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2006

*According to the decisions No. 5/204/14-11-2000 and
7/372/15-02-2006 of the Hellenic Capital Market Commission,
as well as the relevant circular letters.*

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Balance Sheet

| | | GROUP | | COMPANY | |
|--|------|-------------|-------------|-------------|--------------|
| | | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Amounts in Euro | Note | | | | |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Investment property | 6 | 439.017.856 | 602.702.993 | 5.540.441 | 5.495.441 |
| Property, plant and equipment | 7 | 48.334.727 | 49.133.840 | 982.819 | 1.505.602 |
| Intangible assets | 8 | 4.868.297 | 5.008.223 | - | - |
| Investments in associates | 9 | 957.386 | 34.770.662 | 131.440.237 | 254.645.469 |
| Available-for-sale financial assets | 10 | 42.427.796 | - | 42.427.796 | - |
| Derivative financial instruments | 11 | 31.150 | - | - | - |
| Deferred income tax assets | 12 | 20.574 | 328.861 | - | 139.715 |
| Trade and other receivables | 14 | 75.377.186 | 3.060.183 | 49.730.705 | 2.338.084 |
| | | 611.034.973 | 695.004.763 | 230.121.999 | 264.124.311 |
| Current assets | | | | | |
| Inventories | 13 | 58.394.743 | 80.939.513 | - | - |
| Trade and other receivables | 14 | 30.452.747 | 77.112.115 | 14.414.017 | 7.039.934 |
| Current income tax assets | | 2.506.107 | 2.770.365 | 1.411.689 | 756.177 |
| Cash and cash equivalents | 15 | 79.911.287 | 36.829.823 | 51.504.302 | 4.291.681 |
| | | 171.264.884 | 197.651.816 | 67.330.007 | 12.087.792 |
| Total assets | | 782.299.856 | 892.656.578 | 297.452.006 | 276.212.102 |
| EQUITY | | | | | |
| Capital and reserves attributable to equity holders of the company | | | | | |
| Share capital | 16 | 235.722.818 | 235.878.092 | 235.722.817 | 235.878.092 |
| Other reserves | 17 | 23.357.593 | 5.983.471 | 22.052.196 | 4.630.689 |
| Retained earnings / (Accumulated losses) | | 106.546.237 | 21.585.395 | 25.215.307 | (52.863.652) |
| | | 365.626.648 | 263.446.958 | 282.990.321 | 187.645.129 |
| Minority interest | | 42.606.437 | 43.399.481 | - | - |
| Total equity | | 408.233.085 | 306.846.439 | 282.990.321 | 187.645.129 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 18 | 252.924.016 | 125.673.929 | - | 31.320.689 |
| Deferred income tax liabilities | 12 | 44.671.236 | 44.992.104 | 2.324.871 | - |
| Derivative financial instruments | 11 | 124.538 | - | - | - |
| Retirement benefit obligations | 19 | 303.200 | 583.332 | 275.993 | 173.098 |
| Other non-current liabilities | 20 | 9.393.342 | 1.418.522 | 36.148 | 36.148 |
| | | 307.416.333 | 172.667.887 | 2.637.012 | 31.529.935 |
| Current liabilities | | | | | |
| Trade and other payables | 20 | 43.463.855 | 175.814.217 | 11.668.222 | 36.017.033 |
| Current income tax liabilities | | 295.284 | 280.109 | - | - |
| Borrowings | 18 | 22.891.300 | 237.047.926 | 156.451 | 21.020.006 |
| | | 66.650.439 | 413.142.252 | 11.824.673 | 57.037.039 |
| Total liabilities | | 374.066.771 | 585.810.139 | 14.461.685 | 88.566.974 |
| Total equity and liabilities | | 782.299.856 | 892.656.578 | 297.452.006 | 276.212.102 |

The consolidated financial statements of Lamda Development SA for the year ended 31 December 2006 have been approved for issue by the Company's Board of Directors on 6 March 2007.

The notes on pages 6 to 49 are an integral part of these financial statements.

Income Statement

| | | GROUP | | COMPANY | | |
|---|-------------------|--------|---------------------------|---------------------------|---------------------------|---------------------------|
| Continuing operations | (Amounts in Euro) | Note | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Sales | | | 108.158.166 | 61.003.580 | 3.007.953 | 6.090.669 |
| Cost of sales | | 21 | (74.553.525) | (63.462.484) | (5.916.858) | (3.374.479) |
| Gross profit | | | 33.604.641 | (2.458.904) | (2.908.906) | 2.716.190 |
| Administrative expenses | | 21 | (13.263.310) | (23.556.565) | (7.202.691) | (5.894.302) |
| Reversal of provision for impairment | | 9 | - | - | 38.693.042 | - |
| Fair value gains / (losses) of investment property | | 6 | 82.183.042 | 159.325.055 | 45.000 | (45.000) |
| Profit / (loss) from participations sale in associates | | 25 | 37.984.028 | 4.991.703 | 66.929.471 | 9.127.700 |
| Other operating income / (expenses) - net | | 25 | (2.470.320) | 2.124.441 | (5.548.418) | 779.814 |
| Operating profit | | | 138.038.080 | 140.425.730 | 90.007.498 | 6.684.402 |
| Finance costs - net | | 23 | (17.919.911) | (5.762.987) | (3.687.463) | (2.064.084) |
| Share of (loss) / profit of associates | | 25 | 2.262.584 | 3.950.496 | 1.620.333 | 898.950 |
| Profit before income tax | | | 122.380.753 | 138.613.239 | 87.940.368 | 5.519.267 |
| Income tax expense | | 24 | (29.729.287) | (47.678.349) | (9.158.965) | (41.189) |
| Profit for the year from continuing operations | | | 92.651.466 | 90.934.891 | 78.781.402 | 5.478.078 |
| | | | | | | |
| Discontinued operations | (Amounts in Euro) | | | | | |
| Profit for the year from discontinued operations | | 25, 33 | 2.650.869 | (2.901.009) | 1.048.419 | - |
| Profit for the year | | | 95.302.335 | 88.033.883 | 79.829.821 | 5.478.078 |
| | | | | | | |
| Attributable to: | | | | | | |
| Equity holders of the Company | | | 94.534.422 | 80.604.184 | 79.829.821 | 5.478.078 |
| Minority interest | | | 767.913 | 7.429.699 | - | - |
| | | | 95.302.335 | 88.033.883 | 79.829.821 | 5.478.078 |
| | | | | | | |
| Earnings per share from continuing operations for profit attributable to the equity holders of the Company during the year (expressed in € per share) | | | | | | |
| Basic | | 30 | 2,10 | 2,08 | 1,79 | 0,13 |
| Diluted | | 30 | 2,10 | 2,07 | 1,79 | 0,12 |
| | | | | | | |
| Earnings per share from discontinued operations for profit attributable to the equity holders of the Company during the year (expressed in € per share) | | | | | | |
| Basic | | 30 | 0,18 | (1,12) | 0,00 | 0,00 |
| Diluted | | 30 | 0,18 | (1,12) | 0,00 | 0,00 |

The notes on pages 6 to 49 are an integral part of these financial statements.

Statement of changes in equity

| Amounts in Euro | Attributable to equity holders of the Company | | | | |
|--|---|-------------------|---------------------|--------------------|--------------------|
| | Share capital | Other reserves | Retained earnings | Minority interests | Total equity |
| GROUP | | | | | |
| Balance at 1 January 2005 | 234.837.110 | 4.228.288 | (60.211.329) | 36.978.541 | 215.832.610 |
| Transfers between reserves | - | 56.520 | (56.520) | - | - |
| Currency translation differences | - | 1.698.662 | - | - | 1.698.662 |
| Net profit for the year | - | - | 80.604.183 | 7.429.699 | 88.033.883 |
| Total recognised income and expense for 2005 | - | 1.755.183 | 80.547.662 | 7.429.699 | 89.732.545 |
| Sale of subsidiaries | - | - | - | (1.572.096) | (1.572.096) |
| Change in subsidiary shareholdings | - | - | 1.249.061 | (633.663) | 615.397 |
| Shares issued in subsidiaries | - | - | - | 1.197.000 | 1.197.000 |
| Employees share option scheme | 1.040.982 | - | - | - | 1.040.982 |
| | 1.040.982 | - | 1.249.061 | (1.008.759) | 1.281.283 |
| Balance at 31 December 2005 | 235.878.092 | 5.983.471 | 21.585.395 | 43.399.481 | 306.846.439 |
| Balance at 1 January 2006 | 235.878.092 | 5.983.471 | 21.585.395 | 43.399.481 | 306.846.439 |
| Reserves from revaluation of financial assets available-for-sale | - | 15.670.647 | (7.698.282) | - | 7.972.364 |
| Cash flow hedges | - | (79.362) | - | 9.322 | (70.041) |
| Transfers between reserves | - | 1.801.536 | (1.801.536) | 2.893 | 2.893 |
| Currency translation differences | - | 37.900 | - | - | 37.900 |
| Net income / (expense) recognised directly in equity | 27.118 | - | - | (39.900) | (12.782) |
| Net profit for the year | - | - | 94.534.422 | 767.913 | 95.302.335 |
| Total recognised income and expense for 2006 | 27.118 | 17.430.721 | 85.034.604 | 740.228 | 103.232.671 |
| Sale of subsidiaries | - | (56.599) | - | (2.784.951) | (2.841.549) |
| Change in subsidiary shareholdings | - | - | (73.762) | 73.762 | - |
| Change in subsidiary consolidation method | - | - | - | (2.670.083) | (2.670.083) |
| Shares issued in subsidiaries | - | - | - | 3.848.000 | 3.848.000 |
| Purchase of treasury shares | (182.393) | - | - | - | (182.393) |
| | (182.393) | (56.599) | (73.762) | (1.533.271) | (1.846.025) |
| Balance at 31 December 2006 | 235.722.818 | 23.357.593 | 106.546.237 | 42.606.437 | 408.233.085 |

Amounts in Euro

| | Share capital | Other reserves | Retained earnings | Total equity |
|--|--------------------|-------------------|---------------------|--------------------|
| COMPANY | | | | |
| Balance at 1 January 2005 | 234.837.110 | 4.630.689 | (58.341.730) | 181.126.068 |
| Net profit for the year | - | - | 5.478.078 | 5.478.078 |
| Total recognised income and expense for 2005 | - | - | 5.478.078 | 5.478.078 |
| Employees share option scheme | 1.040.982 | - | - | 1.040.982 |
| Balance at 31 December 2005 | 235.878.092 | 4.630.689 | (52.863.652) | 187.645.129 |
| Balance at 1 January 2006 | 235.878.092 | 4.630.689 | (52.863.652) | 187.645.129 |
| Reserves from revaluation of financial assets available-for-sale | - | 15.670.647 | - | 15.670.647 |
| Transfers between reserves | - | 1.750.861 | (1.750.861) | - |
| Net income / (expense) recognised directly in equity | 27.118 | - | - | 27.118 |
| Net profit for the year | - | - | 79.829.821 | 79.829.821 |
| Total recognised income and expense for 2006 | 27.118 | 17.421.508 | 78.078.960 | 95.527.585 |
| Purchase of treasury shares | (182.393) | - | - | (182.393) |
| Balance at 31 December 2006 | 235.722.817 | 22.052.196 | 25.215.307 | 282.990.321 |

Due to the change in investment presentation of Eurobank Properties R.E.I.C. (note 9), the amount of € 7.698.282 is transferred from Retained earnings to Reserves from available-for-sale financial assets .

The notes on pages 6 to 49 are an integral part of these financial statements.

Cash Flow Statement

| | | GROUP | | COMPANY | |
|---|-----------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| <i>Amounts in Euro</i> | | | | | |
| Cash flows from operating activities: | | | | | |
| Cash generated from operations | 26 | (89.561.640) | (13.339.200) | (81.731.782) | (19.856.265) |
| Interest paid | | (16.918.983) | (6.080.409) | (5.267.425) | (1.848.663) |
| Income tax paid | | (6.485.038) | (3.650.855) | (7.321.497) | (534.856) |
| Cash flows from operating activities - net | | (112.965.661) | (23.070.463) | (94.320.704) | (22.239.784) |
| Cash flows from investing activities: | | | | | |
| Purchases of property, plant, equipment and investment property | 6 , 7 | (23.568.979) | (127.891.308) | (125.489) | (2.377.093) |
| Proceeds from sale of property, plant, equipment and investment property | | 22.553 | 2.299.118 | - | 2.306.955 |
| Dividends received | | 1.620.333 | 294.000 | 1.620.333 | 898.950 |
| Loans granted to related parties | | (5.076.000) | - | (10.000.000) | - |
| Interest received | | 98.599 | 195.398 | 680.636 | 13.400 |
| Proceeds from sale of subsidiaries | 9 | 161.895.107 | 17.345.766 | 161.895.107 | 18.383.193 |
| Participation in share capital issue in subsidiaries and purchase of subsidiaries | 9 | (8.665.964) | (22.011.008) | (12.333.393) | (23.725.014) |
| Cash flows from investing activities - net | | 126.325.649 | (129.768.035) | 141.737.194 | (4.499.610) |
| Cash flows from financing activities: | | | | | |
| Proceeds from issuance of shares of subsidiaries | | 5.215.807 | 1.676.443 | (1.278) | 479.443 |
| Purchase of treasury shares | 16 | (182.393) | - | (182.393) | - |
| Proceeds from subsidiaries' share capital decrease | 9 | (100.000) | - | 52.164.298 | - |
| Dividends paid to Company's shareholders | | (254) | (10.148) | (254) | (10.148) |
| Borrowings received | 18 | 282.889.307 | 288.012.688 | 136.082.073 | 37.295.628 |
| Repayments of capital repayments of finance leases | 18 | (637.265) | (620.873) | - | - |
| Repayments of borrowings | 18 | (257.463.726) | (123.798.650) | (188.266.316) | (7.864.798) |
| Cash flows from financing activities - net | | 29.721.477 | 165.259.461 | (203.869) | 29.900.125 |
| Net (decrease) / increase in cash and cash equivalents | | 43.081.465 | 12.420.963 | 47.212.621 | 3.160.731 |
| Cash and cash equivalents at the beginning of year | 15 | 36.829.823 | 23.938.113 | 4.291.681 | 1.130.951 |
| Cash and cash equivalents - discontinued operations | 33 | - | 470.747 | - | - |
| Cash and cash equivalents at the end of year | 15 | 79.911.287 | 36.829.823 | 51.504.302 | 4.291.682 |

The notes on pages 6 to 49 are an integral part of these financial statements.

Notes upon consolidated financial statements

1. General information

These financial statements include the financial statements of the parent company LAMDA DEVELOPMENT S.A. (the “Company”) and the consolidated annual financial statements of the Company and its subsidiaries (the “Group”). The names of the subsidiaries are presented in note 9 of the financial statements.

The main activities of the Group are the investment, development and maintenance of innovative real estate projects and marine services.

The Group is activated in Greece and during 2006 has expanded in other neighbour Balkan countries mainly Romania, Bulgaria, Serbia and its shares are listed in the Athens Stock Exchange.

The address of the Company’s registered office is 16 Laodikias & Nimfeou str., 11528, Athens, Greece and its website address is www.Lamda-development.net. The company is controlled by Consolidated Lamda Holdings S.A. which is domiciled in Luxembourg and therefore Group’s financial statements are included in its consolidated financial statements. The company Consolidated Lamda Holdings S.A. is controlled by Latsis family.

These consolidated financial statements were approved for issue by the Board of Directors on 6 March 2007.

2. Summary of significant accounting policies

Basis of preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union, and International Financial Reporting Standards issued by the IASB.

All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these financial statements have been adopted by the European Commission through the endorsement procedure established by the European Commission, with the exception of certain provisions of International Accounting Standard 39 “Financial Instruments: Recognition and Measurement” relating to portfolio hedging of core deposits.

Since the Group and the Company are not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS 39, the accompanying financial statements comply with both IFRS as adopted by the EU and IFRS issued by the IASB.

The accounting principles that have been used in the preparation of the Annual Financial Statements are in accordance with those used for the preparation of the Company and Group Financial Information as at 31 December 2005. This information was published in the internet site of the company.

The financial statements have been prepared under the historical cost convention as has been modified by investment property evaluation at fair value.

The preparation of the Financial Statements in accordance with IFRS requires the use of estimates and assumptions which affect the balances of the assets and liabilities disclosed in the financial statements as well as the amounts of contingencies and the amounts of the income and expenses relating to the period from 1st January 2006 to 31 December 2006. These estimates are based to the best knowledge of the Company’s and Group’s management in relation to the current situation.

Certain reclassifications have been made in the prior year’s figures in order to make them comparable to the current year’s figures. Any differences between amounts in the primary financial statements and similar amounts detailed in the explanatory notes are due to rounding of figures.

New standards, amendments to standards and interpretations

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 as 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.

Consolidated financial statements

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition 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 and 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 group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

When the Group increases its shareholding in a subsidiary, the difference between the price paid and the book value of the net assets of that subsidiary is recorded directly in equity.

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. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company accounts for its investment in subsidiaries, in its stand alone accounts, on the cost less impairment basis.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in associates are accounted for in the financial statements of the Company at the cost less impairment basis.

(c) Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation.

The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture to the extent that the gain or loss is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in joint ventures are accounted for in the financial statements of the Company at the cost less impairment basis.

Segmental reporting

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 is subject to risks and returns that are different from those of segments operating in other economic environments.

The nature and the source of the Group's income are used as the basis of determining its primary and secondary segments. The Group has concluded that its primary segment should be based on the nature of its products and services and its secondary segment should be based on the geographic location of its operations.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using 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.

(c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- ii. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and
- iii. All resulting exchange differences are recognised as a separate component of equity and transferred in Income Statement with the sale of those entities.

Exchange differences arising from the translation of the net investment in foreign entities' are recognised in equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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 were 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 performed annually by independent external valuers in accordance with the guidance issued by the International Valuation Standards Committee.

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 at year end.

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. Any difference between fair value and book value is recognised in the Income Statement.

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.

Property, plant and equipment

All property, plant and equipment ("PPE") is shown at cost less subsequent depreciation and impairment. 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 higher than the initially expected according to the initial return of the financial asset and under the assumption that 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. Costs required for the development and improvement of the computer software programmes are capitalised.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed as incurred (See note 2.15).

Land is not depreciated. Depreciation on PPE is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, in order to write down the cost in its residual value. The expected useful life of property, plant and equipment is as follows:

| | | |
|--|---------|-------|
| - Buildings (and leasehold improvements) | 20 | years |
| - Transportation equipment, machinery, technical installations & other equipment | 5 – 15 | years |
| - Furniture and fittings | 5 – 6 | years |
| - Software | up to 5 | years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

When the carrying amount of the asset is higher than its recoverable amount, the resulting difference (impairment loss) is recognized immediately as an expense in the Income Statement (Note 2.9).

In case of sale of property, plant and equipment, the difference between the sale proceeds and the carrying amount is recognized as profit or loss in the income statement.

Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries and joint ventures is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units which represent each entity for the purpose of impairment testing.

(b) Concessions and rights

Concessions and industrial rights refer to rights of use and are carried at cost less any depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the cost of each asset to its estimated useful life, which is 40 years.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance 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. Impairment losses are recognised as an expense to the Income Statement, when they occur.

Financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(b) Financial assets at fair value through profit or loss

This category has three sub-categories: financial assets held for trading, those designated at fair value through profit or loss at inception and derivatives. Assets in this category are classified as current if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. The Group did not hold any investments in this category during the year.

(c) Investments held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group did not hold any investments in this category during the year.

(d) Available for sale financial assets

Available-for-sale financial assets are non-derivatives 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. The Group did not hold any investments in this category during the year.

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 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.

Investments are initially recognized at fair value plus any transaction cost.

Available for sale financial assets and financial assets at fair value through profit or loss are presented at fair value.

Realized and unrealized gains or losses from changes in fair value of financial assets at fair value through profit or loss are recorded in the income statement when they occur.

Unrealized gains or losses from changes in fair value of financial assets that classified as available for sale are recognized in revaluation reserve. In case of sale or impairment of available for sale financial assets, the accumulated fair value adjustments are transferred to profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by 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 refined to reflect the issuer's specific circumstances.

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 in determining whether 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 recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Differences between cost and net realisable value are recorded as losses in the Income Statements as they incur. Cost is determined using the weighted average method. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

Properties that are being developed for future sale are reclassified as inventories at their carrying amount at the balance sheet date.

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. 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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown after the reduction of the relative income tax in reduction to the product of issue. Incremental costs directly attributable to the issue of new shares for the acquisition of other entities are included in the cost of acquisition of the new company.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest 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.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. 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 affected neither accounting nor taxable profit or loss. Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

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, joint ventures 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.

Employee benefits

(a) Short-term benefits

Short-term employee benefits in cash and in items are recognized as an expense when they become accrued.

(b) Retirement benefits

The Group participates in retirement schemes in accordance with the Greek legislation by paying into publicly administered social security funds on a mandatory basis. Benefits after retirement include both defined contribution plans and defined benefits plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate social security fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

A defined benefit plan comprise retirement benefit plans according to which the Group pays to the employee an amount upon retirement that is based on the employee's period of service, age and salary.

The liability in respect of defined benefit plans, is the present value of the defined benefit obligation at the balance sheet date together with adjustments for actuarial gains/ losses and past service cost. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans, which exceed 10% of the compounded obligation, are charged or credited to income over the average remaining service lives of the related employees.

Past service costs are recognised in the profit and loss account; with the exception of movements in the related obligation that are based on the average remaining service lives of the related employees. In this instance the past service cost are amortised to the profit and loss account on a straight-line basis over the vesting period.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing 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.

In case of termination of employment where there is inability to determine the number of employees that will make use of these benefits, the latter are not accounted for but disclosed as a contingent liability.

(d) Share-based compensation

The Group operates a share option compensation plan. The fair value of the services of the employees, to whom shares are granted according to the share option plan, is accounted for as expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, at the date of granting. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Grants

Government grants are recognised at fair value when it is virtually certain that the grant will be received and the group will comply with anticipated conditions.

Government grants relating to expenses are deferred and recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight line basis over the expected lives of the related assets.

Provisions

Provisions are recognized when:

- i. There is present legal or constructive obligation as a result of past events
- ii. It is probable that an outflow of resources will be required to settle the obligation
- iii. The amount can be reliably estimated

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 recognised 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 management's best estimate of the expenditure required to settle the present obligation at the balance sheet date (see Note 4.1). The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

Right of leave provision

The right of annual leave and long-service leave for employees are recognized when these result. A provision is recognized for the estimated obligation of annual leave and long-service leave as result of services that were offered up until the balance sheet date.

Revenue recognition

Revenue comprises the fair value of revenues from rents, services and management of real estate, as well as real estate purchases and sales. Intercompany revenues from sales within the Group are fully eliminated. Revenue is recognised as follows:

(a) Sale of Real Estate

Revenue from the sale of real estate is only recognized in the financial statements when the final contract has been signed.

When the outcome of a contract cannot be reliably estimated, the revenue is recognized only to the extent that the contract costs incurred will probably be recoverable. Contract expenses are recognised when incurred.

When the outcome of a contract can be reliably estimated, the revenue and the costs of the contract are recognized over the duration of the contract as revenue and expenses respectively. The Group uses the percentage of completion method in order to determine the revenue and expenses to recognize in each accounting period. When the total cost is likely to exceed the total income then the excess loss is recognized immediately in the income statement as an expense.

(b) Income from Investment Property

Income from investment properties includes operating lease income, income from maintenance and management of real estate, concession rights and commercial cooperation agreements.

The income from operating leases is recognized in the Income Statement using the straight-line method over the duration of the lease. When the Group provides incentives to its customers, the cost of these incentives is recognized over the duration of the lease or commercial cooperation, using the straight line method, reducing income.

The income from maintenance and management of real estates, concessions and commercial cooperation agreements is recognized during the period for which the concession and commercial cooperation services are provided.

(c) Interest income

Interest income is recognised 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 original effective interest rate of the instrument, and continues accreting the discount as interest income. Afterwards, interests are calculated by using the same rate on the impaired value (new carrying amount).

(d) Dividend income

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

Leases

(a) Group company as the lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception 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 other long-term payables. 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 property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term if classified as tangible assets, while if classified as investment properties they are not depreciated but presented in their fair value.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments 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.

(b) Group company as the lessor

Assets leased to third parties under operating leases are included in investment properties and measured at fair value (note 2.6). Note 2.20 describes the accounting principle of revenue recognition from leases.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements when the dividend distribution is approved by the Company's General Assembly. The first dividend is recognised at its payment.

Comparative figures and rounding

Certain prior year amounts have been reclassified to conform to the current year presentation. Differences between amounts presented in the financial statements and corresponding amounts in the notes results from rounding differences.

3. Financial risk management

Financial risk factors

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

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles and directions for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk and credit risk.

(a) Market risk

The Group operates in Europe and consequently the major part of the Group's transactions is denominated in Euros. The Group's stable policy is to avoid purchasing foreign currency in advance and contracting FX future contracts with external counter-parties.

(b) Credit risk

Sales are made mainly to customers with an assessed credit history and credit limits. Specific sale and collection terms are employed. Whenever possible, further securities are requested for outstanding receivables.

(c) Liquidity risk

Liquidity needs are satisfied in full by the timely forecasting of cash needs in conjunction with the prompt receipt of receivables and by using adequate credit limits with collaborating banks.

(d) Interest fluctuation risk

The revenues and the cash flows of the Group are only slightly influenced from interest movements, as cash available for investment and interest bearing receivables are mainly dependent on the euro interest rates which historically have low volatility while predicted future volatility is also low.

With regards to borrowings, the Group, based on the fact that all its revenues are euro-denominated has decided to borrow funds in euros, in order to eliminate risk due to currency exchanges.

Moreover, the Group, in order to be covered in the long term from interest fluctuations, it uses contracts of exchanging short term interest rates with long term ones for those loans whose duration exceeds one year.

At the financial year end, 65% approx of the total borrowings was under fixed interest products. The target is the covering of the bigger part of the interest fluctuation risk of the loans pertaining to the financing of investment properties. The coverage percentage is expected to be considerably increased during 2006.

These contracts are valued at balance sheet date and the gains or losses from the changes in the current value of the financial products are recorded in the relevant year.

Determination of fair values

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual 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 of the Management are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. 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 12 months concern the following:

(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. When there is 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.

Were the initial yield used in estimating the discount rate in the discounted cash flows analysis to differ by +/- 0,25 bp, the carrying amount of investment property would be an estimated +/- € 18m approximately.

(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

The Group is subject to various legislations regarding income taxes. In order to determine such provision the above should be a clear perception of the above. During the normal course of business, there are some transactions and calculations for which the ultimate tax determination is uncertain. The Management forms provisions regarding additional taxes that might occur following future tax audits. 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) *Other issues*

- As it is also reported in notes 14 and 20, the Group's management estimates that the balance payable towards Hellenic Tourist Properties (ETA) and the respective case under arbitration will not result in any additional obligations for the Group.
- As it is also reported in note 28, on the subsidiary company LAMDA Olympia Village S.A. has been imposed a property transfer tax of € 9,8 m. The Group's management regards that the imposition of this income tax is unfounded because of the special provisions of the law concerning Olympic Games projects.

Critical management estimates in applying the entity's accounting policies

As is also reported in note 28, a subsidiary company of the Group, has undertaken to compensate its customers for potential tax obligations that will arise because of the special nature of the commercial cooperation agreements that they have contracted with the company in question. The amount of the potential obligation cannot be estimated.

There are no areas that require management estimates in applying the Group's accounting policies.

5. Segment information

Primary reporting format – business segments

The Group is organised into three business segments:

- (1) Real Estate
- (2) Shipyards and Marine services
- (3) Aviation transport services (only for year 2005).

Note that Group's investment in Swissport LAMDA Hellas S.A. joint venture, which is the only Group's company that is activated in aviation transport services, was sold in June 2005.

Since Group's subsidiaries LAMDA Shipyards and Marine Services S.A. and ARGONAFITIS M.S.A. were sold, the business segment that refers to shipyards services is regarded as discontinued operation.

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

| <i>Continuing operations</i> (Amounts in Euro) | Real Estate | Shipyards and Marine Services | Aviation transport services | Total |
|--|----------------------------------|----------------------------------|--------------------------------|--------------------|
| | | | | |
| Net sales | 102.028.446 | 6.129.719 | - | 108.158.166 |
| Operating profit | 140.735.724 | (2.697.644) | - | 138.038.080 |
| Finance costs | (16.942.509) | (977.402) | - | (17.919.911) |
| Share of (loss) / profit of associates | 2.262.584 | | | 2.262.584 |
| Profit before income tax | 126.055.799 | (3.675.046) | - | 122.380.753 |
| Income tax expense | | | | (29.729.287) |
| Net profit / (loss) for the year from continuing operations | | | | 92.651.466 |
| | | | | |
| <i>Discontinued operations</i> (Amounts in Euro) | Shipyards and Marine Services | | | |
| | | | | |
| Net profit / (loss) for the year from discontinued operations | 2.650.869 | | | 2.650.869 |
| Net profit for the year | | | | 95.302.335 |

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

| <i>Continuing operations</i> (Amounts in Euro) | Real Estate | Shipyards and Marine Services | Aviation transport services | Total |
|--|--------------------|----------------------------------|--------------------------------|--------------------|
| Net sales | 50.096.078 | 1.668.089 | 5.588.500 | 61.003.580 |
| Operating profit | 150.209.184 | (9.792.455) | 9.001 | 140.425.730 |
| Finance costs | (4.701.643) | (925.344) | (136.000) | (5.762.987) |
| Share of (loss) / profit of associates | 3.950.496 | - | - | 3.950.496 |
| Profit before income tax | 149.458.037 | (10.717.799) | (126.999) | 138.613.240 |
| Income tax expense | | | | (47.678.349) |
| Net profit / (loss) for the year from continuing operations | | | | 90.934.891 |

| <i>Discontinued operations</i> (Amounts in Euro) | Shipyards and Marine Services | |
|--|----------------------------------|--------------------|
| Net profit / (loss) for the year from discontinued operations | (2.901.009) | (2.901.009) |
| Net profit for the year | | 88.033.883 |

Other segment items included in the income statement for the year ended 31 December 2006 are as follows:

| <i>Continuing operations</i> (Amounts in Euro) | Real Estate | Shipyards and Marine Services | Aviation transport services | Total |
|--|-------------|----------------------------------|--------------------------------|-----------|
| Depreciation of property, plant and equipment (note 8, 21) | 1.761.240 | 388.374 | - | 2.149.614 |
| Depreciation of intangible assets (note 8, 21) | - | 139.926 | - | 139.926 |

Other segment items included in the income statement for the year ended 31 December 2005 are as follows:

| <i>Continuing operations</i> (Amounts in Euro) | Real Estate | Shipyards and Marine Services | Aviation transport services | Total |
|--|-------------|----------------------------------|--------------------------------|-----------|
| Depreciation of property, plant and equipment (note 8, 21) | 1.487.942 | 322.989 | - | 1.810.931 |
| Depreciation of intangible assets (note 8, 21) | - | 139.926 | - | 139.926 |
| Impairment of receivables | 142.594 | 198.000 | - | 340.594 |
| Impairment of inventories | 6.755.517 | - | - | 6.755.517 |
| <i>Discontinued operations</i> (Amounts in Euro) | | | | |
| Depreciation of property, plant and equipment (note 8, 21) | - | 1.196.757 | - | 1.196.757 |

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

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

| <i>Continuing operations</i> (Amounts in Euro) | Real Estate | Shipyards and Marine Services | Aviation transport services | Total |
|--|--------------------|----------------------------------|--------------------------------|--------------------|
| Assets | 707.426.505 | 74.873.351 | - | 782.299.856 |
| Liabilities | 326.844.814 | 47.221.957 | - | 374.066.771 |
| Equity | 380.581.691 | 27.651.394 | - | 408.233.085 |
| Capital expenditure (notes 6, 7 and 8) | 8.388.985 | 15.179.994 | - | 23.568.979 |

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

| <i>Continuing operations (Amounts in Euro)</i> | Real Estate | Shipyards and Marine Services | Aviation transport services | Total |
|--|--------------------|--|--|--------------------|
| Assets | 825.040.953 | 67.615.625 | - | 892.656.578 |
| Liabilities | 540.071.631 | 45.738.508 | - | 585.810.139 |
| Equity | 284.969.322 | 21.877.117 | - | 306.846.439 |
| Capital expenditure (notes 6, 7 and 8) | 168.586.322 | 5.242.525 | - | 173.828.847 |

Segment assets consist primarily property, plant, equipment, intangible assets, inventories, receivables and cash.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises acquisitions of property, plant, equipment and intangible assets.

B. Secondary reporting format – geographical segments

The home-country of the Company – which is also the main operating country – is Greece. The Group is activated mainly in Greece for the year 2005 and has expanded its operations in other neighbour Balkan countries mainly Romania, Bulgaria, Serbia, during 2006.

| | Sales | Total assets | Capital expenditure |
|------------------------|-------------------------------|---------------------|-------------------------------|
| <i>Amounts in Euro</i> | 1.1.2006 to 31.12.2006 | 31.12.2006 | 1.1.2006 to 31.12.2006 |
| Greece | 107.218.610 | 771.412.803 | 21.115.499 |
| Other Balkan countries | 939.556 | 10.887.053 | 2.453.480 |
| Total | 108.158.166 | 782.299.856 | 23.568.979 |

| | Sales | Total assets | Capital expenditure |
|------------------------|-------------------------------|---------------------|-------------------------------|
| <i>Amounts in Euro</i> | 1.1.2005 to 31.12.2005 | 31.12.2005 | 1.1.2005 to 31.12.2005 |
| Greece | 68.044.640 | 890.357.571 | 173.828.847 |
| Other Balkan countries | 4.658.961 | 2.299.007 | - |
| Total | 72.703.601 | 892.656.578 | 173.828.847 |

Sales are allocated based on the country in which the customer is located. Assets are allocated where they are located. Capital expenditure allocation is based on where the assets are located.

C. Analysis of sales by category

Analysis of sales by category

| <i>Amounts in Euro</i> | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
|---|-------------------------------|-------------------------------|
| Leasing of real estate property | 41.013.802 | 8.131.745 |
| Development and sale of property | 40.386.296 | 31.447.427 |
| Real estate management | 10.981.491 | 2.449.420 |
| Architects - Engineer services | 3.555.633 | 5.620.168 |
| Consulting on software matters and software procurement | 2.555.768 | 1.712.743 |
| Business consultancy services | 621.369 | - |
| Other auxiliary water transportation services | 6.129.719 | 7.574.070 |
| Other auxiliary land transportation | 2.914.087 | 912.673 |
| General mechanical works | - | 1.742.724 |
| Shipping repairs | - | 4.472.957 |
| Yachts repairs | - | 3.033.632 |
| Wholesale of waste materials | - | 17.542 |
| Non-scheduled air transportation | - | 1.431.774 |
| Other auxiliary air transportation services | - | 4.156.726 |
| Total | 108.158.166 | 72.703.601 |

The Group has signed agreements of trading cooperation with the tenants that endure from 6 to 20 years. These contracts include base secure remuneration and floating remuneration based on the turnover of the tenants. Future minimum non-cancelable receivables of base remuneration are analyzed as follows:

| | TOTAL |
|--|--------------------|
| Not later than 1 year | 32.753.672 |
| Later than 1 year but not later than 5 years | 127.087.549 |
| Over 5 years | 50.359.901 |

The aggregate floating (contingent) remuneration for year 2006 was € 2.994.556 and € 982.322 for year 2005.

6. Investment property

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|---|--------------------|--------------------|-------------------|-------------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Balance at 1 January | 602.702.993 | 55.034.228 | 5.495.441 | 5.670.000 |
| Revaluation cost (Note 9) | 7.410.357 | - | - | - |
| Transfer to Receivables (Note 14) | (4.656.854) | - | - | - |
| Reversal of provisions for completion costs | (1.128.656) | - | - | - |
| Additions from acquisition of new property | - | 2.307.480 | - | 1.840.441 |
| Additions resulting from subsequent expenditure | 3.191.373 | 45.384.072 | - | - |
| Transfer from property, plant & equipment (Note 7) | - | 342.622.158 | - | - |
| Transfer to property, plant & equipment (Note 7) | (3.828.488) | - | - | - |
| Change in subsidiaries consolidation method | (223.432.783) | - | - | - |
| Decrease in investment property due to sale of subsidiary | (3.417.593) | - | - | - |
| Disposals | - | (1.970.000) | - | (1.970.000) |
| Transfer to inventories (Note 13) | (20.005.535) | - | - | - |
| Fair value adjustments | 82.183.042 | 159.325.055 | 45.000 | (45.000) |
| Balance at 31 December | 439.017.856 | 602.702.993 | 5.540.441 | 5.495.441 |

Bank borrowings are secured with mortgages on land and buildings which amount to €425.200.000 (2005: €442.045.341) (note 18). Group's proportion on the above mortgages amounts to €209.368.480. Group's proportion on the mortgaged property amounts to €125.509.004.

The investment property includes property under finance lease that amounts to €12.780.000 (2005: €12.090.000) and property under operating lease that amounts to €158.499.895.

Group's investment property were revalued by independent professional valuers at each balance sheet date (SAVILLS HELLAS Ltd). Valuations were based primarily on discounted cash flow projections due to the absence of sufficient current prices for an active market.

On 4/9/2006 the Company transferred its shares that it held in LAMDA Shipyards and Marine Services S.A. As a result, the Company does not consolidate LAMDA Shipyards and Marine Services S.A. anymore and therefore investment property is reduced by € 3.417.593 on 31/12/2006 in relation to 31/12/2005.

On 7/11/2006 the Company transferred 49,24% of LAMDA Olympia Village S.A share capital. The shares transfer resulted in Company losing control over the aforementioned company and the change in the consolidation method from full to proportionate. Consequently, investment property is reduced by € 198.496.756 on 31/12/2006 in relation to 31/12/2005.

On 28/12/2006 the subsidiary LAMDA Olympia Village S.A. signed a pre-sale agreement of office complex which was presented in the financial statements as an investment property. As a result, the specific property was re-classified to Inventories after its value had been reduced to reach the sell price that had been agreed previously, reduced by the amount of expenses that will be needed for its completion and transfer. The specific property will be assigned to EFG Eurobank Ergasias Leasing S.A. (a related party) and afterwards will be leased by the company BLUE LAND S.A. through finance lease.

The transfer to property, plant and equipment in consolidated figures of 2006 refers to property, which no longer fulfills the requirements of being classified as investment property.

Regarding the securities and mortgages on the properties of the Group see note 28.

7. Property, plant and equipment

| <i>Amounts in Euro</i> | Land and buildings | Vehicles and machinery | Furniture and other equipment | Software | Assets under construction | Total |
|--|--------------------|------------------------|-------------------------------|--------------------|---------------------------|---------------------|
| GROUP - Cost | | | | | | |
| 1 January 2005 | 96.013.192 | 22.942.980 | 1.692.382 | 1.738.248 | 162.136.843 | 284.523.645 |
| Disposal of subsidiaries and joint ventures | (48.112) | (2.582.687) | (55.182) | - | (99.389) | (2.785.369) |
| Additions | 6.503 | 1.010.918 | 859.723 | 595.757 | 123.664.395 | 126.137.295 |
| Disposals / Write-offs | - | (361.528) | - | - | - | (361.528) |
| Reclassifications | 8.318.284 | 8.020.270 | - | - | (16.338.554) | - |
| Reclassifications to investment property (Note 6) | (80.598.201) | - | - | - | (262.023.957) | (342.622.158) |
| 31 December 2005 | 23.691.667 | 29.029.953 | 2.496.923 | 2.334.005 | 7.339.338 | 64.891.885 |
| 1 January 2006 | 23.691.667 | 29.029.953 | 2.496.923 | 2.334.005 | 7.339.338 | 64.891.885 |
| Disposal of subsidiaries and joint ventures | (10.478.394) | (22.514.949) | (767.248) | (20.428) | (677.567) | (34.458.586) |
| Additions | 2.451.500 | 234.918 | 141.727 | 42.478 | 17.506.983 | 20.377.606 |
| Disposals / Write-offs | - | - | (35.501) | (128.939) | - | (164.440) |
| Reclassifications | 253.542 | 3.622.221 | - | - | (3.875.763) | - |
| Reclassifications to investment property (Note 6) | 3.828.488 | - | - | - | - | 3.828.488 |
| 31 December 2006 | 19.746.803 | 10.372.142 | 1.835.901 | 2.227.116 | 20.292.991 | 54.474.953 |
| Accumulated depreciation | | | | | | |
| 1 January 2005 | (152.123) | (11.504.523) | (688.445) | (766.971) | - | (13.112.062) |
| Disposal of subsidiaries and joint ventures | - | 3.493 | 12.311 | - | - | 15.804 |
| Depreciation charge | (774.067) | (1.323.269) | (379.837) | (530.515) | - | (3.007.688) |
| Disposals / Write-offs | - | 345.901 | - | - | - | 345.901 |
| 31 December 2005 | (926.190) | (12.478.397) | (1.055.971) | (1.297.486) | - | (15.758.045) |
| 1 January 2006 | (926.190) | (12.478.397) | (1.055.971) | (1.297.486) | - | (15.758.045) |
| Currency translation differences | - | - | 14.481 | - | - | 14.481 |
| Disposal of subsidiaries and joint ventures | 317.102 | 10.883.851 | 400.320 | 11.390 | - | 11.612.663 |
| Depreciation charge | (847.154) | (399.806) | (423.359) | (479.295) | - | (2.149.614) |
| Additions | - | - | 20.520 | 119.769 | - | 140.289 |
| 31 December 2006 | (1.456.242) | (1.994.353) | (1.044.008) | (1.645.622) | - | (6.140.226) |
| Closing net book amount at 31 December 2005 | 22.765.477 | 16.551.556 | 1.440.952 | 1.036.519 | 7.339.338 | 49.133.840 |
| Closing net book amount at 31 December 2006 | 18.290.561 | 8.377.789 | 791.893 | 581.495 | 20.292.991 | 48.334.727 |
| COMPANY - Cost | | | | | | |
| 1 January 2005 | 155.038 | - | 974.559 | 1.660.555 | 3.540 | 2.793.692 |
| Additions | - | 8.137 | 15.689 | 512.826 | - | 536.652 |
| Disposals / Write-offs | - | (6.955) | - | - | - | (6.955) |
| 31 December 2005 | 155.038 | 1.182 | 990.249 | 2.173.380 | 3.540 | 3.323.389 |
| 1 January 2006 | 155.038 | 1.182 | 990.249 | 2.173.380 | 3.540 | 3.323.389 |
| Additions | - | 924 | 46.232 | 78.333 | - | 125.489 |
| 31 December 2006 | 155.038 | 2.107 | 1.036.481 | 2.251.713 | 3.540 | 3.448.878 |
| Accumulated depreciation | | | | | | |
| 1 January 2005 | (22.709) | - | (396.134) | (724.578) | - | (1.143.421) |
| Depreciation charge | (12.403) | (130) | (218.953) | (442.880) | - | (674.366) |
| 31 December 2005 | (35.112) | (130) | (615.086) | (1.167.458) | - | (1.817.787) |
| 1 January 2006 | (35.112) | (130) | (615.086) | (1.167.458) | - | (1.817.787) |
| Depreciation charge | (12.403) | (234) | (163.002) | (472.633) | - | (648.272) |
| 31 December 2006 | (47.515) | (364) | (778.088) | (1.640.091) | - | (2.466.059) |
| Closing net book amount at 31 December 2005 | 119.926 | 1.052 | 375.162 | 1.005.922 | 3.540 | 1.505.602 |
| Closing net book amount at 31 December 2006 | 107.523 | 1.742 | 258.393 | 611.622 | 3.540 | 982.819 |

8. Intangible assets

| <i>Amounts in Euro</i> | Concessions and similar rights |
|--|---|
| GROUP - Cost | |
| 1 January 2005 | 2.266.000 |
| Additions | 3.202.925 |
| 31 December 2005 | 5.468.925 |
| 1 January 2006 | 5.468.925 |
| Additions | - |
| 31 December 2006 | 5.468.925 |
| Accumulated depreciation | |
| 1 January 2005 | (320.776) |
| Depreciation charge | (139.926) |
| 31 December 2005 | (460.702) |
| 1 January 2006 | (460.702) |
| Depreciation charge | (139.926) |
| 31 December 2006 | (600.628) |
| Closing net book amount at 31 December 2005 | 5.008.223 |
| Closing net book amount at 31 December 2006 | 4.868.297 |

In concessions and rights are included the licences for the management and the operation of the Flisvos Marina for 40 years, and are valued at historical cost less accumulated depreciation.

9. Investments in subsidiaries

| <i>Amounts in Euro</i> | COMPANY | |
|---|--------------------|--------------------|
| | 31.12.2006 | 31.12.2005 |
| Balance at the beginning of the period | 254.645.468 | 221.304.547 |
| Additions | 12.333.393 | 42.596.414 |
| Share capital issue | 4.207.000 | - |
| Disposal / Write off | (93.887.218) | (9.255.493) |
| Impairment | (5.600.000) | - |
| Reversal of provision for impairment | 38.693.042 | - |
| Transfer to available for sale financial assets (Note 10) | (26.757.150) | - |
| Decrease in share capital of subsidiaries | (52.194.298) | - |
| Balance at the end of the period | 131.440.237 | 254.645.469 |

COMPANY - 31 December 2006 (Amount in Euro)

| Name | Cost | Impairment | Carrying amount | Country of incorporation | % interest held |
|---|------------|------------|--------------------|--------------------------|-----------------|
| LAMDA ESTATE DEVELOPMENT SA | 52.654.314 | 13.163.962 | 39.490.352 | Greece | 100,00% |
| LAMDA PRIME PROPERTIES SA | 12.331.598 | - | 12.331.598 | Greece | 100,00% |
| LAMDA ΕΡΓΑ ΑΝΑΠΤΥΞΗΣ SA | 169.999 | - | 169.999 | Greece | 100,00% |
| LAMDA ΔΟΜΗ SA | 3.069.999 | - | 3.069.999 | Greece | 100,00% |
| LAMDA PROPERTY MANAGEMENT SA | 209.999 | - | 209.999 | Greece | 100,00% |
| LAMDA HELIX SA | 80.000 | - | 80.000 | Greece | 80,00% |
| ΠΥΛΑΙΑ SA | 31.674.947 | - | 31.674.947 | Greece | 60,10% |
| LAMDA TECHNOL FLISVOS HOLDING SA | 7.752.949 | 2.484.000 | 5.268.949 | Greece | 45,00% |
| LAMDA ΑΝΑΔΕΙΞΗ SA | 59.999 | - | 59.999 | Greece | 100,00% |
| LAMDA ΠΡΟΤΥΠΗ ΑΝΑΠΤΥΞΗ SA | 59.999 | - | 59.999 | Greece | 100,00% |
| LAMDA DEVELOPMENT D.O.O. (BEOGRAD) | 12.130 | - | 12.130 | Serbia | 100,00% |
| LAMDA DEVELOPMENT ROMANIA SRL | 500 | - | 500 | Romania | 100,00% |
| LAMDA DEVELOPMENT SOFIA E.O.O.D. | 23.038 | - | 23.038 | Bulgaria | 100,00% |
| Investments in subsidiaries | | | 92.451.509 | | |
| LAMDA OLYMPIA VILLAGE SA ^(a) | 32.221.339 | - | 32.221.339 | Greece | 49,24% |
| LAMDA AKINHTA SA | 4.903.594 | 10 | 4.903.584 | Greece | 50,00% |
| S.C. LAMDA OLYMPIC SRL | 2.432.505 | 838.027 | 1.594.477 | Romania | 50,00% |
| Investments in joint ventures | | | 38.719.400 | | |
| ECE LAMDA HELLAS SA | 204.000 | - | 204.000 | Greece | 34,00% |
| EFG PROPERTY SERVICES SA | 29.989 | - | 29.989 | Ρουμανία | 20,00% |
| EFG PROPERTY SERVICES SOFIA A.D. | 15.339 | - | 15.339 | Bulgaria | 20,00% |
| EFG PROPERTY SERVICES D.O.O. BEOGRAD | 20.000 | - | 20.000 | Serbia | 20,00% |
| Investments in associates | | | 269.328 | | |
| TOTAL | | | 131.440.237 | | |

COMPANY - 31 December 2005 (Amount in Euro)

| Name | Cost | Impairment | Carrying amount | Country of incorporation | % interest held |
|--------------------------------------|-------------|------------|--------------------|--------------------------|-----------------|
| LAMDA ESTATE DEVELOPMENT SA | 52.654.314 | 13.163.962 | 39.490.352 | Greece | 100,00% |
| LAMDA PRIME PROPERTIES SA | 12.331.598 | - | 12.331.598 | Greece | 100,00% |
| LAMDA ΕΡΓΑ ΑΝΑΠΤΥΞΗΣ SA | 69.999 | - | 69.999 | Greece | 100,00% |
| LAMDA ΔΟΜΗ SA | 69.999 | - | 69.999 | Greece | 100,00% |
| LAMDA PROPERTY MANAGEMENT SA | 209.999 | - | 209.999 | Greece | 100,00% |
| LAMDA OLYMPIA VILLAGE SA | 160.560.916 | 38.693.042 | 121.867.874 | Greece | 98,48% |
| LAMDA HELIX SA | 510.000 | - | 510.000 | Greece | 80,00% |
| LAMDA SHIPYARDS & MARINE SERVICES SA | 16.538.188 | 1.036.607 | 15.501.581 | Greece | 75,00% |
| ΠΥΛΑΙΑ AE | 27.467.947 | - | 27.467.947 | Greece | 60,10% |
| LAMDA TECHNOL FLISVOS HOLDING SA | 6.807.949 | 2.484.000 | 4.323.949 | Greece | 45,00% |
| LAMDA DEVELOPMENT D.O.O. (BEOGRAD) | 12.130 | - | 12.130 | Serbia | 100,00% |
| LAMDA DEVELOPMENT ROMANIA SRL | 500 | - | 500 | Romania | 100,00% |
| Investments in subsidiaries | | | 221.855.928 | | |
| LAMDA AKINHTA SA | 4.168.594 | 10 | 4.168.584 | Greece | 50,00% |
| S.C. LAMDA OLYMPIC SRL | 2.432.505 | 838.027 | 1.594.477 | Romania | 50,00% |
| Investments in joint ventures | | | 5.763.061 | | |
| ECE LAMDA HELLAS SA | 204.000 | - | 204.000 | Greece | 34,00% |
| EUROBANK PROPERTIES SA | 26.757.150 | - | 26.757.150 | Greece | 13,2% |
| EFG PROPERTY SERVICES SA | 29.989 | - | 29.989 | Romania | 20,00% |
| EFG PROPERTY SERVICES SOFIA A.D. | 15.340 | - | 15.340 | Bulgaria | 20,00% |
| EFG PROPERTY SERVICES D.O.O. BEOGRAD | 20.000 | - | 20.000 | Serbia | 20,00% |
| Investments in associates | | | 27.026.479 | | |
| TOTAL | | | 254.645.469 | | |

GROUP - Investments in associates
31 December 2006

| Name | Cost | Share in profit / (loss) | Carrying amount | | |
|--------------------------------------|---------|--------------------------|-----------------|----------|-------|
| ECE LAMDA HELLAS SA | 204.000 | 119.866 | 323.866 | Greece | 34,0% |
| EFG PROPERTY SERVICES SA | 29.989 | 59.675 | 89.664 | Romania | 20,0% |
| EFG PROPERTY SERVICES SOFIA A.D. | 15.339 | 87.190 | 102.529 | Bulgaria | 20,0% |
| EFG PROPERTY SERVICES D.O.O. BEOGRAD | 20.000 | (6.028) | 13.972 | Serbia | 20,0% |
| MC ΔΙΑΧΕΙΡΙΣΗ ΑΚΙΝΗΤΩΝ SA | 40.000 | 87.000 | 127.000 | Greece | 25,0% |
| 4K ΑΝΑΠΤΥΞΗ ΑΚΙΝΗΤΩΥ SA | 534.000 | (233.644) | 300.356 | Greece | 30,0% |
| S.C. LAMDA MED SRL | 464 | (464) | 0 | Romania | 40,0% |
| TOTAL | | | 957.386 | | |

GROUP - Investments in associates

31 December 2005

| Name | Share in profit / | | | | |
|--------------------------------------|-------------------|-----------|-------------------|----------|--------|
| | Cost | (loss) | Carrying amount | | |
| ECE LAMDA HELLAS SA | 204.000 | (45.484) | 158.516 | Greece | 34,0% |
| EUROBANK PROPERTIES SA | 26.757.150 | 7.426.630 | 34.183.780 | Greece | 13,2% |
| EFG PROPERTY SERVICES SA | 29.989 | 4.826 | 34.815 | Romania | 20,0% |
| EFG PROPERTY SERVICES SOFIA A.D. | 15.340 | 17.890 | 33.230 | Bulgaria | 20,0% |
| EFG PROPERTY SERVICES D.O.O. BEOGRAD | 20.000 | (7.822) | 12.178 | Serbia | 20,0% |
| MC ΔΙΑΧΕΙΡΙΣΗ ΑΚΙΝΗΤΩΝ SA | 40.000 | 25.500 | 65.500 | Greece | 25,0% |
| 4K ΑΝΑΠΤΥΞΗ ΑΚΙΝΗΤΟΥ SA | 534.000 | (237.171) | 296.829 | Greece | 30,0% |
| LAMDA DEVELOPMENT D.O.O. (BEOGRAD) | 12.130 | - | 12.130 | Serbia | 100,0% |
| S.C. LAMDA MED SRL | 464 | (26.778) | (26.314) | Romania | 40,0% |
| TOTAL | | | 34.770.662 | | |

During the period ended 31 December 2006 the following significant events have occurred:

LAMDA Olympia Village S.A.

Due to revaluation of the non currency figures that are related to the sale-purchase of LAMDA Olympia Village S.A. from Amaroussion Municipality, the initial cost of the sale-purchase was revaluated by € 7.410.357. In addition, the loss of € 38.693.042 from impairment which had been recognized from the holding company participating in LAMDA Olympia Village S.A., was reversed during the current period as a result of the significant goodwill recorded from the specific subsidiary from investment property evaluation, and which present that impairment loss does not exist. This reversal concluded in the holding company's net profit (before tax) increase by € 38.693.042.

On 7/11/2006 the Company transferred 50% of its participation in LAMDA Olympia Village S.A. to HSBC LUXEMBOURG SARL. Specifically, HSBC LUXEMBOURG SARL acquired 13.006.105 shares of LAMDA Olympia Village S.A., which represent 49,29% of the company's share capital. As a result, the Group with this transaction loses the control and in league with HSBC LUXEMBOURG SARL have the power to govern the financial and operating policies of LAMDA Olympia Village S.A.

The initial cost of the above transaction was € 136.575.320 which was adjusted upwards by € 9.443.487 due to the fact that part of the transaction cost depends not only on the future rental income according to the turnover of the next 2 years but also on the net asset value of the excluded assets of LAMDA Olympia Village S.A. The Company has already received € 103.249.938 and the rest of amount remains in Trade and other receivables.

The sale-purchase agreement includes various guarantees and remunerations, together with the sale of offices and residential complex that are owned by the subsidiary until 30 June 2007 at corresponding effective values.

The sale of 50% of the Company's rights resulted to gains € 62.029.170 for the parent and € 33.133.818 for the Group, that are presented in "Profit from sale of participations" figure of Company and Group's financial statements. Any changes in Management's estimations related to revenues from future turnover rents for the next two years, are going to readjust the price of the above transaction and will be consequently recognized as profit or loss in future fiscal years.

The aforementioned transaction resulted to the reclassification of the Company's investment in LAMDA Olympia Village S.A. from "Subsidiaries" to "Joint venture" investments with effect from 7/11/2006. According to Group's accounting policies, as described in note 2.3.c, LAMDA Olympia Village S.A., is consolidated by using the proportionate consolidation method.

The most significant joint venture in which the Group participated with 49,24% on 31 December 2006 is LAMDA Olympia Village S.A. in which the Group's proportion in assets, equity, liabilities and financial results that are included in consolidated financial statements is as follows:

| | 01.11.2006 to 31.12.2006 |
|--|-----------------------------|
| Revenues | 5.662.695 |
| Fair value gains / (losses) of investment property | 31.014.735 |
| Expenses | (6.025.049) |
| Profit before income tax | 30.652.381 |
| Income tax expense | (7.579.465) |
| Profit for the year | 23.072.916 |

| | |
|--------------------------------|-------------------|
| | 31.12.2006 |
| Non-current assets | 235.075.064 |
| Current assets | 47.004.655 |
| Non-current liabilities | 121.703.731 |
| Current liabilities | 198.674.080 |

Share capital increase / decrease

The Company participated in share capital increase of five subsidiaries. To maintain its present participation in their equity, the participations were increased at a total of €8,987m. during current period. The Company participated in PYLAIA S.A. with the amount of € 4.207.000, in LAMDA DOMI S.A. € 3.000.000, in LAMDA AKINITA S.A. €735.000, in LAMDA ERGA ANAPTYXIS S.A. € 100.000 and in LAMDA TechnoLFlisvosHolding S.A. € 945.000. The above share capital increases were carried out with the intention of completing their investment projects.

In addition, LAMDA HELLIX S.A., subsidiary by 80%, proceeded to share capital decrease of € 500.000. As a result the Company's participation was decreased by € 400.000.

On 21/12/2006 the associate LAMDA Olympia Village S.A. proceeded in share capital decrease of € 105.128.556 reducing the share nominal price by € 3,98 per share, namely from € 4,57 per share to € 0,59 per share.

Eurobank Properties R.E.I.C.

On 10 August 2005 the holding company transferred 16,7% of the total share capital of the company EFG Eurobank Properties S.A. which resulted in the shareholding in the above-mentioned company decreased from 29,9% in 13,2% of the total EFG Eurobank Properties S.A. shares. The above percentage was sold to EFG Eurobank Ergasias S.A. for €12.497.916 and which is likely to adjust, either upwards or downwards, according to the special terms of the sale agreement if and provided that the shares of EFG Eurobank Properties become listed on the Athens Stock Exchange in the future. Thereafter the holding company will participate in the increase of share capital of above-mentioned company by paying in the sum of € 21.114.486, without it altering its participation. The Company continues to consolidate EFG Eurobank Properties SA under equity method after the aforementioned sale, despite the fact that it participates with a percentage lower of 20%, since management retains significant influence over the company.

In addition, from 1 April 2006 the Company transferred the investment's presentation from "Investments in associates" to "Available-for-sale financial assets", as a result of one Company representative missing from Eurobank Properties R.E.I.C. Board of Directors. Consequently, together with Eurobank Properties R.E.I.C. shares' listing on the Athens Stock Exchange on 14 April 2006, the investment was estimated at fair value of € 37,7m on 30 September 2006 leading to Company fair value profit of €11m and consolidated fair value profit of € 3,3m, which were recognized in equity. On 16 May 2006 the holding Company received the additional amount of €4,9m. due to the transfer of 16,7% of Eurobank Properties R.E.I.C. share capital which was realized in August 2005.

LAMDA Shipyards and Marine Services S.A. and ARGONAFITIS M.S.A.

On 4 September 2006, the Company transferred its acquired shares in LAMDA Shipyards and Marine Services S.A. to the Group's related company Privatsea M.S. Holding Ltd, namely 75% of its share capital. The total cost of the transaction amounts to € 10,9m and the profit that was recognized in the Company and Group financial statements is € 1.048.419 and € 2.650.869 respectively.

Moreover, on 14 April 2006 the above mentioned subsidiary LAMDA Shipyards and Marine Services S.A., had proceeded to the transfer of APIONAYTHS M.S.A. total shares for the amount of €5,2m.

Other

During the third quarter of 2006, the Company established the following companies with 100% interest held in their share capital: LAMDA ANADIXI S.A., LAMDA PROTYPI ANAPTYXI S.A. with registered office in Athens, LAMDA Development Sofia EOOD with registered office in Sofia, Bulgaria paying the amount of € 59.999, € 59.999 and € 23.034 respectively.

Also, LAMDA Estate Development S.A., subsidiary by 100% proceeded in GLS OOD establishment with registered office in Sofia, Bulgaria and 50% interest held in their share capital paying the amount of €1.022.584.

LAMDA ERGA ANAPTYXIS S.A., subsidiary by 100%, established LAMDA Redding Consortium in which participated by 50%.

10. Available-for-sale financial assets

| | GROUP | | COMPANY | |
|---|-------------------|------------|-------------------|------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| <i>Amounts in Euro</i> | | | | |
| Balance at the beginning of the year | - | - | - | - |
| Transfer from investments to associates (note 9) | 34.455.432 | - | 26.757.150 | - |
| Reserves from revaluation recognised directly in equity (note 17) | 7.972.364 | - | 15.670.647 | - |
| Balance at the end of the year | 42.427.796 | - | 42.427.796 | - |

11. Derivative financial instruments

| | GROUP | | | | COMPANY | | | |
|------------------------|---------------|----------------|------------|-------------|------------|-------------|------------|-------------|
| | 31.12.2006 | | 31.12.2005 | | 31.12.2006 | | 31.12.2005 | |
| | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities |
| <i>Amounts in Euro</i> | | | | | | | | |
| Interest Rate Swaps | 31.150 | 124.538 | - | - | - | - | - | - |
| Total | 31.150 | 124.538 | - | - | - | - | - | - |

The nominal value of interest rate swaps in abeyance at 31/12/2006 was € 220.000.000 (nil at 31/12/2005). Losses from interest rate swap contracts amount to € 79.362 were recognized directly in Equity (Cash flow hedge reserves) (note 17) and at 31/12/2006 were transferred to the income statement until the repayment of the respective borrowing liabilities. On 31/12/2006 the short-term borrowings floating rates are secured with interest risk derivatives (swaps) ranged according to 3 month Euribor plus 1,25%.

12. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts which have been offset are as follows:

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|----------------------------------|---------------------|---------------------|--------------------|----------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Deferred tax liabilities: | 51.079.001 | 57.804.053 | 2.483.773 | 65.643 |
| Deferred tax assets: | 6.428.339 | 13.140.809 | 158.902 | 205.358 |
| | (44.650.662) | (44.663.244) | (2.324.871) | 139.715 |

The significant portion of the deferred tax assets is to be recovered after more than 12 months.

The gross movement on the deferred income tax account is as follows:

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|---|---------------------|---------------------|--------------------|----------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Balance at the beginning of the year | (44.663.243) | 1.566.593 | 139.715 | 141.289 |
| Disposal of subsidiaries and joint ventures | 22.668.332 | 89.895 | - | - |
| Write-off and transfer to results | (146.014) | - | - | - |
| Charged to the income statement (note 24) | (22.569.718) | (46.396.185) | (2.492.981) | (41.189) |
| Income tax charged to equity | 59.981 | 76.453 | 28.396 | 39.615 |
| Balance at the end of the year | (44.650.662) | (44.663.244) | (2.324.870) | 139.715 |

At the Company level, of the total amount that was charged to the Income Statement the amounts of €17.374 and € (4.261) concern the reduction of the tax rate for 2006 and 2005 respectively.

At the Company level, of the total amount that was charged to shareholders equity the amounts of € 4.098 concern the reduction in tax rate for 2005.

At the Group level, of the total amount that was charged to the Income Statement the amounts of €(6.079.065) and € (4.799.605) concern the reduction in the tax rate for 2006 and 2005 respectively.

At the Group level, of the total amount that was charged to shareholders equity the amounts of € 7.909 concern the reduction in the tax rate for 2005 and 2004 respectively.

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

Deferred tax liabilities:

GROUP (*Amounts in Euro*)

| | Accelerated tax depreciation | Revenue recognition | Other | Total |
|--|------------------------------|---------------------|-------------------|-------------------|
| 1 January 2005 | 3.904.983 | 834.081 | 3.487.765 | 8.226.829 |
| Charged / (credited) to the income statement | 1.590.162 | (834.081) | 48.911.038 | 49.667.119 |
| Charged / (credited) to equity | - | - | (89.895) | (89.895) |
| 31 December 2005 | 5.495.145 | - | 52.308.908 | 57.804.053 |

| | | | | |
|--|------------------|------------------|-------------------|-------------------|
| 1 January 2006 | 5.495.145 | - | 52.308.908 | 57.804.053 |
| Charged / (credited) to the income statement | 439.026 | 2.396.346 | 13.302.823 | 16.138.195 |
| Charged / (credited) to equity | - | 7.788 | - | 7.788 |
| Disposal of subsidiaries and joint ventures | - | - | (22.871.035) | (22.871.035) |
| 31 December 2006 | 5.934.171 | 2.404.134 | 42.740.697 | 51.079.001 |

COMPANY (*Amounts in Euro*)

| | Accelerated tax depreciation | Revenue recognition | Other | Total |
|--------------------------------|------------------------------|---------------------|---------------|---------------|
| 1 January 2005 | 32.151 | - | - | 32.151 |
| Charged / (credited) to equity | (32.151) | - | 65.643 | 33.491 |
| 31 December 2005 | - | - | 65.643 | 65.643 |

| | | | | |
|--------------------------------|----------|------------------|----------------|------------------|
| 1 January 2006 | - | - | 65.643 | 65.643 |
| Charged / (credited) to equity | - | 2.360.872 | 57.259 | 2.418.131 |
| 31 December 2006 | - | 2.360.872 | 122.901 | 2.483.773 |

Deferred tax assets:

GROUP (*Amounts in Euro*)

| | Provisions for receivables write off | Write off of intangible assets | Tax losses | Revenue recognition | Other | Total |
|--|--------------------------------------|--------------------------------|------------------|---------------------|-------------------|-------------------|
| 1 January 2005 | - | 555.463 | - | 288.000 | 8.949.958 | 9.793.421 |
| Charged / (credited) to the income statement | - | (69.907) | - | (288.000) | 3.628.843 | 3.270.936 |
| Charged / (credited) to equity | - | 33.622 | - | - | 42.830 | 76.452 |
| 31 December 2005 | - | 519.178 | - | - | 12.621.631 | 13.140.809 |
| 1 January 2006 | - | 519.178 | - | - | 12.621.632 | 13.140.809 |
| Charged / (credited) to the income statement | 803.510 | (221.726) | 1.064.360 | - | (2.221.970) | (575.825) |
| Charged / (credited) to equity | - | (5.850) | - | - | 33.554 | 27.704 |
| Disposal of subsidiaries and joint ventures | - | (268.802) | - | - | (5.895.547) | (6.164.349) |
| 31 December 2006 | 803.510 | 22.800 | 1.064.360 | - | 4.537.669 | 6.428.339 |

COMPANY (*Amounts in Euro*)

| | Other | Total |
|--|----------------|----------------|
| 1 January 2005 | 173.440 | 173.440 |
| Charged / (credited) to the income statement | (7.698) | (7.698) |
| Charged / (credited) to equity | 39.615 | 39.615 |
| 31 December 2005 | 205.358 | 205.358 |
| 1 January 2006 | 205.358 | 205.358 |
| Charged / (credited) to the income statement | (46.455) | (46.455) |
| 31 December 2006 | 158.902 | 158.902 |

It is noted that the bigger part of “Other” derives from changes in the fair value of investment properties. The Group did not calculate a deferred tax asset on the tax losses.

13. Inventories

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|---|-------------------|-------------------|------------|------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Merchandise | 89.682 | 1.302.485 | - | - |
| Investment property under construction for sale | 58.305.061 | 79.637.028 | - | - |
| Total net realisable value | 58.394.743 | 80.939.513 | - | - |

14. Trade and other receivables

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|--|--------------------|-------------------|-------------------|------------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Trade receivables | 12.578.041 | 22.284.737 | 99.767 | 746.479 |
| Less: provision for impairment | (530.000) | (1.345.515) | - | - |
| Trade receivables - net | 12.048.041 | 20.939.221 | 99.767 | 746.479 |
| Prepayments and other receivables | 3.577.577 | 9.276.113 | 253.301 | 2.112.452 |
| HSBC receivable (note 9) | 42.764.868 | - | 42.764.868 | - |
| Property transfer tax (note 6) | 4.656.854 | - | - | - |
| Receivable from ETA ^(a) | 7.670.589 | 7.761.998 | - | - |
| VAT receivable ^(b) | 30.433.330 | 42.002.266 | - | - |
| Amounts due from related parties (note 29) | 462.556 | - | 3.616.020 | 5.900.341 |
| Borrowings to related parties (note 29) | 7.288.263 | 192.700 | 17.410.766 | 618.745 |
| Long-term receivables impairment | (3.072.146) | - | - | - |
| Total | 105.829.933 | 80.172.298 | 64.144.722 | 9.378.018 |
| Receivables analysis: | | | | |
| Non-current assets | 75.377.186 | 3.060.183 | 49.730.705 | 2.338.084 |
| Current assets | 30.452.747 | 77.112.115 | 14.414.017 | 7.039.934 |
| | 105.829.933 | 80.172.298 | 64.144.722 | 9.378.018 |

(a) The figure “Receivables from ETA” amount to € 7.670.589 (2005: € 7.761.998) is related to claims between Hellenic Touristic Properties (ETA) and the subsidiary Lamda TechnoFlisvos Marina. The whole amount concerns development expenses for Flisvos Marina for which the subsidiary was burdened on ETA’s behalf. Refer to note 20 regarding the subsidiary’s liability to ETA for rental amounts owing.

(b) The figure “VAT receivable” includes receivables amount to € 26.487.183 (2005: € 40.858.369) which are related to VAT paid for construction costs of the two shopping centers, and which are expected to be refunded.

According to art.24 of Law 3522/22.12.2006, Group’s management assumes that the Group has the right to rebate the tax or compensate the above amount with future tax liabilities.

The Group has recognised losses amount to € 161.000 (2005: € 304.435) for the impairment of its trade receivables during 2006. The impairment losses are included in administrative costs of the income statement.

The figure “Borrowings to related parties” includes bond loan that was granted from the parent company to related LAMDA Olympia Village S.A., as also the loan that was granted from LAMDA Development Romania SRL, 100% subsidiary to the related SC LAMDA MED SRL.

The fair value of “Trade and other receivables” are equal to the carrying amounts.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of dispersed customers.

15. Cash and cash equivalents

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|--------------------------|-------------------|-------------------|-------------------|------------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Cash at bank and in hand | 29.911.287 | 36.429.823 | 1.504.302 | 4.291.681 |
| Short-term bank deposits | 50.000.000 | 400.000 | 50.000.000 | - |
| Total | 79.911.287 | 36.829.823 | 51.504.302 | 4.291.681 |

The average effective interest rate on short-term bank deposits was 3,29%.

At the balance sheet date, the Company had short-term bank deposits expiring into 30 days with effective rate 3,70%.

The above comprise the cash and cash equivalents used for the purposes of the cash flow statement.

Group has a significant concentration of credit risks with respect to cash and cash equivalents that are deposited 10% over the total cash and cash equivalents in four different banks. However, no significant credit losses are anticipated in view of the high credit status of these banks.

16. Share capital

| <i>Amounts in Euro</i> | Number of shares | Ordinary shares | Share premium | Treasury shares | Total |
|------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| 1 January 2005 | 43.785.850 | 13.135.755 | 221.701.355 | - | 234.837.110 |
| Employee share option scheme | 244.100 | 73.230 | 967.752 | - | 1.040.982 |
| 31 December 2005 | 44.029.950 | 13.208.985 | 222.669.107 | - | 235.878.092 |
| 1 January 2006 | 44.029.950 | 13.208.985 | 222.669.107 | - | 235.878.092 |
| Deferred tax adjustment | - | - | 27.118 | - | 27.118 |
| Purchase of treasury shares | (45.084) | - | - | (182.393) | (182.393) |
| 31 December 2006 | 43.984.866 | 13.208.985 | 222.696.225 | (182.393) | 235.722.818 |

Company's share capital consists of 44.029.950 ordinary shares with a par value € 0.30. All shares are fully paid up.

17. Other reserves

| <i>Amounts in Euro</i> | Statutory reserve | Special reserve | Extraordinary reserves | Tax-free reserve | Hedging reserve | Available-for- sale financial assets | Currency translation differences | Total |
|---|----------------------|--------------------|---------------------------|---------------------|--------------------|--|--|------------|
| GROUP | | | | | | | | |
| 1 January 2005 | 1.602.965 | 28.953 | 74.835 | 3.783.969 | - | - | (1.262.434) | 4.228.288 |
| Currency translation differences | - | - | - | - | - | - | 1.698.662 | 1.698.662 |
| Changes during the year | 56.500 | 21 | - | - | - | - | - | 56.520 |
| 31 December 2005 | 1.659.465 | 28.974 | 74.835 | 3.783.969 | - | - | 436.228 | 5.983.471 |
| 1 January 2006 | 1.659.465 | 28.974 | 74.835 | 3.783.969 | - | - | 436.228 | 5.983.471 |
| Currency translation differences | - | - | - | - | - | - | 37.900 | 37.900 |
| Disposal of subsidiaries and joint ventures | (27.625) | (28.973) | - | - | - | - | - | (56.599) |
| Changes during the year | 1.801.536 | - | - | - | (79.362) | 15.670.647 | - | 17.392.820 |
| 31 December 2006 | 3.433.376 | - | 74.835 | 3.783.969 | (79.362) | 15.670.647 | 474.129 | 23.357.593 |

| <i>Amounts in Euro</i> | Statutory reserve | Extraordinary reserves | Tax-free reserve | Available-for- sale financial assets | Total |
|-------------------------|----------------------|---------------------------|---------------------|--|------------|
| COMPANY | | | | | |
| 1 January 2005 | 834.540 | 74.835 | 3.721.313 | - | 4.630.689 |
| Changes during the year | - | - | - | - | - |
| 31 December 2005 | 834.540 | 74.835 | 3.721.313 | - | 4.630.689 |
| 1 January 2006 | 834.540 | 74.835 | 3.721.313 | - | 4.630.689 |
| Changes during the year | 1.750.861 | - | - | 15.670.647 | 17.421.508 |
| 31 December 2006 | 2.585.401 | 74.835 | 3.721.313 | 15.670.647 | 22.052.196 |

(a) Statutory reserve

A legal reserve is created under the provisions of Greek law (Law 2190/20, articles 44 and 45) according to which, an amount of at least 5% of the profit (after tax) for the year must be transferred to the reserve until it reaches one third of the paid share capital. The legal reserve can only be used, after approval of the Annual General meeting of the shareholders, to offset retained losses and therefore can not be used for any other purpose.

(b) Special and extraordinary reserves

The special reserve includes a reserve that was created following a decision of the Annual General meeting in prior periods. This reserve was not created for any specific purpose and can therefore be used for any reason following approval from the Annual General meeting. These reserves also include reserves which were created under the provisions of Greek law. These reserves have been created from after tax profits and are therefore not subject to any additional taxation in case of their distribution or capitalisation.

(c) Tax free reserve

Tax-free and special taxed reserves are created under the provisions of tax law from tax free profits or from income or profits taxed under special provisions.

The above-mentioned reserves can be capitalised or distributed, after the approval of the Annual General meeting, after taking into consideration the restrictions which will apply at each time. The Group does not intend to distribute or capitalise these reserves and therefore did not account for the tax liability which would arise in such case.

(b) Reserves from financial assets available-for-sale evaluation

The above-mentioned reserves represent the fair value surplus of Eurobank Properties R.E.I.C amounts to € 7.972.364, as well as Group's interests in company's Retained earnings until the date of its reclassification from associate to financial assets available-for-sale namely € 7.698.282.

18. Borrowings

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|-------------------------------------|--------------------|--------------------|----------------|-------------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Non-current borrowings | | | - | |
| Bank borrowings | 30.000.000 | 14.236.689 | - | 8.320.689 |
| Bonds | 212.552.000 | 99.120.000 | - | 23.000.000 |
| Finance lease liabilities | 10.372.016 | 12.317.240 | - | - |
| Total non-current borrowings | 252.924.016 | 125.673.929 | - | 31.320.689 |
| Current borrowings | | | | |
| Bank borrowings | 266.106 | 236.452.715 | 156.451 | 21.020.006 |
| Bonds | 20.666.414 | - | - | - |
| Finance lease liabilities | 1.958.779 | 595.211 | - | - |
| Total current borrowings | 22.891.300 | 237.047.926 | 156.451 | 21.020.006 |
| Total borrowings | 275.815.316 | 362.721.855 | 156.451 | 52.340.695 |

The movements in borrowings are as follows:

| <i>Amounts in Euro</i> | GROUP | COMPANY |
|------------------------------------|--------------------|-------------------|
| Balance at 1 January 2005 | 205.472.206 | 22.909.865 |
| Bank borrowings | 183.518.855 | 14.295.627 |
| Bonds | 99.120.000 | 23.000.000 |
| Borrowings repayments | (124.768.333) | (7.864.798) |
| Finance lease repayments | (620.873) | - |
| Balance at 31 December 2005 | 362.721.855 | 52.340.694 |

Borrowings are secured by mortgages on the Group's land and buildings (note 6 and 7). Borrowings' fair value is equal to their carrying amounts.

The repayment of Company's borrowings is due to partial collection of the cost sale of participation 50% in LAMDA Olympia Village S.A.

The maturity of non-current borrowings is as follows:

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|------------------------|--------------------|--------------------|------------|-------------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Between 1 and 2 years | 3.766.502 | 26.089.368 | 0 | 23.000.000 |
| Between 2 and 5 years | 23.299.506 | 87.904.560 | 0 | 8.320.689 |
| Over 5 years | 225.858.008 | 11.680.001 | 0 | 0 |
| | 252.924.016 | 125.673.929 | 0 | 31.320.689 |

The effective weighted average interest rates at the balance sheet date are as follows:

| | GROUP | COMPANY |
|---------------------------|-------|---------|
| Bank borrowings (current) | 7,01% | 0,00% |
| Bonds (current) | 4,60% | 0,00% |
| Bonds (non-current) | 4,99% | 0,00% |

On 31 December 2006 the borrowings floating rates ranged from 4,51% to 4,91% based on Euribor.

Part of the borrowings that are assigned to subsidiaries are secured with receivables assignment.

Finance leases

The present value of finance lease liabilities is analyzed as follows:

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| <i>Amounts in Euro</i> | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Finance lease liabilities- minimum lease payments | | | | |
| Not later than 1 year | 1.503.574 | 1.260.522 | - | - |
| Later than 1 year but not later than 5 years | 6.006.439 | 6.875.577 | - | - |
| Over 5 years | 10.862.647 | 10.468.121 | - | - |
| Total | 18.372.660 | 18.604.220 | - | - |
| Less: Future finance charges on finance leases | (6.041.864) | (5.691.769) | - | - |
| Present value of finance lease liabilities | 12.330.795 | 12.912.451 | - | - |

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| <i>Amounts in Euro</i> | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Not later than 1 year | 669.229 | 595.211 | - | - |
| Later than 1 year but not later than 5 years | 3.157.652 | 3.857.474 | - | - |
| Over 5 years | 8.503.914 | 8.459.766 | - | - |
| Total | 12.330.795 | 12.912.451 | - | - |

Some of the loans given to subsidiaries have been secured with assignment of receivables.

19. Retirement benefit obligations

| | GROUP | | COMPANY | |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|
| <i>Amounts in Euro</i> | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Non-current borrowings | | | | |
| | | | - | |
| Bank borrowings | 30.000.000 | 14.236.689 | - | 8.320.689 |
| Bonds | 212.552.000 | 99.120.000 | - | 23.000.000 |
| Finance lease liabilities | 10.372.016 | 12.317.240 | - | - |
| Total non-current borrowings | 252.924.016 | 125.673.929 | - | 31.320.689 |

| | GROUP | | COMPANY | |
|---------------------------------|-------------------|--------------------|-------------------|-------------------|
| <i>Amounts in Euro</i> | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Current borrowings | | | | |
| Bank borrowings | 266.106 | 236.452.715 | 156.451 | 21.020.006 |
| Bonds | 20.666.414 | - | - | - |
| Finance lease liabilities | 1.958.779 | 595.211 | - | - |
| Total current borrowings | 22.891.300 | 237.047.926 | 156.451 | 21.020.006 |

| | | | | |
|-------------------------|--------------------|--------------------|----------------|-------------------|
| Total borrowings | 275.815.316 | 362.721.855 | 156.451 | 52.340.695 |
|-------------------------|--------------------|--------------------|----------------|-------------------|

The amounts recognised in the balance sheet are as follows:

| | GROUP | | COMPANY | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <i>Amounts in Euro</i> | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Present value of unfunded obligations | 310.900 | 670.636 | 273.628 | 202.125 |
| Unrecognised actuarial losses | (7.700) | (84.054) | 2.365 | (29.028) |
| Unrecognised past service cost | - | (3.249) | - | - |
| Liability in the balance sheet | 303.200 | 583.332 | 275.993 | 173.098 |

The amounts recognised in the income statement are as follows:

| | GROUP | | COMPANY | |
|--|-------------------|-------------------|-------------------|-------------------|
| <i>Amounts in Euro</i> | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Current service cost | 65.009 | 137.427 | 52.685 | 22.971 |
| Interest cost | 8.747 | 27.482 | 8.002 | 10.004 |
| Net actuarial profit / (losses) during the year | 2.576 | - | 494 | - |
| Additional payments or Income / (expenses) | 196.161 | (15.488) | 217.021 | 24.637 |
| Total included in employee benefit expenses (note 22) | 272.493 | 149.421 | 278.202 | 57.612 |

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

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| <i>Amounts in Euro</i> | | | | |
| Balance at the beginning of the year | 583.332 | 954.731 | 173.098 | 201.456 |
| Disposal of subsidiaries and joint ventures | (316.286) | (350.196) | - | - |
| Redundancy payments made | (236.338) | (170.624) | (175.307) | (85.970) |
| Total expense charged in the income statement | 272.492 | 149.421 | 278.202 | 57.612 |
| Balance at the end of the year | 303.200 | 583.332 | 275.993 | 173.098 |

The principal annual actuarial assumptions that were used for accounting purposes are as follows:

| | GROUP | | COMPANY | |
|-------------------------|------------|------------|------------|------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Discount rate | 4,10% | 4,10% | 4,10% | 4,00% |
| Future salary increases | 4,00% | 4,00% | 4,00% | 4,00% |

20. Trade and other payables

| | GROUP | | COMPANY | |
|--|-------------------|--------------------|-------------------|-------------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| <i>Amounts in Euro</i> | | | | |
| Trade payables | 9.541.268 | 39.428.014 | 345.441 | 366.376 |
| Amounts due to related parties (note 29) | 3.987.839 | - | 109.970 | 60.141 |
| Social security cost and other taxes | 944.161 | 3.172.703 | 384.837 | 674.094 |
| Unearned and deferred income | 6.983.684 | 5.433.405 | - | - |
| Accrued expenses | 1.937.172 | 1.209.739 | 450.000 | 398.498 |
| Customer prepayments | 759.121 | 3.848.061 | 151.881 | 54.841 |
| Liability to the Municipality of Amarousiou ^(a) | 9.825.517 | 34.008.385 | 9.825.517 | 34.008.385 |
| Liability to ETA ^(b) | 12.662.999 | 8.907.999 | - | - |
| Other liabilities | 6.215.436 | 81.224.433 | 436.724 | 490.846 |
| Total | 52.857.197 | 177.232.739 | 11.704.370 | 36.053.181 |

Analysis of obligations:

| | GROUP | | COMPANY | |
|-----------------------|-------------------|--------------------|-------------------|-------------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| <i>Trade payables</i> | | | | |
| Non-current | 9.393.342 | 1.418.522 | 36.148 | 36.148 |
| Current | 43.463.855 | 175.814.217 | 11.668.222 | 36.017.033 |
| Total | 52.857.197 | 177.232.739 | 11.704.370 | 36.053.181 |

Analysis of obligations:

a) The liability to the Municipality of Amarousion represents Company's obligation related to LAMDA Olympia Village purchase (former DIMEPA). The balance will be paid off within next year.

b) The liability to ETA concerns the rents payable by the subsidiary LAMDA TechnolFlisvos Marina for the Flisvos Marina (see note 14) for the receivable amount from ETA which concerns development expenses for which the subsidiary company was burdened on behalf of ETA. The amount payable by the subsidiary company to ETA is under arbitration as at the balance-sheet date.

Trade and other payables' fair value is equal to the carrying amounts.

21. Expenses by nature

| | GROUP | | COMPANY | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| <i>Amounts in Euro</i> | | | | |
| Employee benefit expense (note 22) | 6.963.714 | 10.117.765 | 5.196.894 | 4.763.313 |
| Inventory cost recognised in cost of goods sold | 36.599.035 | 29.404.373 | - | - |
| Depreciation of property, plant and equipment | 2.149.466 | 1.810.930 | 648.272 | 674.366 |
| Impairment of property, plant and equipment | 892.604 | 522.947 | 91.132 | 155.349 |
| Depreciation of intangible assets | 139.926 | 139.926 | - | - |
| Operating lease payments | 9.440.298 | 8.810.669 | 519.594 | 485.699 |
| Provisions for customers write-off | 161.000 | 340.594 | - | 25.594 |
| Impairment of inventories | - | 6.755.517 | - | - |
| Promotion and marketing expenses | 2.584.123 | 4.856.889 | 217.219 | 131.673 |
| Business consultancy fees | 2.592.001 | 2.334.125 | 2.071.144 | 630.220 |
| Other professional fees | 3.718.530 | 1.380.870 | 1.838.210 | 701.131 |
| Security services | 2.597.261 | 331.690 | 8.923 | - |
| Common charges | 551.463 | 652.913 | 85.721 | 84.988 |
| Insurance costs | 733.783 | 267.736 | 33.830 | 34.751 |
| Subcontractors | 1.534.768 | 3.185.760 | 145.205 | 66.825 |
| Other taxes | 4.050.732 | 1.343.800 | 1.387.202 | 381.998 |
| Property management fees | 3.547.144 | 923.149 | - | - |
| Leasing fees | 328.225 | 2.478.409 | - | - |
| Utilities (DEH, EYDAP, DEPA) | 5.540.698 | 298.223 | - | - |
| Other | 3.692.066 | 11.062.763 | 876.205 | 1.132.874 |
| | 87.816.835 | 87.019.049 | 13.119.550 | 9.268.781 |
| Allocated as follows: | | | | |
| Cost of sales | 74.553.525 | 63.462.484 | 5.916.858 | 3.374.479 |
| Administrative expenses | 13.263.310 | 23.556.565 | 7.202.691 | 5.894.302 |
| | 87.816.834 | 87.019.049 | 13.119.550 | 9.268.781 |

Depreciation expenses of € 743.020 (2005: € 937.464) are included in the cost of sales and € 1.546.372 (2005: € 1.013.393) are included in the administrative expenses of the Group (Note 7 & 8).

Depreciation expenses of € 648.272 (2005: € 674.366) are included in the administrative expenses of the Company (Note 7 & 8).

Part of the above expenses that concern marketing costs and operating costs for the malls that amount € 10m approximately, Group invoices to malls' tenants.

22. Employee benefits

| | GROUP | | COMPANY | |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| <i>Amounts in Euro</i> | | | | |
| Salaries and wages | 4.925.866 | 8.676.058 | 3.517.194 | 3.787.761 |
| Social security costs | 830.101 | 892.474 | 549.467 | 545.224 |
| Retirement benefit expenses (note 18) | 272.493 | 19.311 | 278.202 | 57.612 |
| Other employee benefit expenses | 935.253 | 529.922 | 852.030 | 372.716 |
| Total | 6.963.714 | 10.117.765 | 5.196.894 | 4.763.313 |

23. Finance costs – net

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|---------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Interest expense | | | | |
| -Bank borrowings | (17.907.125) | (5.240.853) | (4.868.927) | (2.077.484) |
| - Finance leases | (1.122.408) | (737.940) | - | - |
| | (19.029.532) | (5.978.793) | (4.868.927) | (2.077.484) |
| Interest income | 1.054.017 | 195.398 | 1.181.464 | 13.400 |
| | (17.975.516) | (5.783.395) | (3.687.463) | (2.064.084) |
| Net foreign exchange gains / (losses) | 55.605 | 20.409 | - | - |
| Total | (17.919.911) | (5.762.986) | (3.687.463) | (2.064.084) |

24. Income tax expense

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Current tax | (7.159.569) | (1.089.682) | (6.665.984) | - |
| Deferred tax (note 12) | (22.569.718) | (46.588.667) | (2.492.981) | (41.189) |
| Total | (29.729.287) | (47.678.349) | (9.158.965) | (41.189) |

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

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Profit before tax | 122.380.753 | 138.613.239 | 88.988.786 | 5.519.267 |
| Tax calculated at domestic tax rate applicable to profits in the respective countries | (35.490.418) | (44.356.237) | (25.806.748) | (1.766.166) |
| Income not subject to tax | 25.372.754 | 3.271.984 | 25.372.754 | 1.326.066 |
| Expenses not deductible for tax purposes | (7.956.492) | (1.701.408) | (2.058.986) | (379.868) |
| Effect of declining tax rates | - | 5.280.165 | - | 111.682 |
| Additional tax expense | (61.887) | (58.962) | (7.341) | - |
| Other taxes not being compensated | (2.315.336) | - | (2.315.336) | - |
| Tax losses of current period carried forward | (1.149.000) | (10.163.342) | - | - |
| Utilisation of tax losses brought forward | (3.785.600) | 681.221 | - | 667.097 |
| Taxes over profits being distributed | (4.318.068) | - | (4.318.068) | - |
| Differences arising from tax audit | (25.239) | (631.770) | (25.239) | - |
| Tax charge | (29.729.287) | (47.678.349) | (9.158.965) | (41.189) |

25. Other operating income / (expenses) - net

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Income from associates | 642.251 | 3.950.496 | - | - |
| Participation impairment | - | - | (5.600.000) | - |
| Dividend income | 1.620.333 | - | 1.620.333 | 898.950 |
| Profit from participation in discontinued operations sale (note 33) | - | - | 1.048.419 | - |
| Profit from participation sale (note 9) | 37.984.028 | 4.991.703 | 66.929.471 | 9.127.700 |
| Long-term receivables impairment (Note 14) | (3.072.146) | - | - | - |
| Other | 601.826 | 2.614.071 | 51.582 | 779.814 |
| Total | 37.776.291 | 11.556.270 | 64.049.805 | 10.806.464 |

26. Cash generated from operations

| <i>Amounts in Euro</i> | Note | GROUP | | COMPANY | |
|--|------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Profit for the year from continuing operations | | 92.651.465 | 90.934.891 | 78.781.402 | 5.478.078 |
| Adjustments for: | | | | | |
| Tax | 24 | 29.729.287 | 47.678.349 | 9.158.965 | 41.189 |
| Depreciation of property, plant and equipment | 7 | 2.149.466 | 1.810.930 | 648.272 | 674.366 |
| Depreciation of intangible assets | 8 | 139.926 | 139.926 | - | - |
| Provisions for customers' write-off | 21 | 161.000 | 340.594 | - | 25.594 |
| Impairment of receivables | 25 | 3.072.146 | - | - | - |
| Provision for inventory impairment | | - | 6.755.517 | - | - |
| Share option scheme | | - | 521.924 | - | 521.924 |
| Gain on sale of property, plant and equipment | | - | (649.613) | - | (330.000) |
| Proceeds from participation sale | 25 | (37.984.028) | (4.991.703) | (66.929.471) | (9.127.700) |
| Reversal of provision for participation impairment | | - | - | (38.693.042) | - |
| Participation impairment | 25 | - | - | 5.600.000 | - |
| Share of (loss) / profit of associates | 25 | (642.251) | (3.950.496) | - | - |
| Proceeds from dividends | 25 | (1.620.333) | - | (1.620.333) | (898.950) |
| Other provisions | | (234.815) | 367.173 | (96.890) | 279.895 |
| Retirement benefit obligations expense | 19 | 272.492 | 149.421 | 102.895 | 57.612 |
| Interest income | 23 | (1.054.017) | (235.872) | (1.181.464) | (13.400) |
| Interest expense | 23 | 19.029.532 | 5.978.793 | 4.868.927 | 2.077.484 |
| Currency translation differences | 23 | (55.606) | 1.698.662 | - | - |
| Fair value gains/ (losses) of investment property | 6 | (82.183.042) | (159.325.055) | (45.000) | 45.000 |
| Other non cash income / (expense) (a) | | (19.315.680) | (441.351) | 503.100 | - |
| | | 4.115.544 | (13.217.910) | (8.902.638) | (1.168.907) |
| Changes in working capital: | | | | | |
| Decrease / (increase) in inventories | | 2.160.304 | 10.008.803 | - | - |
| Decrease / (increase) in receivables | | (32.477.377) | (19.855.949) | (48.525.976) | (7.537.436) |
| Increase / (decrease) in payables | | (63.360.111) | 9.725.856 | (24.303.167) | (11.149.923) |
| | | (93.677.184) | (121.290) | (72.829.144) | (18.687.358) |
| Cash generated from operations | | (89.561.640) | (13.339.200) | (81.731.782) | (19.856.265) |

(a) On the above adjustments and specifically in “Other non cash income / (expenses)”, an amount of approximately € (20)m. is included in order to adjust cash and cash equivalent at the beginning of the year 2006 and for the other non cash figures included in profits for the year due to the disposal of 50% of shares that Company held to LAMDA Olympia Village at 07/11/2006 and its consolidation method change to proportionate.

27. Commitments

Capital commitments

There is no capital expenditure that has been contracted for but not yet incurred at the balance sheet date.

Operating lease commitments

The group leases intangible assets mainly buildings and mechanical equipment under operating leases. Total future lease payments under operating leases are as follows:

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|--|--------------------|--------------------|------------------|------------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Not later than 1 year | 16.170.054 | 8.822.854 | 379.755 | 289.313 |
| Later than 1 year but not later than 5 years | 71.214.677 | 23.062.835 | 946.049 | 882.235 |
| Later than 5 years | 568.203.062 | 218.803.200 | 564.371 | 136.217 |
| | 655.587.793 | 250.688.889 | 1.890.175 | 1.307.765 |

On 29/08/2006 LAMDA DOMI S.A., 100% Group's subsidiary, leased from Olympiaka Akinita S.A. part of International Broadcast Centre with a view to develop it as trading and business centre. The leasing duration determined to 40 years. The consideration was designated to € 7.250.000 for the first leasing year. The consideration will be adjusted yearly according to consumer price index plus 2% for the first 15 years, while for the remaining years it will be adjusted only by the consumer price index. The total amount payable to lessor is estimated to reach € 436m approximately.

28. Contingent liabilities and assets

The Group and the Company have contingencies in respect of bank guarantees, other guarantees and other matters arising in the ordinary course of business, for which no significant additional burdens are expected to arise as follows:

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Liabilities | | | | |
| Letters of guarantee to creditors | 18.778.262,39 | 47.812.292 | 4.004.402,05 | 22.226.751 |
| Letters of guarantee to customers securing contract performance | 23.670.908 | 788.658 | - | - |
| Mortgages over land & buildings | 425.200.000 | 442.045.341 | - | - |
| Guarantees to banks on behalf of subsidiaries | 180.340.000 | 197.250.000 | 180.340.000 | 197.250.000 |
| Other | 112.090.722 | 79.815.775 | 112.090.722 | 79.815.775 |
| | 760.079.893 | 767.712.066 | 296.435.124 | 299.292.526 |

Other Liabilities include pledged shares of subsidiaries. According to the terms of the pledge, the assigned right of the pledge extends to the potential revenues of such shares.

Part of the borrowings € 62,2m that have been given to subsidiaries and associates have been granted from the parent company.

In addition to the issues mentioned above there are also the following particular issues:

- The company LAMDA Estate Development has been tax audited until the year 2003 and LAMDA Prime Properties until 2004. The Company has been tax audited until the year 2005. The rest of the subsidiaries of the group have not been audited for tax purposes since 2003. Consequently, the tax obligations of the group have not been defined permanently.
- At the subsidiary company LAMDA Olympia Village (ex DIMEPA) a property transfer tax of € 9,8m approximately has been imposed. The Company has appealed to the administrative courts, paying during 2005 € 836k and € 146k approximately during 2006 (which is included in Deposits and Other Debtors). The estimate of the management is that the imposition of the income tax is without base due to the special law provisions on the law for Olympic works. In any case, if the outcome of the case is negative, according to the share sale agreement between the Municipality of Amaroussion and the Company, the

total obligation will be on the Municipality, as it relates to transfers of properties before the acquisition of the shares of the subsidiary by the Company.

- There are disagreements between Company's subsidiary "PYLAIA S.A." and the constructing company "MHXANIKH S.A.", concerning the evaluation of constructing company's works at the trading center of "PYLAIA", the imposition of penalties due to "MHXANIKH S.A." partial and final delay of the undertaken project's completion, and the compensation that "PYLAIA S.A." is entitled to receive because of working imperfection / deficiency for "MHXANIKH S.A." Neither lawsuit nor agreements about the height of claims have been made. "PYLAIA S.A." legal consultants estimate that their claims are far greater than "MHXANIKH S.A." ones.
- At the subsidiary LAMDA TechnolFlisvos Marina, there stand in front of the State of Council requests for cancellation of the environmental terms for the development and refurbishment of Fisvos Marina and the decision of the Ministry of Development with which the existing waterbase has been surveyed. Those requests are expected to be judged during June 2007. The Group foresees a favorable outcome on these cases. Nevertheless, a negative outcome might have an impact on the completion of works on Flisvos Marina.

Additionally, there are various legal cases of the Group's companies, which are not expected to create material additional liabilities.

29. Related party transactions

In Group's related parties, apart from the ones related to it, Group EFG Eurobank Ergasias is included.

The following transactions were carried out with related parties.

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 01.01.2006 to 31.12.2006 | 01.01.2005 to 31.12.2005 | 01.01.2006 to 31.12.2006 | 01.01.2005 to 31.12.2005 |
| i) Sales of goods and services | | | | |
| Sales of services | 2.303.186 | 13.675.379 | 2.842.701 | 18.035.168 |
| Sale of subsidiaries to related parties | 10.950.000 | - | 10.950.000 | - |
| | 13.253.186 | 13.675.379 | 2.842.701 | 18.035.168 |
| ii) Purchases of goods and services | | | | |
| Purchases of services | 5.286.066 | 134.364 | 285.181 | 224.430 |
| | 5.286.066 | 134.364 | 285.181 | 224.430 |
| iii) Benefits to management | | | | |
| Salaries and other short-term employment benefits | 629.250 | 1.125.573 | 629.250 | 328.791 |
| Sales of services to management | 43.617 | - | - | - |
| | 672.866 | 1.125.573 | 629.250 | 328.791 |

iv) Period end balances from sales-purchases of goods/services

| <i>Amounts in Euro</i> | GROUP | | COMPANY | |
|-----------------------------------|------------|------------|------------|------------|
| | 31.12.2006 | 31.12.2005 | 31.12.2006 | 31.12.2005 |
| Receivables from related parties: | | | | |
| -Associates | 462.556 | - | 3.616.020 | 5.900.341 |
| Liabilities to related parties: | | | | |
| -Associates | 3.987.839 | - | 109.970 | 60.141 |

v) Loans to associates:

| | | | | |
|---|------------------|----------------|-------------------|----------------|
| Balance at the beginning of the year | 192.700 | - | 618.745 | - |
| Change in subsidiary consolidation method | 11.889.844 | - | - | - |
| Sale of subsidiaries to associates | 411.445 | - | - | - |
| Loans given during the period | 750.000 | 185.400 | 50.511.440 | 600.000 |
| Loans repaid during the period | (6.091.200) | - | (34.250.000) | - |
| Interest repaid | - | - | (403.571) | - |
| Interest charged | 135.474 | 7.300 | 934.152 | 18.745 |
| Balance at the end of the year | 7.288.263 | 192.700 | 17.410.766 | 618.745 |

v) Loans from associates:

| | | | | |
|--|-------------------|--------------------|--------------|-------------------|
| Balance at the beginning of the year | 123.047.912 | 83.923.569 | 18.320.689 | 13.909.865 |
| Change in subsidiary consolidation method | (52.790.400) | - | - | - |
| Disposals of subsidiaries and joint ventures | - | (3.083.333) | - | - |
| Loans received during the period | 88.854.000 | 47.000.000 | 47.000.000 | 5.000.000 |
| Loans repaid during the period | (119.719.512) | (8.754.241) | (65.320.689) | (718.905) |
| Interest paid | (2.922.979) | (2.985.935) | (2.411.841) | (203.281) |
| Interest charged | 2.922.979 | 3.961.917 | 2.411.841 | 333.010 |
| Balance at the end of the year | 39.392.000 | 123.047.912 | - | 18.320.689 |

Services from and to related parties, as well as sales and purchases of goods, take place on the basis of the price lists in force with non related parties.

Part of the borrowings € 62,2m that have been given to subsidiaries and associates have been granted from the parent company. The above-mentioned loans concern Group loans from associates banks and are included in note 18.

30. Earnings per share

Basic

Basic earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent entity, by the weighted average number of ordinary shares outstanding during the period (note 16).

Continuing operations (*Amounts in Euro*)

| | GROUP | | COMPANY | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Profit / (loss) attributable to equity holders of the Company | 92.651.466 | 90.934.891 | 78.781.402 | 5.478.078 |
| Weighted average number of ordinary shares in issue | 44.024.665 | 43.785.850 | 44.024.665 | 43.785.850 |
| Basic earnings / (losses) per share (€ per share) | 2,10 | 2,08 | 1,79 | 0,13 |

We note that the increase of share capital that emanates from the employee share option scheme takes place on 31 December of each year and consequently does not influence the weighted average number of shares

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares i.e. share options. For these share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the

Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference that arises is added to the denominator as issuance of common shares with no exchange value. Finally, no adjustment is made in the earnings (nominator).

Continuing operations (Amounts in Euro)

| | GROUP | | COMPANY | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Profit used to determine diluted earnings per share | 92.651.466 | 90.934.891 | 78.781.402 | 5.478.078 |
| Weighted average number of ordinary shares in issue | 44.024.665 | 43.785.850 | 44.024.665 | 43.785.850 |
| Adjustment for share options: | | | | |
| Employees share option scheme | - | 142.821 | - | 142.821 |
| Weighted average number of ordinary shares for diluted earnings per share | 44.024.665 | 43.928.671 | 44.024.665 | 43.928.671 |
| Diluted earnings per share (€ per share) | 2,10 | 2,07 | 1,79 | 0,12 |

In the framework of the implementation of the stock option plan, as approved by the Annual General Meeting of the Shareholders of 2002, stock option rights have been granted to 49 beneficiaries – members of the Board of Directors, executives of the Company and its subsidiaries – for the acquisition of 238.000 shares at a price of € 1,8 per share and exercise right period during December of the years 2004 and 2005. From the above-mentioned rights, 225.000 were exercised and the remaining 13.000 were not exercised.

In addition, in the framework of the implementation of the stock option plan, as approved by the Annual General Meeting of the Shareholders of 2003, stock option rights have been granted to 45 beneficiaries – members of the Board of Directors, executives of the Company and its subsidiaries – for the acquisition of 250.000 shares at a price of € 2 per share and exercise right period during December of the years 2005 and 2006. From the above-mentioned rights, 203.500 were exercised and the remaining 46.500 were not exercised.

Basic and diluted earnings per share for discontinued operations are as follows:

Discontinued operations (Amounts in Euro)

| | GROUP | | COMPANY | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Profit / (loss) attributable to equity holders of the Company | 463.245 | (2.901.009) | - | - |
| Weighted average number of ordinary shares in issue | 2.593.363 | 2.593.363 | - | - |
| Basic and diluted earnings per share (€ per share) | 0,18 | -1,12 | 0,00 | 0,00 |

31. Dividends per share

The Board of Directors will propose the total amount of € 10.121.822 as dividend to be distributed for the fiscal year 2006, namely € 0,23 per share, as well as € 450.000 as profit distribution to personnel.

32. Events after the balance sheet date

The Company, during January 2007, proceeded in the acquisition of 90% of the share capital of Cypriot company Robies Services Ltd, which owns 100% of a Romanian company that holds a 95.000 sqm plot of land in the western part of Bucharest. The total price of the above transaction is € 2.6m.

Also, during March 2007, the Company has signed a pre sale agreement for the acquisition of the Bulgarian company TIHI Ltd, which owns 6.300 sqm plot of land in Sofia, Bulgaria. The price of the transaction is € 13m.

33. Discontinued operations

On 4/9/2006 the Company transferred the total amount of shares that owned in LAMDA Shipyards and Marine Services S.A. and as a result is no longer consolidated. In addition, on 14/4/2006 the aforementioned subsidiary

had transferred subsidiary ARGONAFIS M.S.A. total amount of shares. Consequently, the Group does no longer activate in shipyards services.

The results of discontinued operations were as follows:

| | GROUP | | COMPANY | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
| Discontinued operations | | | | |
| Income | 8.828.567 | 12.189.651 | - | - |
| Expenses | (8.752.202) | (15.283.142) | - | - |
| Profit / (loss) before tax from discontinued operations | 76.364 | (3.093.491) | - | - |
| Income tax expense | 386.881 | 192.482 | - | - |
| Net profit / (loss) before tax from discontinued operations | 463.245 | (2.901.009) | - | - |
| Profit / (loss) from participations sale | 2.187.624 | - | 1.048.419 | - |
| Net profit / (loss) after tax from discontinued operations | 2.650.869 | (2.901.009) | 1.048.419 | - |

The cash flow of discontinued operations were as follows:

| | 1.1.2006 to 31.12.2006 | 1.1.2005 to 31.12.2005 |
|---|---------------------------|---------------------------|
| Cash flows from operating activities | (2.646.747) | 1.489.432 |
| Cash flows from investing activities | 5.159.492 | (205.806) |
| Cash flows from financing activities | (2.981.051) | (969.684) |
| Total cash flows | (468.306) | 313.942 |
| Profit after tax from participations sale | 2.187.624 | - |

34. Reclassifications of comparatives

The elements of balance sheet, income statement and cash flow of previous year have been reclassified in order for the results to be comparative with the current period due to the transfer of the total amount of shares that owned in LAMDA Shipyards and Marine Services S.A. and its subsidiary ARGONAFIS M.S.A. Also, with a view to providing investors with additional information, supplementary analysis in income statement is provided. The reclassifications had no effect on profits attributable to the shareholders or minorities.

Balance sheet

Transfer of € 367.173 and € 279.895 from the account Provisions in Trade and other payables of the Company and Group balance sheet elements respectively.

Income statement

| | Note | GROUP | | | COMPANY | | |
|--|------|------------------------|--------------|------------------------|------------------------|-------------|------------------------|
| | | 1.1.2005 to 31.12.2005 | | 1.1.2005 to 31.12.2005 | 1.1.2005 to 31.12.2005 | | 1.1.2005 to 31.12.2005 |
| | | Difference | Published | Reclassified | Difference | Published | Reclassified |
| Continuing operations (Amounts in Euro) | | | | | | | |
| Sales | a | 11.700.021 | 72.703.601 | 61.003.580 | | 6.090.669 | 6.090.669 |
| Cost of sales | a | (10.928.813) | (74.391.297) | (63.462.484) | - | (3.374.479) | (3.374.479) |
| Gross profit | | 771.209 | (1.687.695) | (2.458.904) | | 2.716.190 | 2.716.190 |
| Administrative expenses | a | (3.983.575) | (27.540.140) | (23.556.565) | - | (5.894.302) | (5.894.302) |
| Reversal of provision for impairment | | - | - | - | - | - | - |
| Fair value gains / (losses) of investment property | | - | 159.325.055 | 159.325.055 | - | (45.000) | (45.000) |
| Profit / (loss) from participations sale in associates | b | (4.991.703) | - | 4.991.703 | (9.127.700) | - | 9.127.700 |
| Other operating income / (expenses) - net | a, b | 9.431.829 | 11.556.270 | 2.124.441 | 10.026.650 | 10.806.464 | 779.814 |
| Operating profit | | 1.227.759 | 141.653.489 | 140.425.730 | 898.950 | 7.583.352 | 6.684.402 |
| Finance costs - net | a | (370.753) | (6.133.740) | (5.762.987) | - | (2.064.084) | (2.064.084) |
| Share of (loss) / profit of associates | c | (3.950.496) | - | 3.950.496 | (898.950) | - | 898.950 |
| Profit before income tax | | (3.093.489) | 135.519.750 | 138.613.239 | | 5.519.267 | 5.519.267 |
| Income tax expense | a | 192.482 | (47.485.867) | (47.678.349) | - | (41.189) | (41.189) |
| Profit for the period from continuing operations | | (2.901.008) | 88.033.883 | 90.934.891 | | 5.478.078 | 5.478.078 |
| Discontinued operations (Amounts in Euro) | | | | | | | |
| Net profit / (loss) after tax from discontinued operations | a | 2.901.009 | - | (2.901.009) | - | - | - |
| Profit for the year | | - | 88.033.883 | 88.033.883 | - | 5.478.078 | 5.478.078 |
| Attributable to: | | | | | | | |
| Equity holders of the Company | | - | 80.604.184 | 80.604.184 | - | 5.478.078 | 5.478.078 |
| Minority interest | | - | 7.429.699 | 7.429.699 | - | - | - |
| | | - | 88.033.883 | 88.033.883 | - | 5.478.078 | 5.478.078 |
| Earnings per share from continuing operations for profit attributable to the equity holders of the Company during the year (expressed in € per share) | | | | | | | |
| Basic | a | -0,24 | 1,84 | 2,08 | -0,00 | 0,13 | 0,13 |
| Diluted | a | -0,24 | 1,84 | 2,07 | 0,00 | 0,13 | 0,12 |

- a) Reclassifications of income statement elements that concern discontinued operations.
- b) Transfer of € 4.991.703 and € 9.127.700 from Other operating income / (expense) net in Profit from participation sale to related companies in Group and Company financial statements respectively.
- c) Transfer of € 3.950.496 from Other operating income / (expense) net in Share of (loss) / profit of associates in Group results.

Cash flow

| | GROUP | | | COMPANY | | |
|---|------------------------|---------------|------------------------|------------------------|--------------|------------------------|
| | 1.1.2005 to 31.12.2005 | | 1.1.2005 to 31.12.2005 | 1.1.2005 to 31.12.2005 | | 1.1.2005 to 31.12.2005 |
| | Difference | Published | Reclassified | Difference | Published | Reclassified |
| <i>Amounts in Euro</i> | | | | | | |
| Cash flows from operating activities - net | 1.489.432 | (21.894.973) | (23.070.463) | - | (22.239.784) | (22.239.786) |
| Cash flows from investing activities - net | (205.806) | (129.973.841) | (129.768.035) | - | (4.499.610) | (4.499.610) |
| Cash flows from financing activities - net | (969.684) | 164.289.777 | 165.259.461 | - | 29.900.125 | 29.900.125 |
| Net (decrease) / increase in cash and cash equivalents | 313.942 | 12.420.963 | 12.420.963 | - | 3.160.731 | 3.160.729 |
| Cash and cash equivalents at the beginning of year | (470.747) | 24.408.860 | 23.938.113 | - | 1.130.951 | 1.130.951 |
| Cash and cash equivalents - discontinued operations | 470.747 | - | 470.747 | - | - | - |
| Cash and cash equivalents at end of year | - | 36.829.823 | 36.829.823 | - | 4.291.682 | 4.291.680 |

All the reclassifications in cash flow derive from discontinued operations.

Report of the Board of Directors – Group and Company

«LAMDA DEVELOPMENT– Holding and Real Estate Development Company»

Co Reg. No 3039/06/B/86/28

Athens, the 6th March, 2007

Dear Shareholders,

2006 was a particularly successful year for LAMDA Development.

The Company has established its position as leader in the field of development and property management of large Shopping and Leisure Centers through its extremely successful operation of «The Mall Athens» in Marousi and «Mediterranean Cosmos» in Pylea Thessaloniki. The outcome of the Company's successful strategy is the agreement with HSBC for the sale of 50% of «The Mall Athens» with yield 6.1% and valuation of the property at approximately € 414 million.

This specific transaction is the largest one ever taking place in Greece in the field of Real Estate, and has placed the country in the map for international investors.

Furthermore, during 2006 the Company's Management, while focusing its activities in the real estate sector has proceeded to a series of actions, that improve the Company's investment portfolio and strengthens its profitability. These can be summarized as following:

- LAMDA Development transferred its total shares (75%) in LAMDA Shipyards and Marine Services S.A., to a price of € 10.9 million. The above subsidiary company had already proceeded to the transfer of the total share capital of its subsidiary company ARGONAYTIS S.A. to a price of € 5.2 million.
- The Company transferred 50% of its participation of the subsidiary company LAMDA Olympia Village to HSBC LUXEMBOURG SARL. The total price of this transaction was calculated according to the Net Asset Value (NAV).
- The Company has signed a head of terms for the transfer of «ILIDA Business Center» in Marousi, at the price of € 41.4 million.
- The Company has completed the port and land development of Flisvos Marina, resulting to the improvement of its financial performance of 2007.

Additionally,

- The free float increased from 24.7% to 37.55% after a series of road shows to investors in Greece and abroad.
- There was a decrease of the interest rate of 0.5%, resulting to the Company's saving from interests of € 1.5 million.

The unique and dynamic presence of the Company in the field of retail real estate development was further reinforced by the concession of the IBC building in Marousi from the Olympic Properties S.A.. The building will be transformed into a shopping center of 40.000 GLA and 4.500 sq.m. office spaces.

The major development and strategic goals are the following:

- Further improvement of the performance of its shopping centers and office buildings (Cecil, Kronos in Maroussi), and sale of the remaining apartments in the ILIDA residential complex (72 apartments remain to be sold).
- Completion of all the developments, which are now at the stage of permits:
 - ❖ IBC commercial center.
 - ❖ Office building in Bucharest.

- ❖ Commercial center and luxurious residential complex in Sofia.
- ❖ Luxurious residential complex in Beograd.

The group's investments amount to €150 million.

- Development of the Company's plot in Kifissia (residential) and in Kato Kifissia (offices). Furthermore, materialization of the pre agreement for the development of motorway service stations in the National Road of Maliakos Klidi.
- Participation in the bids of the Greek State for the concession of tourist developments, exhibition centers, logistics and retail developments.
- Interest to participate in private agreements in Greece for the development and management of outlet centers, big boxes, etc. as well as tourist developments.
- Further exploit the network of companies in Romania, Bulgaria and Serbia in order to enter into new agreements for residential, office and retail developments.
- Further exploit international strategic alliances with ECE, HSBC, SONAE SIERRA, and PARKRIDGE, as well as with local players.

Following the above, the Company is currently considering a variety of developments aiming to invest approximately € 400 million in the next 2 years, in order to achieve a total return on investment of 30% and total return on equity 85%.

Further to the above mentioned all perspectives for 2007 appear to be positive.

According to IFRS the basic Group's and Company's figures for the financial year 2006 are the following:

LAMDA Development's consolidated turnover reached € 108 million compared to € 61 million in the same period of previous year 2005, showing an increase of 77%. This significant increase is mainly attributed to the successful operation of the two shopping centers as well as to the significant sales of residential units by the subsidiary company LAMDA Olympia Village S.A.

The consolidated net profits increased by € 94.534 thousand compared to € 80.604 thousand in 2005. Taking into consideration the fact that in 2005 shopping centers created higher surplus following their commencement of operations, the main drivers of the group profitability in 2006 were the decline of yields, the successful operations of the two shopping centers, as well as the profitable sale of the 50% participation that the Company held in LAMDA Olympia Village S.A. The total equity, that corresponds to the Company's shareholders, after minority interests, reached € 365.6 million compared to € 263.4 million in the previous year, showing an increase of 39%.

The parent company **LAMDA Development S.A.** posted profits of € 79.8 million, which are mainly an outcome of the profitable sale of its percentage of share capital in its subsidiary company LAMDA Olympia Village S.A. and of the reversal of provision from impairment.

LAMDA Olympia Village S.A. – developer of «The Mall Athens» and the residential complex «ILIDA» - profits after tax reached € 128 million, due to the revaluation surplus incurred from the investment properties appraisal to fair market value by independent appraisers. This fair value is related to the international tendency of yield improvement in real estate sector in accordance with the successful commercial use of the center.

PYLEA S.A. realized profits before tax of € 7 million, mainly due to the evaluation of the shopping center «Mediterranean Cosmos» in Pylea Thessaloniki, as well as to its successful operation.

LAMDA TechnOI Flisvos Marina S.A. presented losses of € 3.6 million, which are attributed to the temporary suspension of the construction works by the Council of State and the pending issues with the Tourism Development Company (ETA) regarding the lease payments, which are to be determined by the official arbitration process that is currently in progress. However, it should be emphasized that, by applying the principle of prudence as dictated by the IAS, the company charged its financial results by

the full amount of lease payments requested by ETA, despite the fact that the final arbitration decision has not been issued yet.

Summary consolidated financial information:

| Amounts in million euros | Financial Year 2006 | Financial Year 2005 | Variance |
|--|--------------------------------|--------------------------------|-----------------|
| Turnover | 108.158 | 61.004 | 77.30% |
| E.B.I.T.D.A (before evaluation) | 55.392 | -18.899 | - |
| Fair value gains from property investments | 82.183 | 159.325 | -48.42% |
| Profit before tax | 125.032 | 135.712 | -7.87% |
| Profit after tax and minority interest | 94.534 | 80.604 | 17.28% |
| Shareholders Equity | 365.626 | 263.447 | 38.79% |
| NAV | 405.201 | 302.000 | 34.17% |

The proposed dividend for the financial year 2006 reaches the amount of € 0.23 per share. The total amount of dividend is € 10,121,822.06. In addition, it is proposed that the distribution of profits to the personnel will reach the amount of € 450,000.00.

Athens, 6th March 2007

THE CHAIRMAN OF THE BOARD OF
DIRECTORS

APOSTOLOS TAMVAKAKIS

ID No P704691

CERTIFICATION

It is certified that the above Report of the Board of Directors, consisting of 3 (three) pages, is the one that refers to the Audit Report which I have issued dated 20th March 2006.

Athens, 9th March 2006

The Certified Auditor Accountant

Konstantinos Michalatos

AM SOEL 17701

Report of the certified auditor – accountant

To the Shareholders of Lamda Development SA

Report on the Financial Statements

We have audited the accompanying financial statements of Lamda Development (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 the uncertainty over the Company's and Group's tax position and recovery of VAT amounting to approximately €29 million as more fully disclosed in Notes 14 as 28 of these financial statements.

Report on Other Legal and Regulatory Requirements

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

Athens, 9 March 2007

Certified Public Accountant

PriceWaterhouseCoopers SA

268 Kifissias Avenue

15232 Athens

Dinos Michalatos

Reg. No 17701

PRICEWATERHOUSECOOPERS 

Report of the Board of Directors (par.1, article 11a, Law 3371/2005)

This explanatory report of the Board of Directors addressed to the Annual General Meeting of the Shareholders, contains information regarding the items of article 11a paragraph 1 of Law 3371/2005, as amended by article 30 of Law 3461/2006 (Government Gazette A 106/30.5.2006). Specifically:

1. Structure of the Company's share capital

The Company's share capital amounts to euros 13,208,985, divided into 44,029,950 shares, with a nominal value of 0.30 euros each. All shares are listed for trading in the Securities Market of the Athens Exchange (under "Large Capitalization" classification).

The shares of the Company are common registered with a voting right. Each share of the Company embodies all the rights and the obligations that are specified by the Law and the Company's Articles of Association. The liability of the shareholders is limited to the nominal value of the shares they hold.

2. Restrictions on the transfer of shares of the Company

The Company shares may be transferred as provided by the law and the Articles of Association provide no restrictions as regards the transfer of shares.

3. Significant direct or indirect participations in accordance with the provisions of Presidential Degree 51/1992

On 31.12.2006, the following shareholders held directly or indirectly, more than 5% of the share capital of the Company, in accordance with the provisions of P.D. 51/1992:

| Shareholder | Percentage of Share Capital 31.12.2006 |
|----------------------------------|---|
| Consolidated Lamda Holdings S.A. | 55,68% |
| Bank Efg Eurobank Ergasias S.A. | 9,77% |

No other physical or legal entity possesses more than 5% of the share capital of the Company, on the above date.

4. Shares providing special control rights

None of the Company's shares carry special control rights.

5. Voting Rights Restrictions

No restrictions of voting rights are foreseen in the Articles of Association of the Company.

6. Agreements among the shareholders of the Company

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights, nor is there any provision in the Articles of Association providing the possibility of such agreements.

7. Rules governing the appointment and replacement of the members of the Board of Directors, as well as for amendment of the Article of Association deviating from those provided for in Codified Law 2190/1920

The rules set out in the Articles of Association of the Company on the appointment and replacement of the members of the Board of Directors, as well as for the amendment of the provisions of its Articles of Association not deviate from those provided in the C.L. 2190/1920.

8. Authority of the Board of Directors or certain of its members regarding the issuance of new shares or the purchase of own shares pursuant to article 16 of Codified Law 2190/1920

A. According to the provisions of article 13, paragraph 1 of the C.L. 2190/1920 and in combination with the provisions of article 6 of the Articles of Association of the Company, within five years since the relative decision of the General Meeting of the Shareholders with which an increase in the share capital is conducted, the Board of Directors has the right by a 2/3 majority decision of its members, to increase the share capital by issuing new shares. The amount of the increase cannot exceed the amount of the share capital that has already been paid in, at the date the relative decision was made by the General Meeting. The abovementioned authority of the Board of Directors may be renewed by the General Meeting of the shareholders for a time period that does not exceed five years for each renewal.

B. According to the provisions of article 13, paragraph 9 of the C.L. 2190/1920, by virtue of a decision of the General Meeting, which is made by increased quorum and majority, according to the provisions of articles 29 paragraph 3 & 4 and 31 paragraph 2 of the C.L. 2190/1920, a stock option plan may be introduced in favour of members of the Board of Directors and personnel of the Company, and of affiliated companies, in the form of the option to purchase shares, according to the specific terms of this decision, a summary of which is subject to the requirements of publication set out in article 7b of C.L. 2190/1920. The decision of the General Meeting especially specifies the maximum number of shares that can be issued, which cannot exceed 10% of the existing shares, the price and the terms of distribution of the shares to the beneficiaries. The Board of Directors decides on any other relevant details not otherwise determined by the General Meeting, issues the stock option certificates and the shares to the beneficiaries who have exercised their option, increasing respectively the capital and certifying the relative increase of it, according to article 11 of the C.L. 2190/1920. Pursuant to the above provisions, the Annual General Meeting of the shareholders, which was held on 23.06.2006, decided the distribution of stock option certificates for the purchase of up to 1,500,000 shares of the Company that is a percentage of 3.41% of the total share capital within the next five years. The beneficiaries will receive the certificates that correspond to the financial year 2006 within a month from the Annual General Meeting of 2007. The exercise price per share will amount to the average price of the share during the two previous months from the issuance date of the certificates, reduced by percentage up to 55%. The above certificates will be distributed to members of the personnel who provided their services on 31.12.2006 in any kind of relationship and form of employment including the

members of the Board of Directors. The exercise of the options may take place after a period of three years from the end of the fiscal year, which those options concern. Criterion for the participation in this reward programme is the contribution to the Company's mission as well as to LAMDA Development group of companies' mission, in combination with the position and the operational liability level of each employee.

C. Pursuant to the provisions of paragraphs 5 to 13 of article 16 of the C.L. 2190/1920, companies listed on the Athens Exchange may, by decision of the General Meeting of their shareholders, acquire own shares through the Athens Exchange in an amount of up to 10% of their total shares. In implementation of the above provisions the Annual General Meeting of the shareholders of the Company, on 23.06.2006 decided on the purchase of own shares through the Athens Exchange from 24.06.2006 until 23.06.2007, up to a percentage of 10% of its total share capital, that is 4,402,995 shares, at a maximum purchase price of 10 euros per share and a minimum purchase price of 2 euros per share and instructed the Board of Directors to implement this decision in cases where it deemed necessary. The Board of Directors of the Company during its meeting on 27.07.2006 materialising the above decision of the General Meeting, decided that the Company may proceed, from 9.8.2006 until 21.05.2007 to the purchase of up to 2% of the total share capital, that is 880,599 shares, at a maximum purchase price of 10 euros per share and a minimum purchase price of 2 euros per share.

9. Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer

The Company has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

10. Every agreement that the Company has concluded with members of its Board of Directors or with its employees, which foresees compensation in case of resignation or dismissal without substantial cause or termination of the term of office or employment due to a public offer

The Company has no agreements with members of the Board of Directors or with its employees, which foresee compensation in case of resignation or dismissal without substantial cause or termination of the term of office or employment as a result of a public offer.

Athens, 6 March 2007

The Chairman of the Board of Directors

Apostolos S. Tamvakakis

ID Card No: P 704691

Company's transaction report (article 2, par.4 of Law 3016/2002)

During the fiscal year 2006 the Company's transaction with affiliated companies, in accordance to article 2, par. 4. of Law 3016/2002 are as listed below:

| | Sale of Services | Purchase of Services | Balance of Receivables | Balance of Liabilities | Loans to Associates |
|--|---------------------|-------------------------|---------------------------|---------------------------|------------------------|
| <i>(amounts in euros)</i> | | | | | |
| LAMDA OLYMPIA VILLAGE S.A. | 1.495.708 | | 32.130 | | 10.250.500 |
| PYLEA S.A. | 343.987 | | 2.746.167 | | |
| LAMDA AKINITA S.A. | 27.540 | | 7.546 | | |
| LAMDA TECHNOL FLISVOS HOLDING S.A. | 25.541 | | 7.546 | | |
| KRONOS PARKING S.A. | 53.810 | | 14.280 | | |
| ECE LAMDA HELLAS S.A. | 0 | | 0 | 6.174 | |
| LAMDA TECHNOL FLISVOS MARINA S.A. | 48.000 | | 10.710 | | |
| LAMDA ESTATE DEVELOPMENT S.A. | 144.100 | 131.240 | 35.700 | 33.196 | |
| LAMDA PRIME PROPERTIES S.A. | 54.390 | | 17.850 | | |
| LAMDA HELLIX S.A. | 250.741 | 10.071 | 36.002 | 36.148 | |
| LAMDA DOMI S.A. | 344.084 | | 515.512 | | |
| LAMDA ERGA ANAPTYXIS S.A. | 15.036 | | 2.499 | 665 | |
| LAMDA PROPERTY MANAGEMENT S.A. | 38.470 | 4.416 | 7.140 | | |
| LAMDA DEVELOPMENT ROMANIA S.R.L. | | | 9.500 | | 912.502 |
| LAMDA DEVELOPMENT D.O.O. BEOGRAD | | | 445 | | 3.092.448 |
| LAMDA ANADEIXI S.A. | 500 | | 311 | | |
| LAMDA PROTYPI ANAPTYXI S.A. | 500 | | 311 | | |
| LAMDA DEVELOPMENT SOFIA EODD | | | | | 2.499.440 |
| LAMDA REDDING ERGOLIPTIKI KOINOPRAXIA | 587 | | | | |
| Total | 2.842.994 | 145.728 | 3.443.649 | 76.182 | 16.754.890 |

Pending litigations

The pending litigations of the affiliated companies are presented below.

A. THE MALL ATHENS

I. Pending litigation

With regard to the legal issues relating to the particular investment, we note the following:

Four (4) petitions of annulment have been filed before the State Council, related to the plot of land where the Olympic Press Village (or “*Olympiako Chorio Typou*”) and the Shopping Center “The Mall Athens” were built, whose legal owner is the Company. More specifically:

1. The first petition for annulment directly contests the validity of L. 3207/2003, which serves as a building permit for all the buildings constructed on this plot of land. The petition aims at the declaration of the above Law as null and void on the recourse of anti-constitutionality.
2. The second petition seeks annulment of the deemed approval of the studies submitted by the Company to the MEPPW (Ministry of Environment, Planning and Public Works), pursuant to article 6 paragraph 2 of L. 3207/2003.

These petitions were heard on 03.05.2006 and the decision is pending.

3. The third petition seeks annulment of a series of operating licenses issued by the City of Maroussi in favor of a number of stores operating in the Shopping Center, on the recourse of anti-constitutionality of the law based on which said licenses were issued.
4. The fourth petition for annulment contests the validity of the decision of the Board of Directors of OEK (Worker’s Housing Organization or “*Organismos Ergatikis Katoikias*”) which authorized the sale to the Company of the plot of land where the Shopping Center was built. Once again, the legal basis of the petition is anti-constitutionality of L. 3207/2003.

These last two petitions had been scheduled for hearing on 09.01.2007, but their hearing was postponed for 23.10.2007.

It is noted that in all these cases the Company has intervened as a third party in the proceedings to support the validity of the “acts” contested.

In accordance with the Company’s legal counsels, should the State Council uphold its jurisprudence to date, the aforesaid petitions are not expected to be successful.

Moreover, in the event that any of the above petitions is eventually accepted and as a result legal impediments to the smooth operation of “The Mall” occur, the Company will be entitled to seek indemnification of any damages it may suffer against the Greek State.

II. Potential impact of pending litigation on the existing contractors

1. In 2006 the Company transferred 50% of the shares it holds in the share capital of "LAMDA OLYMPIA VILLAGE S.A." to "HSBC PROPERTY INVESTMENTS LUXEMBOURG S.A.R.L.". The relevant preliminary contract includes a special term with regard to the first two petitions for annulment, whereby should any of them be irrevocably accepted, the purchaser will be entitled to a refund of the amounts, which it will have paid to the seller for the purchase of the above shares, plus the purchaser's share to L.O.V.'s accrued distributable profits and to 75% of the company's non-distributable reserve funds (provided that they did not relate to the building complex or the office building and excluding any profits from reserve funds, which derive from the re-valuation of fixed assets), and shall re-transfer the shares in question to the company.

If any of the third or fourth petitions for annulment is accepted, the Company will be liable for breach of contract in accordance with the general provisions of the Greek Civil Code.

2. Notwithstanding the above, "LAMDA OLYMPIA VILLAGE SA", a subsidiary of the Company, has entered into a preliminary contract for the sale of the office building "ILIDA BUSINESS CENTRE". The final sale contract will be signed on 4.5.2007, save as otherwise provided by written agreement of the parties. The preliminary contract includes a term by virtue of which should one of the first two petitions be irrevocably accepted, purchaser will be entitled to demand restitution of the previous status and restoration of any actual damage, as determined in the preliminary contract. Moreover, if any of the third or fourth petition is accepted, purchaser will be entitled to repudiate the contract and demand restoration of the aforementioned actual damage, following two years from the date of issuance of the decision on the annulment petitions and provided that any defects or deficiencies resulting from said decision have not been remedied in the meantime.

3. In any case, as already mentioned, if any of the aforementioned annulment petitions are accepted the Company will be entitled to seek damages from the Greek State.

B. MARINA of FLOISVOS

With regard to the legal subjects that relate to the particular investment, we should note the following:

There are two petitions for annulment pending against the approval of the project's environmental terms, and one petition for annulment pending against the ministerial decision, whereby the existing harbor basin was designed. The hearing for said petitions has been set for 06.06.2007 and in all three of the aforementioned cases the Company has intervened as a third party before the State Council.

It is noted that, according to the legal counsels who represent the Company in the aforesaid cases, none of the aforementioned petitions of annulment are expected to succeed, based on the current status of the Court's jurisprudence.

Last but not least, in the event that any of the above petitions is eventually accepted and as a result legal impediments to the smooth operation of the "Marina of Floisvos" occur, the Company will be entitled to seek indemnification from the Greek State for all damage incurred.

C. INTERNATIONAL BROADCASTING CENTER

Local associations and residents have filed a petition before the State Council for the annulment of an agreement, dated 29.08.2006, executed by and between “OLYMPIC PROPERTIES SA” and our subsidiary “LAMDA DOMI SA” regarding the exploitation of the International Broadcasting Center. The case is pending before the Plenary Session of the State Council and is scheduled for hearing on 2.11.2007. Both the Company and the subsidiary "LAMDA DOMI SA" have intervened in the above proceedings to support the validity of the contract.

It is also noted that according to the legal counsels who represent the Company in this case, if the State Council upholds its jurisprudence on the admissibility for hearing of a petition for annulment, the petition is not likely to be successful.

Last but not least, in the event that any of the above petitions is eventually accepted and as a result legal impediments to the commercial exploitation of the “International Broadcasting Center” occur, the Company will be entitled to seek indemnification from the Greek State for all damage incurred.

Information according to article 10 of Law 3401/2005

The following announcements / notifications have been sent to the Daily Official List Announcements and are posted on the Athens Exchange website as well as to the Company's website (www.lamda-development.net).

| Date | Announcement |
|------------|--|
| 28/12/2006 | Announcement of the company's investments |
| 30/11/2006 | Announcement of the company's investments |
| 22/11/2006 | Announcement of other information |
| 21/11/2006 | Announcement of other information |
| 14/11/2006 | Transaction notification |
| 10/11/2006 | Transaction notification |
| 10/11/2006 | Announcement of the company's shareholders percentage change |
| 09/11/2006 | Announcement of other information |
| 07/11/2006 | Announcement of the company's investments |
| 07/11/2006 | Transaction notification |
| 06/11/2006 | Parent Company financial and other information in accordance with IFRS |
| 06/11/2006 | Parent Company financial and other information in accordance with IFRS |
| 07/11/2006 | Press release regarding financial results |
| 01/11/2006 | Announcement of other information |
| 01/11/2006 | Announcement of other information |
| 30/10/2006 | Clarification on published articles - Answer to Athens Exchange |
| 30/10/2006 | Transaction notification |

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|------------|--|
| 30/10/2006 | Announcement of the company's shareholders percentage change |
| 25/10/2006 | Announcement of other information |
| 25/10/2006 | Announcement of other information |
| 24/10/2006 | Announcement of other information |
| 19/10/2006 | Transaction notification |
| 19/10/2006 | Announcement of the company's investments |
| 18/10/2006 | Transaction notification |
| 17/10/2006 | Announcement of other information |
| 09/10/2006 | Announcement of other information |
| 09/10/2006 | Transaction notification |
| 09/10/2006 | Transaction notification |
| 03/10/2006 | Transaction notification |
| 02/10/2006 | Transaction notification |
| 26/09/2006 | Announcement of other information |
| 25/09/2006 | Transaction notification |
| 21/09/2006 | Announcement of other information |
| 21/09/2006 | Announcement of other information |
| 04/09/2006 | Announcement of the company's investments |
| 30/08/2006 | Parent Company financial and other information in accordance with IFRS |
| 30/08/2006 | Parent Company financial and other information in accordance with IFRS |

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|------------|---|
| 30/08/2006 | Press release regarding financial results |
| 29/08/2006 | Announcement of the company's investments |
| 04/08/2006 | Announcement of the company's investments |
| 04/08/2006 | Announcement of purchasing own shares |
| 27/07/2006 | Announcement of purchasing own shares |
| 26/07/2006 | Transaction notification |
| 26/07/2006 | Transaction notification |
| 19/07/2006 | Announcement of other significant information |
| 14/07/2006 | Announcement of the company's investments |
| 06/07/2006 | Announcement of the company's investments |
| 26/06/2006 | Announcement of the company's investments |
| 26/06/2006 | Announcement regarding the change of the company's management composition |
| 23/06/2006 | Announcement of purchasing own shares |
| 23/06/2006 | Annual General Meeting of Shareholders Resolutions |
| 19/06/2006 | Announcement of other significant information |
| 16/06/2006 | Clarification on published articles |
| 07/06/2006 | Announcement of other information |
| 01/06/2006 | Announcement of other information |
| 01/06/2006 | Announcement regarding the change of the company's management |
| 31/05/2006 | Announcement of the Annual General Meeting |

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|------------|---|
| 30/05/2006 | Announcement of the company's investments |
| 29/05/2006 | Parent Company financial and other information in accordance with IFRS |
| 29/05/2006 | Parent Company financial and other information in accordance with IFRS |
| 26/05/2006 | Press release regarding financial results |
| 26/05/2006 | Announcement of regarding the change of the composition of the Board of Directors |
| 26/05/2006 | Announcement of other significant information |
| 17/05/2006 | Announcement of the company's investments |
| 11/05/2006 | Announcement of regarding the change of the composition of the Board of Directors |
| 05/05/2006 | Announcement regarding the change of the company's management composition |
| 02/05/2006 | Clarification on published articles |
| 14/04/2006 | Announcement of the company's investments |
| 07/04/2006 | Announcement regarding the change of the company's management composition |
| 06/04/2006 | Announcement of other significant information |
| 03/04/2006 | Announcement regarding the change of the company's management composition |
| 30/03/2006 | Announcement of other information |
| 23/03/2006 | Announcement regarding the change of the company's management composition |
| 21/03/2006 | Parent Company financial and other information in accordance with IFRS |
| 21/03/2006 | Parent Company financial and other information in accordance with IFRS |
| 20/03/2006 | Press release regarding financial results |
| 20/03/2006 | Transaction notification |

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| 15/03/2006 | Transaction notification |
| 02/03/2006 | Transaction notification |
| 27/02/2006 | Clarification on published articles |
| 27/02/2006 | Announcement of other significant information |
| 23/02/2006 | Transaction notification |
| 16/02/2006 | Transaction notification |
| 16/02/2006 | Transaction notification |
| 16/02/2006 | Transaction notification |
| 16/02/2006 | Transaction notification |
| 16/02/2006 | Transaction notification |
| 16/02/2006 | Transaction notification |
| 16/02/2006 | Transaction notification |
| 16/02/2006 | Transaction notification |
| 16/02/2006 | Transaction notification |
| 14/02/2006 | Issuance of new shares from the share capital increase due to the exercise of the stock option |
| 02/02/2006 | Announcement of other significant information |
| 18/01/2006 | Announcement of other significant information |
| 10/01/2006 | Announcement of other significant information |
| 10/01/2006 | Announcement of the company's investments – Correct announcement |
| 10/01/2006 | Announcement of the company's investments |

Website

The annual financial statements, the auditors' reports and the Board of Directors reports of the companies included in the consolidated financial statements are available on the Company's website www.lamda-development.net.