14,609	139,306
Profit / (loss) before tax	(30,908)	103,662
Less: tax	(2,649)	(35,392)
Profit / (loss) for the year	(33,556)	68,271
Basic and diluted earnings per share for profit attributable to equity holders during the year (in €)	(0.99)	2.01
Number of shares at the end of the fiscal year	33,930,000	33,930,000
Proposed dividend per share – (in €)	–	0.40

### Revenue

At 31.12.2006, the Company's revenue reached at €46.1 million compared to €34.4 million approximately of the previous fiscal year showing an increase of 33.9%. The revenue's analysis is as follows:

amounts in thousand €	1/1-31/12/2006	1/1-31/12/2005	% change
Rental income	29,840	28,648	4.2%
Property sales	14,709	4,298	242.2%
Construction works	1,470	1,482	(0.8%)
Other	104	8	1,124.4%
<b>Total</b>	<b>46,121</b>	<b>34,437</b>	<b>33.9%</b>

The above table indicates that there has been a significant increase in the rental revenue (4.2%) while a significant increase in the property sales was also recorded (242.2%). This was due to the sale of one of the two buildings under construction at the HELEX complex for €17.5 million of which €10.3 million were recorded in 2006, the sale of horizontal ownerships of the building in 49 Kifissias Avenue as well as the sale of residential assets under construction at Patmou and Grafon Street.

### Gross Profit

The Company's gross profit which reached €12.3 million in 2006 against €14.4 million in 2005, showed a decrease of 14.6% due to the aforementioned increase in sales of commercial and residential properties which contributed a smaller gross profit compared to other revenue segments.



## Earnings / (loss) before interest, tax, depreciation, and amortization (EBITDA)

The company's earnings before interest, tax, depreciation and amortization (EBITDA) at 31.12.2006 reached at € 15.0 million compared to € 139.6 million approximately of the previous fiscal year, decreased by 89.3%. This decrease was mainly based on the decreased by 92.1% net gain from fair value adjustment on investment property. During the previous fiscal year, projects of great importance and scale were completed such as the property located at 49 Kifissias Avenue which resulted in fair value adjustment of € 63.3 million

## Profit before tax

At 31.12.2006, the company recorded a loss before tax amounting to € 30.9 million. During the previous fiscal year, the company profit before tax had reached at € 103.7 million. The variation between the two fiscal years is due, as mentioned before, to the decreased net gain from fair value adjustment on investment property as well as the increased financial expenses resulting from the upward trend of the interest rates. Financial expenses reached at € 26.4 million versus € 18.4 million of the previous fiscal year representing an increase of 43.4%.

In January 2006, BVIC entered into a floating - to - fixed interest rate swap agreement with Credit Suisse for the entire group sale and leaseback and BOT portfolio. As a result of this transaction, the total cost of the current sale and leaseback and BOT portfolio, until its maturity, was set at 5.29%. However, the increase of financial expenses is mainly due to the fact that the total cost of 5.29% is higher than the respective actual cost of the previous fiscal year.

## Investment property and property, plant and equipment

BALANCE SHEETS 2005 – 2006		
amounts in thousand €	2006	2005
<b>ASSETS</b>		
Investment property and property, plant and equipment	800,411	727,501
Intangible assets	16,546	16,545
Inventories	25,354	17,318
Trade and other receivables	64,157	84,780
Cash and cash equivalents	46,627	9,615
Other assets	47,548	32,362
<b>TOTAL ASSETS</b>	<b>1,000,644</b>	<b>888,121</b>
<b>EQUITY &amp; LIABILITIES</b>		
Long-term borrowings	281,656	280,454
Deferred income tax long term liabilities	95,358	92,710
Other long-term liabilities	20,341	4,496
Short-term borrowing	100,017	43,448
Other short term liabilities	159,586	76,200
<b>Total liabilities</b>	<b>656,959</b>	<b>497,307</b>
Share capital	10,179	10,179
Retained earnings & reserves attributable to the Company's equity holders	333,506	380,634
<b>Capital and reserves attributable to the company's equity holders</b>	<b>343,685</b>	<b>390,813</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,000,644</b>	<b>888,121</b>



The Group's investment property and property, plant and equipment have increased by 10% compared to the fiscal year 2005 and reached at € 800.4 million versus € 727.5 million in the previous fiscal year. This increase is indicative of the company's strategy, during the last years, in aiming at the development, retaining and exploiting of its property instead of selling it. The company's property value increased by 120%, according to the balance sheet figures, from € 360.6 million in 2003 to € 800.4 million in the fiscal year 2006.

### Intangible assets

There has been no specific change in 2006. Intangible assets include software licences and rights to transfer building coefficients. The rights to transfer building coefficient include the cost of purchasing the rights as well as the cost of the land which is allocated to the rights to transfer building coefficient and has not been used in the existing construction but will be used in a future construction as soon as the relevant Law 3044/2002 concerning the "Transfer of Building Coefficient" is enacted.

### Inventories

The variation in inventories during 2006 (€ 25.4 million) compared to 2005 (€ 17.3 million) is due to the under construction project at 108-110 Athens Avenue. BVIC was awarded the development of a 8,000 sqm land plot at 108-110 Athens Avenue, following a competitive process that was conducted by Hellenic Exchanges SA (HELEX). BVIC is developing an office building of 6,700 sqm (Building A), which will be under HELEX's ownership as well as two other buildings (Building B and C) with gross lettable area of 12,224 sqm and 5,000 sqm respectively which will become BVIC's ownership. In the 4th quarter of 2006, BVIC signed a final sale agreement for Building C consisting of 5,000 sqm and 112 parking spaces, with the international insurance company Allianz S.A for € 17.5 million. Building B as well as the corresponding land cost is currently held in inventory at cost.

### Trade & other receivables

The decrease in the trade and other receivables in 2006 compared to 2005 is mainly due to the decrease of the receivables from the subsidiary "Babis Vovos International Construction S.A. & Co. GP" as well as the decrease of the receivables from other related parties reflecting the cancellation of a preliminary property purchase agreement with "International Health Care S.A." and the rebate of the relevant advance.

### Borrowings

During the fiscal year 2006, the Group's financing via borrowing reached at € 104 million. Part of the above financing amounting to € 99 million concerns new bank borrowings of the parent company. They relate to projects under construction - mainly the purchase of the land plot in Votanikos and the construction of the buildings at 108-110 Athens Avenue. Company borrowings referring to sale and lease-back contracts are decreasing according to the agreed repayment schedules. The majority of the borrowings (91.2%) are related to sale and leaseback agreements for investment property and their repayment is mainly



served by the leases received for the relevant property. Additional information on the borrowings structure is given in paragraph 8.3 “Structure of the Group’s Borrowings”

## Deferred tax liabilities

Deferred tax liabilities are mostly due to the gain from fair value adjustment in investment property. During the fiscal year 2006, these liabilities reached at € 95.4 million against € 92.7 million in the previous fiscal year. Deferred income tax is determined by using tax rates (and laws) that are expected to apply when the related income tax liabilities will actually be payable.

## Other short term liabilities

The increase of short term liabilities mainly derives from a) the increase in related parties payables, b) the increase in customer advances, c) the increase in deferred income from the aforementioned sale of the under construction building C at at 108-110 Athens Avenue complex which will be recognized during 2007 and d) the recognition of the loss from the investment in the subsidiary “Babis Vovos International Construction SA & Co GP”.

## Net Asset Value (NAV)

The NAV of the company at 31.12.2006 reached at € 343.7 million representing a decrease of 12.1% compared to the previous fiscal year (€ 390.8 million). This decrease is mainly due, as mentioned before, to the decreased net gain from fair value adjustment on investment property as well as the increased financial expenses resulting from the upward trend of the interest rates.

### DATA PER SHARE FOR THE FISCAL YEARS 2005-2006

amounts in thousand €	1/1-31/12/2006	1/1-31/12/2005
Earnings / (loss) before interest, tax, depreciation and amortization	0.44	4.11
Profit / (loss) before tax	(0.91)	3.06
Profit / (loss) for the year	(0.99)	2.01
Number of shares at the end of the fiscal year	33,930,000	33,930,000
Proposed dividend per share	–	0.40
NAV per share before deferred tax	12.94	14.25
NAV per share	10.13	11.52

The Company’s NAV per share before deferred tax reached at € 12.94, registering an decrease of 9.2% compared to 2005. The Company’s NAV after deferred tax reached at € 10.13, decreased by 12.1% compared to 2005.

The Company will not distribute dividend to its shareholders for the fiscal year of 2006. This is a result of limited property sales in 2006 in line with the Group’s strategy of retaining most of its income producing properties which are developed by the Group.



## 8.2 Consolidated Fundamentals of the Group «Babis Vovos – International Construction S.A.»

### Consolidation principles

Under the provisions of Codified Law 2190/1920 and the IAS 27 for consolidated financial statements, “Babis Vovos – International Construction S.A.” includes on a consolidated basis all the subsidiaries in which it participates with more than 50%. All companies were consolidated with the full consolidation method. All transactions between these companies were offset in the process of consolidation. The offset of subsidiaries transactions (liabilities, receivables, revenues, expenses, profit and losses) was done in full.

The consolidated financial statements include the financial statements of “Babis Vovos International Construction S.A.” and its subsidiaries (consolidated with the full consolidation method). The subsidiaries included are as follows:

Company name	Country of registered office	Participation percentage	
		Direct	Indirect
• BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A & Co G.P. (hereafter BVIC G.P.)	GREECE	99.90%	–
• DOMA S.A.	GREECE	98.98%	–
• ERGOLIPTIKI – KTIMATIKI – TOURISTIKI S.A. (hereafter ERGOLIPTIKI S.A.)	GREECE	51.00%	–
• INTERNATIONAL PALACE HOTEL S.A.	GREECE	–	51.00% <sup>(1)</sup>
• ALTECO S.A.	GREECE	99.01%	–
• ELFINKO S.A.	GREECE	99.00%	–

NOTES :

(1) It is included in the consolidation with 51% percentage of ownership through “Ergoliptiki - Ktimatiki - Touristiki S.A.” which owns 100% of its share capital.

The first five companies are included in the consolidated balance sheet of the fiscal years 2005 and 2006 while the last one (Elfinko S.A) is included only in the consolidated balance sheet of 2006 since it was acquired in May 2006.

The fiscal year closing date for all the consolidated companies coincides with the one for the parent company “Babis Vovos- International Construction S.A.” (31.12.2006).



### CONSOLIDATED INCOME STATEMENT 2005 – 2006

amounts in thousand €	1/1-31/12/2006	1/1-31/12/2005
Revenue	56,077	40,791
Gross profit / (loss)	15,363	14,518
Earnings / (loss) before interest, tax, depreciation and amortization	145,667	195,287
Earnings / (loss) before interest and tax	145,195	194,914
Profit / (loss) before tax	119,433	173,181
Less: tax	(34,039)	(48,827)
Profit / (loss) for the year	85,394	124,353
Attributable to:		
Equity holders of the company	86,187	120,789
Minority interest	(793)	3,565

## Revenue

At 31.12.2006, the consolidated revenue reached at € 56.1 million compared to € 40.8 million approximately of the previous fiscal year increased by 37.5%. The consolidated revenue is analysed as follows:

amounts in thousand €	1/1-31/12/2006	1/1-31/12/2005	% change
Rental income	39,050	35,011	11.5%
Property sales	15,559	4,298	262.0%
Construction works	1,468	1,482	(0.9%)
Other	0	-	100.0%
<b>Total</b>	<b>56,077</b>	<b>40,791</b>	<b>37.5%</b>

The above table indicates that there has been a significant increase in the rental revenue (11.5%). That resulted from new lease agreements that came into effect during the year, as well as rent adjustments of approximately 4%, on the existing lease agreements that include an annual upward revision based on Greek CPI plus 100 basis points.

A significant increase in the property sales was also recorded (262.0%). This was due, as mentioned before, to the sale of one of the two buildings under construction at the HELEX complex for € 17.5 million of which € 10.3 million were recorded in 2006, the sale of horizontal ownerships of the building in 49 Kifissias Avenue, the sale of residential assets under construction at Patmou and Agrafon Street as well as the sale of a residential asset in Kefalari Kifissia.

## Gross Profit

The Group's gross profit which reached € 15.4 million in 2006 against € 14.5 million in 2005, showed an increase of 5.8% despite the greater percentage increase of revenue. This is due to the aforementioned increase in sales of commercial and residential properties which contributed a smaller gross profit compared to other revenue segments.



## Earnings / (loss) before interest, tax, depreciation, and amortization (EBITDA)

The Group's earnings before interest, tax, depreciation and amortization (EBITDA) at 31.12.2006 reached at € 145.7 million compared to € 195.3 million approximately of the previous fiscal year, decreased by 25.4%. This decrease was mainly based on the decreased net gain from fair value adjustment on investment property which amounted to € 138.9 million in 2006, versus € 188.7 million in 2005).

## Profit before tax

The Group's profit before tax at 31.12.2006 reached at € 119.4 million versus € 173.2 approximately during the previous fiscal year decreased by 31.0%. This decrease is due, as mentioned before, to the decreased net gain from fair value adjustment on investment property as well as the increased financial expenses resulting from the upward trend of the interest rates. Financial expenses reached at € 25.8 million versus € 21.7 million of the previous fiscal year. This variation represents an increase of 18.5%.

CONSOLIDATED BALANCE SHEETS OF THE FISCAL YEARS 2005 – 2006		
amounts in thousand €	2006	2005
<b>ASSETS</b>		
Investment property and property, plant and equipment	1,219,157	926,624
Intangible assets	18,974	18,973
Inventories	29,120	20,667
Trade and other receivables	40,406	45,920
Cash and cash equivalents	71,509	50,104
Other assets	277	255
<b>TOTAL ASSETS</b>	<b>1,379,444</b>	<b>1,062,542</b>
<b>EQUITY &amp; LIABILITIES</b>		
Long-term borrowings	412,405	341,271
Deferred income tax long term liabilities	153,951	115,505
Other long-term liabilities	21,407	5,525
Short-term borrowing	131,977	73,737
Other short term liabilities	115,026	53,879
<b>Total liabilities</b>	<b>834,766</b>	<b>589,917</b>
Share capital	10,179	10,179
Retained earnings & reserves attributable to the Company's equity holders	527,193	454,578
<i>Capital and reserves attributable to the company's equity holders</i>	<i>537,372</i>	<i>464,757</i>
Minority interest	7,306	7,868
<b>Total equity</b>	<b>544,678</b>	<b>472,626</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,379,444</b>	<b>1,062,542</b>



## Investment property and property, plant and equipment

The Group's investment property and property, plant and equipment have increased by 31.6% compared to the fiscal year 2005 and reached at € 1,219.2 million versus € 926.6 million approximately during the previous fiscal year. This increase is indicative of the company's strategy, during the last years, in aiming at the development, retaining and exploiting of its property instead of selling it. The Group's property value increased by more than 100% according to the balance sheet figures from € 456.5 million in 2003 to € 1,219.2 million in the fiscal year 2006 (an increase of approximately 167.1%).

The most significant additions to the investment portfolio during 2006 were: a) the completion of a leisure and retail centre consisting of 13,200 sqm of lettable area and 738 parking spaces at Delta Falirou Complex II and b) the completion of 9,640 sqm of retail and office space as well as 658 parking spaces at Delta Falirou Complex I.

Furthermore, the acquisition of two new land plots, a 5,850 sqm at 340 Syngrou Avenue (through the acquisition of the owner company) and a 100,000 sqm at Votanikos, contributed significantly to the increase in the value of the Group's investment property portfolio.

## Intangible assets

There has been no specific change in 2006. Intangible assets include software licences and Transfer of Building Coefficient rights.

## Inventories

The variation in inventories during 2006 (€ 29.1 million) compared to 2005 (€ 20.7 million) results, almost entirely, from the variation in the parent company's inventories as described above. The subsidiaries' inventories included in the consolidated data have no special fluctuations.

## Trade & other receivables

The decrease in the trade and other receivables in 2006 compared to 2005 is mainly due to the decrease of the receivables from related parties reflecting the cancellation of a preliminary property purchase agreement with "International Health Care S.A." and the rebate of the relevant advance.

## Borrowings

During the fiscal year 2006, the Group's financing via borrowing reached at € 187.9 million. Part of the above financing amounting to € 99 million concerns new bank borrowings of the parent company as mentioned before. They relate to projects under construction - mainly the purchase of the land plot in Votanikos and the construction of the buildings at 108-110 Athens Avenue. At the Group data, a common bond loan of the subsidiary "Elfinko S.A." amounting to € 20 million concerning the under construction project at 340 Syngrou Avenue. The additional borrowing during 2006 also includes new sale & leaseback contracts amounting to € 35 million which relate to the building complex II at Delta Falirou as well as part of the building at 49 Kifissias Avenue which was completed during the first quarter of 2006. The majority of the borrowings (87%) are related to sale and leaseback agreements for investment property and their repayment is mainly served by the leases received for the relevant property. Additional information on the borrowings structure is given in paragraph 8.3 "Structure of the Group's Borrowings"



## Deferred tax liabilities

Deferred tax liabilities are mostly due to the gain from fair value adjustment in investment property. During the fiscal year 2006, these liabilities reached at € 154.0 million against € 115.5 million in the previous fiscal year. Deferred income tax is determined by using tax rates (and laws) that are expected to apply when the related income tax liabilities will actually be payable.

## Other short term liabilities

The increase of short term liabilities mainly derives from a) the increase in related parties payables, b) the increase in customer advances and c) the increase in deferred income concerning the aforementioned sale of the under construction building C at at 108-110 Athens Avenue complex for € 17.5 million, part of which will recognized in the results of 2007.

## Net Asset Value (NAV)

The NAV of the Group, after minority interest reached € 537.4 million representing an increase of 15.6% compared to the previous fiscal year (€ 464.8 million). The continuous increase of the Group 's NAV is the main strategy of the management. The main drivers of the NAV increase during 2006 were: (a) the completion of a 49year BOT agreement for a retail and office complex at Delta Falirou I and (b) the completion of a leisure and retail development project at Delta Falirou II.

DATA PER SHARE FOR THE FISCAL YEARS 2005-2006		
amounts in €	1/1-31/12/2006	1/1-31/12/2005
Earnings / (loss) before interest, tax, depreciation and amortization <sup>(1)</sup>	4.29	5.76
Profit / (loss) before tax <sup>(1)</sup>	3.52	5.10
Profit / (loss) for the year <sup>(1)</sup>	2.52	3.66
NAV per share before deferred tax	20.37	17.10
NAV per share	15.84	13.70

NOTES:

(1) The amount are before the deduction of minority interest.

The NAV per share of the Group before deferred tax rose to € 20.37 increased by 19.1% compared to 2005 (€ 17.10), while the Group's NAV per share after deferred tax rose to € 15.84 increased by 15.6% compared to 2005 (€ 13.70).



## 8.3 Structure of the Group's Borrowings

amounts in thousand €	2006	2005
Bank borrowings	160,248	88,790
Finance lease liabilities	384,134	326,218
<b>Total borrowings (a)</b>	<b>544,382</b>	<b>415,008</b>
Cash and equivalent (b)	71,509	50,104
<b>Net Borrowings (a) – (b)</b>	<b>472,872</b>	<b>364,904</b>

Total borrowings of the Group at December 31st, 2006 are analysed as follows:

amounts in thousand €	2006
Bank borrowings	160,248
Sale & lease - back contracts	334,326
Preliminary sale & lease - back contracts	9,000
Build Operate Transfer agreements (BOT)	40,491
Machinery finance leases	317
<b>Total borrowings</b>	<b>544,382</b>

Interest rates for the total of Group's borrowings are floating. The average effective interest rate on the 31st of December 2006 was 6.09% for bank borrowings. Due to the interest rate swap signed by the Group (see below) during the first quarter of 2006 for approximately 86% of the above finance lease liabilities, the rate for calculating the interest payable for these liabilities is 5.29% up to the maturity and repayment of the respective agreements. For the remaining finance lease liabilities, which are not included in the aforementioned interest rate swap agreement, the average weighted interest rate 31 December 2006 was 6.56%.

At the beginning of 2006, one of the greatest risks that the Group faced was the evolution of the interest rates. The historic low interest rate environment during the previous fiscal year 2005, in combination with the increasing trend of the interest rates which was expected by the market to be intensified has led BVIC's management in entering into a floating - to - fixed interest rate swap with Credit Suisse for the entire sale and leaseback and BOT portfolio in January 2006. As a result of this transaction, the total cost of the current sale and leaseback and BOT portfolio, until its maturity, was set at 5.29%.

The valuation of the aforementioned interest rate swap agreement as per 31 December 2006 resulted in finance expense amounting to € 6.8 million, which burdened the Group's result for the year, without having any effect on the Group's cash flow. The valuation fluctuations are due to the fact that the fair value of the transaction is affected by the movement of the difference between the 10year EURIBOR and the 1year EURIBOR and the prospects for the latter to reach a value lower than the first one. Based on the agreement, starting from January 30th, 2008 and onwards, in case the 10year EURIBOR reaches a level lower than the respective of 1year EURIBOR, there will be a negative effect on the Group's cash inflows for the total calendar days that this case stands. If the aforementioned case does not arise, the Group's inflows follow the movement of EURIBOR while the respective outflows are fixed with an interest rate of 5.29%. The fluctuation of the difference between these reference interest rates as well as



their level affect the valuation of the transaction, resulting in finance expense or income reflected at the Group's income statement. It has to be noted that, as at 31 December 2006, the average floating interest cost of the SLB and BOT portfolio would be 6.07% versus 5.29% which is applicable due to the interest rate swap agreement.

Net borrowings represent 38.1% of the gross value of property portfolio (€ 1,241 million) as it was determined on the valuation report by the independent and professionally qualified valuer of Colliers International. This proves the significant credit rating of the Group in order to pursue and expand its activities.

# Information about the Company





## 9.1 Share capital and shareholders of the Company

The share capital of “Babis Vovos – International Construction S.A.” totals € 10,179,000 and is divided into 33,930,000 common registered shares with voting right, at the nominal value of € 0.30 each.

The table below sets out the shareholding structure of the Company as at 31/3/2007.

SHAREHOLDING STRUCTURE OF «BABIS VOVOS - INTERNATIONAL CONSTRUCTION S.A.»			
Principal Shareholders	Number of Shares	Voting Righs	Percentage (%)
Charalambos Vovos	11,883,270	11,883,270	35.02%
International Institutional Investors	20,744,982	20,744,982	61.14%
Domestic Institutional Investors	865,608	865,608	2.55%
Private Investors	436,140	436,140	1.29%
<b>Total</b>	<b>33,930,000</b>	<b>33,930,000</b>	<b>100.00%</b>

With the exception of the above shareholders, there are no other persons or legal entities that control the Company or are in a position to control it directly or indirectly, separately or jointly.

## 9.2 Administration- Management

The Board of Directors was elected by a decision of the Annual General Meeting of the Shareholders held on June 29th, 2006 pursuant to the respective decision of the Board of Directors on the same date (Government Gazette 7431/13.07.2006).

The Board of Directors is as follows:

BOARD OF DIRECTORS	
• Charalambos Vovos	Chairman (Executive)
• Thaleia Vovos	Vice-Chairman (Executive)
• Armodios Vovos	Chief Executive Officer (Executive)
• Evangelia Asimakopoulou	Member of the Board (Executive)
• Triada Vovos	Member of the Board (Non - Executive)
• Nicolaas Van Ommen	Member of the Board (Non Executive – Independent)
• Kyriaki - Thaleia (Korina) Sylira	Member of the Board (Non Executive – Independent)

The term of office of the Board of Directors is five years and expires on 30.06.2011.

Nicolaas Van Ommen and Kyriaki - Thaleia (Korina) Sylira are independent members of the BoD. Independent members are those, who are not in a relation of dependence on the Company or its affiliates.



The Company is represented to any authority by Charalambos Vovos, Armodios Vovos and Thaleia Vovos apart from certain cases such as the purchase or sale of property, the signing of preliminary agreements for the purchase/sale of property, leasing contracts, collection of money orders in any amount and loans. In these cases, the signature of Charalambos Vovos and one of the other two representatives is required.

All BoD members have committed themselves not to engage in competitive to the company activities, either individually or through their participation in a company apart from the cases where there is an explicit approval of the General Meeting of the shareholders.

The members of the Board of Directors of "Babis Vovos International Construction S.A." are presented hereunder:

### **Charalanbos Vovos**

Chairman of the Board of Directors. Graduate of the N.T.U.A. Civil Engineering Faculty. After his graduation, at the age of 24, he decided to engage in Real Estate Development and he constituted a partnership with experts P. Famelis and I. Zouganelis under the name "Famelis – Zouganelis – Vovos General Partnership" assuming the scientific part (designs etc.) of the company's works. In January 1974 he created the company which is currently named "Babis Vovos - International Construction S.A." His name is linked to large-scale pioneer building complexes in the Attika region which have made BVIC S.A. a leading company in Greek Real Estate market.

### **Thaleia Vovos**

Vice Chairman of the Board of Directors. Graduate of the Athens Law School. She has been working in the company since 1989. She has been a BoD member since 1992.

### **Armodios Vovos**

Managing Director and Executive member of the Board. Graduate of the N.T.U.A. Civil Engineering Faculty. He has been working in the Company and has been a BoD member since 1992.

### **Triada Vovos**

She has been working in the company since 1989. She has been a BoD member since 1992.

### **Evangelia Asimakopoulos**

Executive member of the Board and Head of Human Resources. She is a graduate of the University of Patras (Mathematics Faculty). She has been working in the Company since 1987 and has been a member of the Board since 1997.

### **Nicolaas Van Ommen**

CEO of the European Public Real Estate Association since May 2000. EPRA's stated mission is to promote, develop and represent the European public real estate sector. EPRA's members include the majority of the leading real estate companies and investment institutions in Europe. Prior to that he was employed as Managing Director in the banking, venture capital and asset management sectors of the financial industry for 23 years. He is an independent member of the Board of Directors of PSP Swiss Property, and Pirelli Real Estate Fund Management, as well as the Supervisory Board of IVG Immobilien.



### **Kyriaki - Thaleia (Korina) Sylira**

Vice-president at DVB Bank AG specialising in corporate finance. She has almost 10 years of accumulated experience in the banking sector having held the position of associate at JP Morgan Chase in London in M&A, and that of analyst at Ergasias Bank, amongst others.

The non – independent members of the Company 's Board of Directors are not remunerated for their position as such. In the fiscal year 2006, total remuneration and other benefits received by BoD members as employees as well as the total remuneration and benefits of the independent members of the BoD are included in the operating expenses.

The mailing address of the BoD members is 340 Kifissias Avenue 154 51 – Neo Psychiko.

## **Executives – Heads of Departments:**

### **George Konstantes**

Head of the Legal Department. Lawyer licenced to practice before the Court of Appeals. He is a graduate of the Salonica Law School and holder of a postgraduate degree of the Lateranense University of Rome. He has been working in the Company since 1988.

### **Stavros Chatziavraam**

Chief Financial Officer. Graduate of the Business Administration Department of the University of Piraeus. Two-year postgraduate studies in the Institute of Certified Auditors Accountants. He has a long experience in the financial-accounting branch and his last position was in the auditing company SOL S.A. He has been working in the Company since 2002. He has been in his present position since May 2003.

### **Maria Vovos –Stavridakis**

Head of Sales-Leases Department. She is a graduate of the Department of Political Science & Public Administration of the Athens Law School and has been working in the Company since 1989.

### **Triada Vovos of Dimitrios**

Head of the Technical Services Department. She is a Graduate of the N.T.U.A. Civil Engineering Department. She has been working in the Company since 1984.

### **Andreas Miserlis**

Head of Accounting Department. He is a graduate of the Supreme Industrial School of Thessaloniki and has been working in the Company since 1980.

### **Eleni Paraskevopoulos**

Internal Auditor. She is a graduate of the Athens Law School. She has been with the Company since 1990 and in her present position since the June 1st, 2006.

### **Christos Raptis**

Communication Adviser. Graduate of the Faculty of Communication and Media Studies in the University of Athens. He has been working in the Company since January 2003. He has worked for a daily news program of Antenna TV (2002), he has been a member of the editorial team of a magazine of Hachette Rizzoli publishing house (1999-2002) and has worked for Lambrakis Press S.A. prints.



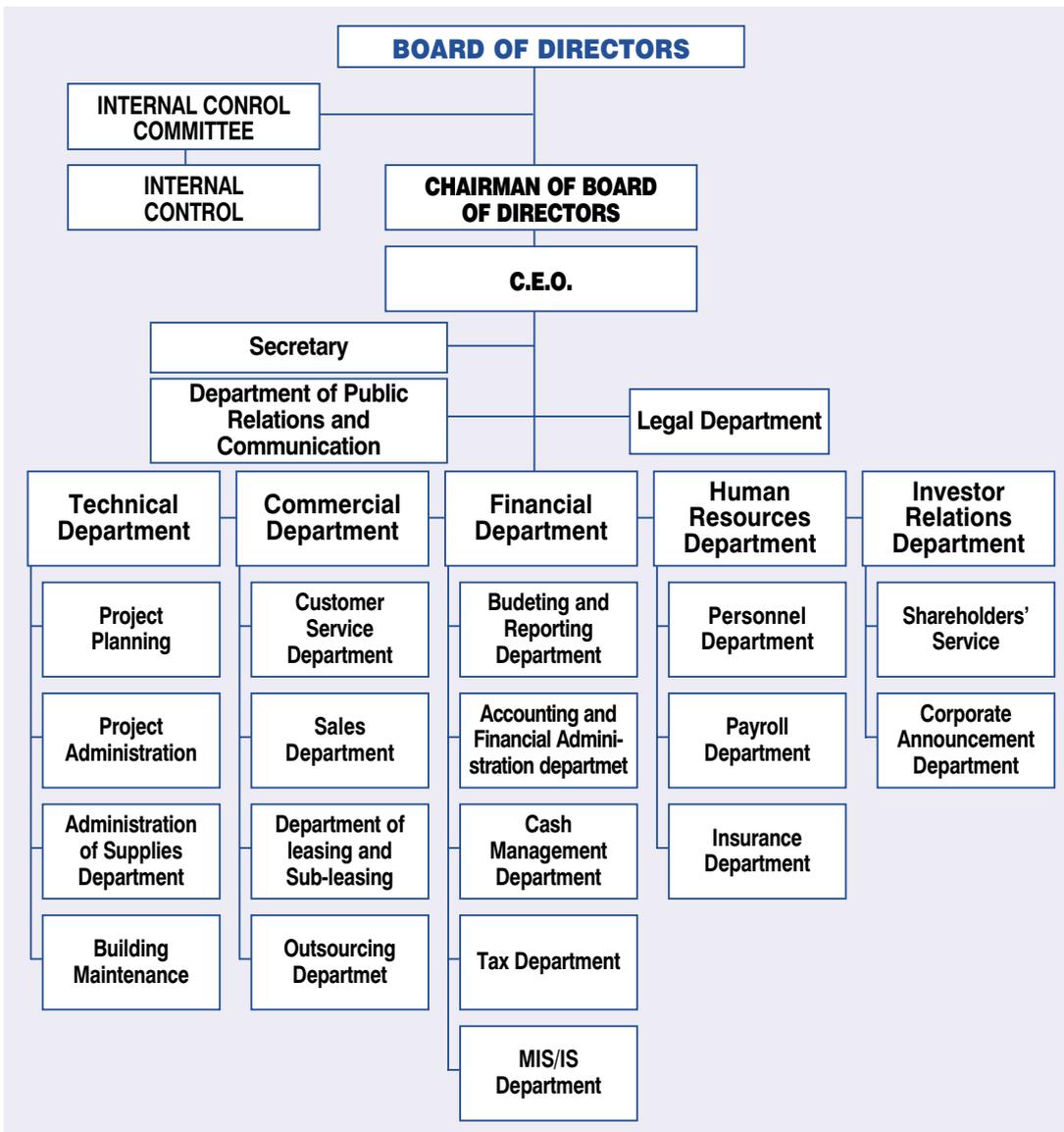
### Verinna Vangelatos

Head of Investor relations. She holds a Bachelor degree in Economics from Manchester University as well as a Master degree in International Money and Banking from Birmingham University. She has been working in the Company since August 2004. More recently, she had been working as an analyst in Coca Cola and in JP Morgan.

All BoD members and executives of the Company are Greek nationals with the exception of Mr. Nicolaas Van Ommen, Member of the Board (Non Executive – Independent), who is Dutch national.

## 9.3 Organizational Chart of «Babis Vovos International Construction S.A.»

The structure of the Company is set out in the following organizational chart:





It is noted that the Company, pursuant to the Decision 5/204/14.11.2000 of the BoD of the Capital Market Commission, has created a shareholders' service department, a corporate announcements department as well as an internal audit department. The shareholders' service department and the corporate announcements department are headed by Mrs. Georgia Kiose and Mr Christos Raptis respectively. Mrs. Eleni Paraskevopoulos has been appointed head of the internal audit department since June 1st, 2006 having replaced Mr. Michael Eleftheriadis.

## 9.4 Personnel

The following table shows the development of the number of employees and their classification per category according to their specialty for the fiscal years 2005 – 2006. In 2006, the average number of persons employed by the Company was 288. The number of manual workers fluctuates from year to year but also within each fiscal year depending on the progress of works.

Staff category	2005	2006
Administrative personnel	193	144
Manual –technical personnel	176	144
<b>Total</b>	<b>369</b>	<b>288</b>

The Company recognizing the importance of a good working environment for the successful completion of its operations is committed to maintain excellent relations with its personnel without any labour problems arising.

The average age of employees on 31.12.2006 was 40 years, while on 31.03.2007 the Company employed 442 people, 39 of which are holders of Bachelor's or Master's degrees.

It is noted that the Company carries an employment regulation. The implementation and the adherence to the afore-mentioned regulation are monitored by the Department of Human Resources of the Company.

## 9.5 Corporate governance

Law 3016 (Government Gazette 110/17.05.2002) instituted the practice of corporate governance with a view to harmonizing the Greek institutional framework with that of the international capital markets. Inter alia, corporate governance aims at the protection of shareholder rights for equal treatment, the guarantee of timely, full and detailed information about all issues bearing on the company, the effective monitoring of the Management by the Board of Directors and the responsibility of the BoD towards the



company and the shareholders. “Babis Vovos – International Construction S.A.”, with the intention of ensuring direct, continuous and detailed informing of investors, immediately adopted and implemented the practices of corporate governance.

Apart from the issues pertaining to Corporate Governance, the Company, in its effort to ensure transparency and open communication between the companies and the investors, meets most of the qualitative criteria for the promotion of listed companies. To this end, it has a website in compliance with requirements, it has created an investor relations department headed by Mrs. Verinna Vangelatos and participates in ASE meetings for the information of institutional and private investor.

### **Bylaws – Internal Control**

The company has drawn up an employment regulation pursuant to the article 1, par. 1 of the Legislative Decree 3789/1957, as its staff exceeds the number of 50 people.

In addition, the Company has reviewed its Internal Regulation of Operations (Bylaws) at the points related with Corporate Governance issues and the new organizational structures of the Company. The revised new Bylaws have been put into effect by virtue of the minutes of the BoD dated 28/5/2001. The enforcement and observance of the Regulation in question is monitored by the Internal Control Department of “Babis Vovos – International Construction S.A.”

By the decision dated June 1st, 2006 of the Company’s Board of Directors, Mrs. Eleni Paraskevopoulos was elected internal auditor of the Company replacing the previous internal auditor, Mr Michael Eleftheriadis. The work of the internal control department is supervised by the independent, non-executive members of “Babis Vovos – International Construction S.A.”, Mr. Nicolaas Van Ommen and Mrs. Kyriaki - Thaleia (Korina) Sylira.

Furthermore, the heads of the Departments of Shareholders Service and Corporate Announcements of “BVIC S.A.” are Mrs. Georgia Kiosse and Mr. Christos Raptis respectively.

## **9.6 Corporate social responsibility**

“Babis Vovos – International Construction S.A.” is a well established and constantly developing company and its actions have a direct impact on society. Amongst our immediate priorities is to cover needs of the society. The prosperity of society significantly contributes to business development. We are constantly bound in our actions by our code of ethics, aware that our actions and conduct reflect on our employees, our collaborators, our customers, our shareholders and the overall investing community; our aim is to make a contribution to society in general and have a positive impact on the environment. Corporate social responsibility is the vital link between society and companies and it contributes to the preservation of stability. Sustainable development is fundamental for the future. No company – irrespective of its financial prosperity – can be a separate part of the society but it always affects and is affected by the latter.

Corporate social responsibility is fully integrated into our entrepreneurial strategy and viewed as good corporate governance that will support our economic development. We



strive for zero environmental impact from our building facilities and to operate always within the boundaries of a code of ethics. Our aim is to establish mutual understanding and trust with citizens. The development of our company fully conforms to the regulations for the protection of the environment, the minimization of use of high energy consuming raw material and the quality and durability of the constructions.

We feel morally committed to creating the ideal working environment for our employees, and, at the same time, to ensure equal opportunities to all. We provide ongoing training to company executives and employees developing side by side and always utilizing the rules of the company code of conduct as a measure for our behavior. We all view corporate social responsibility as part of our tradition and our culture and all our acts and actions reflect our desire to promote those values. Our aim is to give back to society, contributing part of our company's profitability through a series of specific programs. A company can be characterized as financially viable only if it can minimize negative environmental impact, growing and operating taking into account the social expectations of its shareholders as well as those of the society.

Environmental pollution, rational use of energy resources, traffic congestion, unemployment, social exclusion are all issues that concern society in general. "Babis Vovos International Construction S.A.", seeking to contribute to the resolution of these issues, creates parking places and landscaped garden spaces in each building complex. The growth of enterprises creates new jobs and when the legislative and tax issues that currently concern the entire Greek business world are resolved, new growth will lead to a decrease in unemployment. Additionally, activating the transfer of building coefficient in the city centre will help securing and further increasing the areas of green. By exchanging a land plot in the city centre or in a residential area, with one in a business park, the former will automatically become or remain an area of green and every form of construction will be forbidden.

Being fully aware of the requirements and the expectations of our shareholders, our company employees and society in general, we are setting up programmes in support of non-profit associations. Among else, our company supports Greek athletes in their attempts worldwide. Michael Zambides, the kick boxing world champion, continues his attempts worldwide having the support of "Babis Vovos International Construction S.A.".

Additionally, the principal shareholder and Chairman of the company's Board of Directors Mr. Charalambos Vovos, as well as the CEO Mr. Aris Vovos provide ongoing significant aid to people since they have realized their moral obligation to society and people who need help. The reconstruction of the building housing the organization "The Smile of the Child" at Melissia Attica, the support for the athletic development of the Municipality of Amaroussio through the basketball team, as well as the financial aid for the renovation of the Saint George Church at Prigiponissia and various other actions have to be reminded and noted.

The company has also stood for young people in past. It has recruited students of the National Technical University of Athens for practical working experience and training and is prepared to continue in this direction. The company also financially supports, through advertisements to the special purpose press, the attempts towards raising consciousness concerning blood donation.

Our attempts to reconcile economic growth and smooth governance for "BVIC" with social advancement and prosperity are ongoing, tireless and one of our principle concerns. Corporate social responsibility for BVIC is a moral imperative and not a legal obligation. Our identity is our commitment to act in a morally correct way, improving the quality of life of our employees as well as of the society in general.



## 9.7 Litigation

There is no litigation or arbitration pending against the Company or against companies controlled by the former, which might have a material impact on their financial position, with the exception of those mentioned below, which relate to the Company and its subsidiaries “BVIC G.P.” and “Doma S.A”

The most important litigious cases are the following:

- Claim to the Council of State (Section E') for the cancellation a) of the P.D. dated 26.7.1996 (Government Gazette D' 825/1996), b) of the building permit No 79/2005 of the Planning Department of the Municipality of Amaroussio and c) of the approval by the Prefect of Athens (decision 7874/475/27.5.1999) of the Individual Application Act M1/99. It refers to the property at 49 Kifissias Avenue at Marousi Attica. The relative suspension was not approved, and, consequently, the respective claim for cancellation is not expected to be processed since the construction of the building is already completed and it is fully operative. Day of the trial: 18.10.2006. It was adjourned for May 9th, 2007. In any case, it is expected that this litigious case will not have any material impact on the company's financial position.
- Claim to the Council of State by Th. Bozas and others for the cancellation of the building permit No 091/2005. It refers to the building permit of the Building complex at Delta Falirou. Day of the trial: 28/11/2007. Since the relative claim for suspension was not approved it is expected that the trial will have, most probably, a positive outcome in favor of the company. In any case, it is expected that this litigious case will not have any material impact on the company's financial position.
- Appeal by “Omega Trapeziki S.A. against BVIC S.A. and BVIC GP to the Athens Court of Appeal for the decision No 1520/2006 of the Multi-Member Court of First Instance of Athens for the cancellation of the sale of horizontal ownerships at the building of 4 Theofanous str. and the rebate of the price due to the cancellation of the respective building's permit by the Council of State as well as the respective BVIC group companies' reverse appeal. Both appeals were discussed on January 28th, 2007. Since a new building permit, which legalized the building, has already been issued, the appeal is expected not to be further processed.
- The General Hospital for Thorax Diseases “SOTIRIA” has filed before the Multi-Member Court of First Instance of Athens a suit against the company “BVIC S.A.” for the refusal to pay the amount of € 293,410.30 as donation, an obligation that was assumed – according to their allegations-in virtue of the contract No 4931/2000 before the notary of Athens P.E Peraki. It was discussed on 2/6/2005 and the ruling is expected. A pre – ruling for delegating to investigators (since 14/12/2006) to deliver their findings during the next two months. We estimate that there are equal probabilities for a positive or negative outcome.
- Claim for damages of “BVIC S.A.” against Olympia Kalocheriti nee Sacha etc. before the Multi-Member Court of First Instance of Athens amounting to € 421,000 due to lack of stipulated capacity at the conclusion of the contract no 7441/2000 of the notary of Athens M. Gasparinatos-Tzouganatos for the acquisition of their land plot at 4,Theofanous Str. (part of the plot belonged to EYDAP and the company was forced to repurchase it). The case was discussed on January 25th, 2007 and the ruling is still pending. It is estimated that there is a high probability of a positive outcome for the company.



- Petition of the company against the Municipality of Amaroussio before the Single Member Court of First Instance, for the definition of a contemporary compensation due to urban planning expropriation. Total requested amount € 260,120. It was adjourned for 20-4-2007.
- Claim of Kassimatis Foundation against “BVIC S.A.” before the Single Member Court of First Instance (Leasing)- Day of the hearing: 08/11/2006. The Foundation with its claim, that is reinstated, requests the award of the amount of € 397,000 for reajustments due since 2001, for the three properties leased by the Company. There are three counter-suits dated from November of 2004 of the Company against the Foundation requesting a reduction of the rent paid and of the readjustment percentage which will be discussed on 04.05.2006. There is a strong probability for the suit of the Foundation concerning the amounts up to November 2004 will be accepted. There is also a strong probability for a positive to the company outcome in which case the reajustment percentage as well as the rent paid will be reduced.
- Claim for damages of the HOME for INCURABLES against “BVIC G.P.” before the Multi-Member Court of First Instance of Athens, concerning the payment of € 900,000 as compensation for alleged damages by the breach of obligation assumed by the company. Day of the trial: 15.11.2007. It is estimated that the probabilities for a positive or negative outcome are equal.
- Claim for damages by “BVIC G.P.” against the Greek State amounting to € 1,766,691.12. The claim is related to the issue of administrative acts (building permits) in virtue of law provisions that were subsequently annulled as a result of the transfer of building coefficient law being repealed as unconstitutional. The Three-Member Administrative Court of First Instance dismissed the claim in virtue of its decision no 4191/2001. An appeal was brought against the above decision which was discussed on 5/5/2003 by the Athens Administrative Court of Appeal. The Court of Appeal with its decision 5125/2003 rejected the aforementioned appeal. Against this decision and in view of the final settlement of the case, an annulment petition has been filed before the Section A of the Council of State.
- Claim of the company “Doma S.A.” before the Three-Member Administrative Court of First Instance against the Greek State requesting compensation due to non-effect of the transfer of building coefficient law. The requested compensation amounts to € 7,485,801.60. The day of trial is not yet defined.

For the pending litigation that may lead to financial obligations for the Group companies, adequate provisions have been formed. These provisions have already burdened the results of the fiscal year 2006 as well as the previous fiscal years' results.



## 9.8 Tax audit

The tax audit for the fiscal year 2000 up to and including the fiscal year 2003 of the parent company Babis Vovos International Construction S.A was completed in the fiscal year 2005 and the resulting tax audit differences amounting to € 1,607 thousand burdened the results of the fiscal year 2005. The company's tax obligations for the fiscal years 2004 up to and including 2006 have not been finalized.

The tax audit for the fiscal year 1999 up to and including 2002 of the company Babis Vovos International Construction S.A. & Co G.P. was also completed in the fiscal year 2005 and the resulting tax audit differences amounting to € 997 thousand have burdened the results of the fiscal year 2005. The company's tax obligations for the fiscal years 2003 up to and including 2006 have not been finalized.

The tax audit for the fiscal year 2000 up to and including 2002 by virtue of Law 3259/2004 of the company "ERGOLIPTIKI S.A." in which the parent company participates with a percentage of 51.00%, was also completed in the fiscal year 2005 and the resulting tax audit differences amounting to € 169 thousand have burdened the results of the fiscal year 2005. The company's tax obligations for the fiscal years 2003 up to and including 2006 have not been finalized.

The company "DOMA S.A." in which the parent company participates with a percentage of 98.98%, has been tax audited up to and including the fiscal year 1998. The tax audit of the fiscal year 1991 up to and including 1998 did not result in any tax or surcharge burdening the company. On 24/7/2000 "DOMA S.A." filed for a tax audit for the fiscal year 1999 which had not been audited and the case is still pending. The company's tax obligations for the fiscal years 1999 up to and including 2006 have not been finalized.

The tax audit for the fiscal year 1999 up to and including 2002 by virtue of Law 3259/2004 of the company "INTERNATIONAL PALACE HOTEL S.A." in which the parent company participates indirectly with a percentage of 51.00%, was also completed in the fiscal year 2005 and the resulting tax audit differences amounting to € 325 have burdened the results of the fiscal year 2005. The company's tax obligations for the fiscal years 2003 up to and including 2006 have not been finalized.

The company "ALTECO S.A." in which the parent company participates with a percentage of 99.01%, has been tax audited up to and including the fiscal year 1998. The company's tax obligations for the fiscal years 1999 up to and including 2006 have not been finalized.

The company "ELFINKO S.A." in which the parent company participates with a percentage of 99.00%, has been tax audited up to and including the fiscal year 2004. The company's tax obligations for the fiscal years 2005 up to and including 2006 have not been finalized.

With reference to the non - audited fiscal years a provision for tax audit differences which burdened the fiscal year's results as well as previous fiscal years' results has been formed for all the above mentioned companies and there is no expectation that any significant additional liability will incur.



## 9.9 Events for the period that were made public by the company

The events which were made public by the company during 2006 and the first months of 2007, are as follows:

Date	Subject	Webpage
<b>Ex-dividend and dividend payment</b>		
23/2/2007	Announcement of no dividend pay-out for the financial year 2006	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
30/6/2006	Announcement of dividend payment for the financial year 2005	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
<b>General Shareholders Meetings</b>		
30/6/2006	Annual General Meeting Decisions	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
8/6/2006	Invitation of the Shareholders to the Annual General Meeting	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
<b>Press Releases</b>		
22/2/2007	Announcement concerning the asset owned by BVIC Group at 340 Syngrou Avenue	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
16/1/2007	Corporate presentation of BVIC Group at the ODDO Midcap Conference in Lyon France.	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
28/11/2006	New sale agreement for BVIC Group with Allianz S.A.	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
17/10/2006	Final purchase agreement for the assets owned by ETMA SA and HELLATEX SA in the area of Votanikos	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
22/9/2006	Presentation of BVIC Group in the 1st Annual Greek Roadshow	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
25/8/2006	Preliminary purchase agreement for the assets owned by ETMA SA and HELLATEX SA in the area of Votanikos	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
1/8/2006	Announcement concerning the fire at Delta Falirou	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
5/7/2006	Reply to Athens Exchange letter concerning a lease agreement with Media Markt	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
27/6/2006	Notification in accordance with article 281 of the Athens Exchange Regulation concerning the non-existence of contacts between shareholders of the company and Dubai Investment Group	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
18/4/2006	New lease agreement at Delta Falirou	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>
29/3/2006	BVIC leases 40% of building complex I (BOT) at Delta Falirou	<a href="http://www.babisvovos.com/InvestorsRelation/InvestorsNews">www.babisvovos.com/Investors Relation/Investors News</a>

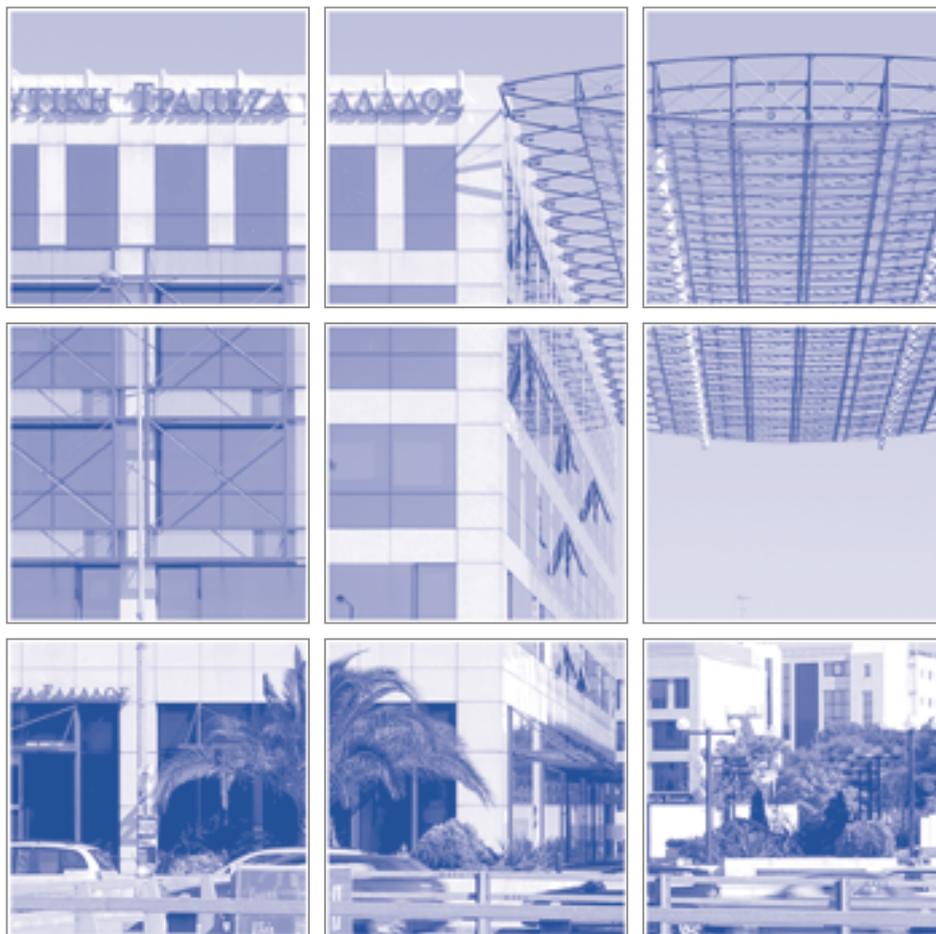


Date	Subject	Webpage
6/2/2006	BVIC signs a floating to fixed interest rate swap for the entire long-term debt portfolio	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
4/1/2006	BVIC Group Sale and Leaseback agreement with Emporiki Leasing	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
2/1/2006	Hotel development in Sounio	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
<b>Financial Statements</b>		
3/4/2007	Conference Call for the Fiscal Year 2006 Financial Statements	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
29/3/2007	Full Year 2006 Financial Results	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
29/11/2006	Financial Statements 3rd Quarter 2006	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
31/8/2006	Financial results for the first 6 month period of 2006	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
31/5/2006	Notification of publication of revised figures and information for the First Quarter 2006	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
30/5/2006	First Quarter 2006 Financial Results	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
3/3/2006	Babis Vovos International Construction SA Full year 2005 financial results	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
<b>Transactions notification</b>		
31/3/2006	Sale of 5,430,000 shares held by Mr. Charalampos Vovos at an aggregate price of €100M.	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
30/3/2006	Babis Vovos International Construction S.A. - Intention to sell 5,430,000 shares held by Charalampos Vovos	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
<b>Corporate actions</b>		
26/3/2007	Schedule of intended corporate actions for 2007 update	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
28/2/2007	Schedule of intended corporate actions for 2007	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
30/6/2006	New Board of Directors	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
9/6/2006	Announcement of new internal auditor	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>
1/3/2006	Intended corporate actions calendar for 2006	<a href="http://www.babisvovos.com/Investors%20Relation/Investors%20News">www.babisvovos.com/Investors Relation/Investors News</a>

The details of the above notifications can be found in the respective webpages that are indicated.

# 10.

## Information on the Compilation of the Annual Report and the Company's Auditors





## 10.1 General information on the compilation of the Annual Report

The present Annual Report has been drawn up and made available according to the provisions of the legislation in force as regards to the content of the information provided to investors as specified by the provisions of the decision no 5/204/14-11-2000 (Government Gazette 1487/6-12-2000) of the BoD of the Capital Market Committee as in force and by the Presidential Decree 348/1985.

The present Annual Report includes all the information and the financial data that are required for the proper assessment of the property, the financial status, the financial results and the prospects of “Babis Vovos International Construction S.A.” by the investors and their investment consultants.

All the above financial data and information have been prepared according to the International Financial Reporting Standards (hereafter IFRS) . The date of the transition of BVIC is the 1st of January 2004. The Group prepared the opening IFRS balance sheet at that date. The Group’s IFRS adoption date is 1st of January 2005.

The Company’s Board of Directors declares that all its members are aware of the contents of the this Annual Report and together with the authors thereof solemnly confirm the following:

- All data and information comprised herein are complete and accurate.
- There are no other data nor have other events taken place, the concealment or omission of which would make the entire or part of the data or information contained in this Annual Report misleading..
- There is no litigation or arbitration pending against the Company or the companies held by the former which might have a material impact on their financial status, with the exception of those mentioned in this Annual Report.

## 10.2 Ordinary Certified Auditors – Accountants

The Company is audited by certified auditors-accountants. The audit of the fiscal year 2006 was conducted by Certified Auditor Mr. Kiriakos Riris (Member of the Institute of Certified Auditors-Accountants, registration number: 12111) of the auditing firm PRICEWATERHOUSECOOPERS S.A. (268 Kifissias Av.152 32 Halandri)

The audit certification for the company and the Group is presented in paragraph «13.1 Independent Auditor’s Report». The certified Auditor- Accountant certifies that the company and consolidated financial statements present fairly, in all material respects the financial position of the Company and the Group as of 31 December 2006, and the



results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Furthermore the companies that are included in the consolidated financial statements of “Babis Vovos – International Construction S.A.” for the fiscal years 2005-2006 are audited for the fiscal year 2006 by Certified Auditors-Accountants as follows:

- a) ERGOLIPTIKI - KTIMATIKI - TOURISTIKI S.A.: Antonios Prokopidis (member of the Institute of Certified Auditors- Accountants, registration no: 14511) of the auditing firm PKF Euroauditing S.A.
- b) “DOMA S.A.”: Antonios Prokopidis (member of the Institute of Certified Auditors-Accountants, registration no: 14511) of the auditing firm PKF Euroauditing S.A.
- c) BABIS VOVOS – INTERNATIONAL CONSTRUCTION S.A. & Co G.P.: Kiriakos Riris (Member of the Institute of Certified Auditors-Accountants, registration number: 12111) of the auditing firm PRICEWATERHOUSECOOPERS SA. (268 Kifissias Av.152 32 Halandri)
- d) “INTERNATIONAL PALACE HOTEL S.A.”: Antonios Prokopidis (member of the Institute of Certified Auditors- Accountants, registration no: 14511) of the auditing firm PKF Euroauditing S.A.
- e) “ALTECO S.A.”: Antonios Prokopidis (member of the Institute of Certified Auditors-Accountants, registration no: 14511) of the auditing firm PKF Euroauditing S.A.
- f) “ELFINKO S.A.” : Antonios Prokopidis (member of the Institute of Certified Auditors-Accountants, registration no: 14511) of the auditing firm PKF Euroauditing S.A.

## 10.3 Availability of the Annual Report

The Annual report is available to investors free of charge, after the publication of the annual financial statements and in any case ten (10) working days prior to the Annual ordinary General Meeting of shareholders. A copy of the Annual Report is submitted to the Capital Market Commission and the Athens Stock Exchange.

Shareholders and investors that are interested for additional information, and clarifications about “Babis Vovos- International Construction S.A.” may contact during working hours the Head of Investor Relations of the Company. (340 Kifissias Avenue, 154 51 Neo Psychico) e-mail: [ir@babisvovos.gr](mailto:ir@babisvovos.gr) (Contact: Mrs Verinna Vaggelatos, tel.: 210- 6107201). Copies in electronic format of the present Annual Report as well as prior years’ annual reports are also available on the Company’s website [www.babisvovos.com](http://www.babisvovos.com)

# «BABIS VOVOS - INTERNATIONAL CONSTRUCTION S.A.»

## Affiliated Companies

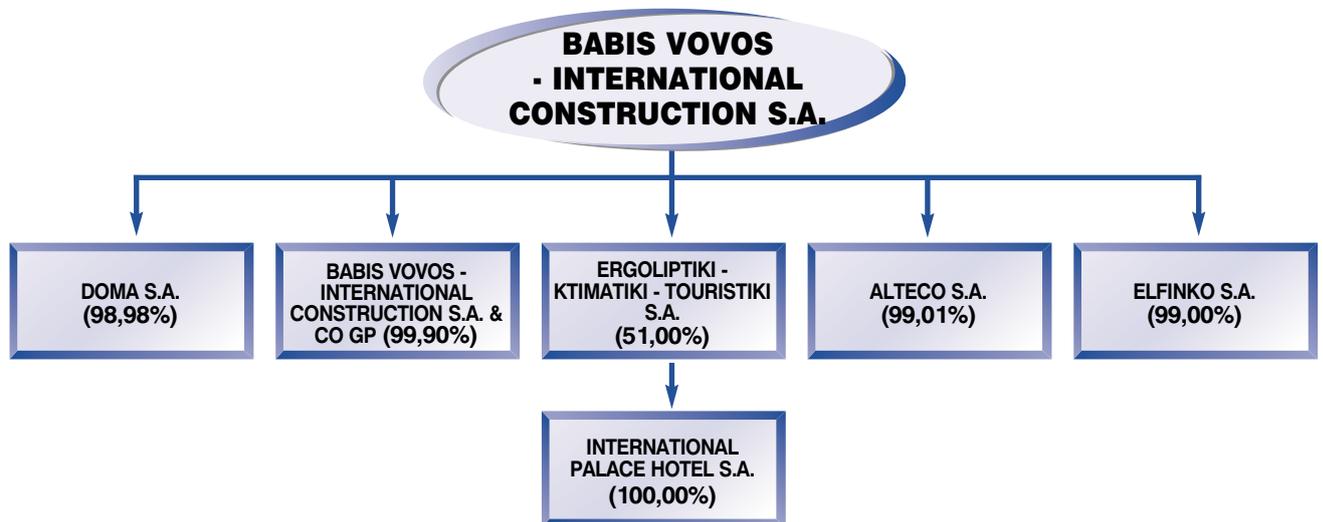




## 11.1 Summary description of the Group and of the participating interests of the Company

The Company “Babis Vovos – International Construction S.A.” has no majority or minority participation interests in companies or joint ventures or partnerships of any legal form, nor has a common registered address or common management or joint participating interests with another company, nor do there exist any majority control contracts or contracts bearing on the appointment of other company bodies excluding companies specifically named in this chapter.

The chart below outlines the structure of the Group “Babis Vovos – International Construction S.A.” All companies in which “BVIC S.A.” has direct or indirect participating interests, with the exception of the companies that have been wound up or have no object:



DIRECT PARTICIPATIONS AS AT 31.12.2006 (amounts in €)			
Company	Share Capital	Equity	% of shareholding
BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A & CO G.P.	29,347.03	143,178,131.22	99.90%
DOMA S.A	3,000,000.00	11,355,725.84	98.98%
ERGOLIPTIKI - KTIMATIKI - TOURISTIKI S.A.	5,280,000.00	13,589,273.99	51.00%
ALTECO S.A.	1,033,120.00	34,772,277.29	99.01%
ELFINKO S.A.	3,489,184.00	21,310,564.57	99.00%



## 11.2 Subsidiaries

### 1. BABIS VOVOS – INTERNATIONAL CONSTRUCTION S.A & Co G.P.

<b>Year of establishment</b>	<b>1983</b>
<b>Registered office:</b>	<b>340 Kifissias Av. – 154 51, Neo Psychiko</b>
Objectives:	The construction of buildings, either purchased by the Company or developed on the basis of the system of exchange of land for built space of equal value and the subsequent profitable sale or any type of exploitation as well as the establishment and operation of entertainment centers, restaurants, confectionery shops, coffee shops, bars, gymnasiums, sports clubs and related undertakings.

BVIC S.A, which is represented by Mr Charalambos Vovos, Mr Armodios Vovos and Mrs Thaleia Vovos, has been appointed as its director, manager, and legal representative. On December 31st, 2006, the company employed a staff of 105 individuals.

<b>COMPANY CAPITAL</b>			
<b>Partners</b>	<b>Holdings</b>	<b>Nominal Value (€)</b>	<b>Value of Holdings (€)</b>
BVIC S.A.	999	29.35	29,318
Charalambos Vovos	1	29.35	29
<b>Total</b>	<b>1,000</b>		<b>29,347</b>

According to the private Contract-Articles of Association of the company partners cannot transfer at any time and to any physical or legal person even part of their shares. An exception is made in the case of Charalambos Vovos who may transfer part or all of his shares to “BABIS VOVOS – INTERNATIONAL CONSTRUCTION S.A.” should he decides so.

### 2. ERGOLIPTIKI-KTIMATI-KI-TOURISTIKI S.A.

<b>Year of establishment</b>	<b>1978</b>
<b>Registered office:</b>	<b>340 Kifissias Av. – 154 51, Neo Psychiko</b>
Objectives:	To construct buildings and to sell them for profit or to exploit them commercially. To undertake the designs, supervision and construction of construction projects of any kind. To build hotels, and guest houses and to exploit or lease them on its behalf or on behalf of third persons

On December 31st, 2006, the company employed 1 individual.

The share capital of the company amounts to € 5,280,000 divided into 750,000 common registered shares of nominal value of € 7.04 each.

The shareholding structure of the company is as follows:

<b>Shareholder</b>	<b>Number of shares</b>	<b>% of shareholding</b>
BVIC S.A.	382,500	51.00%
Charalambos Vovos	318,750	42.50%
Maria wife of Ch. Vovos	48,750	6.50%
<b>Total</b>	<b>750,000</b>	<b>100.00%</b>



The Board of Directors is as follows:

BOARD OF DIRECTORS	
• Chalambos Vovos	Chairman & Chief Executive Officer
• Maria wife of Ch. Vovos	Vice-Chairman
• Armodios Vovos	Member of the BoD
• Thaleia Vovos	Member of the BoD
• Triada Vovos	Member of the BoD

The term of office of the company's BoD expires on 28.06.2010

### 3. DOMA S.A.

<b>Year of establishment</b>	<b>1990</b>
<b>Registered office:</b>	<b>64 Kifissias Str., 151 25 – Marousi</b>
Objectives:	To undertake construction works in construction projects of any type, to acquire contractor certificates, to acquire land with a view to constructing on it any type of building, in order to sell or exploit it and to construct car parks either open or covered to be leased or commercially exploited by it.

The share capital of the company amounts to € 3,000,000 and is divided into 100,000 common registered shares of nominal value of € 30.00 each.

The shareholding structure of the company is as follows:

Shareholder	Number of shares	% of shareholding
BVIC S.A.	98,980	98.98%
Charalambos Vovos	1,020	1.02%
<b>Total</b>	<b>100,000</b>	<b>100.00%</b>

The Board of Directors is as follows:

BOARD OF DIRECTORS	
• Chalambos Vovos	Chairman & Chief Executive Officer
• Armodios Vovos	Vice-Chairman
• Maria wife of Ch. Vovos	Member of the BoD
• Thaleia Vovos	Member of the BoD
• Triada Vovos	Member of the BoD

The term of office of the company's BoD expires on 28.06.2009.



#### 4. ALTECO S.A.

<b>Year of establishment</b>	<b>1985</b>
<b>Registered office:</b>	<b>340 Kifissias Av. – 154 51, Neo Psychiko</b>
Objectives:	The production, manufacturing, import, and marketing of electric domestic and electronic appliances and equipment as well as their installation, provision of technical assistance, maintenance, repair and after-sales service. Furthermore, the construction of commercial or recreational centers, the exploitation of the property of the company or of third parties as well as the management and exploitation of entertainment centers, restaurants, parking spaces and all other relevant undertakings. Furthermore, the acquisition, selling, leasing and concession of open or covered spaces.

The share capital of the company amounts to € 1,033,120 and is divided into 35,200 common registered shares of nominal value of € 29.35 each.

The shareholding structure of the company is as follows:

Shareholder	Number of shares	% of shareholding
BVIC S.A.	34,850	99.01%
Chaniotis Theodoros	150	0.43%
Manousiadis Antonios	200	0.56%
<b>Total</b>	<b>35,200</b>	<b>100.00%</b>

The Board of Directors is as follows:

BOARD OF DIRECTORS	
• Christos S. Vovos	Chairman
• Thaleia Vovos	Vice-Chairman and Chief Executive Officer
• Armodios Vovos	Chief executive officer
• Triada Vovos	Member of the BoD
• Evangelia Asimakopoulos	Member of the BoD

The term of office of the company's BoD expires on 18.01.2010.



## 5. ELFINKO S.A.

<b>Year of establishment</b>	<b>1927</b>
<b>Registered office:</b>	<b>340 Kifissias Av. – 154 51, Neo Psychiko</b>
Objectives:	The establishment of Financial, Commercial, Transportation, Industrial and Tourist companies, the agency undertaking of foreign companies, the participation in procurement contests, the export, import and sale of raw materials and finished goods and their storage and maintenance by own means. Additionally, the exploitation of urban or not properties and, more specifically, the construction of buildings or building complexes, commercial centres, and tourist facilities on land plots located in Greece or abroad, either owned by the company or purchased by the company, or owned by third parties with the system of exchange of land and the sale, leasing or other type of exchange of these properties. As an indication, the exploitation through finance leases, sale and leaseback contracts of the constructed, as above described, buildings, building complexes, tourist facilities at total or divided in horizontal ownerships. Additionally, the leasing of horizontal ownerships and their subleasing, the exploitation and management of entertainment centres (including theatres and cinemas), restaurants, parking spaces and other properties of various uses.

The share capital of the company amounts to € 3,907,886.08 and is divided into 3,489,184 common registered shares of nominal value of € 29.35 each.

The shareholding structure of the company is as follows:

<b>Shareholder</b>	<b>Number of shares</b>	<b>% of shareholding</b>
BVIC S.A.	3,454,292	99.00%
Chaniotis Theodoros	34,892	1.00%
<b>Total</b>	<b>3,489,184</b>	<b>100.00%</b>

The Board of Directors is as follows:

<b>BOARD OF DIRECTORS</b>	
• Charalambos Vovos	Chairman and Chief Executive Officer
• Triada Vovos	Vice-Chairman
• Thaleia Vovos	Member of the BoD
• Christos S. Vovos	Member of the BoD
• Stergios Agelaris	Member of the BoD

The term of office of the company's BoD expires on 22.05.2011.



## 11.3 Subsidiaries of subsidiary undertakings

### 1. INTERNATIONAL PALACE HOTEL S.A.

<b>Year of establishment</b>	1972
<b>Registered office:</b>	340 Kifissias Av. – 154 51, Neo Psychiko
Objectives:	To construct and commercially exploit hotels and other tourist facilities, to participate in other companies having related objects and to construct and sell buildings on land owned by it or by third parties through the system of exchange of land for built space of equal value.

The share capital of the company amounts to € 4,002,280.38 and is divided into 1,365,966 common registered shares of nominal value of € 2.93 each.

The shareholding structure of the company is as follows:

Shareholder	Number of shares	% of shareholding
ERGOLIPTIKI - KTIMATIKH - TOURISTIKI S.A	1,365,966	100.00%
<b>Total</b>	<b>1,365,966</b>	<b>100.00%</b>

The Board of Directors is as follows:

BOARD OF DIRECTORS	
• Chalambos Vovos	Chairman & Chief Executive Officer
• Armodios Vovos	Vice-Chairman
• Maria wife of Ch. Vovos	Member of the BoD
• Thaleia Vovos	Member of the BoD
• Triada Vovos	Member of the BoD

The term of office of the company's BoD expires on 26.06.2008

During the last five years, it has no significant business activity.

### 2. ERGOLIPTIKI-KTIMATIKH-TOURISTIKI S.A & Co. Ltd

<b>Year of establishment</b>	1990
<b>Registered office:</b>	340 Kifissias Av. – 154 51, Neo Psychiko
Objectives:	To construct buildings multi-storey or not on land located in Greece, either acquired by the company or developed on the basis of the system of exchange of land for built space of equal value and to sell them for a profit or to exploit them in general. In view of attaining or in general facilitating the attainment of its object, it has the power to furnish securities to third physical or legal persons.

The share capital of the company amounts to € 2,934.70 and its partners are the following:



Partner	% of shareholding
ERGOLIPTIKI - KTIMATIKI - TOURISTIKI S.A.	95.00%
Maria wife of Ch. Vovos	5.00%
<b>Total</b>	<b>100.00%</b>

The company "ERGOLIPTIKI – KTIMATIKI– TOURISTIKI S.A." has been appointed as its director, manager and legal representative of the former. The latter, however, is controlled by BVIC SA which holds 51% of its shares. Therefore, "ERGOLIPTIKI – KTIMATIKI – TOURISTIKI S.A. & Co Ltd" is actually managed by BVIC SA.

It is noted that the company has no significant business activities. In case it does, it will be required to maintain status C' Books of B.R.C and its financial statements will be consolidated with those of the company.

## 11.4 Related companies

### 1. INTERNATIONAL HEALTH CARE S.A

Year of establishment	1992
Registered office:	64 Kifissias Av., 151 25 – Marousi
Objectives:	To organize, operate and exploit a Diagnostic and Medical Center and a Hospitalization Center

The share capital of the company amounts to € 10,530,463.95 and is divided into 3,594,015 common registered shares of nominal value of € 2.93 each.

The shareholding structure of the company is as follows:

Shareholder	% of shareholding
Charalambos Vovos	92.00%
HELLENIC DEVELOPMENT INVESTMENT COMPANY S.A.	8.00%

The company is governed by a five-member Board of Directors which consists of the following:

BOARD OF DIRECTORS	
• Christos S. Vovos	Chairman & Chief Executive Officer
• Panayotis El. Alexandris	Vice-Chairman
• Georgios Ag. Kalatzopoulos	Member of the BoD
• Georgios Alex. Konstantes	Member of the BoD
• Maria Stavridaki wife of Ch. Vovos	Member of the BoD

The term of office of the company's BoD expires on 30.06.2007.



## 2. MARVO S.A.

<b>Year of establishment</b>	<b>1987</b>
<b>Registered office:</b>	<b>10-12 Kifissias Av., Maroussi</b>
Objectives:	To establish and exploit entertainment centers, restaurants, confectionary shops, coffee bars and all types of gymnasium and sports. To develop and exploit property by selling it, leasing , subletting, exchanging it by all means, to purchase and exploit parking spaces. The commercialization of footwear and accessories.

The share capital of the company amounts to € 171,000 and is divided into 5,700 common registered shares of nominal value of € 30.00 each.

The shareholding structure of the company is as follows:

<b>Shareholder</b>	<b>% of shareholding</b>
Chalambos Vovos	90.00%
Maria wife of Ch. Vovos	10.00%

The company is governed by a four-member Board of Directors which consists of the following:

<b>BOARD OF DIRECTORS</b>	
• Christos S. Vovos	Chairman & Chief Executive Officer
• Thaleia Vovos	Vice-Chairman
• Ion I. Vovos	Member of the BoD
• Stergios Agelaris	Member of the BoD

The term of office of the company's BoD expires on 30.12.2011



## 11.5 Intragroup Transactions

The tables below show intragroup sales, intracompany balances of receivables / payables, between Babis Vovos International Construction S.A and related companies in the fiscal year 2006.

TABLE OF RELATED PARTIES' TRANSACTIONS FOR 2006 (amounts in thousand €)												
AT FROM	Babis Vovos - International Construction S.A.	Babis Vovos - International Construction S.A. & Co G.P.	Ergoliptiki - Ktimatiki - Touristiki S.A.	International Palace Hotel S.A.	DOMA S.A.	ALTECO S.A.	ELFINKO S.A.	Ergoliptiki - Ktimatiki - Touristiki S.A. & Co G.P.	International Health Care S.A.	Postive Ltd	International Construction S.A. - Boretos & Co G.P.	MARVO S.A.
Babis Vovos - International Construction S.A.		104	0	-	-	-	-	-	-	-	-	5
Babis Vovos - International Construction S.A. & Co G.P.	233		1	1	-	1	5	-	1	-	-	-
Ergoliptiki - Ktimatiki - Touristiki S.A.	-	-		-	-	-	-	-	-	-	-	-
International Palace Hotel S.A.	-	-	-		-	-	-	-	-	-	-	-
DOMA S.A.	-	-	-	-		-	-	-	-	-	-	-
ALTECO S.A.	-	-	-	-	-		-	-	-	-	-	-
ELFINKO S.A.	-	-	-	-	-	-		-	-	-	-	-
Ergoliptiki - Ktimatiki - Touristiki S.A. & Co G.P.	-	-	-	-	-	-	-		-	-	-	-
International Health Care S.A.	-	-	-	-	-	-	-	-		-	-	-
Postive Ltd	-	-	-	-	-	-	-	-	-		-	-
International Construction S.A. - Boretos & Co G.P.	-	-	-	-	-	-	-	-	-	-		-
MARVO S.A.	-	-	-	-	-	-	-	-	-	-	-	



TABLE OF RELATED PARTIES' BALANCES AS AT 31/12/2006 (amounts in thousand €)												
PAYABLE RECEIVABLE	Babis Vovos - International Construction S.A.	Babis Vovos - International Construction S.A. & Co G.P.	Ergoliptiki - Ktimatiki - Touristiki S.A.	International Palace Hotel S.A.	DOMA S.A.	ALTECO S.A.	ELFINKO S.A.	Ergoliptiki - Ktimatiki - Touristiki S.A. & Co G.P.	International Health Care S.A.	Postive Ltd	International Construction S.A. - Boretos & Co G.P.	MARVO S.A.
Babis Vovos - International Construction S.A.		36,476	829	-	-	-	-	5,036	1	490	48	5
Babis Vovos - International Construction S.A. & Co G.P.	-		1	1	-	1	4	-	1	10	-	-
Ergoliptiki - Ktimatiki - Touristiki S.A.	-	-		-	-	-	-	5,988	-	-	-	-
International Palace Hotel S.A.	3,864	-	-		-	-	-	-	-	-	-	-
DOMA S.A.	8,431	77	-	-		-	-	-	-	-	-	-
ALTECO S.A.	10,308	-	-	-	-		-	-	-	-	-	-
ELFINKO S.A.	13,347	-	-	-	-	-		-	-	-	-	-
Ergoliptiki - Ktimatiki - Touristiki S.A. & Co G.P.	-	-	-	-	-	-	-		-	-	-	-
International Health Care S.A.	-	-	-	-	-	-	-	-		-	-	-
Postive Ltd	-	-	-	-	-	-	-	-	-		-	-
International Construction S.A. - Boretos & Co G.P.	-	-	-	-	-	-	-	-	-	-		-
MARVO S.A.	-	-	-	-	-	-	-	-	-	-	-	

During the fiscal year 2006, there have been no transactions other than the intra-company balances presented above, between Babis Vovos – International Construction S.A and related parties above.

# 12.

## Share Data





## 12.1 Share Data

The shares of the Company were listed in the Main Market of the Athens Stock Exchange on 30/05/2001. The share of the Company “Babis Vovos – International Construction S.A.” has been classified in the sector of “Real Estate Holding & Development” of the Daily Official List Announcements of ASE.

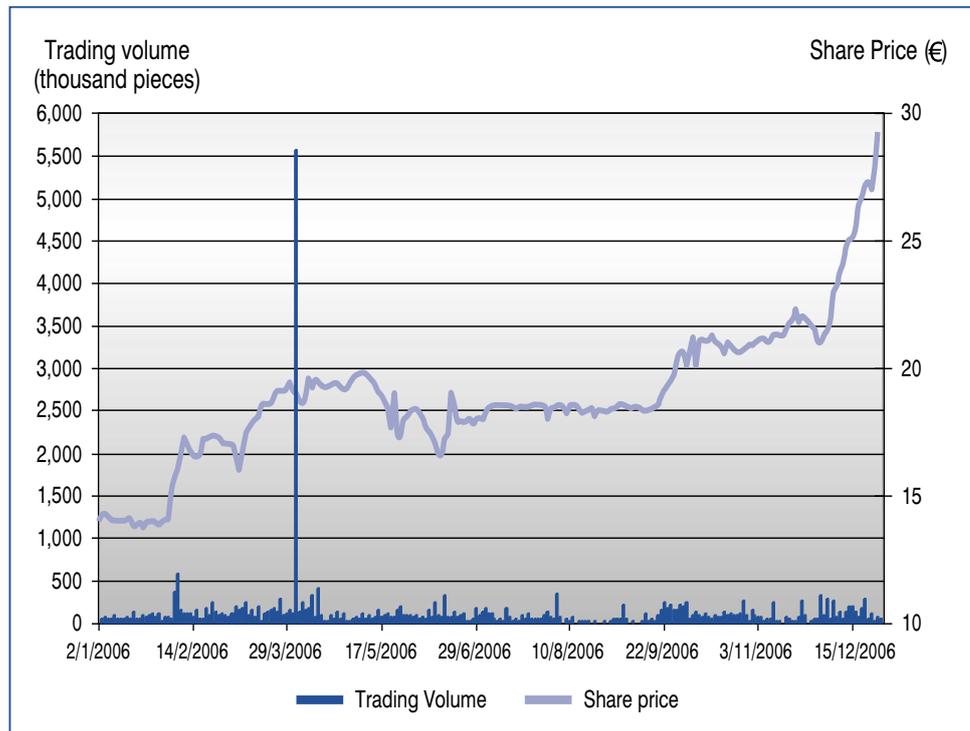
The share participates in the following indexes:

- as of 01.12.2001 in the FTSE / Athex Mid 40,
- as of 02.05.2002 in the General Index of ASE.,
- as of 30.05.2003 in the MSCI Small Cap Greece,
- as of 19.06.2003 in the FTSE Med 100,
- as of 01.04.2004 in the index EPRA / NAREIT,
- as of 30.09.2004 in the index Eurobank Mid Cap Private Sector 50 Index (EPSI50),
- as of 02.01.2006 in the index FTSE/Athex International,
- as of 01.01.2007 in the GPR250 index (Global Property Research)

The table below presents statistical data concerning the share closing price at the end of the month and the monthly trading volume for the period 02.01.2006 to 31.12.2006.

SHARE DATA				
Month	Share closing price at the end of month (in €)	Total monthly trading share volume (in pieces)	Closing price of the general index at the end of month (units)	Closing Price of the Index FTSE/Athex Mid 40 at the end of month (units)
January 2006	13.94	1,325,796	3,977.84	3,915.41
February 2006	17.00	2,721,894	4,202.85	4,258.32
March 2006	19.00	8,461,020	4,122.34	4,293.92
April 2006	19.10	2,016,070	4,139.96	4,536.71
May 2006	18.38	1,841,276	3,753.21	4,138.03
June 2006	18.00	2,041,612	3,693.75	4,081.26
July 2006	18.50	1,428,827	3,747.98	4,037.34
August 2006	18.34	895,062	3,868.62	4,186.99
September 2006	20.60	2,060,178	3,931.05	4,356.75
October 2006	20.90	2,176,934	4,128.60	4,731.83
November 2006	21.00	1,535,316	4,220.50	4,909.56
December 2006	29.20	2,319,294	4,394.13	5,245.31

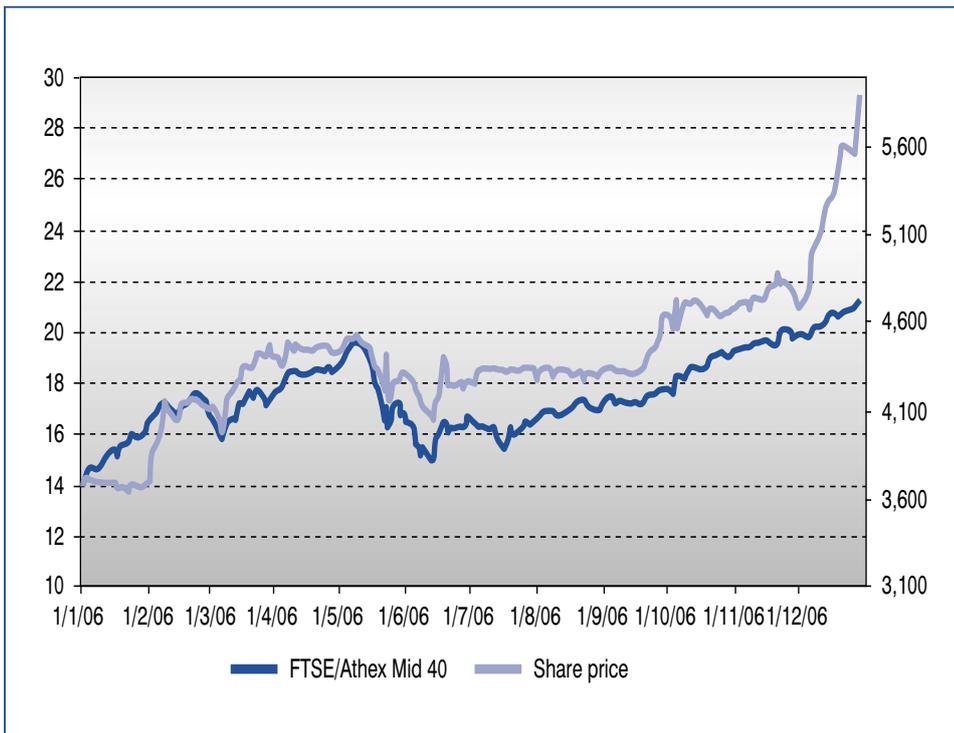
The chart below presents the course of the Company’ s share price and the daily trading volume for the period 02.01.2006 to 31.12.2006.



The highest closing price of the Company's share for the year 2006 was recorded on 29.12.2006 and was € 29.20, while the lowest price for the year was € 13.70 and was recorded on 23.01.2006. The average share price for the year 2006 was € 18.86.

The charts below present the course of the Company's share price in relation to the ASE General Index and to the FTSE/Athex Mid 40 for the period 02.01.2006 to 31.12.2006.





It is noted that the data per share are presented in Chapter 8 “Financial Review” of the present Annual Report.



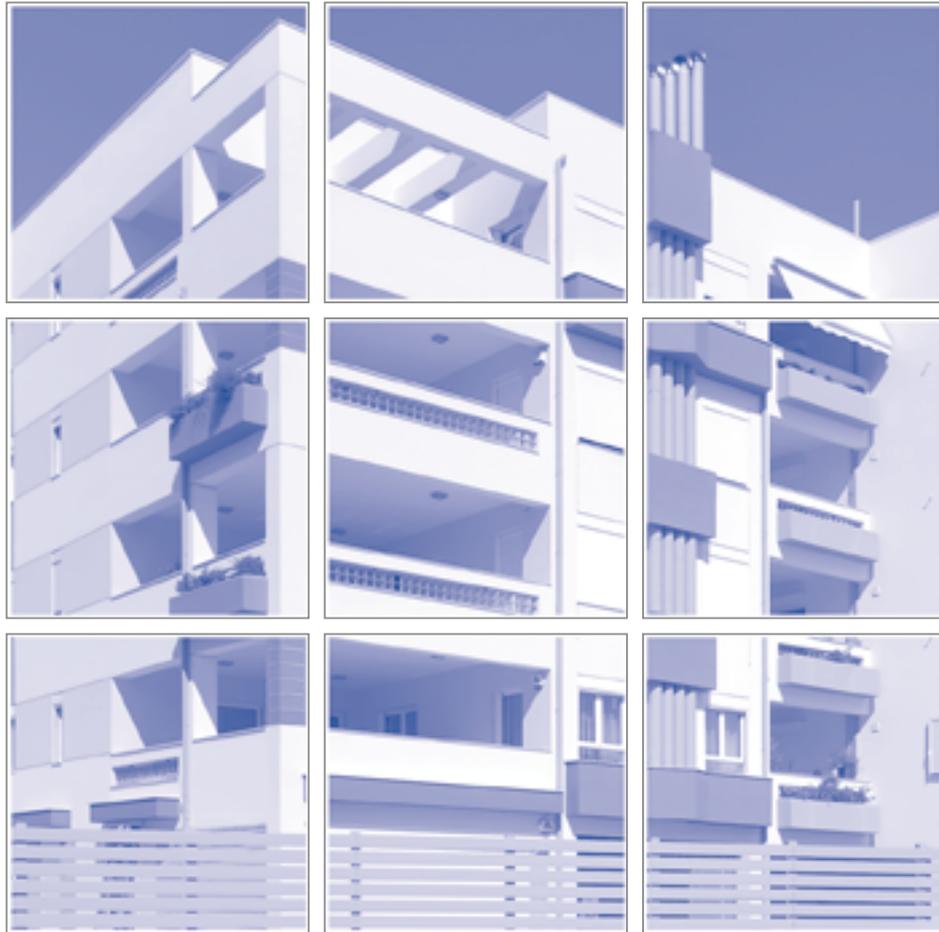
## 12.2 Corporate actions calendar for 2007

- **29/03/2007:** Release of Fiscal Year 2006 Financial Statements
- **30/03/2007:** Conference Call for the Fiscal Year 2006 Financial Statements
- **30/05/2007:** Release of first quarter 2007 Financial Statements
- **29/06/2007:** Annual General Meeting of Shareholders
- **30/08/2007:** Release of first semester 2007 Financial Statements
- **29/11/2007:** Release of third quarter 2007 Financial Statements

No dividend payment will take place for the fiscal year 2006.

# 13.

## Financial Statements



## 13.1 Independent auditor's report

### To the Shareholders of the BABIS VOVOS SA

#### Report on the Financial Statements

We have audited the accompanying financial statements of BABIS VOVOS SA (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") which comprise the Company and consolidated balance sheet as of 31 December 2006 and the Company and consolidated income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek auditing standards which conform with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2006, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Without qualifying our opinion, we draw your attention to Note 29 of the financial statements, which refers to the open tax years of the Group companies and to the fact that additional taxes and penalties may be imposed when the tax returns relating to these years are audited by the tax authorities.

#### Report on Other Legal and Regulatory Requirements

The information included in the Board of Directors' Report is consistent with the accompanying financial statements.

Athens, 28 March 2007

PRICEWATERHOUSECOOPERS

# 13.2 Figures and information of Babis Vovos International Construction S.A. - Consolidated and Company

## BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A.

Figures and information for the fiscal year of 1 January 2006 until 31 December 2006

(published according to art.135 of L.2190 for companies that publish annual financial results, consolidated and company, according to International Accounting Standards)

The figures illustrated below provide summary information about the financial position and results of Babis Vovos International Construction S.A. and the Group. The reader who wishes to have a more complete view of the company's financial position and results has to gain access to the company's annual financial statements according to the International Accounting Standards, as well as the auditor's report. Suggestively the reader can access the company's web site address where the above mentioned information is listed.

Registered Address: 340 Kifissias Avenue, 154 21 Neo Psychiko

Company's No. in the register of Societas Anonymae: 3282060/05/12

Board of Directors: Christos Vovos Chairman, Theodoros Vovos Vice-Chairman, Arsenios Vovos Chief Executive Officer, Triada Vovos, Evangelos Aikmatopoulos, Nikolaos Van Orman, Kyriaki - Thalia (Kovina) Syria - Members

Date of approval of the Interim Financial Statements (from which the summary data were derived): March 28th 2007

Certified Auditor Accountant: Kyrillos Ritis

Auditing Firm: PriceWaterhouseCoopers S.A.

Type of auditor's opinion: Unqualified opinion - emphasis of matter

Company Web site: www.babisvovos.com

### BALANCE SHEET (consolidated and company data)

	Amounts in € thousand			
	CONSOLIDATED		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>ASSETS</b>				
Investment property & Property, plant and equipment	1,216,187	928,834	800,411	727,801
Intangible assets	18,074	18,073	18,549	18,549
Inventories	25,120	20,887	25,254	17,318
Trade & other receivables	40,406	45,020	84,157	84,790
Cash and cash equivalents	71,508	50,104	48,807	8,815
Other Assets	377	256	47,548	32,382
<b>TOTAL ASSETS</b>	<b>1,378,444</b>	<b>1,082,542</b>	<b>1,009,844</b>	<b>888,121</b>
<b>EQUITY AND LIABILITIES</b>				
Long-term borrowings	412,408	341,271	281,898	280,454
Deferred income tax: long term liabilities	153,851	115,505	95,358	82,710
Other long term liabilities	21,407	8,026	20,341	4,496
Short-term borrowings	131,977	73,737	100,017	43,448
Other short term liabilities	116,028	83,879	159,588	78,200
Total Liabilities	835,768	688,617	686,899	487,307
Share capital	10,179	10,179	10,179	10,179
Retained earnings and reserves attributable to the Company's equity holders	527,195	454,578	333,506	380,534
Capital and reserves attributable to the Company's equity holders	537,374	464,757	343,685	390,813
Minority interest	7,306	7,868	-	-
Total equity	544,680	472,626	343,685	390,813
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,378,444</b>	<b>1,082,542</b>	<b>1,009,844</b>	<b>888,121</b>

### CHANGES IN EQUITY (consolidated and company data)

	Amounts in € thousand			
	CONSOLIDATED		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Total Equity (at 1/1/2006 and 1/1/2005 respectively)	472,626	364,862	390,813	329,328
Minority interests from business combinations	231	106	-	-
Profit Distribution after approval by AGM	(13,872)	(8,786)	(13,872)	(8,786)
Retained earnings	86,364	124,353	(13,550)	88,271
Equity balance (31/12/2006 and 31/12/2005 respectively)	544,678	472,626	343,685	390,813

### CASH FLOW STATEMENT (consolidated and company data)

	Amounts in € thousand			
	CONSOLIDATED		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
<b>Operating activities</b>				
Net profit before tax	116,433	173,181	(30,938)	103,882
Adjustments for:				
Depreciation and amortisation	471	372	343	274
Interest expenses / (revenues)	18,818	26,864	16,228	17,817
Provisions	5,416	3,361	3,410	2,035
Results (revenues, expenses, profit, loss) from investment activities	(158,814)	(187,844)	18,778	(114,205)
Cash generated from operating activities before changes in working capital	13,127	9,822	7,948	9,385
Decrease / (increase) of inventory	(8,775)	(7,811)	(8,847)	(8,887)
Decrease / (increase) in trade & other receivables	2,154	22,729	18,748	21,882
Increase / (decrease) in short term liabilities (bank liabilities not included)	37,411	(28,388)	58,255	32,222
Cash flows from operating activities	42,301	(1,529)	75,259	44,497
Interest paid	(27,848)	(28,821)	(21,848)	(17,940)
Income tax paid	(7,898)	(3,808)	(9,371)	(2,937)
Net cash generated from operating activities	8,555	(26,353)	46,031	24,520
<b>Cash flows from investing activities</b>				
Acquisition of subsidiary, net of cash acquired	(22,711)	(18,872)	(22,826)	(10,872)
Additions in investment property, Property, plant and equipment & intangible assets	(126,282)	(27,371)	(82,472)	(38,316)
Proceeds from sale of investment property and Property, plant and equipment	801	-	1	-
Interest received	10,044	462	2,584	187
Decrease / (increase) of other short-term assets	-	381	-	281
Net cash used in investing activities	(137,018)	(47,100)	(82,152)	(48,295)
<b>Cash flows from financing activities</b>				
Proceeds from disposal of other investments	-	-	-	-
Inflows from bank loans	3,768	7,200	3,758	7,290
Borrowings payback	(28,181)	(88,898)	(88,419)	(56,422)
Borrowings inflows	187,888	118,889	103,987	41,889
Increase / (decrease) of other short-term financing	31,433	-	33,885	-
Dividend paid	(13,273)	(12,341)	(13,570)	(10,341)
Net cash used in financing activities	48,589	48,879	71,332	(17,078)
Net increase / (decrease) in cash and cash equivalents (c) + (d) + (e)	21,406	(28,842)	37,012	(38,770)
Cash and cash equivalents at beginning of the year	50,104	78,744	8,815	49,384
Cash and cash equivalents at end of the year	71,508	50,104	48,827	8,815

### INCOME STATEMENT (consolidated and company data)

	Amounts in € thousand			
	CONSOLIDATED		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
<b>Total Revenue</b>				
Gross profit / (loss)	88,077	40,791	48,121	34,437
Earnings / (loss) before interest, tax, depreciation and amortisation	18,383	14,818	12,309	14,412
Earnings / (loss) before interest and tax	145,887	198,287	14,952	139,580
Profit / (loss) before taxation - total	145,195	194,914	14,609	139,300
Minus: Taxation	(19,430)	(48,827)	(2,843)	(35,303)
Net Profit / (loss) for the year - total	85,394	124,353	(3,550)	88,271
<b>Attributable to:</b>				
Equity holders of the Company	86,187	120,768	(3,550)	88,271
Minority interest	(793)	3,505	-	-
	85,394	124,353	(3,550)	88,271
<b>Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)</b>				
	2,54	3,95	(0,89)	2,01

### Additional data & information:

1. Group companies that are included in the consolidated financial statements with their respective registered office and percentage of ownership are as follows:

Full Consolidation method

a. BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A. Parent

Registered office: 340 Kifissias Avenue, Athens. 99,90%

b. BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A. & Co G.P. 99,90%

Registered office: 340 Kifissias Avenue, Athens.

c. DOMA S.A. 99,90%

Registered office: 3 Pireos St., Athens.

d. ALTECO S.A. 90,01%

Registered office: 47 Solonos St., Athens.

e. ENDOUPTIKI - KTMATIKI - TOURISTIKI S.A. 91,00%

Registered office: 340 Kifissias Avenue, Athens.

f. INTERNATIONAL PALACE HOTEL S.A. 91,00%

Included in the consolidation with 91% percentage of ownership through " ENDOUPTIKI - KTMATIKI - TOURISTIKI S.A." which owns 100%

of its share capital. Registered office: 340 Kifissias Avenue, Athens.

g. ELFINIKO S.A. 90,00%

Included for the first time in the consolidation with 89% percentage of ownership. Registered office: 340 Kifissias Avenue, Athens.

2. The companies included in the consolidation have been tax audited as follows: The parent company "Babis Vovos International Construction S.A." up to the fiscal year 2002, "Babis Vovos International Construction S.A. & Co G.P." up to the fiscal year 2002, "Endouptiki - Ktmatici - Touristiki S.A." up to the fiscal year 2002, "DOMA S.A." up to the fiscal year 1998, "INTERNATIONAL PALACE HOTEL S.A." up to the fiscal year 2002, "ALTECO S.A." up to the fiscal year 1998 and "ELFINIKO S.A." up to the fiscal year 2004.

3. The Group and Company's property, plant and equipment and investment properties, as well as inventories and intangible assets, include mortgage amounts to the value of Euro 188,740,024 for the Group and Euro 118,798,041 for the company to secure borrowings (including sale and leaseback agreements), as at 31-12-2006.

At 31-12-2006, there were pending court decisions over injunctions filed against the Group and the Company from third parties, for which a provision of € 937 thousand and € 437 thousand for the Group and the Company respectively was formed. Based on the estimations of the company management and the legal counsels, this provision is considered adequate. There is no expectation that any significant additional liability will incur.

4. At May 22nd, 2006, the Company acquired 99,00% of Citiflex S.A. A net cost of € 0,000 was at 340 Gygeneo Avenue is the main asset of the acquired company.

No goodwill due to the acquisition arose.

5. Number of employees at the end of year (31/12/2006): Group 488 Individuals, Parent company 390 Individuals, (31/12/2005): Group 485, Parent Company 394

7. Related party transactions at 31-12-2006:

I) Sales of goods and services

Sales of goods

Babis Vovos International Construction S.A. & Co G.P. - 103

Sales of services

Babis Vovos International Construction S.A. & Co G.P. - 1

International Healthcare S.A. - 1

Mario S.A. - 4

- 6

II) Purchases of goods and services

Purchases of goods

Babis Vovos International Construction S.A. & Co G.P. - 135

Purchases of services

Babis Vovos International Construction S.A. & Co G.P. - 88

Services of key management personnel - 254

- 682

III) Key management compensation - 1,003

IV) Receivables from related parties

Babis Vovos International Construction S.A. & Co G.P. - 36,478

Endouptiki - Ktmatici - Touristiki S.A. - 828

International Healthcare S.A. - 1

Positivus Ltd - 490

International Construction S.A. - Boreto & Co G.P. - 48

Endouptiki - Ktmatici - Touristiki S.A. & Co Ltd - 8,098

Mario S.A. - 5

- 42,886

V) Payables to related parties

DOMA S.A. - 8,431

International Palace Hotel S.A. - 3,864

Alteco S.A. - 10,308

Elfiniko S.A. - 13,347

Key management personnel - 28,621

- 38,798

85,571

8. Turnover Analysis according to STARDD-2003:

	CONSOLIDATED		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Code 701.1 Development and sale of real estate:	15,569	4,298	14,709	4,298
Code 702.0 Leasing of private real estate:	38,250	30,011	28,540	28,540
Code 452.1 Construction of buildings and civil engineer technical works:	1,488	1,482	1,470	1,482
Code 915.3 Wholesale trade of wood, building material and sanitary goods:	0	-	104	8

9. Any differences to the totals are due to rounding.



## 13.3 Consolidated and Company financial statements of “Babis Vovos International Construction S.A.”

<b>BALANCE SHEET</b>					
<i>All amounts in € thousands</i>					
		<b>Consolidated</b>		<b>Company</b>	
	Note	31 December 2006	31 December 2005	31 December 2006	31 December 2005
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment property	6	1,194,706	904,383	785,039	708,069
Property, plant and equipment	7	24,450	22,240	15,372	19,432
Intangible assets	8	18,974	18,973	16,546	16,545
Investments	9	18	18	47,477	32,301
Other non-current receivables	11	259	237	71	61
		<u>1,238,408</u>	<u>945,851</u>	<u>864,505</u>	<u>776,407</u>
<b>Current assets</b>					
Inventories	10	29,120	20,667	25,354	17,318
Trade and other receivables	11	40,406	45,920	64,157	84,780
Cash and cash equivalents	12	71,509	50,104	46,627	9,615
		<u>141,036</u>	<u>116,691</u>	<u>136,138</u>	<u>111,713</u>
<b>Total assets</b>		<b><u>1,379,444</u></b>	<b><u>1,062,542</u></b>	<b><u>1,000,644</u></b>	<b><u>888,121</u></b>
<b>EQUITY</b>					
<b>Capital and reserves attributable the</b>					
<b>Company's equity holders</b>					
Share capital	13	46,832	46,832	46,832	46,832
Reserves	14	23,053	23,053	25,244	25,244
Retained earnings		467,487	394,872	271,609	318,737
		<u>537,372</u>	<u>464,757</u>	<u>343,685</u>	<u>390,813</u>
Minority interest		7,306	7,868	–	–
<b>Total equity</b>		<b><u>544,678</u></b>	<b><u>472,626</u></b>	<b><u>343,685</u></b>	<b><u>390,813</u></b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	15	412,405	341,271	281,656	280,454
Deferred income tax liabilities	16	153,951	115,505	95,358	92,710
Retirement benefit obligations	17	1,797	1,549	1,617	1,404
Derivative liabilities	19	15,868	–	15,868	–
Other non-current liabilities	18	3,742	3,976	2,856	3,092
		<u>587,763</u>	<u>462,301</u>	<u>397,356</u>	<u>377,659</u>
<b>Current liabilities</b>					
Trade and other payables	18	103,410	31,233	149,897	56,166
Income tax		5,047	10,861	3,620	8,991
Borrowings	15	131,977	73,737	100,017	43,448
Dividend payable		2,628	2,634	2,628	2,634
Provisions for other liabilities & expenses	29	937	1,180	437	438
Derivative liabilities	19	3,004	7,970	3,004	7,970
		<u>247,002</u>	<u>127,616</u>	<u>259,604</u>	<u>119,648</u>
<b>Total liabilities</b>		<b><u>834,766</u></b>	<b><u>589,917</u></b>	<b><u>656,959</u></b>	<b><u>497,307</u></b>
<b>Total equity and liabilities</b>		<b><u>1,379,444</u></b>	<b><u>1,062,542</u></b>	<b><u>1,000,644</u></b>	<b><u>888,121</u></b>

The notes on pages 78 to page 125 are an integral part of these consolidated financial statements.



<b>INCOME STATEMENT</b>					
<i>All amounts in € thousands</i>					
		<b>Consolidated</b>		<b>Company</b>	
	<b>Note</b>	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>
Revenue	20	56,077	40,791	46,121	34,437
Cost of sales	21	<u>(40,714)</u>	<u>(26,273)</u>	<u>(33,812)</u>	<u>(20,025)</u>
<b>Gross profit</b>		<b>15,363</b>	<b>14,518</b>	<b>12,309</b>	<b>14,412</b>
Net gain from fair value adjustment on investment property	6	138,905	188,714	10,515	132,230
Selling and marketing costs	21	(472)	(161)	(393)	(159)
Administrative expenses	21	(10,643)	(9,151)	(7,861)	(7,110)
Other gains / (expenses) - net	22	2,043	995	38	(66)
<b>Operating profit</b>		<b>145,195</b>	<b>194,914</b>	<b>14,609</b>	<b>139,306</b>
Gain / (Loss) from investment in subsidiaries	9	-	-	(19,146)	(17,257)
Finance expenses (net)	23	(25,763)	(21,734)	(26,370)	(18,387)
<b>Profit before income tax</b>		<b>119,433</b>	<b>173,181</b>	<b>(30,908)</b>	<b>103,662</b>
Income tax expense	25	(34,039)	(48,827)	(2,649)	(35,392)
<b>Profit for the year</b>		<b>85,394</b>	<b>124,353</b>	<b>(33,556)</b>	<b>68,271</b>
<b>Attributable to:</b>					
Equity holders of the Company		86,187	120,789	(33,556)	68,271
Minority interest		(793)	3,565	-	-
		<u>85,394</u>	<u>124,353</u>	<u>(33,556)</u>	<u>68,271</u>
<b>Basic and diluted earnings per share for profit attributable to the equity holders of the company during the year</b> (expressed in € per share)					
	26	<b>2.54</b>	<b>3.56</b>	<b>(0.99)</b>	<b>2.01</b>

<b>STATEMENT OF CHANGES IN EQUITY</b>						
<b>Consolidated statement of changes in equity</b>						
<i>All amounts in € thousands</i>						
		<b>Attributable to equity holders of the Group</b>			<b>Minority interest</b>	<b>Total equity</b>
	<b>Note</b>	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>		
<b>Balance at 1 January 2005</b>		46,832	23,642	280,280	4,197	<b>354,952</b>
Profit for the year		-	-	120,789	3,565	124,353
Transfer to statutory reserve	14	-	578	(578)	-	-
Transfer to special - untaxed reserve	14	-	(1,168)	1,168	-	-
Dividend relating to 2004		-	-	(6,786)	-	(6,786)
Business combinations	32	-	-	-	106	106
<b>Balance at 31 December 2005</b>		<u>46,832</u>	<u>23,053</u>	<u>394,872</u>	<u>7,868</u>	<b>472,626</b>
Profit for the year		-	-	86,187	(793)	85,394
Dividend relating to 2005		-	-	(13,572)	-	(13,572)
Business combinations	32	-	-	-	231	231
<b>Balance at 31 December 2006</b>		<u>46,832</u>	<u>23,053</u>	<u>467,487</u>	<u>7,306</u>	<b>544,678</b>
<b>Company Statement of changes in equity</b>						
<i>All amounts in € thousands</i>						
		<b>Attributable to equity holders of the Company</b>			<b>Total equity</b>	
	<b>Note</b>	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>		
<b>Balance at 1 January 2005</b>		46,832	25,044	257,452	<b>329,328</b>	
Profit for the year		-	-	68,271	68,271	
Transfer to statutory reserve	14	-	199	(199)	-	
Dividend relating to 2004		-	-	(6,786)	(6,786)	
<b>Balance at 31 December 2005</b>		<u>46,832</u>	<u>25,244</u>	<u>318,737</u>	<b>390,813</b>	
Profit for the year		-	-	(33,556)	(33,556)	
Dividend relating to 2005		-	-	(13,572)	(13,572)	
<b>Balance at 31 December 2006</b>		<u>46,832</u>	<u>25,244</u>	<u>271,609</u>	<b>343,685</b>	

The notes on pages 78 to page 125 are an integral part of these consolidated financial statements.



<b>CASH FLOW STATEMENT</b>					
<i>All amounts in € thousands</i>					
		<b>Consolidated</b>		<b>Company</b>	
	<b>Note</b>	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>
<b><i>Cash flows from operating activities</i></b>					
Cash generated from operations	28	42,901	(1,526)	75,250	44,497
Interest paid		(27,048)	(20,021)	(21,048)	(17,040)
Income tax paid		(7,699)	(3,806)	(5,371)	(2,937)
<b>Net cash generated from operating activities</b>		<b>8,154</b>	<b>(25,353)</b>	<b>48,831</b>	<b>24,520</b>
<b><i>Cash flows from investing activities</i></b>					
Acquisition of subsidiary, net of cash acquired	32	(22,711)	(10,572)	(22,825)	(10,572)
Additions in investment property (acquisitions & development)	6	(124,527)	(25,029)	(62,636)	(18,912)
Proceeds from sale of investment property	28	850	-	-	-
Additions in property, plant and equipment & intangible assets	7,8	(675)	(12,343)	(276)	(17,404)
Proceeds from sale of property, plant and equipment	28	1	-	1	-
Interest inflow		10,044	462	2,584	187
Decrease of other short - term assets		-	381	-	381
<b>Net cash used in investing activities</b>		<b>(137,018)</b>	<b>(47,100)</b>	<b>(83,152)</b>	<b>(46,320)</b>
<b><i>Cash flows from financing activities</i></b>					
Inflows / (outflows) - derivatives		3,758	7,200	3,758	7,200
Borrowings inflows		187,858	118,653	103,987	41,653
Borrowings payback		(59,191)	(68,699)	(46,419)	(56,492)
Increase / (Decrease) of other short - term financing		31,423	-	23,585	-
Dividends paid to the Company's shareholders	27	(13,578)	(10,341)	(13,578)	(10,341)
<b>Net cash used in financing activities</b>		<b>150,269</b>	<b>46,813</b>	<b>71,333</b>	<b>(17,979)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>21,405</b>	<b>(25,640)</b>	<b>37,012</b>	<b>(39,779)</b>
Cash and cash equivalents at beginning of the year		50,104	75,744	9,615	49,394
<b>Cash and cash equivalents at end of the year</b>	12	<b>71,509</b>	<b>50,104</b>	<b>46,627</b>	<b>9,615</b>

The notes on pages 78 to page 125 are an integral part of these consolidated financial statements.

## Notes to the financial statements

### 1. General information

The financial statements include the financial statements of Babis Vovos International Construction S.A ("Company") and the consolidated financial statements of the group which include financial statements of the company and its subsidiaries (together "BVIC" or "Group") for the year ended 31 December 2006 under the International Financial Reporting Standards ("IFRS"). The subsidiaries are provided in Note 9.

The Group is a real estate development and management group with activities in Greece. It is principally involved in developing, managing and leasing out investment property under operating leases.

The Company is incorporated and domiciled in Greece and the address of its registered office as well as its headquarters are located at Kifissias Avenue 340, N. Psychiko 154 51, Greece. The Group operates in Greece.

The company website is [www.babisvovos.com](http://www.babisvovos.com).



The shares of the Company are listed on the Athens Stock Exchange.

The financial statements of the Company and the Group for the year ended 31 December 2006 have been approved for issue by the Board of Directors on March 28th, 2007.

## **2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.1. Basis of preparation**

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), including International Reporting Standards ("IAS"), and the interpretations issued by the International Financial Reporting Interpretations Committee, that have been adopted by the European Union ("EU"), and IFRS that have been issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property and derivative financial instruments at fair value.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Moreover, it is required the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of preparation of financial statements and the reported income and expense amounts during the reporting year. Although these estimates are based on the best possible knowledge of management with respect to the current conditions and activities, the real results can eventually differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

### **2.2. New standards, interpretations and amendments to published standards**

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:



## **Standards effective in 2006**

- ***IAS 19 (Amendment) – Employee Benefits***

This amendment allows companies an alternative treatment with respect to the recognition of actuarial gains and losses, it impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting and also requires additional expanded disclosures. The Group decided to retain its former accounting policy regarding the recognition of actuarial gains and losses and does not participate in any multi-employer plans, and therefore the only impact is on the expanded disclosures that are required..

- ***IAS 39 (Amendment) - Cash flow hedge accounting of forecast intragroup transactions***

This amendment allows companies to designate highly probable forecast intragroup transactions as cash flow hedges as long and the transaction is denominated in a currency other than the functional of the company entering into the transaction and the transaction will affect profit or loss. This amendment is not relevant for the Group.

- ***IAS 39 (Amendment) - The fair value option***

This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Group believes that this amendment should not have a significant impact on the classification of financial instruments, as the Group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss.

- ***IAS 39 and IFRS 4 (Amendment) - Financial guarantee contracts***

This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value and subsequently measured at the higher of: (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment to IAS 39 and concluded that it is not relevant to the Group.

- ***IAS 21 (Amendment) - Net investment in a foreign operation***

This amendment allows the reclassification of exchange differences on monetary items to equity irrespective of whether or not the monetary item is denominated in the functional currency of either the reporting entity or the foreign operation. This amendment is not relevant for the Group.

- ***IFRS 6 - Exploration for and evaluation of mineral resources***

This standard provides specific accounting guidance for use by companies undertaking extractive activities. This standard is not relevant for the Group.



## Interpretations effective in 2006

- ***IFRIC 4 - Determining whether an arrangement contains a lease***

This interpretation clarifies under which conditions an arrangement contains a lease and must therefore be accounted for in terms of IAS 17 – Leases. IFRIC 4 is not applicable to the operations of the Group and has no impact on its financial statements.

- ***IFRIC 5 - Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds***

This interpretation sets out the accounting treatment where a company contributes to a fund with respect to decommissioning, restoration and environmental rehabilitation obligations that it has. This interpretation is not relevant to the operations of the Group.

- ***IFRIC 6 - Liabilities arising from participating in a specific market – waste electrical and electronic equipment***

This interpretation is not relevant to the operations of the Group.

## Standards effective after 1 January 2007

- ***IFRS 7 - Financial Instruments: Disclosures and the complementary amendment to IAS 1 - Presentation of Financial Statements: Capital Disclosures***

This standard and amendment is effective for annual periods beginning on or after 1 January 2007 and introduces new disclosures relating to financial instruments. The Group assessed the impact of IFRS 7 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures. The Group will apply IFRS 7 and the amendment to IAS 1 from 1 January 2007.

- ***IFRS 8 - Operating Segments (not yet endorsed by the EU)***

This standard is effective for annual periods beginning on or after 1 January 2009 and supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the financial statements based on this internal component classification. The Group will apply IFRS 8 from 1 January 2009.

## Interpretations effective after 1 January 2007

- ***IFRIC 7 - Applying the Restatement Approach under IAS 29***

This interpretation is effective for annual periods beginning on or after 1 March 2006 and provides guidance on how to apply requirements of IAS 29 in a reporting period in which a company identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the Group companies operate in a hyperinflationary economy this interpretation will not affect the Group's financial statements.



- **IFRIC 8 - Scope of IFRS 2**

This interpretation is effective for annual periods beginning on or after 1 May 2006 and considers transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. This interpretation will not affect the Group's financial statements.

- **IFRIC 9 - Reassessment of Embedded Derivatives**

This interpretation is effective for annual periods beginning on or after 1 June 2006 and requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. This interpretation is not relevant to the Group's operations.

- **IFRIC 10 - Interim Financial Reporting and Impairment**

This interpretation is effective for annual periods beginning on or after 1 November 2006 and prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is not expected to have any impact on the Group's financial statements.

- **IFRIC 11 - IFRS 2: Group and Treasury share transactions (not yet endorsed by the EU)**

This interpretation is effective for annual periods beginning on or after 1 March 2007 and clarifies the treatment where employees of a subsidiary receive the shares of a parent. It also clarifies whether certain types of transactions are accounted for as equity-settled or cash-settled transactions. This interpretation is not expected to have any impact on the Group's financial statements.

- **IFRIC 12 - Service Concession Arrangements (not yet endorsed by the EU)**

This interpretation is effective for annual periods beginning on or after 1 January 2008 and applies to companies that participate in service concession arrangements. This interpretation is not relevant to the Group's operations.

## 2.3. Consolidation

### **Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.



The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Changes of the Group's ownership interest in subsidiaries are considered transactions between the shareholders and consequently are recorded as equity transactions.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company in its individual financial statements carry the investments in subsidiaries at cost less impairment.

## 2.4. Segment Information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The classification in primary and secondary segment was based on the type and source of Group's revenues. As a result the Group has classified the business segment analysis as primary while the geographical segment analysis as secondary.

## 2.5. Foreign currency translation

### **(a) Functional and presentation currency**

All Group companies operate in Greece and measure all items included in their financial statements using the euro which is the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.



### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. No material transactions or balances exist in currencies other than the euro.

## **2.6. Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property comprises freehold land, freehold buildings, land held under operating lease and buildings held under finance lease.

Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the Group and are performed by an independent valuator of Colliers International S.A. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property plant and equipment, and its fair value at the date of reclassification becomes its cost for



accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

## 2.7. Property plant and equipment

All property plant and equipment is stated at historical cost less depreciation and less any cumulative impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the asset's estimated useful lives, as follows:

– Land	Nil
– Buildings	50 - 60 years
– Mechanical equipment	5 - 7 years
– Vehicles	5 - 7 years
– Fixtures and fittings	3 - 5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at least at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 2.9 below).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

## 2.8. Intangible assets

### *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred



to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 5 years).

#### ***Rights for use of building coefficient***

The rights to use building coefficient are carried at cost. The cost includes the actual cost incurred to acquire these rights, and the cost of land apportioned to rights of building coefficients not utilised with existing development. These are expected to be utilised when the relevant legislation is enacted that will enable their transfer.

The rights of use of building coefficient are considered as indefinite lived assets and they are not amortised. Instead they are subject to annual test for impairment.

The owner of either (i) a plot of land (whether or not it has been developed) which is compulsorily acquired by a government entity or local municipality or (ii) a building which is classified by the Ministry of Culture or the Ministry of Environment, Urban Planning and Public Works (“YPEHODE”) as being of particular historical or cultural importance may obtain the right to transfer to another plot of land or building within certain designated areas (and subject always to local planning restrictions) any building rights which are unused due to such listing classification or compulsory acquisition.

This right, which is known as a “building coefficient transfer” right was introduced in 1979 pursuant to Law 880/1979. However, a series of Council of State (the highest Greek administrative court) decisions in the 1990s repealed Law 880/1979 (and Law 2300/1995 which had instituted a revised building coefficient transfer regime) as being contrary to Article 24 of the Greek Constitution which obliges the Greek State to protect the environment and provide effective urban planning. Law 3044/2002 was subsequently introduced to clarify the situation and permit building coefficient transfer in certain prescribed circumstances including the requirement that such building coefficient transfer can only occur in certain designated areas and, inter alia, only after the urban planning department for the prefecture in which the transferee property is situated, has consented to the transfer.

Currently the right to transfer unused building rights has not been brought into force since Law 3044/2002 requires certain ministerial decisions, environmental audits and/or local municipalities’ decisions to come into effect before its application is possible in practice. In addition, a recent Council of State decision (No.569/2004) froze, on the ground that certain sections of Law 3044/2002 were unconstitutional, the implementation of a February 2004 ministerial decision which permitted Law 3044/2002 to be used to transfer unused building rights in the Athens, Thessaloniki and Maroussi municipalities. The Council of State definite decision on the ministerial decision’s validity and, thereby, Law 3004/2002’s constitutionality is expected to be delivered no earlier than the end of 2007.

In case it is approved and applied (given that no additional controversies will arise), management believes that Law 3044/2002 will enable the Group (provided that it will be able to obtain the Municipality’s approval, to develop more than 20.000 square meters of building space) to transfer, without the purchase of additional land, unused building rights that already possesses or has the right to acquire, to other properties located in areas where such a transfer is permitted.



## 2.9. Impairment of non-financial assets

Assets including goodwill that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## 2.10. Financial Assets

The investments of the Company and the Group are classified in the following categories. Management determines the classification at initial recognition and re-evaluates this designation at every reporting date.

### *(a) Financial assets at fair value through profit or loss*

This category includes financial assets acquired principally for the purpose of selling in the short term. Derivatives are categorised as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. The Group does not hold any such investments.

### *(b) Loans and receivables*

It includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and there is no intention to dispose. They are included in current assets as trade and other receivables (Note: Trade and other receivables), except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets at other non-current receivables.

### *(c) Held-to-maturity investments.*

It includes non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Group has the positive intention and ability to hold to maturity. During the year, the Group did not have any investments in this category.

### *(d) Available-for-sale financial assets.*

It includes non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. During the year, the Group did not have any such assets.

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially



recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit & loss. Financial assets carried at fair value through profit & loss are initially recognized at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership and financial assets at fair value through profit & loss are subsequently carried at fair value.

Loans and receivables and financial assets at fair value through profit & loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Realised and unrealised gains or losses arising from the changes in the fair value of financial assets at fair value through profit and loss are recognised in the income statement in the period they occur.

Changes in the fair value of available for-sale financial assets are subsequently carried at fair value and relevant gains or losses are recognised in equity reserve until those assets are finally disposed or impaired. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are transferred in the income statement. Interest on available for sale securities calculated using the effective interest method is recognized in the income statement. Dividend on available for sale equity instruments are recognized in the income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current market prices. For unquoted investments, the fair values are established using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 2.12.

### **2.11. Inventories**

Investment properties that are being developed for future sale are reclassified as inventories at their deemed cost, which is the carrying amount at the date of reclassification. They are subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete redevelopment, when applicable, and selling expenses.



## 2.12. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement under administrative expenses. Subsequent recoveries of amount written off are credited in the income statement.

## 2.13. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, pledged deposits, and other low risk short-term highly liquid investments with original maturities of three months or less.

## 2.14. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2.15. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.



## 2.16. Derivative financial instruments

Derivative financial instruments include interest rate swaps.

They are initially recognised at fair value and are subsequently re-measured at their fair value. The fair value is estimated using current prices and discounted cash flows analysis.

Derivative financial instruments with a positive fair value are classified as assets and as liabilities when their fair value is negative.

Any changes in the fair value of derivative financial instruments held for trading are recognised in the income statement as finance cost / income.

## 2.17. Taxation

Income tax payable on income is provided using the applicable tax law in each jurisdiction and is recognized as an expense in the period in which income arise.

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

## 2.18. Employee benefits

### *(a) Pension obligations*

The Group companies participate in various defined benefit schemes, which are funded through payments to funds. The payments are determined by the Greek legislation and the funds' regulation. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The benefits paid to all employees qualify as a post-employment defined benefit plan.



The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long term Greek Government Bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

#### *(b) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal; or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

#### *(c) Short term benefits*

Short term benefits to employees are recognized in the income statement on an accrual basis.

## **2.19. Provisions**

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the Group, as lessee, is contractually required to restore a leased in property to an agreed condition, prior to release by a lessor, provision is made for such costs as they are identified.



Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

## 2.20. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from investment property – rental income, disposal of real estate property, development and construction work.

The recognition of revenue has as follows:

*(a) Rental income from investment property and rental income for subleasing third parties' properties for which is also a lessee*

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

*(b) Income from disposal of real estate property*

Revenue from the sale of real estate property to third parties are recognised using the "percentage of completion method", measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for the contract.

*(c) Income from development and construction work*

Revenue from services and real estate management are recognised in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

*(d) Interest income*

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

*(e) Dividends*

Dividend income is recognised when the right to receive payment is established.



## 2.21. Leases

### *(a) A group company is the lessee*

**i) Operating lease:** Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**ii) Finance lease:** Leases of assets for which the Group substantially has all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are carried at their fair value.

### *(b) A group company is the lessor*

The Group leases out property only in the form of operating leases. Such property is included in investment property in the balance sheet (Note 6 below).

The Group also subleases horizontal ownerships at properties constructed by the parent company and its subsidiaries for which is also a lessee under operating leasing (see a) i) above.

## 2.22. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements only to the extent that is required by law that is 35% of profit after tax and after statutory reserve (also required by law at 5% of profit after tax). The proposed dividend in excess to the above is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

## 2.23. Comparative figures and rounding

Certain amounts of the previous year's data were reclassified so that they are comparable with the respective ones of the current year. Any differences between these financial statements and the respective amounts in the notes as well as the totals are due to rounding.



### 3. Financial risk management

#### 3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (price risk, interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management as well as written policies covering specific areas, such as interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

##### *(a) Market risk*

###### Price risk

The Group is exposed to property price and property rentals risk. The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

##### *(b) Credit risk*

The Group has no significant concentrations of credit risk. It has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. Cash transactions are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

##### *(c) Liquidity risk*

Liquidity needs are satisfied through the maintenance of sufficient cash, the settlement of receivables on a timely basis and keeping committed credit lines available from financial institutions.

##### *(d) Cash flow and fair value interest rate risk*

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Group's borrowings are denominated in euro with variable interest rates and consequently the exposure to fair value interest rate risk is minimized.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps, for the 86% of finance lease obligations (Note 19). Such interest rate swaps have the economic effect of converting long term borrowings from floating rates to fixed rates that are lower than those available if the Group borrowed at fixed rates directly.



### 3.2. Fair value estimation

The fair value of financial instruments traded in an active market (stock exchange) (such as derivatives, securities, bonds, mutual funds) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price and for the financial liabilities the offer price

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques and market assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

For investment property fair value estimation see note 2.6.

The nominal value less impairment provision of trade receivables and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

### 4.1. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are as follows:

#### *(a) Estimate of fair value of investment properties*

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and



- iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

*(b) Principal assumptions for management's estimation of fair value*

If information on current or recent values for investment properties is not available, the fair values of investment properties are determined using discounted flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance date.

The principle assumptions underlying management's estimation of fair value are those related to the receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements, and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

*(c) Income taxes*

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*(d) Outstanding legal claims*

The Group recognizes liabilities for outstanding legal claims existed at each balance sheet date. Where the final outcome of these claims is different from the amounts that were initially recorded, such differences will impact the provisions in the period in which such determination is made.



## 4.2. Critical judgements in applying the Group's accounting policies

### *Distinction between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

## 5. Segment Reporting

### 5.1. Primary reporting format – business segments

At 31st December 2006, the Group was organised into three main business segments according to its activities: development and sale of property, property leases and construction works.

The segment results for the year ended 31 December 2006 are as follows:

	YEAR ENDED 31 DECEMBER 2006				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Revenue	15,559	1,468	39,050	–	56,077
Operating profit / (loss)	48,824	141	107,307	(11,077)	145,195
Finance expense (net)	–	–	–	–	(25,763)
<b>Profit / (loss) before income tax</b>	<b>48,824</b>	<b>141</b>	<b>107,307</b>	<b>(11,077)</b>	<b>119,433</b>
Income tax expense	–	–	–	–	(34,039)
<b>Profit / (loss) for the year</b>	<b>48,824</b>	<b>141</b>	<b>107,307</b>	<b>(11,077)</b>	<b>85,394</b>



The segment results for the year ended 31 December 2005 are as follows:

<i>All amounts in € thousands</i>						<b>YEAR ENDED 31 DECEMBER 2005</b>					
		<b>Development &amp; Sale of property</b>	<b>Construction Work</b>	<b>Property Leases</b>	<b>Unallocated</b>	<b>Group</b>					
Revenue		4,298	1,482	35,011	–	40,791					
Operating profit / (loss)		(926)	91	202,356	(8,459)	194,914					
Finance expense (net)		–	–	–	–	(21,734)					
<b>Profit / (loss) before income tax</b>		<b>(926)</b>	<b>91</b>	<b>202,356</b>	<b>(8,459)</b>	<b>173,181</b>					
Income tax expense		–	–	–	–	(48,827)					
<b>Profit / (loss) for the year</b>		<b>(926)</b>	<b>91</b>	<b>202,356</b>	<b>(8,459)</b>	<b>124,353</b>					

Various segment items of significance included in the income statement are presented below:

<i>All amounts in € thousands</i>						<b>YEAR ENDED 31 DECEMBER 2006</b>					
	<b>Note</b>	<b>Development &amp; Sale of property</b>	<b>Construction Work</b>	<b>Property Leases</b>	<b>Unallocated</b>	<b>Group</b>					
Lease rental	7	–	–	(17,195)	–	(17,195)					
Net gain from fair value adjustment on investment property	6	49,420	–	89,484	–	138,905					
Impairment of receivables	11	–	–	–	(2,051)	(2,051)					
Provisions		–	–	–	(1,869)	(1,869)					
Depreciation of property, plant and equipment	7	(3)	(0)	(205)	(219)	(428)					
Amortisation of intangible assets	8	–	–	–	(43)	(43)					
Impairment of inventory	10	(1,499)	–	–	–	(1,499)					

<i>All amounts in € thousands</i>						<b>YEAR ENDED 31 DECEMBER 2005</b>					
	<b>Note</b>	<b>Development &amp; Sale of property</b>	<b>Construction Work</b>	<b>Property Leases</b>	<b>Unallocated</b>	<b>Group</b>					
Lease rental	7	–	–	(17,028)	–	(17,028)					
Net gain from fair value adjustment on investment property	6	9,329	–	179,384	–	188,714					
Impairment of receivables	11	–	–	–	(1,121)	(1,121)					
Provisions		–	–	–	(2,240)	(2,240)					
Depreciation of property, plant and equipment	7	(4)	(5)	(137)	(189)	(335)					
Amortisation of intangible assets	8	–	–	–	(37)	(37)					

There are no inter-segment transfers or transactions. Unallocated costs represent corporate expenses.

The segment assets and liabilities at 31 December 2006 are as follows:

<i>All amounts in € thousands</i>						<b>31 DECEMBER 2006</b>					
		<b>Development &amp; Sale of property</b>	<b>Construction Work</b>	<b>Property Leases</b>	<b>Unallocated</b>	<b>Group</b>					
Total Assets		303,559	1,849	981,631	92,405	1,379,444					
Total Liabilities		228,037	31	396,552	210,145	834,766					
Capital expenditure		92,372	–	62,777	593	155,743					



The segment assets and liabilities at 31 December 2005 are as follows:

<i>All amounts in € thousands</i>	<b>31 DECEMBER 2005</b>				
	<b>Development &amp; Sale of property</b>	<b>Construction Work</b>	<b>Property Leases</b>	<b>Unallocated</b>	<b>Group</b>
Total Assets	278,065	1,945	720,059	62,473	1,062,542
Total Liabilities	101,748	6	321,140	167,022	589,917
Capital expenditure	17,613	–	49,425	1,704	68,742

Segment assets consist primarily of investment property, property plant and equipment (land, buildings and assets under construction), inventories, trade and other receivables.

Unallocated assets mainly comprise intangible assets, cash & cash equivalents and derivative financial instruments.

Segment liabilities consist primarily of borrowings (including finance leases), trade and other liabilities.

Unallocated liabilities mainly comprise current & deferred income tax liabilities, litigation provisions, employee benefits obligations, derivative financial instruments and dividends payable.

## 5.2. Secondary reporting format – geographical segments

The Group realises the total of its sales in Greece.

## 6. Investment property

<i>All amounts in € thousands</i>	<b>Note</b>	<b>Consolidated</b>	<b>Company</b>
<b>At beginning of year (01.01.2005)</b>		624,951	535,286
Additions in investment property		35,119	29,003
Transfer from property, plant and equipment		31,198	9,037
Transfer from inventory		24,401	2,513
Net gain from fair value adjustments on investment property		188,714	132,230
<b>At end of year (31.12.2005)</b>		<b>904,383</b>	<b>708,069</b>
Acquisition of subsidiary	32	30,533	–
Additions in investment property		124,527	62,636
Transfer from property, plant and equipment		(2,168)	3,820
Transfer from inventory		1	–
Disposal	28	(1,476)	–
Net gain from fair value adjustments on investment property		138,905	10,515
<b>At end of year (31.12.2006)</b>		<b>1,194,706</b>	<b>785,039</b>

The fair market value of Investment property was re-measured and adjusted at 31 December 2006 based on the Valuation Report by an independent professionally qualified valuer of Colliers International. For all properties, valuations were based on current prices in an active market and discounted cash flow projections.



The following amounts relating to investment property have been recognised in the income statement:

<i>All amounts in € thousands</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>
Rental income	23,552	19,447	18,446	17,827
Direct operating expenses arising from investment property that generate rental income	726	952	658	827
Direct operating expenses that did not generate rental income	750	899	326	410

#### *Additions to investment property*

##### 49 Kifissias Avenue & Ziridi

During the year ended at 31 December 2006, an additional part (second floor offices) of the building developed in a property acquired by the Group (through the acquisition of the owner company – Note: 32) located in Maroussi (49 Kifissias Av.) was completed. For this new part completed, a sale and leaseback agreement of approximately € 5 million was signed by the Group.

The completion of the above part had a positive contribution of approximately € 9.2 million in the Group's result before deferred tax based on the valuation performed by the independent appraiser as per December 31st, 2006.

##### Delta Falirou

Investment property also includes the right to use (Build Operate Transfer) a building complex owned by Rizarios Ecclesiastical School (R.E.S.) for 49 years. The Group has entered into an agreement with R.E.S. according to which, the Group has constructed two building complexes of total above ground area 24,213 sqm (Building Complex I: 9,640 sqm, Building complex II: 14,573 sqm with respective parking stations). According to the same agreement, the building complex I is becoming ownership of R.E.S. while the building complex II is becoming ownership of the Group through a contract of exchange of land for built area. The latter is included in the Investment property under construction (see below). The Group has entered into an operational lease agreement of 49 years for the Building complex I which was delivered to R.E.S at the beginning of 2006. The right to use buildings through operational lease agreements can be classified and treated as investment property (when the provisions of IAS 17 par. 19 and IAS 40 par. 6 are fulfilled). Consequently, the aforementioned right to use the building complex I was classified as investment property and recognised in the Balance Sheet at its fair value based on the valuation performed by the independent appraiser as per December 31st 2006. The above right was treated as financial lease (based on the provisions of IAS 17 paragraph 19). For the calculation of the revaluation surplus, the value of the financial lease (present value of the minimum lease payments to R.E.S.) was deemed as cost. The respective liability has been included in the financial statements and is classified as borrowings. The revaluation surplus (difference between fair value and cost as described above) amounting to € 47.3 million was recognised in the income statement of the year. The Group has already subleased approximately 75% of the lettable area of the building complex I.

During the second quarter of 2006, the construction of the parking station and the first building (K3) of the building complex II at Delta Falirou was completed. During the third quarter of 2006, the construction of the building (K4) of the same building complex at Delta Falirou was also completed. All the damages caused by the fire eruption at July 31st, 2006 were restored. The completion of the parking station and both K3, K4 buildings had a positive contribution of approximately € 93.8 million in the Group's result before deferred tax based on the valuation performed by the independent appraiser as per December 31st, 2006. During 2005, the Group had signed a sale and



leaseback agreement of € 59 million covering 94% of the lettable area of the building complex II (buildings K3 and K4) and 100% of the parking spaces of the property.

It has to be noted that the damages caused by the fire eruption at July 31st, 2006 to part of the Building Complex II (Building K4 – floors A & B), being under construction by the subsidiary “Babis Vovos International Construction S.A. and Co GP” and intended to be a bowling centre, were fully restored. The building, which was delivered to its tenant (Village Roadshow), was fully insured with Alpha Insurance and the process for covering the restoration costs was not completed as per December 31st, 2006. The payment by Alpha Insurance was made during January 2007 (Note: Events after the balance sheet date) and amounted to € 2,430 thousand. The loss of € 1,033 thousand was recorded in the income statement.

#### *Disposal of Investment property*

The disposals of investment property refer to a residence owned by the subsidiary “Babis Vovos International Construction S.A. and Co GP” at Kefalari Attica. The sale price was determined at € 850 thousand. The fair value of the property (€ 1,476 thousand) based on the valuation performed by the independent appraiser as per December 31st, 2005 burdened as cost of sales the Group’s result for the year (Note: Cash generated from operations).

#### *Investment property under construction*

##### Sounio

BVIC Group has already received all the necessary permits from the Greek National Tourist Organisation (GNTO) and has prepared all the necessary data and documents for the issuance of new building permits for the development of three distinct hotel units, with a total above ground area of 12,000 sqm. This project is currently under the procedure of issuing necessary building permits. The development of the land plot in Sounio, in a particularly attractive location, will generate significant demand from Greek and foreign hotel operators. The Group intends to secure a long-term lease agreement with a hotel operator to manage the units that will be developed.

##### 340 Syngrou Avenue

The Group acquired a property in Athens located at 340 Syngrou Ave. (through the acquisition of a company, see Note 32 below), which is currently under the procedure of issuing building permit and included in Investment property.

##### Poros - Galatas

The Group has already received all the necessary permits for the improvement of the existing hotel unit into a class A’ hotel and the completion of the semi-completed semi-detached residential units intended for tourist use. The fair market value of the land plots and the hotel unit as well as the construction costs as per 31 December 2006 are included in Investment property under construction.

##### Votanikos

Babis Vovos International Construction S.A. signed a final purchase agreement on the 16th October 2006, for the assets owned by ETMA S.A. and HELLATEX S.A., in the area of combined urban regeneration and development of Votanikos.

This agreement refers to a total land surface of approximately 100,000 sqm, located in the district of Elaionas in the municipality of Athens. The price for each of the aforementioned companies’ property amounted to € 31,280 thousand and € 18,720 thousand respectively.



The aforementioned land plots are located within the borders of the Metropolitan intervention and combined urban regeneration and development of the areas of Alexandras Avenue and Votanikos, according to L.3481/2006. According to the provisions of the aforementioned law, the company granted 57% of the total surface to the municipality of Athens ensuring the respective to the total surface building coefficient. Company management has not yet decided for the way of exploitation of the property which is classified under investment property.

At 31 December 2006, the Group had no un-provided contractual obligations for future repairs and maintenance of investment property.

Investment property includes buildings valued at € 845,817 thousand (including the Build Operate Transfer of building complex Ethnikis Antistaseos), held under sale and leaseback agreements, of which the remaining obligations are € 334,326 thousand. (For 31.12.2005: buildings valued at € 768,868 thousand (including the Build Operate Transfer of building complex Ethnikis Antistaseos) held under sale and leaseback agreements of which the remaining obligations were € 295,268 thousand).

For securing liabilities, guarantees over the investment property amounting to € 164,368 thousand (2005: € 79,368 thousand) for the Group and € 92,426 thousand (2005: € 37,426 thousand) for the company have been provided.

## 7. Property, plant and equipment

Consolidated						<i>All amounts in € thousands</i>
	Note	Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
<b>Cost</b>						
<b>Balance 1 January 2006</b>		<b>10,990</b>	<b>2,283</b>	<b>476</b>	<b>11,369</b>	<b>25,119</b>
Purchases		–	463	79	89	631
Business combinations	32	1,404	–	7	–	1,410
Sales		–	(1)	–	–	(1)
Disposals		(1,404)	–	(73)	–	(1,477)
Transfer to Investment Property	6	–	–	–	2,168	2,168
<b>Balance 31 December 2006</b>		<b>10,990</b>	<b>2,746</b>	<b>489</b>	<b>13,625</b>	<b>27,850</b>
<b>Accumulated depreciation</b>						
<b>Balance 1 January 2006</b>		<b>(783)</b>	<b>(1,758)</b>	<b>(338)</b>	–	<b>(2,879)</b>
Depreciation charge		(325)	(222)	(65)	–	(612)
Business combinations	32	(1,059)	–	(7)	–	(1,065)
Depreciation write-off due to sale / disposal		1,082	1	73	–	1,156
<b>Balance 31 December 2006</b>		<b>(1,085)</b>	<b>(1,978)</b>	<b>(337)</b>	–	<b>(3,400)</b>
<b>Closing net book amount 31 December 2006</b>		<b>9,905</b>	<b>767</b>	<b>152</b>	<b>13,625</b>	<b>24,450</b>
<b>Consolidated</b>						<i>All amounts in € thousands</i>
	Note	Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
<b>Cost</b>						
<b>Balance 1 January 2005</b>		<b>10,490</b>	<b>2,215</b>	<b>365</b>	<b>19,339</b>	<b>32,409</b>
Purchases		500	68	112	11,519	12,198
Business combinations	32	–	–	–	21,281	21,281
Transfer to Investment Property	6	–	–	–	(31,198)	(31,198)
Transfer to Inventory		–	–	–	(9,571)	(9,571)
<b>Balance 31 December 2005</b>		<b>10,990</b>	<b>2,283</b>	<b>476</b>	<b>11,369</b>	<b>25,119</b>
<b>Accumulated depreciation</b>						
<b>Balance 1 January 2005</b>		<b>(550)</b>	<b>(1,522)</b>	<b>(274)</b>	–	<b>(2,345)</b>
Depreciation charge		(234)	(236)	(65)	–	(534)
<b>Balance 31 December 2005</b>		<b>(783)</b>	<b>(1,758)</b>	<b>(338)</b>	–	<b>(2,879)</b>
<b>Closing net book amount 31 December 2005</b>		<b>10,207</b>	<b>525</b>	<b>138</b>	<b>11,369</b>	<b>22,240</b>



Company						<i>All amounts in € thousands</i>
	Note	Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
<b>Cost</b>						
<b>Balance 1 January 2006</b>		2,046	1,891	445	17,357	21,739
Purchases		–	81	62	89	232
Sales		–	(1)	–	–	(1)
Disposals		–	–	(72)	–	(72)
Transfer to Investment Property	6	–	–	–	(3,820)	(3,820)
<b>Balance 31 December 2006</b>		<u>2,046</u>	<u>1,971</u>	<u>436</u>	<u>13,625</u>	<u>18,078</u>
<b>Accumulated depreciation</b>						
<b>Balance 1 January 2006</b>		(590)	(1,410)	(307)	–	(2,307)
Depreciation charge		(205)	(201)	(65)	–	(472)
Depreciation write-off due to disposal		–	1	72	–	73
<b>Balance 31 December 2006</b>		<u>(796)</u>	<u>(1,610)</u>	<u>(300)</u>	<u>–</u>	<u>(2,706)</u>
<b>Closing net book amount 31 December 2006</b>		<u>1,250</u>	<u>361</u>	<u>136</u>	<u>13,625</u>	<u>15,372</u>
<b>Company</b>						<i>All amounts in € thousands</i>
	Note	Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
<b>Cost</b>						
<b>Balance 1 January 2005</b>		1,546	1,868	333	19,339	23,087
Purchases		500	23	112	16,626	17,259
Transfer to Investment Property	6	–	–	–	(9,037)	(9,037)
Transfer to Inventory		–	–	–	(9,571)	(9,571)
<b>Balance 31 December 2005</b>		<u>2,046</u>	<u>1,891</u>	<u>445</u>	<u>17,357</u>	<u>21,739</u>
<b>Accumulated depreciation</b>						
<b>Balance 1 January 2005</b>		(453)	(1,183)	(243)	–	(1,879)
Depreciation charge		(137)	(227)	(64)	–	(428)
<b>Balance 31 December 2005</b>		<u>(590)</u>	<u>(1,410)</u>	<u>(307)</u>	<u>–</u>	<u>(2,307)</u>
<b>Closing net book amount 31 December 2005</b>		<u>1,456</u>	<u>481</u>	<u>138</u>	<u>17,357</u>	<u>19,432</u>

There were no impairment charges in 2006 and 2005.

Depreciation expense of € 428 thousand (2005: € 335 thousand) for the Group and € 300 thousand (2005: € 237 thousand) for the Company has been charged in the income statement as follows (note 21): € 217 thousand (2005: € 147 thousand) for the Group, € 209 thousand (2005: € 147 thousand) for the Company in cost of sales and € 211 thousand (2005: € 189 thousand) for the Group, € 91 thousand (2005: € 90 thousand) for the Company in administrative expenses respectively.

The category of machinery and motor vehicles includes machinery leased by the Group from third parties under finance leases with the following carrying amounts:

<i>All amounts in € thousands</i>	<b>Consolidated</b>	<b>Company</b>
	31 December 2006	31 December 2006
Cost	336	–
Accumulated depreciation	(8)	–
<b>Closing net book amount 31 December 2006</b>	<u>328</u>	<u>–</u>

During the previous fiscal year, there was no machinery leased by the Group from third parties under finance leases.

The category of lands and buildings includes an own-occupied property held by the Group under sale and leaseback agreement for which the fair value was considered as “deemed cost”, based on a valuation report by an independent valuer, at May 31st, 2004. The fair value resulted from the valuation was € 8,932 thousand. The analysis of the carrying amounts is as follows:



<i>All amounts in € thousands</i>	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Land cost	3,919	3,919	-	-
Building cost	5,013	5,013	-	-
Accumulated depreciation	(289)	(193)	-	-
<b>Closing net book amount 31 December 2006</b>	<b>8,643</b>	<b>8,739</b>	<b>-</b>	<b>-</b>

Lease rentals amounting to € 17,195 thousand (2005: € 17,028 thousand) and € 12,493 thousand (2005: € 11,772 thousand) for the Group and the Company respectively, relating to the operating leases of properties (horizontal ownerships), vehicles and other equipment are included in the income statement under cost of sales for the property leases and under administrative expenses .

For securing liabilities, guarantees over the property plant equipment amounting to € 9,600 thousand (2005: € 9,600 thousand) for the Group and the company have been provided.

## 8. Intangible assets

<i>All amounts in € thousands</i>	Consolidated			Company		
	Software licences	Purchased rights to transfer building coefficients	Total	Software licences	Purchased rights to transfer building coefficients	Total
<b>Cost</b>						
<b>Balance 1 January 2006</b>	230	18,871	19,101	230	16,443	16,673
Purchases	44	-	44	44	-	44
<b>Balance 31 December 2006</b>	<b>274</b>	<b>18,871</b>	<b>19,146</b>	<b>274</b>	<b>16,443</b>	<b>16,718</b>
<b>Accumulated depreciation</b>						
<b>Balance 1 January 2006</b>	(129)	-	(129)	(129)	-	(129)
Depreciation charge	(43)	-	(43)	(43)	-	(43)
<b>Balance 31 December 2006</b>	<b>(172)</b>	<b>-</b>	<b>(172)</b>	<b>(172)</b>	<b>-</b>	<b>(172)</b>
<b>Closing net book amount 31 December 2006</b>	<b>102</b>	<b>18,871</b>	<b>18,974</b>	<b>102</b>	<b>16,443</b>	<b>16,546</b>
<i>All amounts in € thousands</i>	<b>Consolidated</b>			<b>Company</b>		
	Software licences	Purchased rights to transfer building coefficients	Total	Software licences	Purchased rights to transfer building coefficients	Total
<b>Cost</b>						
<b>Balance 1 January 2005</b>	147	18,810	18,957	147	16,382	16,529
Purchases	83	61	144	83	61	144
<b>Balance 31 December 2005</b>	<b>230</b>	<b>18,871</b>	<b>19,101</b>	<b>230</b>	<b>16,443</b>	<b>16,673</b>
<b>Accumulated depreciation</b>						
<b>Balance 1 January 2005</b>	(92)	-	(92)	(92)	-	(92)
Depreciation charge	(37)	-	(37)	(37)	-	(37)
<b>Balance 31 December 2005</b>	<b>(129)</b>	<b>-</b>	<b>(129)</b>	<b>(129)</b>	<b>-</b>	<b>(129)</b>
<b>Closing net book amount 31 December 2005</b>	<b>102</b>	<b>18,871</b>	<b>18,973</b>	<b>102</b>	<b>16,443</b>	<b>16,545</b>

Amortization of € 43 thousand (2005: € 37 thousand) for the Group and the Company has been charged in the income statement (note 21) in administrative expenses.

There were no impairment charges in 2006 and 2005.



### Transfer of Building Coefficient rights

The fair value of the rights to transfer building coefficient as determined by a valuation report prepared by Colliers International dated 31 December 2006 amounts to € 52,930 thousand. The difference between the fair value and their cost amounting to € 34,059 thousand has not been recognized in the financial statements.

For securing liabilities, guarantees over the intangible assets (Transfer of Building Coefficient rights – cost of land that will accept the transferable building coefficients) amounting to € 12,745 thousand (2005: € 12,745 thousand) for the Group and the company have been provided.

## 9. Investments in subsidiaries and other investments

All amounts in € thousands	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Participation to subsidiaries	–	–	55,125	32,300
Other participations	18	18	1	1
Provision for participations impairment	–	–	(7,648)	–
	<u>18</u>	<u>18</u>	<u>47,477</u>	<u>32,301</u>

In the company income statement, a loss amounting to € 11,498 thousand and € 17,257 thousand for the years 2006 and 2005 respectively were included. Both amounts concern the result of the subsidiary “Babis Vovos International Construction S.A & Co. GP”.

During 2006, a provision for impairment was calculated for participation of the parent company to the subsidiary “Doma S.A.” amounting to € 7,648 thousand. During 2005, no provision for participations impairment had been calculated.

The subsidiary companies that are consolidated are:

COMPANY	PERCENTAGE %
• Babis Vovos International Construction S.A.	Parent
• Babis Vovos International Construction S.A. & Co. GP	99.90%
• Doma S.A.	98.98%
• Alteco S.A.	99.01%
• Ergoliptiki - Ktimatiki - Touristiki S.A.	51.00%
• International Palace Hotel S.A.	Included in the consolidation with 51% percentage of ownership through “Ergoliptiki - Ktimatiki - Touristiki S.A.” which owns 100% of its share capital.
• Elfinko S.A.	Included for the first time in the consolidation with 99% percentage of ownership due to acquisition by Patent company.

They are all domiciled in Greece.



Analytically:

All amounts in € thousands	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Babis Vovos International Construction S.A. and Co. GP - E. Sylias & Co GP.	11	11	-	-
Babis Vovos International Construction S.A. & Co. GP. - Agora C. & Co. GP.	3	3	-	-
Ergoliptiki - Ktimatiki - Touristiki S.A. & Co Ltd	3	3	-	-
Doma S.A.	-	-	19,004	19,004
Babis Vovos International Construction S.A. and Co. GP	-	-	29	29
Ergoliptiki - Ktimatiki - Touristiki S.A.	-	-	2,694	2,694
International Palace Hotel S.A.	-	-	-	-
Alteco S.A.	-	-	10,572	10,572
Elfinko S.A.	-	-	22,825	-
Other	1	1	1	1
	<u>18</u>	<u>18</u>	<u>55,126</u>	<u>32,301</u>
Provision for participations impairment				
Doma S.A.	-	-	(7,648)	-
<b>Total</b>	<u>18</u>	<u>18</u>	<u>47,477</u>	<u>32,301</u>

There were no disposals of investments during 2005 and 2006.

On May 22nd, 2006, the Company acquired 99.00% of Elfinko S.A. The total amount paid for the acquisition was € 22,825 thousand. A land plot of approximately 6,000 sqm at 340 Syngrou Avenue in Kallithea is the main asset of the aforementioned company (note 32).

On January 18th, 2005, the Company acquired 99.01% of ALTECO S.A., a company that owns a plot of land at 49 Kifissias Av., in Maroussi. The total amount paid for the acquisition was € 10,572 thousand (note 32).

## 10. Inventories

All amounts in € thousands	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Property Inventory (land plots - buildings)	3,941	3,108	647	647
Construction in progress	17,068	9,069	17,068	9,068
Raw Material inventory	1,223	1,025	1,000	615
Construction of buildings & civil engineer technical works in progress	634	732	634	732
Downpayments for stocks	8,663	7,643	8,399	7,167
Provision for impairment of construction in progress	(2,394)	(910)	(2,394)	(910)
Provision for impairment of other inventory	(15)	-	-	-
At end of year	<u>29,120</u>	<u>20,667</u>	<u>25,354</u>	<u>17,318</u>

Construction in progress is analysed into the following properties under construction:

All amounts in € thousands	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
9-13 Patmou & Agrafon street	4,892	8,569	4,892	8,569
108-110 Athinon Avenue	11,780	468	11,780	468
340 Syngrou Avenue	396	30	396	30
Other	-	1	-	-
Construction in progress	<u>17,068</u>	<u>9,069</u>	<u>17,068</u>	<u>9,068</u>

The cost of inventories recognized as expense and included in cost of sales amounted to € 17,464 thousand (2005: € 4,113 thousand) and € 16,054 thousand (2005: € 4,107 thousand) for the Group and the Company respectively.

For securing liabilities, guarantees over the inventories amounting to € 2,028 thousand (2005: € 2,028 thousand) for the Group and the company have been provided.



## 11. Trade and other receivables

<i>All amounts in € thousands</i>	Note	Consolidated		Company	
		31 December 2006	31 December 2005	31 December 2006	31 December 2005
Trade receivables		14,943	5,890	12,589	3,453
Prepaid expenses		7,084	8,201	5,029	5,812
Accrued income		2,430			
Receivables from subsidiaries	31	–	–	37,306	50,476
Receivables from other related parties	31	11,579	23,507	5,580	17,312
Advances		259	237	71	61
Other debtors		10,253	12,154	7,261	10,451
Less: provision for impairment of receivables		(5,882)	(3,832)	(3,607)	(2,724)
		40,665	46,157	64,228	84,841
Less non-current assets:					
Advances		(259)	(237)	(71)	(61)
Current assets		40,406	45,920	64,157	84,780

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, operating in wide spectrum of business sectors.

The accounting value of receivables is approximately the same as their fair value.

Long term receivables, included in non-current assets, relate to guarantees paid to third parties in the normal course of the business and do not have specific maturity date.

During the year, an impairment loss for trade accounts receivable of € 2,051 thousand (2005: € 1,121 thousand) and € 883 thousand (2005: € 1,121 thousand) for the Group and the Company respectively was charged in the income statement and is included in the administrative expenses.

## 12. Cash and cash equivalents

<i>All amounts in € thousands</i>	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Cash on hand	142	83	81	62
Site deposits	14,513	32,906	6,546	9,553
Committed deposit accounts	56,854	17,115	40,000	–
Cash and cash equivalents	71,509	50,104	46,627	9,615

Committed deposit accounts are deposit accounts held as cash collateral for securing bank borrowings. The effective interest rate of committed deposit accounts of the company amounting to € 40,000 thousand for 2006 was 3.60% (2005: –) while for the rest of the committed deposit accounts of the Group subsidiaries amounting to € 16,854 thousand was 2.75% (2005: € 1.125%).



### 13. Share capital

<b>Consolidated</b>					
	<b>Number of shares</b> (thousands)	<b>Nominal value</b> (€)	<b>Ordinary shares</b> (€ thousands)	<b>Share premium</b> (€ thousands)	<b>Total</b> (€ thousands)
Balance at 31 December 2005/2006	33,930	0.30	10,179	36,653	46,832
<b>Company</b>					
	<b>Number of shares</b> (thousands)	<b>Nominal value</b> (€)	<b>Ordinary shares</b> (€ thousands)	<b>Share premium</b> (€ thousands)	<b>Total</b> (€ thousands)
Balance at 31 December 2005/2006	33,930	0.30	10,179	36,653	46,832

The total authorised number of ordinary shares is 33,930 thousand shares (2005: 33,930 thousand shares) with a par value of € 0.30 per share (2005: € 0.30 per share). All issued shares are fully paid.

### 14. Reserves

<b>Consolidated</b>					<i>All amounts in € thousands</i>
	<b>Statutory reserve</b>	<b>Extraordinary reserve</b>	<b>Special - untaxed reserve</b>	<b>Total</b>	
Balance at 1 January 2005	(115)	7,622	16,136	23,642	
Transfer from retained earnings	578	–	(1,168)	(589)	
Balance at 31 December 2005	463	7,622	14,968	23,053	
Balance at 31 December 2006	463	7,622	14,968	23,053	
<b>Company</b>					<i>All amounts in € thousands</i>
	<b>Statutory reserve</b>	<b>Extraordinary reserve</b>	<b>Special - untaxed reserve</b>	<b>Total</b>	
Balance at 1 January 2005	(125)	5,353	19,817	25,044	
Transfer from retained earnings	199	–	–	199	
Balance at 31 December 2005	74	5,353	19,817	25,244	
Balance at 31 December 2006	74	5,353	19,817	25,244	

#### (a) Statutory reserve

According to the provisions of articles 44 and 45 of the Cod Law 2190/1920 the formation of the statutory reserve and its potential use is determined as follows: At least 5% of the actual (accounting) net profit of each fiscal year has to be withheld for the formation of a statutory reserve until the accumulated amount reaches at the level of 1/3 of the nominal share capital. The statutory reserve can be used, with the approval of the General Shareholders Meeting, for compensating losses and, consequently cannot be used for any other reason.

#### (b) Extraordinary Reserve

This category of reserve has been formed with decision by the General Shareholders Meeting during previous fiscal years. Its formation has no specific reason and is subject to be used for each reason that the General Shareholders Meeting decides.



### (c) Special-untaxed reserves

Special-untaxed reserves include:

All amounts in € thousands	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Construction companies' untaxed reserve	13,874	13,874	19,243	19,243
Untaxed reserve for investments	270	270	270	270
Untaxed reserve for tax free income	220	220	204	204
Untaxed reserve under special tax law provisions <sup>(1)</sup>	110	110	99	99
Untaxed reserve for participation & securities disposal profit	494	494	–	–
<b>Total</b>	<b>14,968</b>	<b>14,968</b>	<b>19,817</b>	<b>19,817</b>

(1) For this reserve, there has been a tax retention of € 17 thousands which will be set off in case of distribution.

The above reserves can be capitalised and distributed (taking into consideration any relative law provisions into effect) with the approval of the General Shareholders Meeting.

Part of the non-distributed net profit of each fiscal year that derives from un-taxed revenues or revenues under special tax law provision.

In case these reserves are distributed, the company will be obliged to pay the relative tax which will derive after offsetting any tax already paid at the time of their formation.

## 15. Borrowings

All amounts in € thousands	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
<b>Non-current</b>				
Bank Borrowings	47,102	30,935	27,102	30,935
Finance lease liabilities	365,303	310,337	254,553	249,519
	<u>412,405</u>	<u>341,271</u>	<u>281,656</u>	<u>280,454</u>
<b>Current</b>				
Bank Borrowings	113,146	57,856	84,093	28,844
Finance lease liabilities	18,831	15,882	15,925	14,605
	<u>131,977</u>	<u>73,737</u>	<u>100,017</u>	<u>43,448</u>
<b>Total borrowings</b>	<b>544,382</b>	<b>415,008</b>	<b>381,673</b>	<b>323,902</b>

The Group's exposure to interest rate risk for the bank loans and the interest rate contractual re-pricing dates are as follows:



<i>All amounts in € thousands</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
6 months or less	160,248	88,790	111,195	59,778
	<u>160,248</u>	<u>88,790</u>	<u>111,195</u>	<u>59,778</u>

The maturity of non-current borrowings (excluding finance lease liabilities) is as follows:

<i>All amounts in € thousands</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Between 1 and 2 years	42,817	17,916	22,817	17,916
Between 2 and 5 years	4,286	13,019	4,286	13,019
	<u>47,102</u>	<u>30,935</u>	<u>27,102</u>	<u>30,935</u>

All the Group's borrowings are at floating rates of interest. The average weighted interest rate at 31 December 2006 was 6.09% (2005: 6.20%) for bank borrowings. Due to the interest rate swap signed by the Group during the first quarter of 2006 for approximately 86% of the above finance lease liabilities (see Derivatives), the rate for calculating the interest payable for these liabilities is 5.29% up to the maturity and repayment of the respective agreements. For the remaining finance lease liabilities, which are not included in the aforementioned interest rate swap agreement, the average weighted interest rate 31 December 2006 was 6.56% (the average weighted interest rate 31 December 2005 for the total of finance lease liabilities was 5.24%).

At 16 June 2006, the Group signed a common bond loan amounting to € 20 million with Eurobank. The bond loan comes to its maturity 22 months after the issue date. It is divided to ten (10) bonds of € 2 million nominal value. The bond loan's interest rate is EURIBOR 3 month + 1.80% spread. The bond loan is not convertible to shares.

The fair value of both the long-term and short-term borrowings at 31 December 2006 approximated their carrying values.

All the Group's borrowings are in Euro.

The Group has the following un-drawn borrowing facilities to cover future corporate needs:

<i>All amounts in € thousands</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Floating rate:				
Expiring within one year	—	3,412	—	3,412
	<u>—</u>	<u>3,412</u>	<u>—</u>	<u>3,412</u>





The total movement in deferred income tax is presented below:

<i>All amounts in € thousands</i>	Note	Consolidated	Company
Balance at 1 January 2005		67,497	58,925
Debit / (credit) in the income statement	25	44,503	33,785
Acquisition of subsidiary	32	3,505	-
Balance at 31 December 2005		<u>115,505</u>	<u>92,710</u>
Debit / (credit) in the income statement	25	32,003	2,649
Acquisition of subsidiary	32	6,443	-
Balance at 31 December 2006		<u>153,951</u>	<u>95,358</u>

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

DEFERRED TAX LIABILITIES				
<i>All amounts in € thousands</i>	Consolidated		Company	
	Investment property to fair value	Total	Investment property to fair value	Total
<b>Balance 01.01.2005</b>	<b>116,192</b>	<b>116,192</b>	<b>99,804</b>	<b>99,804</b>
Debit / (credit) in the income statement	48,461	48,461	35,581	35,581
Acquisition of subsidiary	3,865	3,865	-	-
<b>Balance 31.12.2005</b>	<b><u>168,518</u></b>	<b><u>168,518</u></b>	<b><u>135,385</u></b>	<b><u>135,385</u></b>
Debit / (credit) in the income statement	28,176	28,176	2,630	2,630
Acquisition of subsidiary	6,447	6,447	-	-
<b>Balance 31.12.2006</b>	<b><u>203,141</u></b>	<b><u>203,141</u></b>	<b><u>138,015</u></b>	<b><u>138,015</u></b>

DEFERRED TAX ASSETS							
Consolidated				<i>All amounts in € thousands</i>			
	Reversal of profit from sale of property under Finance leases	Intangible assets	Provision for employee retirement benefit based on actuarial study	Derivatives	Other	Total	
<b>Balance 01.01.2005</b>	<b>(41,834)</b>	<b>(6,379)</b>	<b>(140)</b>	<b>(342)</b>	<b>-</b>	<b>-</b>	<b>(48,695)</b>
Debit / (credit) in the income statement	(8,433)	6,379	138	(41)	(193)	(1,807)	(3,958)
Acquisition of subsidiary	-	-	(361)	-	-	-	(361)
<b>Balance 31.12.2005</b>	<b><u>(50,268)</u></b>	<b><u>-</u></b>	<b><u>(363)</u></b>	<b><u>(384)</u></b>	<b><u>(193)</u></b>	<b><u>(1,807)</u></b>	<b><u>(53,014)</u></b>
Debit / (credit) in the income statement	6,613	-	10	(60)	(1,732)	(1,004)	3,827
Acquisition of subsidiary	-	-	(3)	-	-	-	(3)
<b>Balance 31.12.2006</b>	<b><u>(43,654)</u></b>	<b><u>-</u></b>	<b><u>(356)</u></b>	<b><u>(444)</u></b>	<b><u>(1,924)</u></b>	<b><u>(2,812)</u></b>	<b><u>(49,190)</u></b>
Company				<i>All amounts in € thousands</i>			
	Reversal of profit from sale of property under Finance leases	Intangible assets	Provision for employee retirement benefit based on actuarial study	Derivatives	Other	Total	
<b>Balance 01.01.2005</b>	<b>(38,234)</b>	<b>(2,193)</b>	<b>(140)</b>	<b>(311)</b>	<b>-</b>	<b>-</b>	<b>(40,879)</b>
Debit / (credit) in the income statement	(3,734)	2,193	138	(40)	(193)	(162)	(1,796)
<b>Balance 31.12.2005</b>	<b><u>(41,968)</u></b>	<b><u>-</u></b>	<b><u>(2)</u></b>	<b><u>(351)</u></b>	<b><u>(193)</u></b>	<b><u>(162)</u></b>	<b><u>(42,675)</u></b>
Debit / (credit) in the income statement	2,596	-	6	(53)	(1,732)	(798)	19
<b>Balance 31.12.2006</b>	<b><u>(39,372)</u></b>	<b><u>-</u></b>	<b><u>5</u></b>	<b><u>(404)</u></b>	<b><u>(1,924)</u></b>	<b><u>(960)</u></b>	<b><u>(42,656)</u></b>



Deferred tax assets are recognised for tax loss carry – forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable. The Group and the company did not recognise deferred income tax assets amounting to € 8,624 thousand (2005: € 2,955 thousand) and € 6,876 thousand (2005: € 2,950 thousand) in respect of losses amounting to € 34,497 thousand (2005: € 11,819 thousand) and € 27,507 thousand (2005: € 11,799 thousand) respectively, that can be carried forward against future taxable income up to 2011.

There are no other significant unrecognised deferred tax assets and liabilities.

## 17. Retirement benefit obligations

The amounts recognised in the balance sheet are as follows:

<i>All amounts in € thousands</i>	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Present value of unfunded obligations	1,914	2,084	1,579	1,838
Unrecognised actuarial losses	(116)	(535)	38	(434)
	<u>1,797</u>	<u>1,549</u>	<u>1,617</u>	<u>1,404</u>
<b>Liability in the balance sheet</b>	<b><u>1,797</u></b>	<b><u>1,549</u></b>	<b><u>1,617</u></b>	<b><u>1,404</u></b>

The amounts recognised in the income statement are as follows:

<i>All amounts in € thousands</i>	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Current service cost	161	152	133	137
Interest cost	75	59	67	55
Net actuarial losses recognised during the year	<u>35</u>	<u>6</u>	<u>26</u>	<u>9</u>
<b>Total, included in employee benefit expense</b>	<b><u>271</u></b>	<b><u>217</u></b>	<b><u>226</u></b>	<b><u>201</u></b>

The movement in liability recognised in the balance sheet is as follows:

<i>All amounts in € thousands</i>	Note	Consolidated		Company	
		31 December 2006	31 December 2005	31 December 2006	31 December 2005
<b>Beginning of the year</b>		1,549	1,381	1,404	1,245
Total expense charged in the income statement	24	271	217	226	201
Contributions paid	24	<u>(23)</u>	<u>(48)</u>	<u>(12)</u>	<u>(43)</u>
<b>End of the year</b>		<b><u>1,797</u></b>	<b><u>1,549</u></b>	<b><u>1,617</u></b>	<b><u>1,404</u></b>

Out of the total expense charged in the income statement, € 248 thousand (2005: € 169 thousand) and € 214 thousand (2005: € 158 thousand) for the Group and the company respectively has been recorded to other gains / expenses – net (note 22).

The principal actuarial assumptions used were as follows:

Discount rate	4.30%	3.62%	4.30%	3.62%
Future salary increases	5.00%	5.00%	5.00%	5.00%



Assumptions regarding future mortality experience are based on Greek mortality table 1990 for male and female (Ministry of Labour K3-3974/99).

## 18. Trade and other payables

<i>All amounts in € thousands</i>		Consolidated		Company	
		31 December 2006	31 December 2005	31 December 2006	31 December 2005
	Note				
Trade Payables		9,819	13,535	5,051	6,144
Amounts due to subsidiaries	31	–	–	35,950	23,088
Amounts due to other related parties	31	38,796	7,375	29,621	6,036
Social security and other taxes		2,637	4,905	1,035	646
Customer advances		41,204	1,260	40,945	1,006
Accrued expenses		3,631	3,740	29,984	18,965
Unearned and deferred income		7,259	73	7,259	73
Lease Guarantees		3,742	3,976	2,856	3,092
Other creditors		63	345	52	207
Trade and other Payables		107,152	35,208	152,753	59,258
Less long-term liabilities:					
lease guarantees		(3,742)	(3,976)	(2,856)	(3,092)
Short-term liabilities		103,410	31,233	149,897	56,166

Group and company trade and other payables are interest free.

## 19. Derivatives

<i>All amounts in € thousands</i>		Consolidated		Company	
		31 December 2006	31 December 2005	31 December 2006	31 December 2005
Non-current liabilities		15,868	–	15,868	–
Current liabilities		3,004	7,970	3,004	7,970
		18,872	7,970	18,872	7,970

The Group, aiming at low financial cost in the long term, signed the following interest rate swap agreements.

During 2005, the Company signed an interest rate swap with Deutsche Bank. According to its terms, the company receives a prepayment of € 7,200 thousand which actually is the interest calculated on a notional principal of € 72,000 thousand. The Company has the obligation to pay 8 six-monthly instalments commencing on June 14th 2006. The instalments are calculated as interest on the notional principal with an interest rate based on the 5-year EUR swap rate (5y CMS). At 31 December 2006, after the payment of the first two instalments (€ 1,825 thousand), the fair value of the interest rate swap was € 5,700 thousand (31.12.2005: € 7,970 thousand with no payment made at that time) and a finance income of € 445 thousand was recognised in the income statement.

During the first quarter of 2006, following an extensive review of the financial cost structure of its sale and leaseback and Build Operate Transfer (BOT) portfolio, the Group decided to enter into a floating-to-fixed interest rate swap with Credit Suisse for the entire above portfolio in order the financing cost to be “locked”.



The initial principal at the date of the agreement was amounting to € 345 million with a total duration of over 15 years. As a result of this transaction, the total cost of the current SLB and BOT portfolio included in the interest rate swap, was set at 5.29%.

The valuation of the interest rate swap agreement as per 31 December 2006 resulted in finance expense amounting to € 6,782 thousand, which burdened the Group's result for the year, without having any effect on the Group's cash flow. The valuation fluctuations are due to the fact that the fair value of the transaction is affected by the movement of the difference between the 10year EURIBOR and the 1year EURIBOR and the prospects for the latter to reach a value lower than the first one. Based on the agreement, starting from January 30th, 2008 and onwards, in case the 10year EURIBOR reaches a level lower than the respective of 1year EURIBOR, there will be a negative effect on the Group's cash inflows for the total calendar days that this case stands. If the aforementioned case does not arise, the Group's inflows follow the movement of EURIBOR while the respective outflows are fixed with an interest rate of 5.29%. The fluctuation of the difference between these reference interest rates as well as their level affect the valuation of the transaction, resulting in finance expense or income reflected at the Group's income statement. It has to be noted that, as at 31 December 2006, the average floating interest cost of the SLB and BOT portfolio would be 6.07% versus 5.29% which is applicable due to the interest rate swap agreement.

During the third quarter of 2006, the Company entered into two new interest rate swap agreements with Deutsche Bank. These two agreements are similar and, according to their provisions, the Company receives prepayments of € 3,800 thousand and € 2,000 thousand which actually are the interest calculated on a notional principal of € 38,000 thousand and € 20,000 thousand respectively. The Company has the obligation to pay 10 six-monthly instalments commencing on January 12th 2007 and January 28th 2007 respectively. The instalments are calculated as interest on the notional principal with an interest rate of 2% for the first six-month period. After the first six-month period, the interest rate varies based on the difference between the 10year and the 2year US dollar interest rate swap. At 31 December 2006, the fair value of the above described interest rate swaps was € 4,170 thousand and € 2,220 thousand respectively. Finance expenses of € 370 thousand and € 220 thousand respectively were recognised in the income statement.

## 20. Revenue

<i>All amounts in € thousands</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>
Rental income	39,050	35,011	29,840	28,648
Sale of property	15,559	4,298	14,709	4,298
Construction work	1,468	1,482	1,470	1,482
Other	0	-	104	8
	<u>56,077</u>	<u>40,791</u>	<u>46,121</u>	<u>34,437</u>

The period of leases whereby the Group leases out its investment property under operating leases is three years or more.

The period of leases whereby the Group sub-leases horizontal ownerships (building floors, retail shops, parking spaces) for which is also a lessee through operating leases have a duration of 12 years or more.



The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

<i>All amounts in € thousands</i>	<b>Consolidated</b>		<b>Company</b>	
	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005
No later than 1 year	47,554	44,539	32,953	31,269
Later than 1 year and no later than 5 years	192,046	205,395	135,594	137,054
Later than 5 years	546,530	539,978	350,100	274,152
	<u>786,130</u>	<u>789,913</u>	<u>518,647</u>	<u>442,475</u>

The contractual lease agreements include only contingent rents. They do not include variable rents in respect of the turnover of the lessees.

## 21. Expenses by nature

<b>1/1/2006 - 31/12/2006</b>					
<b>Consolidated</b>		<i>All amounts in € thousands</i>			
	<b>Note</b>	<b>Cost of sales</b>	<b>Selling and marketing costs</b>	<b>Administrative expenses</b>	<b>Total</b>
Employee benefit expense	24	1,729	54	2,947	4,731
Changes in inventories of finished goods and work in progress	10	17,464	–	–	17,464
Lease expenses		19,507	–	62	19,569
Depreciation of property, plant and equipment	7	217	–	211	428
Repairs and maintenance		118	–	79	197
Amortisation of intangible assets	8	–	–	43	43
Marketing		–	76	84	161
Legal and consulting		118	310	978	1,406
Travel expenses		–	–	389	389
Expenses and provision for litigation and claims		–	–	108	108
Provisions		–	–	3,914	3,914
Other taxes and duties		–	–	598	598
Other		1,561	32	1,229	2,821
<b>Total</b>		<u>40,714</u>	<u>472</u>	<u>10,643</u>	<u>51,829</u>
<b>Company</b>		<i>All amounts in € thousands</i>			
	<b>Note</b>	<b>Cost of sales</b>	<b>Selling and marketing costs</b>	<b>Administrative expenses</b>	<b>Total</b>
Employee benefit expense	24	1,729	54	2,741	4,525
Changes in inventories of finished goods and work in progress	10	16,054	–	–	16,054
Lease expenses		14,068	–	96	14,164
Depreciation of property, plant and equipment	7	209	–	91	300
Repairs and maintenance		117	–	74	192
Amortisation of intangible assets	8	–	–	43	43
Marketing		–	76	84	160
Legal and consulting		86	237	824	1,148
Travel expenses		–	–	389	389
Expenses and provision for litigation and claims		–	–	311	311
Provisions		–	–	1,712	1,712
Other taxes and duties		–	–	363	363
Other		1,549	25	1,132	2,706
<b>Total</b>		<u>33,812</u>	<u>393</u>	<u>7,861</u>	<u>42,065</u>



1/1/2005 - 31/12/2005					
<b>Consolidated</b>					
<i>All amounts in € thousands</i>					
	Note	Cost of sales	Selling and marketing costs	Administrative expenses	Total
Employee benefit expense	24	1,196	53	2,795	4,044
Changes in inventories of finished goods and work in progress	10	4,113	-	-	4,113
Lease expenses		19,829	-	66	19,895
Depreciation of property, plant and equipment	7	147	-	189	335
Repairs and maintenance		86	-	59	145
Amortisation of intangible assets	8	-	-	37	37
Marketing		-	88	119	207
Legal and consulting		21	9	1,148	1,178
Travel expenses		-	-	249	249
Expenses and provision for litigation and claims		-	-	1,179	1,179
Provisions		-	-	2,013	2,013
Other taxes and duties		-	-	412	412
Other		881	10	886	1,777
<b>Total</b>		<b>26,273</b>	<b>161</b>	<b>9,151</b>	<b>35,585</b>

<b>Company</b>					
<i>All amounts in € thousands</i>					
	Note	Cost of sales	Selling and marketing costs	Administrative expenses	Total
Employee benefit expense	24	1,193	53	2,617	3,863
Changes in inventories of finished goods and work in progress	10	4,107	-	-	4,107
Lease expenses		13,704	-	66	13,769
Depreciation of property, plant and equipment	7	147	-	90	237
Repairs and maintenance		86	-	54	139
Amortisation of intangible assets	8	-	-	37	37
Marketing		-	88	119	207
Legal and consulting		-	9	1,129	1,138
Travel expenses		-	-	248	248
Expenses and provision for litigation and claims		-	-	437	437
Provisions		-	-	1,440	1,440
Other taxes and duties		-	-	256	256
Other		788	8	619	1,416
<b>Total</b>		<b>20,025</b>	<b>159</b>	<b>7,110</b>	<b>27,294</b>

## 22. Other Gains / (Expenses) net

<i>All amounts in € thousands</i>					
		<b>Consolidated</b>		<b>Company</b>	
	Note	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005
Retirement provision	24	(248)	(169)	(214)	(158)
Cancellation of preliminary contracts		2,299	1,324	-	593
Lease compensations		35	164	(73)	164
Gain on disposal of PPE	28	1	-	1	-
Loss from disposal of PPE		(322)	-	-	-
Other compensations		220	318	2	0
Lease Guarantees		4	(68)	0	(157)
Tax fines and surcharges		(370)	(605)	(140)	(536)
Social Securities		(4)	19	(2)	19
Litigation expenses		(36)	-	(36)	-
Provision for depreciation of other inventory		(15)	-	-	-
Payables write-off		500	-	500	-
Other		(21)	12	(0)	10
		<u>2,043</u>	<u>995</u>	<u>38</u>	<u>(66)</u>



### 23. Finance expense (net)

FINANCE EXPENSES				
<i>All amounts in € thousands</i>				
	Consolidated		Company	
	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005
Bank Loan interest and other expenses	6,921	5,076	4,776	2,680
Interest expenses for preliminary SLB agreements and SLB contracts	21,003	14,862	16,477	13,707
Expenses for letters of guarantee	312	64	280	63
Finance Expenses due to IAS 32/39	-	137	-	133
Loss from derivatives	7,744	770	7,744	770
Other	901	1,287	688	1,222
	<u>36,881</u>	<u>22,196</u>	<u>29,966</u>	<u>18,574</u>
FINANCE REVENUE				
<i>All amounts in € thousands</i>				
	Consolidated		Company	
	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005
Interest received	539	462	143	187
Finance revenue from finance lease	9,505	-	2,441	-
Finance revenue due to IAS 32/39	474	-	411	-
Gains from derivatives	600	-	600	-
	<u>11,118</u>	<u>462</u>	<u>3,595</u>	<u>187</u>
<b>Finance Expense - Revenue (net)</b>	<b>(25,763)</b>	<b>(21,734)</b>	<b>(26,370)</b>	<b>(18,387)</b>

### 24. Employee benefit expense

<i>All amounts in € thousands</i>					
		Consolidated		Company	
	Note	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005
Wages and salaries		10,355	8,888	6,919	7,836
Social security costs		3,639	2,990	2,136	2,513
Pension costs - defined benefit plans	17	271	217	226	201
Other		117	22	77	20
		<u>14,382</u>	<u>12,116</u>	<u>9,357</u>	<u>10,570</u>

Out of the total employee benefit expense, part is recognised as an expense in the income statement, while the remaining amount is included in construction in progress (inventory if it relates to construction in progress to be sold, or investment property under construction). The classification is as follows:

<i>All amounts in € thousands</i>					
		Consolidated		Company	
	Note	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005
Cost of goods sold / Administrative expenses /					
Selling and marketing		4,731	4,044	4,525	3,863
Other Expenses	17	248	169	214	158
Construction in progress (included either in inventory or investment property under construction)		9,404	7,903	4,619	6,549
		<u>14,382</u>	<u>12,116</u>	<u>9,357</u>	<u>10,570</u>



The number of employees for the Group and the company as per 31 December 2006 is as follows:

	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
Number of employees	492	465	386	324

## 25. Income tax expense

<i>All amounts in € thousands</i>	Consolidated		Company	
	1/1/2006-	1/1/2005-	1/1/2006-	1/1/2005-
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Income Tax	2,036	4,324	-	1,607
Deferred income tax	32,003	44,503	2,649	33,785
	<u>34,039</u>	<u>48,827</u>	<u>2,649</u>	<u>35,392</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of the applicable profits of the consolidated companies as follows:

<i>All amounts in € thousands</i>	Consolidated		Company	
	1/1/2006-	1/1/2005-	1/1/2006-	1/1/2005-
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Profit before tax	119,433	173,181	(30,908)	103,662
Tax calculated at domestic tax rates applicable to profits in the respective countries (2006: 29% and 2005: 32%)	34,636	53,502	(8,963)	33,172
Differences in tax rates on temporary differences	(13,791)	(14,700)	(424)	(9,460)
Income not subject to tax	(401)	(3,760)	(383)	(102)
Expenses not deductible for tax purposes	5,104	7,512	7,864	6,399
Utilization of previously unrecognised tax losses	-	(166)	-	-
Differences in tax rates for subsidiaries	-	(298)	-	-
Property taxes	108	188	-	-
Prior year tax differences	1,806	2,773	-	1,607
Tax losses for which no deferred income tax asset was recognised	6,577	3,776	4,555	3,776
<b>Tax charge</b>	<u>34,039</u>	<u>48,827</u>	<u>2,649</u>	<u>35,392</u>

## 26. Earnings per share

<i>All amounts in € thousands</i>	Consolidated		Company	
	1/1/2006-	1/1/2005-	1/1/2006-	1/1/2005-
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Net profit attributable to shareholders	86,187	120,789	(33,556)	68,271
Weighted average number of ordinary shares in issue (thousands)	33,930	33,930	33,930	33,930
Basic earnings per share (€ per share)	<u>2.54</u>	<u>3.56</u>	<u>(0.99)</u>	<u>2.01</u>

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

The Company has no dilutive potential ordinary shares, therefore the diluted earnings per share is the same as the basic earnings per share.



## 27. Dividends per share

No dividends are to be proposed by the Board of Directors to the Annual General Meeting for the year ended 31 December 2006 (2005: € 13,572 thousand or € 0.40 per share).

The dividends paid in 2006 and 2005 were € 13,578 thousand (or € 0.40 per share) and € 10,341 thousand (or € 0.30 per share) respectively.

## 28. Cash generated from operations

All amounts in € thousands	Note	Consolidated		Company	
		1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005	1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005
Net profit		85,394	124,353	(33,556)	68,271
Adjustments for:					
– income tax expense	25	34,039	48,827	2,649	35,392
– depreciation and amortisation	7,8	471	372	343	274
– disposal of PPE	7	321	–	–	–
– (profit) / loss on sale of investment property		626	–	–	–
– (profit) / loss on sale of PPE		(1)	–	(1)	–
– net gain from fair value adjustment on investment property	6	(138,905)	(188,714)	(10,515)	(132,230)
– Provision for inventory impairment	10	1,499	–	1,484	–
– Increase in retirement provision	17	248	169	214	158
– Increase in provision for doubtful debt	11	2,051	1,121	883	1,121
– Increase in other provisions		1,621	2,071	830	755
– Interest expense	23	29,137	21,426	22,222	17,804
– Interest revenue	23	(10,519)	(462)	(2,996)	(187)
– (income) / loss from derivatives	23	7,144	770	7,144	770
– Provision for participations impairment	9	–	–	7,648	–
– Dividend (income) / loss	9	–	–	11,498	17,257
Changes in working capital:					
– trade and other receivables		2,134	22,720	18,746	21,852
– inventories		(9,770)	(7,811)	(9,347)	(6,962)
– payables		37,411	(26,368)	58,005	20,222
Cash generated from operations		<u>42,901</u>	<u>(1,526)</u>	<u>75,250</u>	<u>44,497</u>

In the cash flow statement, proceeds from sale of investment property comprise:

All amounts in € thousands	Note	Consolidated		Company	
		1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005	1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005
Cost of investment property sold	6	1,476	–	–	–
Profit / (loss) on sale of investment property		(626)	–	–	–
Proceeds from sale of investment property		<u>850</u>	–	–	–

In the cash flow statement, proceeds from sale of property plant equipment comprise:

All amounts in € thousands	Note	Consolidated		Company	
		1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005	1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005
Net book amount	7	–	–	–	–
Profit / (loss) on sale of PPE		1	–	1	–
Proceeds from sale of PPE		<u>1</u>	–	<u>1</u>	–



## 29. Contingencies

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group and the company have given guarantees in the ordinary course of business amounting to € 48,698 thousand (2005: € 8,858 thousand) and € 47,455 thousand (2005: € 4,907 thousand) respectively to third parties concerning securing liabilities and fair execution.

At 31 December 2006, there were pending court decisions over injunctions filed against the Group from third parties amounting to € 3,962 thousand (2005: € 3,865 thousand) for which a provision of € 937 thousand (€ 1,179 thousand) for the Group and € 437 thousand (2005: € 437 thousand) for the Company was formed. Based on the estimations of the company management and the legal counsels, the provision is considered adequate. There is no expectation that any significant additional liability will incur. At 31 December 2006, there were pending court decisions for the cancellation of building permits as far as two buildings are concerned. However, no liability is expected to incur. At 31 December 2006, there also were pending court decisions over injunctions filed by the Group against third parties amounting to € 1,881 thousand (2005: € 1,707 thousand).

The companies included in the consolidation have been tax audited as follows : the parent company "Babis Vovos International Construction S.A." up to the fiscal year 2003, "Babis Vovos International Construction S.A. & Co G.P." up to the fiscal year 2002, "Ergoliptiki - Ktimatiki - Touristiki S.A." up to the fiscal year 2002, "Doma S.A." up to the fiscal year 1998, "International Palace Hotel S.A." up to the fiscal year 2002, "Alteco S.A." up to the fiscal year 1998 and "Elfinko S.A." up to the fiscal year 2004. A provision which burdened the fiscal years' results as well as previous fiscal years' results has been formed and there is no expectation that any significant additional liability will incur.

## 30. Other Liabilities

### Capital commitments

There are no significant capital commitments at the balance sheet date.

### Operating lease liabilities

The Group and the Company lease horizontal ownerships (building floors, retail shops, parking spaces) under non-cancellable operating lease agreements. The leases have varying terms related to the lease escalation, renewal rights and other clauses and have an average lease period of 12 years

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:



<i>All amounts in € thousands</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
No later than 1 year	17,032	17,696	12,493	11,760
Later than 1 year and no later than 5 years	51,029	69,657	41,459	45,941
Later than 5 years	23,788	144,949	17,661	75,846
	<u>91,849</u>	<u>232,302</u>	<u>71,613</u>	<u>133,547</u>

### 31. Related-party transactions

Mr. Charalambos Vovos owns 35.02% of the parent company's shares and voting rights. The remaining 64.98% of the shares are widely held to international institutional

<i>All amounts in € thousands</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>	<b>1/1/2006- 31/12/2006</b>	<b>1/1/2005- 31/12/2005</b>
<b>i) Sales of goods and services</b>				
<i>Sales of goods</i>				
Babis Vovos International Construction S.A. & Co GP	—	—	103	8
	—	—	<u>104</u>	<u>8</u>
<i>Sales of services</i>				
Babis Vovos International Construction S.A. & Co GP	—	—	1	—
International Health Care S.A.	1	—	—	—
Marvo S.A.	4	—	4	—
	<u>6</u>	<u>—</u>	<u>6</u>	<u>—</u>
<b>ii) Purchases of goods and services</b>				
<i>Purchases of goods</i>				
Babis Vovos International Construction S.A. & Co GP	—	—	135	—
	—	—	<u>135</u>	<u>—</u>
<i>Purchases of services</i>				
Babis Vovos International Construction S.A. & Co GP	—	—	98	—
Services of key management personal	752	604	504	236
	<u>752</u>	<u>604</u>	<u>602</u>	<u>236</u>
<b>iii) Key management compensation</b>				
Salaries and other short term employee benefits	1,003	1,043	1,003	1,043

<i>All amounts in € thousands</i>	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
<b>iv) Year - end balances arising from sales / purchases of goods / services</b>				
<i>Receivables from related parties</i>				
Babis Vovos International Construction S.A. & Co GP	—	—	36,476	50,439
Ergoliptiki - Ktimatiki - Touristiki S.A.	—	—	829	37
International Health Care S.A.	2	11,936	1	11,739
Positive Ltd.	499	499	490	490
International Construction S.A. Boretos & Co. GP	48	48	48	48
Ergoliptiki - Ktimatiki - Touristiki S.A. & Co Ltd.	11,024	11,024	5,036	5,036
Marvo S.A.	5	—	5	—
	<u>11,579</u>	<u>23,507</u>	<u>42,886</u>	<u>67,789</u>
<i>Payables to related parties</i>				
Doma S.A.	—	—	8,431	8,266
International Palace Hotel S.A.	—	—	3,864	3,886
Alteco S.A.	—	—	10,308	10,937
Elfinko S.A.	—	—	13,347	—
Key management personnel	38,796	7,375	29,621	6,036
	<u>38,796</u>	<u>7,375</u>	<u>65,571</u>	<u>29,125</u>



investors, domestic institutional investors and private investors.

Excluding the subsidiaries, related parties consist of companies to which the major shareholder of the parent company or members of the top management have strong influence in the decision making process.

Sale and purchase of services and goods from and to related parties are based on the price lists in force and terms that would be available to third parties.

The receivables and payables from and to related parties have no any specific due date and bear no interest.

### 32. Business Combinations

On May 22nd, 2006 the Company acquired 99.00% of Elfinko S.A. A land plot of approximately 6,000 sqm at 340 Syngrou Avenue in Kallithea is the main asset of the aforementioned company. The company is domiciled in Greece. The acquired company contributed no revenues and net losses amounting to € 1,745 thousand to the Group result for the period from 22 May 2006 up to 31 December 2006. If the acquisition had been made on January 1st, 2006, it would have contributed revenues of € 20 thousand and net losses of € 2,613 thousands to the Group result.

The net assets acquired as well as the goodwill arising from the acquisition are as

<i>All amounts in € thousands</i>	
Acquisition price:	
Cash outflow on acquisition	22,825
<b>Total acquisition price</b>	<b>22,825</b>
Fair value of net assets acquired	<u>(22,825)</u>
<b>Goodwill</b>	<u><u>-</u></u>

follows:

<i>All amounts in € thousands</i>	<b>Fair value</b>	<b>Acquiree's carrying amount</b>
Cash and cash equivalents	114	114
Investment Property	30,533	-
Property, plant and equipment	346	5,092
Intangible assets	-	14
Trade & Other Receivables	11	11
Trade & Other Payables	(1,505)	(1,505)
Net deferred tax liabilities	<u>(6,443)</u>	-
<b>Net assets</b>	<u><u>23,056</u></u>	<u><u>3,726</u></u>
Minority interests (1,00%)	<u>(231)</u>	
<b>Net assets acquired</b>	<u><u>22,825</u></u>	
Cash outflow on acquisition	22,825	
Cash and cash equivalents in subsidiary acquired	<u>(114)</u>	
<b>Net Cash outflow on acquisition</b>	<u><u>22,711</u></u>	

The assets and liabilities arising from the acquisition are as follows:

The difference between the price and the accounting value of the acquired company's assets was added to the land plot value and, consequently, no goodwill arose on the above acquisition.



On January 18th, 2005 the Company acquired 99.01% of ALTECO S.A., a company that owns a plot of land at 49 Kifissias Av., in Maroussi. The company is domiciled in Greece. The acquired company contributed revenues amounting to € 134 thousand and net profit amounting to € 24,330 thousand to the Group result for the period from 18 January 2005 up to 31 December 2005. If the acquisition had been made on January 1st, 2006, it would have contributed the same revenues and net profit to the Group result.

The net assets acquired as well as the goodwill arising from the acquisition are as

<i>All amounts in € thousands</i>	
Acquisition price:	
Cash outflow on acquisition	10,572
<b>Total acquisition price</b>	<b>10,572</b>
Fair value of net assets acquired	(10,572)
<b>Goodwill</b>	<b>=</b>

follows:

<i>All amounts in € thousands</i>	<b>Fair value</b>	<b>Acquiree's carrying amount</b>
Cash and cash equivalents	–	–
Property, plant and equipment	21,281	5,819
Intangibles	–	1,443
Inventories	31	31
Receivables	794	794
Borrowings	(6,082)	(6,082)
Payables	(1,841)	(1,841)
Net deferred tax liabilities	(3,505)	–
<b>Net assets</b>	<b>10,678</b>	<b>164</b>
Minority interests (1,00%)	(106)	–
<b>Net assets acquired</b>	<b>10,572</b>	–
Cash outflow on acquisition	10,572	–
Cash and cash equivalents in subsidiary acquired	–	–
<b>Net Cash outflow on acquisition</b>	<b>10,572</b>	–

The assets and liabilities arising from the acquisition are as follows:

The difference between the price and the accounting value of the acquired company's assets was added to the land plot value and, consequently, no goodwill arose on the above acquisition.

### 33. Events after the balance sheet date

#### 1. Interest rate swap agreements

During February 2007, the company signed a new interest rate swap agreement with Deutsche Bank. According to its provisions, the Company receives prepayments of € 10,000 thousand which actually are the interest calculated on a notional principal of € 100,000 thousand. The Company has the obligation to pay 5 yearly instalments commencing on February 12th 2008. These instalments are calculated as interest on the notional principal with an interest rate of 1.95% for the first year. After the first year, the interest rate varies according to the variations of the index Forward Rate Bias (DBFRUU Index) from time 0 which is the signature date. The index level is announced daily at



Bloomberg website.

At the same time, the interest rate swap signed during 2005 (Note: Derivatives) has been unwind. The provisions of the contract made unwind as well as the variation of the 5-year EUR swap rate (5y CMS), have driven to a total cost € 75 thousand for a prepayment of € 7,200 thousand received for a 14 month period.

## **2. Compensation for the restoration costs related to the fire at the Building complex II of the property at Delta Falirou**

At January 31st, 2007, the subsidiary "Babis Vovos International Construction S.A. and Co GP" received the compensation amounting to € 2,430 thousand from Alpha Insurance. This compensation refers to the restoration costs incurred due to the damages caused by the fire eruption to part of the Building Complex II (Building K4 – floors A & B), at July 31st, 2006. The actual restoration costs amounted to € 3,463 thousand. The loss amounting to € 1,033 thousand was recorded to the income statement of the fiscal year ended 31 December 2006.



## 13.4 Management Review of the Board of the Directors of «Babis Vovos – International Construction S.A.»

### For the 2006 annual parent and consolidated financial statements

Dear shareholders,

We have the pleasure of submitting to you the financial statements for the fiscal year 2006 for your consideration and of informing you briefly of the following:

Our company's Balance Sheet with the Income Statement, the Cash Flow Statement, and the Changes in Equity have been drawn up based on the applicable legislation and the International Financial Reporting Standards, and cover the period 1/1/2006 - 31/12/2006 and depict the true and fair view of the Company's and Group's financial structure as at 31/12/2006.

BVIC Group delivered a very strong set of results for 2006, we have fulfilled our objectives of significantly advancing our projects under construction and successfully enhancing our development pipeline.

Net asset value per share for the Group before deferred tax increased by 19% year-on-year to € 20.38. The Group's profit after tax fell by 31% year on year to € 85 million. This strong performance was driven by the completion of two significant projects during the year as well as an increase in rental income from new leases that came into effect in 2006.

#### INVESTMENT PROPERTIES

The Group's investment properties increased by 32% during 2006, mainly by the contribution from the completion of two major projects under construction, as well as the addition of two new ones as BVIC continues to strengthen its pipeline of development opportunities.

#### **DELTA FALIROU I**

Under a BOT agreement signed during 2006, BVIC Group will lease Building Complex I at Delta Falirou for up to 49 years. The complex consists of two buildings with a total lettable area of 9,640 sqm consisting of office and retail space, as well as 658 parking spaces. BVIC leased 62% of the space, to LG Electronics, Norton Rose and Santa Marina during 2006 and in 2007 has already leased an additional 13%. These lease agreements bring the total yearly lease income for the 75% of the lettable area leased thus far, to € 2.21m. The lease agreements include an annual adjustment on the basis of Greek CPI plus 100 bps, whereas the BOT expense for the Group is based on an annual adjustment to Greek CPI. The BOT at Delta Falirou was valued on a net basis at € 47.3m, contributing € 1.4 in NAV per share in 2006.



## **DELTA FALIROU II**

BVIC Group completed the construction of the leisure and retail complex II at Delta Falirou during 2006. It consists of two buildings with a total lettable area of 13,200 sqm and 738 parking spaces. The complex is almost fully leased, to Village Roadshow, Media Markt and Giannelos, a parking station operator, with a total yearly lease income of € 4.5 million. The lease agreements include an annual lease adjustment on the basis of Greek CPI plus 100 bps. The completion of the complex contributed € 2.8 in NAV per share before deferred tax in 2006.

## **340 SYNGROU AVENUE**

During 2006 BVIC purchased of 99% of the shares of the company 'ELFINKO S.A'. The latter owned a land plot of approximately 5,850 sqm at 340 Syngrou Avenue in the municipality of Kallithea – Athens that has been included in our investment properties.

BVIC plans to develop a commercial building, on the aforementioned land plot, of over 14,000 sqm of gross lettable area, including storage as well as 400 parking spaces. The estimated total cost, including plot acquisition and development cost of the project, is approximately € 40 million. Given the strong interest we have received regarding the leasing and the sale of the development, we are confident that the project will be a highly successful one, generating attractive returns.

## **VOTANIKOS**

In October 2006, the Group finalised the purchase of the assets owned by ETMA S.A. and HELLATEX S.A. on a 100,000 sqm land plot in the area of Votanikos in South West Athens. The area is one of the combined urban regeneration and development.

BVIC plans to develop a shopping mall, on the aforementioned land plot, of approximately 70,000 sqm of gross lettable area. The estimated total cost, including plot acquisition and development cost of the project, is approximately € 200 million. A building permit application for the commercial centre is expected during 2007.

## **SALES**

During 2006, BVIC signed sale agreements for approximately € 23 m including the sale of one of the buildings under construction at the HELEX Complex, as well as some space at commercial centre at 49 Kifissias Avenue and residential assets at the building complex under construction at Patmou and Agrafon.

### **HELEX COMPLEX- BUILDING C**

BVIC was awarded the development of an 8,000 sqm land plot at 108-110 Athens Avenue in September 2005, following an open bid by the Hellenic Exchanges SA (HELEX). BVIC is developing an office building of 6,700 sqm (Building A), where all of HELEX's departments will relocate, as well as two other buildings (Buildings B and C) of 12,224 sqm and 5,000 sqm gross lettable area respectively, that will belong to BVIC.

In the 4th quarter of 2006, BVIC Group signed a final sale agreement for Building C consisting of 5,000 sqm and 112 parking spaces, to the international insurance company Allianz S.A for € 17.5m. It will be delivered to Allianz S.A. by the 31st August 2007.

### **49 KIFISSIAS AVENUE**

BVIC Group has sold 263 sqm of office space and 2 parking spaces at 49 Kifissias Avenue for a total consideration of € 801,000 to Embryogiatriki – Genetiki Ltd.



### **PATMOU AND AGRAFON**

The sale of residential units at Patmou and Agrafon Str. a residential complex located within close proximity of the Olympic stadium contributed € 3.6 in sales revenue during 2006.

### **NEW LEASES**

#### **DELTA FALIROU**

BVIC Group signed three lease agreements for Building Complex I at Delta Falirou during 2006. The Group signed a 6 year lease agreement with LG Electronics, the global manufacturer of electronics products. The lease covers 2,982 sqm of office space, as well as 18 parking spaces. Furthermore, a 12 year lease agreement was signed with Norton Rose for 1,972 sqm of office space and 100 sqm of storage space. The third lease agreement was signed with Santa Marina, a Greek shipping company, for 1,010 sqm of office space as well as 10 parking spaces. These lease agreements for Building Complex I, along with those signed during 2007 bring the total yearly lease income to € 2.21m for the first year. The lease agreements include an annual adjustment on the basis of Greek CPI plus 100 bps.

### **SALE AND LEASEBACK AGREEMENTS**

During 2006 BVIC Group entered into a new sale and leaseback agreement for 49 Kifissias Avenue, bringing the total sale and leaseback financing for the development to € 46m. BVIC signed a sale and leaseback agreement for 49 Kifissias, with Cyprus Leasing for € 5m. The 12-year sale and leaseback agreement covers 1,185 sqm of office space and 10 parking spaces.

### **INTEREST RATE SWAP**

Following an extensive review of the financial cost structure of its sale and leaseback and BOT portfolio, the Group decided to enter into a financial floating-to-fixed interest rate swap for the entire S&L and BOT portfolio which stood at € 345 million, in order to lock its financing cost.

As a result of this transaction, the total cost of the S&L and BOT portfolio as at January 2006, which represented approximately 80% of the Group's total debt portfolio, was set at 5.29%. This compares with a floating cost of Euribor and 250 basis points. It is in line with our commitment to reduce the interest rate risk and optimize our financing cost structure.

### **CORPORATE GOVERNANCE**

A new Board of Directors was appointed for a 5 year term during BVIC's Annual General Meeting on the 29th of July 2006, including two new independent and non-executive members of the Board of Directors are: Nick Van Ommen who has been the CEO of the European Public Real Estate Association since May 2000, and Corina Sylira, who is a vice president at DVB Bank AG specialising in corporate finance.



## **SHARE PRICE PERFORMANCE**

BVIC Group's share price performance was very strong during 2006, offering 102% return and outperforming both benchmark indices the Athens Stock Exchange General index and the FTSE EPRA/NAREIT Europe Real Estate index.

Furthermore, as of January 1st 2007, BVIC Group was included in the GPR 250 index, further boosting the Group's visibility.

## **INTERNATIONAL PLACEMENT**

BVIC's free float increased to 65% following the placement of 16% of the company's share capital in March 2006. The placement of the shares by BVIC's major shareholder and Chairman, Mr. Charalampos Vovos, was with selective international institutional investors. Currently, foreign institutional shareholders account for approximately 62% of the Group's shareholder base, and 95% of the Group's free float.

## **INVESTOR RELATIONS**

During 2006, BVIC Group participated in numerous conferences including:

- Credit Suisse Real Estate Conference – New York, March 2006
- UBS Greek Reverse Roadshow – Athens, May 2006
- Kempen European Property Conference – Amsterdam, June 2006
- EPRA 2007 Annual Conference – Budapest, September 2006
- 1st Annual Greek Roadshow – London, September 2006
- Societe Generale Pan European Real Estate Conference – London, October 2006
- P&K Securities European Midcap Event – London, November 2006
- UBS Global Real Estate Conference – London, November 2006

## **DIVIDEND**

The Company will not distribute dividend to its shareholders for the fiscal year of 2006. This is a result of limited property sales in 2006 in line with the Group's strategy of retaining most of its income producing properties which are developed by the Group.

## **RELATED PARTIES TRANSACTIONS**

Mr. Charalambos Vovos owns 35.02% of the parent company's shares and voting rights. The remaining 64.98% of the shares are widely held to international institutional investors, domestic institutional investors and private investors.



All amounts in € thousands	Consolidated		Company	
	1/1/2006- 31/12/2006	1/1/2005- 31/12//2005	1/1/2006- 31/12/2006	1/1/2005- 31/12/2005
<b>i) Sales of goods and services</b>				
<i>Sales of goods</i>				
Babis Vovos International Construction S.A. & Co GP	–	–	103	8
	–	–	104	8
<i>Sales of services</i>				
Babis Vovos International Construction S.A. & Co GP	–	–	1	–
International Health Care S.A.	1	–	–	–
Marvo S.A.	4	–	4	–
	6	–	6	–
<b>ii) Purchases of goods and services</b>				
<i>Purchases of goods</i>				
Babis Vovos International Construction S.A. & Co GP	–	–	135	–
	–	–	135	–
<i>Purchases of services</i>				
Babis Vovos International Construction S.A. & Co GP	–	–	98	–
Services of key management personal	752	604	504	236
	752	604	602	236
<b>iii) Key management compensation</b>				
Salaries and other short term employee benefits	1,003	1,043	1,003	1,043
<b>All amounts in € thousands</b>				
	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
<b>iv) Year - end balances arising from sales / purchases of goods / services</b>				
<i>Receivables from related parties</i>				
Babis Vovos International Construction S.A. & Co GP	–	–	36,476	50,439
Ergoliptiki - Ktimatiki - Touristiki S.A.	–	–	829	37
International Health Care S.A.	2	11,936	1	11,739
Positive Ltd.	499	499	490	490
International Construction S.A. Boretos & Co. GP	48	48	48	48
Ergoliptiki - Ktimatiki - Touristiki S.A. & Co Ltd.	11,024	11,024	5,036	5,036
Marvo S.A.	5	–	5	–
	11,579	23,507	42,886	67,789
<i>Payables to related parties</i>				
Doma S.A.	–	–	8,431	8,266
International Palace Hotel S.A.	–	–	3,864	3,886
Alteco S.A.	–	–	10,308	10,937
Elfinko S.A.	–	–	13,347	–
Key management personnel	38,796	7,375	29,621	6,036
	38,796	7,375	65,571	29,125

Excluding the subsidiaries, related parties consist of companies to which the major shareholder of the parent company or members of the top management have strong influence in the decision making process.

Sale and purchase of services and goods from and to related parties are based on the price lists in force and terms that would be available to third parties.

The receivables and payables from and to related parties have no any specific due date and bear no interest.



## **FINANCIAL RISK MANAGEMENT**

### **Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (price risk, interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management as well as written policies covering specific areas, such as interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

### **(a) Market risk**

#### **Price risk**

The Group is exposed to property price and property rentals risk. The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

### **(b) Credit risk**

The Group has no significant concentrations of credit risk. It has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. Cash transactions are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

### **(c) Liquidity risk**

Liquidity needs are satisfied through the maintenance of sufficient cash, the settlement of receivables on a timely basis and keeping committed credit lines available from financial institutions.

### **(d) Cash flow and fair value interest rate risk**

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Group's borrowings are denominated in euro with variable interest rates and consequently the exposure to fair value interest rate risk is minimized.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps, for the 86% of finance lease obligations. Such interest rate swaps have the economic effect of converting long term borrowings from floating rates to fixed rates that are lower than those available if the Group borrowed at fixed rates directly.



## FINANCIAL RATIOS 2006

Various basic financial ratios for the fiscal years 2006 and 2005 are as follows:

Ratios	Description	2006	2005
Return on total equity	Profit for the period (after tax) / Total equity	15.7%	26.3%
Interest coverage	EBIT / Finance expenses (net)	5.6	9.0
Total debt ratio	Total liabilities / Total assets	60.5%	55.5%

## EVENTS AFTER THE BALANCE SHEET DATE

### INTEREST RATE SWAP AGREEMENTS

During February 2007, the company signed a new interest rate swap agreement with Deutsche Bank. According to its provisions, the Company receives prepayments of € 10,000 thousand which actually are the interest calculated on a notional principal of € 100,000 thousand. The Company has the obligation to pay 5 yearly instalments commencing on February 12th 2008. These instalments are calculated as interest on the notional principal with an interest rate of 1.95% for the first year. After the first year, the interest rate varies according to the variations of the index Forward Rate Bias (DBFRUU Index) from time 0 which is the signature date. The index level is announced daily at Bloomberg website.

At the same time, the interest rate swap signed during 2005 has been unwind. The provisions of the contract made unwind as well as the variation of the 5-year EUR swap rate (5y CMS), have driven to a total cost € 75 thousand for a prepayment of € 7,200 thousand received for a 14 month period.

### COMPENSATION FOR THE RESTORATION COSTS RELATED TO THE FIRE AT THE BUILDING COMPLEX II OF THE PROPERTY AT DELTA FALIROU

At January 31st, 2007, the subsidiary "Babis Vovos International Construction S.A. and Co GP" received the compensation amounting to € 2,430 thousand from Alpha Insurance. This compensation refers to the restoration costs incurred due to the damages caused by the fire eruption to part of the Building Complex II (Building K4 – floors A & B), at July 31st, 2006. The actual restoration costs amounted to € 3,463 thousand. The loss amounting to € 1,033 thousand was recorded to the income statement of the fiscal year ended 31 December 2006.

Following the above, we would like to ask of you, dear Shareholders, to approve the financial statements of the fiscal year 2006 and to release the Board of Directors and the certified auditors - accountants of any responsibility for compensation regarding the fiscal year 2006.

You may ask for any further detailed explanation during the Annual General Meeting.

The Board of Directors  
Exact Copy



## 13.5 Explanatory Report to the Shareholders' Ordinary General Meeting

### **EXPLANATORY REPORT TO THE SHAREHOLDERS' ORDINARY GENERAL MEETING OF BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A. UNDER ARTICLE 11a .3371/2005**

This explanatory report of the Board of Directors to the Shareholders General Meeting contains detailed information according to the provisions set out in paragraph 1 article 11a of L.3371/2005.

#### **a. Company's share capital structure**

The share capital of 'Babis Vovos International Construction S.A.' amounts to Euro ten million one hundred and seventy nine thousand (10,179,000), divided into thirty three million nine hundred and thirty thousand (33,930,000) ordinary shares with voting right and a par value of Euro thirty cents (0.30) each. The Company's shares are traded on the Athens Stock Exchange market since May 30th, 2001. Each Company share embodies all the rights and obligations prescribed by the Law and the Company's Articles of Association, which does not include provisions more restrictive than the Law itself. Possession of the share title implies rightfully that its holder consents to the Company's Articles of Association and to the legal decisions made by the General Shareholders' Meetings.

Shareholders' liability is limited to the nominal value of held shares. Shareholders participate in the Management and in the Company's profit pursuant to the Law and the provisions of the Articles of Association. The rights and obligations deriving from each share, are transferred on any successor of the shareholder. Shareholders exercise their rights in relation to the Company's Management only through the General Meetings. Shareholders have a preference right over any future increase of the Company's Share Capital depending on their participation in the existing share capital, as defined in article 13, paragraph 5 of C.L. 2190/1920.

Each share provides a voting right. In order for joint holders of a share to have the right to vote, they need to designate to the Company in writing a common representative for that share, who will represent them in the General Meeting. Until designation the exercise of their rights is suspended.

Every shareholder has the right to participate in the General Meeting of the Company's shareholders, either in person, or by proxy. In order for a shareholder to participate in the General Meeting, he should deposit his/her shares in the Company's Treasury or in the Deposits and Loans Fund or in any Bank in Greece, at least five (5) days prior to the day set for the General Meeting. Proxies should be submitted to the Company within the above deadline. Shareholders who do not comply with the above, can participate in the General Meeting only after the latter's permission.

Shareholders who represent 5 per cent of the paid-up Share Capital:

- a. Have the right to request from the Court of First Instance of the district where the Company has its registered office, the audit of the Company pursuant to articles 40, 40e of C.L. 2190/1920, and



- b. May request the convention of an Extraordinary General Meeting of shareholders. The Board of Directors is obliged to convene the Meeting within a maximum period of thirty (30) days counting from the day the request was submitted to the Board's Chairman. Shareholders must specify in their request the issues to be resolved at the General Meeting.

Every shareholder may request, ten (10) days prior to the Annual General Meeting, the annual financial statements and the related reports of the Board of Directors and the Company's Auditors.

All persons or legal entities that are shareholders of the Company on the day the financial statements are approved by the Annual General Meeting of the shareholders or on any other day decided, are entitled to a dividend. The dividend of each share is paid to the shareholders at a time and place determined by the Annual General Meeting or by the Board of Directors after specific procurement. The place and manner of payment is announced through press release.

#### **b. Restrictions on the assignment of the Company's shares**

The Company's shares may be assigned as stipulated by Law and there are no further restrictions on their assignment set out in the Articles of Association, given that these are freely traded shares listed on the Athens Stock Exchange.

#### **c. Major direct and indirect stake-holding in the meaning of PD 51/1992**

The following shareholders hold directly or indirectly a stake higher than 5% of the total number of shares of the Company:

Shareholder	% Voting rights
• Charalambos (Babis) Vovos	35.0229%
• Schroeder Investment Management Limited (SIM)	5.0300% <sup>(1)</sup>

*(1) The aforementioned stake of 5,03%, concerns shares which are held in a portfolio owned by Chase Manhattan Bank and managed by Schroeder Investment Management Limited (SIM), which withholds the voting rights.*

#### **d. Shares with special control rights**

There are no company shares delivering special control rights to their holders.

#### **e. Restrictions on voting rights**

The Company's Articles of Association stipulate no restrictions on the voting rights emanating from the shares thereof.

#### **f. Agreements among shareholders of the Company**

The Company is not aware of any agreements among its shareholders, which would result in restrictions on the assignment of its shares or exercise of the voting rights stemming from such shares.



**g. Regulations on the appointment and replacement of Board members and amendments to the Articles of Association**

The regulations stipulated in the Company's Articles of Association regarding the appointment and replacement of Board members and amendments thereto, conform to the provisions of C.L. 2190/1920.

**h. Authority of the Board to issue new shares or acquire treasury shares**

As at 31.12.2006 there are no decisions of the General Meeting of Shareholders that grants power to the Board of Directors to increase the share capital through the issue of new shares or acquire treasury shares according to the provisions of article 16, of the C.L. 2190/1920.

**i. Major agreement put in force, amended or terminated in the event of change in the control following a public offer**

There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer.

**j. Agreements with Board members or staff of the Company**

There are no agreements between the Company and its Board members or staff providing for the payment of any compensation specifically in the event of resignation or dismissal without cause, or termination of their mandate or employment as a result of a public offer.

On behalf of the Board of Directors  
Aris Ch. Vovos

C.E.O.

# 13.6 Figures and information of Babis Vovos International Construction S.A. & Co. GP.

## BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A. & Co G.P.

Figures and information for the period of 1 January 2006 until 31 December 2006

(published according to art.135 of L.2190 for companies that publish annual financial results, consolidated and company, according to International Accounting Standards)

The figures illustrated below provide summary information about the financial position and results of BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A. & Co G.P. The reader who wishes to have a more complete view of the company's financial position and results has to gain access to the company's annual financial statements according to the International Financial Reporting Standards, as well as the auditors' report. Suggestively the reader can access the parent company's "Babis Vovos International Construction S.A." web site address where the above mentioned information is listed.

Registered Address: 340 Kifissias Avenue, 154 51 Neo Psychico

Director, Manager, Legal Representative: BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A.

Date of approval of the annual Financial Results (from which the summary data were derived) : March 28th 2006

Certified Auditor Accountant: Kyriakos Riris (SOEL Reg. No. 12111)

Auditing firm: PRICEWATERHOUSECOOPERS S.A.

Type of auditor's opinion: Unqualified opinion - emphasis of matter

Parent Company Web site: www.babisvovos.com

BALANCE SHEET		COMPANY	
Amounts in € thousand		31/12/2006	31/12/2005
<b>ASSETS</b>			
Investment property & Property, plant and equipment		333,373	141,846
Intangible assets		2,182	2,182
Inventories		3,433	2,999
Trade & other receivables		7,083	4,812
Cash and cash equivalents		19,966	40,249
Other Assets		198	185
<b>TOTAL ASSETS</b>		<b>366,244</b>	<b>192,273</b>
<b>EQUITY AND LIABILITIES</b>			
Long -term borrowings, including finance leases		90,656	40,263
Deferred income tax long term liabilities		44,167	14,289
Other long term liabilities		962	880
Short -term borrowings, including finance leases		31,361	29,061
Other short term liabilities		55,899	67,736
Total Liabilities (a)		223,066	152,230
Company capital		29	29
Retained earnings and reserves attributable the Company's equity holders		143,149	40,014
Total equity (b)		143,178	40,043
<b>TOTAL EQUITY &amp; LIABILITIES (c)=(a)+(b)</b>		<b>366,244</b>	<b>192,273</b>

CASH FLOW STATEMENT		COMPANY	
Amounts in € thousand		1/1-31/12/2006	1/1-31/12/2005
<b>Operating activities</b>			
Net profit before tax		134,809	21,027
Adjustments for:		-	-
Depreciation and amortisation		105	99
Interest expenses / (revenues)		(2,515)	2,780
Provisions		1,544	975
Results (revenues, expenses, profit, loss) from investment activities		(130,202)	(24,634)
Cash generated from operating activities before changes in working capital		3,842	227
Decrease / (increase) of inventory		(423)	(848)
Decrease / (increase) in trade & other receivables		(3,642)	2,199
Increase / (decrease) in short term liabilities (bank liabilities not included)		(20,077)	(29,496)
Cash flows from operating activities		(20,300)	(27,919)
Interest paid		(4,316)	(2,454)
Income tax paid		(1,707)	(550)
Net cash generated from operating activities (a)		(26,323)	(30,922)
<b>Cash flows from investing activities</b>			
Additions in investment property, Property, plant and equipment		(62,290)	(6,163)
Proceeds from sale of investment property		850	-
Interest received		7,454	274
Net cash used in investing activities (b)		(53,986)	(5,889)
<b>Cash flows from financing activities</b>			
Borrowings payback		(11,681)	(5,723)
Borrowings inflows		63,571	57,000
Increase / (decrease) of short term financing		7,836	-
Net cash used in financing activities (c)		60,027	51,277
Net (decrease) / increase in cash and cash equivalents (a) + (b) + (c)		(20,283)	14,465
Cash and cash equivalents at beginning of the year		40,249	25,783
Cash and cash equivalents at end of the year		19,966	40,249

INCOME STATEMENT		COMPANY	
Amounts in € thousand		1/1-31/12/2006	1/1-31/12/2005
Revenue		8,345	5,888
Gross profit / (loss)		1,237	(320)
Earnings (loss) before interest, tax, depreciation and amortisation		132,399	23,886
Earnings (loss) before interest and tax		132,294	23,787
Profit / (loss) before taxation - total		134,809	21,027
Minus: taxation		(31,674)	(9,060)
Net Profit / (loss) for the year - total		103,135	11,967

CHANGES IN EQUITY		COMPANY	
Amounts in € thousand		31/12/2006	31/12/2005
Total Equity (at 1/1/2006 and 1/1/2005 respectively)		40,043	28,076
Retained earnings		103,135	11,967
Equity balance (31/12/2006 and 31/12/2005 respectively)		143,178	40,043

### Additional data & information:

- The obligation of the Company for publishing its financial statements under the International Financial Reporting Standards (IFRS) derives from the provisions of article 134 of L. 2190/1920. The company's financial information is included at the consolidated financial statements of "Babis Vovos International Construction S.A".
- The company has been tax audited up to the fiscal year 2002.
- For securing bank liabilities (including sale & leaseback liabilities), guarantees over the investment property amounting to € 24,211 thousand have been given by the company as at 31/12/2006.
- At 31/12/2006, there were pending court decisions over injunctions filed against the Company from third parties, for which a provision of € 500 thousand was formed. Based on the estimations of the company management and the legal counsels, the provision is considered adequate. There is no expectation that any significant additional liability will incur.
- Number of employees at the end of the year : 105 individuals (31/12/2005: 140).

6. Related party transactions at 31/12/2006 :		COMPANY	
Sales of goods and services			
Sales of goods			
Babis Vovos International Construction S.A.			135
Sales of services			
Babis Vovos International Construction S.A.			98
Ergoliptiki - Kimatikki - Touristiki S.A			1
International Palace Hotel S.A			1
Alteo S.A			1
Elifnko S.A.			5
International Health Care S.A			1
			107
Purchases of goods and services			
Purchases of goods			
Babis Vovos International Construction S.A.			103
Purchases of services			
Babis Vovos International Construction S.A.			1
Services of key management personnel			248
			249
Receivables from related parties			
Ergoliptiki - Kimatikki - Touristiki S.A			1
International Palace Hotel S.A			1
Alteo S.A			1
International Healthcare S.A.			1
Positve Ltd			10
Elifnko S.A.			4
			18
Payables to related parties			
Babis Vovos International Construction S.A.			36,476
DOMA SA			77
Key management personnel			9,175
			45,729

7. Turnover Analysis according to STAKOD-2003 :		COMPANY	
		1/1-31/12/2005	1/1-31/12/2004
Code 701.1 Development and sale of real estate :		850	-
Code 702.0 Leasing of private real estate :		7,360	5,888
Code 515.3 Wholesale trade of wood, building material and sanitary goods :		135	-

- Any differences to the totals are due to rounding.

# 13.7 Figures and information of Ergoliptiki – Ktimatiki – Touristiki S.A.

## ERGOLIPTIKI - KTIMATIKI - TOURISTIKI S.A.

Figures and information for the period of 1 January 2006 until 31 December 2006

(published according to art.135 of L.2190 for companies that publish annual financial results, consolidated and company, according to International Accounting Standards)

The figures illustrated below provide summary information about the financial position and results of ERGOLIPTIKI - KTIMATIKI - TOURISTIKI S.A. The reader who wishes to have a more complete view of the company's financial position and results has to gain access to the company's annual financial statements according to the International Financial Reporting Standards, as well as the auditors' report. Suggestively the reader can access the parent company's BABIS VOVOUS INTERNATIONAL CONSTRUCTION S.A. web site address where the above mentioned information is listed.

Registered Address : 340 Kifissias Avenue, 154 51 N. Psichiko Greece

Company's No. in the register of Societes Anonymes. : 3105/01A7/B/86/412/05

Responsible Authority : Department of Societes Anonymes and Trade of the Prefecture of Athens (East Attica Sector)

Board of Directors : Charalampos Vovos Chairman & Chief Executive Officer, Maria Vovos wife of Ch. Vovos Vice-Chairman, Thaleia Vovos, Armodios Vovos, Triada Vovos Members

Date of approval of the annual Financial Results (from which the summary data were derived) : March 28th 2007

Certified Auditor Accountant: Anthonios Prokopidis (SOEL Reg. No. 14511)

Auditing firm: PKF Eurologikiki S.A.

Type of auditor's opinion: Unqualified opinion

Parent Company Web site: www.babsvovos.com

BALANCE SHEET		
Amounts in € thousand		
	COMPANY	
	31/12/2006	31/12/2005
<b>ASSETS</b>		
Investment Property	7,425	9,065
Trade & other receivables	6,029	6,050
Cash and cash equivalents	38	26
Other Assets	3,881	4,254
<b>TOTAL ASSETS</b>	<b>17,374</b>	<b>19,394</b>
<b>EQUITY AND LIABILITIES</b>		
Long-term borrowings, including finance leases	1,322	1,377
Deferred income tax long term liabilities	1,428	1,831
Other long term liabilities	88	112
Short-term borrowings, including finance leases	57	521
Other short term liabilities	889	268
Total Liabilities (a)	3,784	4,109
Share capital	5,260	5,260
Retained earnings and reserves attributable the Company's equity holders	8,309	10,005
Total equity (b)	13,569	15,265
<b>TOTAL EQUITY &amp; LIABILITIES (c)=(a)+(b)</b>	<b>17,374</b>	<b>19,394</b>

CASH FLOW STATEMENT		
Amounts in € thousand		
	COMPANY	
	1/1-31/12/2006	1/1-31/12/2005
<b>Operating activities</b>		
Net profit before tax	(2,098)	7,384
Adjustments for:	-	-
Interest expenses / (revenues)	93	116
Provisions	8	7
Results (revenues, expenses, profit, loss) from investment activities	2,067	(1,353)
Cash generated from operating activities before changes in working capital	90	6,154
Decrease / (increase) in trade & other receivables	16	(5,855)
Increase / (decrease) in short term liabilities (bank liabilities not included)	754	75
Cash flows from operating activities	860	374
Interest paid	(93)	(112)
Income tax paid	(236)	(311)
Net cash generated from operating activities (a)	531	(50)
<b>Cash flows from investing activities</b>		
Interest received	-	1
Net cash used in investing activities (b)	-	1
<b>Cash flows from financing activities</b>		
Borrowings payback	(519)	(287)
Net cash used in financing activities (c)	(519)	(287)
<b>Net (decrease) / increase in cash and cash equivalents (a) + (b) + (c)</b>	<b>12</b>	<b>(336)</b>
Cash and cash equivalents at beginning of the year	26	361
<b>Cash and cash equivalents at end of the year</b>	<b>38</b>	<b>26</b>

INCOME STATEMENT		
Amounts in € thousand		
	COMPANY	
	1/1-31/12/2006	1/1-31/12/2005
Revenue	210	281
Gross profit / (loss)	147	220
Earnings (loss) before interest, tax, depreciation and amortisation	(1,557)	1,512
Earnings (loss) before interest and tax	(1,557)	1,512
Profit / (loss) before income tax - total	(2,098)	7,384
Minus: taxation	403	(630)
<b>Net Profit / (loss) for the year - total</b>	<b>(1,695)</b>	<b>6,754</b>
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)		
	(2.26)	9.01

CHANGES IN EQUITY		
Amounts in € thousand		
	COMPANY	
	31/12/2006	31/12/2005
Total Equity (at 1/1/2006 and 1/1/2005 respectively)	15,285	8,531
Retained earnings	(1,695)	6,754
Equity balance (31/12/2006 and 31/12/2005 respectively)	13,589	15,285

### Additional data & information:

1. The obligation of the Company for publishing its financial statements under the International Financial Reporting Standards (IFRS) derives from the provisions of article 134 of L. 2190/1920. The company's financial information is included at the consolidated financial statements of "Babis Vovos International Construction S.A".

2. The company has been tax audited up to the fiscal year 2002.

3. For securing bank liabilities (including sale & leaseback liabilities), guarantees over the investment property amounting to € 1,500 thousand have been given by the company as at 31/12/2006.

4. There are no cases contested in courts or under arbitration or pending decisions of courts that are likely to affect the Company's financial position or operations.

5. Number of employees at the end of the year : 1 individual (31/12/2005: 1).

6. Related party transactions at 31/12/2006 :

	COMPANY
Purchases of goods and services	
Purchases of goods	
Babis Vovos International Construction S.A.	0
Purchases of services	
Babis Vovos International Construction S.A. & Co G.P.	1
	1
Receivables from related parties	
Ergoliptiki - Ktimatiki - Touristiki S.A & Co Ltd	5,988
	5,988
Payables to related parties	
Babis Vovos International Construction S.A.	829
Babis Vovos International Construction S.A. & Co G.P.	1
	831

7. Turnover Analysis according to STAKOD-2003 :

	COMPANY	
	1/1-31/12/2006	1/1-31/12/2005
Code 702.0 Leasing of private real estate :	210	281

8. Any differences to the totals are due to rounding.



# 13.9 Figures and information of International Palace Hotel S.A.

## INTERNATIONAL PALACE HOTEL S.A.

Figures and information for the period of 1 January 2006 until 31 December 2006

(published according to art.135 of L.2190 for companies that publish annual financial results, consolidated and company, according to International Accounting Standards)

The figures illustrated below provide summary information about the financial position and results of INTERNATIONAL PALACE HOTEL S.A. The reader who wishes to have a more complete view of the company's financial position and results has to gain access to the company's annual financial statements according to the International Financial Reporting Standards, as well as the auditors' report. Suggestively the reader can access the parent company's BABIS VOVOIS INTERNATIONAL CONSTRUCTION S.A. web site address where the above mentioned information is listed.

Registered Address : 340 Kifissias Avenue, 154 51 N. Psichiko Greece

Company's No. in the register of Societes Anonymes. : 1934/01AT/B/86/468(05)

Responsible Authority : Department of Societes Anonymes and Trade of the Prefecture of Athens (East Attica Sector)

Board of Directors : Charalampos Vovos Chairman & Chief Executive Officer, Armodios Vovos Vice-Chairman, Thaleia Vovos, Triada Vovos, Maria Vovos wife of Ch. Vovos Members

Date of approval of the annual Financial Results (from which the summary data were derived) : March 28th 2007

Certified Auditor Accountant: Anthonios Prokapidis (SOEL Reg. No. 14511)

Auditing firm: PKF Eurolegitiki S.A.

Type of auditor's opinion: Unqualified opinion

Parent Company Web site: www.babisvovos.com

BALANCE SHEET		COMPANY	
Amounts in € thousand		31/12/2006	31/12/2005
<b>ASSETS</b>			
Property, plant and equipment		12	12
Trade & other receivables		3,864	3,888
Cash and cash equivalents		26	10
Other Assets		-	103
<b>TOTAL ASSETS</b>		<b>3,902</b>	<b>4,010</b>
<b>EQUITY AND LIABILITIES</b>			
Other short term liabilities		100	75
Total Liabilities	(a)	100	75
Share capital		4,002	4,002
Retained earnings and reserves attributable the Company's equity holders		(200)	(66)
Total equity	(b)	3,802	3,936
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>(c)=(a)+(b)</b>	<b>3,902</b>	<b>4,010</b>

CASH FLOW STATEMENT		COMPANY	
Amounts in € thousand		1/1-31/12/2006	1/1-31/12/2005
<b>Operating activities</b>			
Net profit before tax		(47)	(63)
Adjustments for:			
Provisions		40	59
Cash generated from operating activities before changes in working capital		(7)	(4)
Decrease / (increase) in trade & other receivables		22	5
Increase / (decrease) in short term liabilities (bank liabilities not included)		(15)	-
Cash flows from operating activities		(1)	1
Income tax paid		16	-
Net cash generated from operating activities	(a)	16	1
<b>Cash flows from investing activities</b>			
Net cash used in investing activities	(b)	-	-
<b>Cash flows from financing activities</b>			
Net cash used in financing activities	(c)	-	-
<b>Net (decrease) / increase in cash and cash equivalents (a) + (b) + (c)</b>		<b>16</b>	<b>1</b>
Cash and cash equivalents at beginning of the year		10	9
<b>Cash and cash equivalents at end of the year</b>		<b>26</b>	<b>10</b>

INCOME STATEMENT		COMPANY	
Amounts in € thousand		1/1-31/12/2006	1/1-31/12/2005
Revenue		-	-
Gross profit / (loss)		-	-
Earnings (loss) before interest, tax, depreciation and amortisation		(47)	(63)
Earnings (loss) before interest and tax		(47)	(63)
Profit / (loss) before income tax - total		(47)	(63)
Minus: taxation		(86)	-
<b>Net Profit / (loss) for the year - total</b>		<b>(134)</b>	<b>(63)</b>
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)			
		(0.10)	(0.05)

CHANGES IN EQUITY		COMPANY	
Amounts in € thousand		31/12/2006	31/12/2005
Total Equity (at 1/1/2006 and 1/1/2005 respectively)		3,936	3,999
Retained earnings		(134)	(63)
Equity balance (31/12/2006 and 31/12/2005 respectively)		<b>3,802</b>	<b>3,936</b>

### Additional data & information:

- The obligation of the Company for publishing its financial statements under the International Financial Reporting Standards (IFRS) derives from the provisions of article 134 of L. 2190/1920. The company's financial information is included at the consolidated financial statements of "Babis Vovos International Construction S.A".
- The company has been tax audited up to the fiscal year 2002.
- No guarantees and mortgages have been given by the company.
- There are no cases contested in courts or under arbitration or pending decisions of courts that are likely to affect the Company's financial position or operations.
- The company had no employees at 31/12/2006.
- Related party transactions at 31/12/2006 :

COMPANY	
Purchases of goods and services	
Purchases of services	
Babis Vovos International Construction S.A. & Co G.P.	1
Receivables from related parties	
Babis Vovos International Construction S.A.	3,864
	<b>3,864</b>
Payables to related parties	
Ergoliptiki - Klimaktiki - Touristiki S.A	1
	<b>1</b>
- Any differences to the totals are due to rounding.

# 13.10 Figures and information of Alteco S.A.

## ALTECO S.A.

Figures and information for the period of 1 January 2006 until 31 December 2006

(published according to art.135 of L.2190 for companies that publish annual financial results, consolidated and company, according to International Accounting Standards)

The figures illustrated below provide summary information about the financial position and results of ALTECO S.A. The reader who wishes to have a more complete view of the company's financial position and results has to gain access to the company's annual financial statements according to the International Financial Reporting Standards, as well as the auditors' report. Suggestively the reader can access the parent company's BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A. web site address where the above mentioned information is listed.

Registered Address : 340 Kifissias Ave., 154 51 Athens Greece

Company's No. in the register of Societes Anonymes : 5247/01/A7/8/86/137/07

Responsible Authority : Department of Societes Anonymes and Trade of the Prefecture of Athens (East Attica Sector)

Board of Directors : Christos Vovos Chairman, Thaleia Vovos Vice-Chairman & Chief Executive Officer, Armodios Vovos Chief Executive Officer, Triada Vovos, Evangelia Asimakopoulou Members

Date of approval of the annual Financial Results (from which the summary data were derived) : March 28th 2007

Certified Auditor Accountant: Anthonios Prokoplidis (SOEL Reg. No. 14511)

Auditing firm: PKF Eurologiki S.A.

Type of auditor's opinion: Unqualified opinion

Parent Company Web site: www.babisvovos.com

BALANCE SHEET		
Amounts in € thousand		
	COMPANY	
	31/12/2006	31/12/2005
<b>ASSETS</b>		
Investment Property	51,440	51,785
Inventories	15	31
Trade & other receivables	10,735	11,555
Cash and cash equivalents	53	48
Other Assets	86	-
<b>TOTAL ASSETS</b>	<b>62,328</b>	<b>63,420</b>
<b>EQUITY AND LIABILITIES</b>		
Long-term borrowings, including finance leases	18,771	19,178
Deferred income tax long term liabilities	7,911	7,942
Other long term liabilities	-	24
Short-term borrowings, including finance leases	542	707
Other short term liabilities	332	560
Total Liabilities (a)	27,556	28,411
Share capital	1,033	1,033
Retained earnings and reserves attributable the Company's equity holders	33,739	33,976
Total equity (b)	34,772	35,009
<b>TOTAL EQUITY &amp; LIABILITIES (c)=(a)+(b)</b>	<b>62,328</b>	<b>63,420</b>

CASH FLOW STATEMENT		
Amounts in € thousand		
	COMPANY	
	1/1-31/12/2006	1/1-31/12/2005
<b>Operating activities</b>		
Net profit before tax	(129)	29,113
Adjustments for:		
Interest expenses / (revenues)	1,231	470
Provisions	48	148
Results (revenues, expenses, profit, loss) from investment activities	345	(29,623)
Cash generated from operating activities before changes in working capital	1,485	108
Decrease / (increase) in trade & other receivables	672	(10,774)
Increase / (decrease) in short term liabilities (bank liabilities not included)	20	(1,792)
Cash flows from operating activities	2,187	(12,458)
Interest paid	(1,041)	(415)
Income tax paid	(570)	(0)
Net cash generated from operating activities (a)	576	(12,874)
<b>Cash flows from investing activities</b>		
Additions in investment property, Property, plant and equipment	-	(881)
Net cash used in investing activities (b)	-	(881)
<b>Cash flows from financing activities</b>		
Borrowings payback	(572)	(6,197)
Borrowings inflows	-	20,000
Net cash used in financing activities (c)	(572)	13,803
<b>Net (decrease) / Increase in cash and cash equivalents (a) + (b) + (c)</b>	<b>4</b>	<b>48</b>
Cash and cash equivalents at beginning of the year	48	-
Cash and cash equivalents at end of the year	53	48

INCOME STATEMENT		
Amounts in € thousand		
	COMPANY	
	1/1-31/12/2006	1/1-31/12/2005
Revenue	1,811	134
Gross profit / (loss)	1,800	134
Earnings (loss) before interest, tax, depreciation and amortisation	1,102	29,583
Earnings (loss) before interest and tax	1,102	29,583
Profit / (loss) before income tax - total	(129)	29,113
Minus: taxation	(108)	(4,783)
<b>Net Profit / (loss) for the year - total</b>	<b>(237)</b>	<b>24,330</b>
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)		
	(6.73)	691.20

CHANGES IN EQUITY		
Amounts in € thousand		
	COMPANY	
	31/12/2006	31/12/2005
Total Equity (at 1/1/2006 and 1/1/2005 respectively)	35,009	(918)
Retained earnings	(237)	35,927
Equity balance (31/12/2006 and 31/12/2005 respectively)	34,772	35,009

### Additional data & information:

- The obligation of the Company for publishing its financial statements under the International Financial Reporting Standards (IFRS) derives from the provisions of article 134 of L. 2190/1920. The company's financial information is included at the consolidated financial statements of "Babis Vovos International Construction S.A".
- The company has been tax audited up to the fiscal year 1998.
- For securing bank liabilities of the parent company Babis Vovos International Construction S.A., guarantees over the investment property amounting to € 14,300 thousand have been given by the company as at 31/12/2006.
- There are no cases contested in courts or under arbitration or pending decisions of courts that are likely to affect the Company's financial position or operations.
- The company had no employees at 31/12/2006.
- Related party transactions at 31/12/2006 :

	COMPANY
Purchases of goods and services	
Purchases of services	
Babis Vovos International Construction S.A. & Co G.P.	1
Receivables from related parties	
Babis Vovos International Construction S.A.	10,308
	10,308
Payables to related parties	
Babis Vovos International Construction S.A. & Co G.P.	1
	1
- Turnover Analysis according to STAKOD-2003 :

	COMPANY	
	1/1-31/12/2006	1/1-31/12/2005
Code 702.0 Leasing of private real estate :	1,811	134
- Any differences to the totals are due to rounding.

# 13.11 Figures and information of Elfinko S.A.

## ELFINKO S.A.

Figures and information for the period of 1 January 2006 until 31 December 2006

(published according to art.135 of L.2190 for companies that publish annual financial results, consolidated and company, according to International Accounting Standards

The figures illustrated below provide summary information about the financial position and results of ELFINKO S.A. The reader who wishes to have a more complete view of the company's financial position and results has to gain access to the company's annual financial statements according to the International Financial Reporting Standards, as well as the auditors' report. Suggestively the reader can access the parent company's BABIS VOVOIS INTERNATIONAL CONSTRUCTION S.A. web site address where the above mentioned information is listed.

Registered Address : 340 Kifissias Avenue, 154 51 N. Palschiko Greece

Company's No. in the register of Societes Anonymes. : 37/01AT/B/06/237/06)

Responsible Authority : Department of Societes Anonymes and Trade of the Prefecture of Athens (East Attica Sector)

Board of Directors : Charalampos Vovos Chairman & Chief Executive Officer, Triada Vovos Vice-Chairman, Thaleia Vovos, Christos Vovos, Stergios Agelaris Members

Date of approval of the annual Financial Results (from which the summary data were derived) : March 28th 2007

Certified Auditor Accountant: Anthonios Prokopidis (SOEL Reg. No. 14511)

Auditing firm: PKF Eurolegitiki S.A.

Type of auditor's opinion: Unqualified opinion

Parent Company Web site: www.bablsvovos.com

BALANCE SHEET		
Amounts in € thousand		
	COMPANY	
	31/12/2006	31/12/2005
<b>ASSETS</b>		
Investment Property	30,080	5,304
Inventories	-	121
Trade & other receivables	13,366	624
Cash and cash equivalents	4,490	361
Other Assets	13	234
<b>TOTAL ASSETS</b>	<b>47,939</b>	<b>6,644</b>
<b>EQUITY AND LIABILITIES</b>		
Long-term borrowings, including finance leases	20,000	-
Deferred income tax long term liabilities	6,333	-
Other short term liabilities	295	2,060
<b>Total Liabilities (a)</b>	<b>26,629</b>	<b>2,060</b>
Share capital	3,908	3,908
Retained earnings and reserves attributable the Company's equity holders	17,403	676
<b>Total equity (b)</b>	<b>21,311</b>	<b>4,583</b>
<b>TOTAL EQUITY &amp; LIABILITIES (c)=(a)+(b)</b>	<b>47,939</b>	<b>6,644</b>

CASH FLOW STATEMENT		
Amounts in € thousand		
	COMPANY	
	1/1-31/12/2006	1/1-31/12/2005
<b>Operating activities</b>		
Net profit before tax	(2,493)	(282)
Adjustments for:		
Depreciation and amortisation	40	142
Interest expenses / (revenues)	584	102
Provisions	240	-
Results (revenues, expenses, profit, loss) from investment activities	877	(48)
Cash generated from operating activities before changes in working capital	(751)	(86)
Decrease / (increase) of inventory	121	2,411
Decrease / (increase) in trade & other receivables	(12,731)	12
Increase / (decrease) in short term liabilities (bank liabilities not included)	(2,045)	(1,109)
<b>Cash flows from operating activities</b>	<b>(15,407)</b>	<b>1,229</b>
Interest paid	(549)	(102)
Income tax paid	(104)	(244)
<b>Net cash generated from operating activities (a)</b>	<b>(16,060)</b>	<b>883</b>
<b>Cash flows from investing activities</b>		
Additions in Property, plant and equipment	-	(890)
Proceeds from sale of Property, plant and equipment	93	276
Interest received	4	0
Decrease / (increase) of other assets	-	(29)
<b>Net cash used in investing activities (b)</b>	<b>96</b>	<b>(644)</b>
<b>Cash flows from financing activities</b>		
Proceeds from disposal of other investments	91	-
Borrowings inflows	20,000	-
Borrowings payback	-	(33)
<b>Net cash used in financing activities (c)</b>	<b>20,091</b>	<b>(33)</b>
<b>Net (decrease) / increase in cash and cash equivalents (a) + (b) + (c)</b>	<b>4,129</b>	<b>207</b>
Cash and cash equivalents at beginning of the year	361	155
<b>Cash and cash equivalents at end of the year</b>	<b>4,490</b>	<b>361</b>

INCOME STATEMENT		
Amounts in € thousand		
	COMPANY	
	1/1-31/12/2006	1/1-31/12/2005
Revenue	20	12,275
Gross profit / (loss)	(101)	1,795
Earnings (loss) before interest, tax, depreciation and amortisation	(1,909)	(180)
Earnings (loss) before interest and tax	(1,909)	(180)
Profit / (loss) before income tax - total	(2,493)	(282)
Minus: taxation	(121)	-
<b>Net Profit / (loss) for the year - total</b>	<b>(2,613)</b>	<b>(282)</b>
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)	(0.74)	(0.08)

CHANGES IN EQUITY		
Amounts in € thousand		
	COMPANY	
	31/12/2006	31/12/2005
Total Equity (at 1/1/2006 and 1/1/2005 respectively)	4,583	4,876
Share capital increase	-	0
Net income recognised directly through Equity	19,330	(10)
Retained earnings	(2,603)	(282)
<b>Equity balance (31/12/2006 and 31/12/2005 respectively)</b>	<b>21,311</b>	<b>4,583</b>

### Additional data & information:

- The obligation of the Company for publishing its financial statements under the International Financial Reporting Standards (IFRS) derives from the provisions of article 134 of L. 2190/1920. The company's financial information is included at the consolidated financial statements of "Babis Vovos International Construction S.A." for the first time in year 2006 since it was acquired on May 2006.
- The company has been tax audited up to the fiscal year 2004.
- For securing bank liabilities, guarantees over the investment property amounting to € 30,000 thousand have been given by the company as at 31/12/2006.
- There are no cases contested in courts or under arbitration or pending decisions of courts that are likely to affect the Company's financial position or operations.
- The company had no employees at 31/12/2006 (31/12/2005 :46 individuals).
- Related party transactions at 31/12/2006 :

	COMPANY
Purchases of goods and services	
Purchases of services	
Babis Vovos International Construction S.A. & Co G.P.	5
	5
Receivables from related parties	
Babis Vovos International Construction S.A.	13,347
	13,347
Payables to related parties	
Babis Vovos International Construction S.A. & Co G.P.	4
	4
- Turnover Analysis according to STAKOD-2003 :

	COMPANY	
	1/1-31/12/2006	1/1-31/12/2005
Code 501.0 Trade of cars - vehicles	20	10,808
Code 502.0 Maintenance and repairs of cars- vehicles	-	1,519
Code 501.0 Trade of cars - vehicles' spare parts	-	148

8. Any differences to the totals are due to rounding.



## 13.12 Financial statements of the subsidiaries included in the consolidated financial statements

The financial statements of the subsidiaries that are included in the consolidated financial statements of “Babis Vovos International Construction S.A.” are presented in the latter’s website – [www.babisvovos.com](http://www.babisvovos.com) .

ART DIRECTION PRODUCTION: **NA**<sup>®</sup> **NIKOS APERGIS SA**  
advertising & printing Co  
Tel.: +30 210 2930230



[www.babisvovos.com](http://www.babisvovos.com)



**BABIS VOVOS**  
INTERNATIONAL CONSTRUCTION S.A

**HEAD OFFICE**

340 Kifissias Ave., Athens 154 51, Greece  
Tel.: +30 210 6726 036 • Fax: +30 210 6725 866  
email: [info@babisvovos.gr](mailto:info@babisvovos.gr)