



Babis Vovos International Construction S.A.

Financial Statements for the year ended 31
December 2005 under International Financial
Reporting Standards

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Report of the auditors

To the Shareholders of BABIS VOVOS SA

We have audited the accompanying balance sheet of BABIS VOVOS SA (the "Company") and the consolidated balance sheet of the Company and its subsidiaries (the "Group") as of 31 December 2005 and the related statements of income, cash flows and changes in shareholders' equity of the Company and the Group for the year then ended. These financial statements set out on pages 5 to 60 are the responsibility of the Company's management. 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 are based on International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We also assessed the consistency of the information included in the Directors' Report with the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2005, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the information included in the Directors' Report is consistent with the financial statements.

Athens, 2 March 2006

THE CERTIFIED AUDITORS ACCOUNTANTS

ANTONIOS PROKOPIDIS

SOEL REG. NO. 14511

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EUROAUDITING S.A.



Balance sheet

All amounts in Euro thousands

	Note	Consolidated		Company	
		31 December 2005	31 December 2004	31 December 2005	31 December 2004
ASSETS					
Non-current assets					
Investment property	7	904,383	624,951	708,069	535,286
Property, plant and equipment	8	22,240	30,064	19,431	21,208
Intangible assets	9	18,973	18,866	16,545	16,437
Investments	10	18	18	32,301	21,728
Other non-current receivables		237	227	61	47
		<u>945,851</u>	<u>674,126</u>	<u>776,407</u>	<u>594,707</u>
Current assets					
Inventories	11	13,023	28,366	10,151	4,017
Trade receivables	12	53,563	69,842	91,947	108,586
Securities	13	-	381	-	381
Cash and cash equivalents	14	50,104	75,744	9,615	49,394
		<u>116,691</u>	<u>174,334</u>	<u>111,713</u>	<u>162,378</u>
Total assets		<u>1,062,542</u>	<u>848,460</u>	<u>888,121</u>	<u>757,084</u>
EQUITY					
Capital and reserves attributable the Company's equity holders					
Share capital	15	46,832	46,832	46,832	46,832
Reserves	16	23,053	23,642	25,244	25,044
Retained earnings		394,872	279,166	318,737	256,344
		<u>464,757</u>	<u>349,640</u>	<u>390,813</u>	<u>328,220</u>
Minority interest		7,868	4,194	-	-
Total equity		<u>472,626</u>	<u>353,835</u>	<u>390,813</u>	<u>328,220</u>
LIABILITIES					
Non-current liabilities					
Borrowings, including finance leases	17	341,271	295,125	280,454	277,117
Deferred income tax liabilities	18	115,505	67,497	92,710	58,925
Retirement benefit obligations	19	1,549	1,381	1,404	1,245
Other non-current liabilities		3,976	4,681	3,092	3,403
		<u>462,301</u>	<u>368,684</u>	<u>377,659</u>	<u>340,691</u>
Current liabilities					
Trade and other payables	20	31,233	54,924	56,166	18,853
Current income tax liabilities		10,861	10,344	8,991	10,322
Borrowings, including finance leases	17	73,737	54,484	43,448	52,809
Dividend payable		2,634	6,189	2,634	6,189
Provisions for other liabilities & expenses	31	1,180	-	438	-
Derivative liabilities	21	7,970	-	7,970	-
		<u>127,616</u>	<u>125,941</u>	<u>119,648</u>	<u>88,173</u>
Total liabilities		<u>589,917</u>	<u>494,625</u>	<u>497,307</u>	<u>428,864</u>
Total equity and liabilities		<u>1,062,542</u>	<u>848,460</u>	<u>888,121</u>	<u>757,084</u>

The notes on pages 10 to page 60 are an integral part of these consolidated financial statements.

Income statement

All amounts in Euro thousands

	Note	Consolidated		Company	
		1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Revenue	22	40,791	48,689	34,437	40,911
Cost of sales	23	(26,273)	(32,398)	(20,025)	(26,721)
Gross profit		14,518	16,292	14,412	14,190
Net gain from fair value adjustment on investment property		188,714	175,587	132,230	173,105
Selling and marketing costs	23	(161)	(745)	(159)	(745)
Administrative expenses	23	(9,151)	(4,473)	(7,110)	(3,844)
Other gains / (expenses) - net	24	995	(452)	(66)	(320)
Operating profit		194,914	186,209	139,306	182,386
Gain (Loss) from investment in subsidiary	10	-	-	(17,257)	10,953
Finance expenses (net)	25	(21,734)	(32,641)	(18,387)	(31,270)
Profit before income tax		173,181	153,568	103,662	162,068
Income tax expense	27	(48,827)	(23,090)	(35,392)	(24,282)
Profit for the year		124,353	130,478	68,271	137,786
Attributable to:					
Equity holders of the Company		120,789	129,862	68,271	137,786
Minority interest		3,565	616	-	-
		<u>124,353</u>	<u>130,478</u>	<u>68,271</u>	<u>137,786</u>
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)	28	3.56	3.83	2.01	4.06

The notes on pages 10 to page 60 are an integral part of these consolidated financial statements.

Statement of changes in equity

All amounts in Euro thousands

Consolidated statement of changes in equity

	Note	Attributable to equity holders of the Group			Minority interest	Total equity
		Share capital	Other reserves	Retained earnings		
Balance at 31 December 2004	15.16	46,832	23,642	279,166	4,194	353,835
Effect of adopting IAS 32 & 39		-	-	1,114	3	1,118
Balance at 1 January 2005		46,832	23,642	280,280	4,197	354,952
Profit for the period		-	-	120,789	3,565	124,353
Transfer to statutory reserve	16	-	578	(578)	-	-
Transfer to special - untaxed reserve	16	-	(1,168)	1,168	-	-
Dividend relating to 2004		-	-	(6,786)	-	(6,786)
Business combinations	34	-	-	-	106	106
Balance at 31 December 2005		46,832	23,053	394,872	7,868	472,626

Consolidated statement of changes in equity

	Note	Attributable to equity holders of the Group			Minority interest	Total equity
		Share capital	Other reserves	Retained earnings		
Balance at 1 January 2004	15.16	46,832	29,400	156,673	3,579	236,484
Profit for the period		-	-	129,862	616	130,478
Loss from disposal of treasury shares	16	-	(6,919)	-	-	(6,919)
Transfer to statutory reserve	16	-	807	(807)	-	-
Transfer to extraordinary reserve	16	-	74	(74)	-	-
Transfer to special - untaxed reserve	16	-	281	(281)	-	-
Dividend relating to 2003		-	-	(769)	-	(769)
Statutory dividend proposed for 2004		-	-	(5,440)	-	(5,440)
Balance at 31 December 2004		46,832	23,642	279,166	4,194	353,835

Company Statement of changes in equity

	Note	Attributable to equity holders of the Company			Total equity
		Share capital	Other reserves	Retained earnings	
Balance at 31 December 2004	15.16	46,832	25,044	256,344	328,220
Effect of adopting IAS 32 & 39		-	-	1,108	1,108
Balance at 1 January 2005		46,832	25,044	257,452	329,328
Profit for the period		-	-	68,271	68,271
Transfer to statutory reserve	16	-	199	(199)	-
Dividend relating to 2004		-	-	(6,786)	(6,786)
Balance at 31 December 2005		46,832	25,244	318,737	390,813

Company Statement of changes in equity

		Attributable to equity holders of the Company			Total equity
		Share capital	Other reserves	Retained earnings	
Balance at 1 January 2004	Note	46,832	30,802	125,917	203,551
Profit for the period	15.16	-	-	137,786	137,786
Loss from disposal of treasury shares		-	(6,919)	-	(6,919)
Transfer to statutory reserve	16	-	807	(807)	-
Transfer to extraordinary reserve	16	-	74	(74)	-
Transfer to special - untaxed reserve	16	-	281	(281)	-
Dividend relating to 2003	16	-	-	(769)	(769)
Statutory dividend proposed for 2004		-	-	(5,429)	(5,429)
Balance at 31 December 2004		46,832	25,044	256,344	328,220

The notes on pages 10 to Page 60 are an integral part of these consolidated financial statements.

Cash flow statement

All amounts in Euro thousands

	Note	Consolidated		Company	
		1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Cash flows from operating activities					
Cash generated from operations	30	(440)	15,875	45,495	(18,646)
Interest paid		(21,289)	(32,930)	(17,671)	(31,458)
Income tax paid		(3,806)	(10,964)	(2,937)	(6,596)
Net cash generated from operating activities		(25,536)	(28,020)	24,887	(56,700)
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	34	(10,572)	-	(10,572)	-
Additions in investment property (acquisitions & development)	7	(25,029)	(21,359)	(18,912)	(20,961)
Additions in property, plant and equipment & intangible assets	8.9	(12,342)	(2,745)	(17,403)	(2,739)
Proceeds from sale of property, plant and equipment	7	-	4,250	-	4,250
Dividend inflow		-	-	-	10,953
Interest inflow	25	462	289	187	188
Decrease of other short - term assets		381	-	381	-
Net cash used in investing activities		(47,100)	(19,565)	(46,319)	(8,310)
Cash flows from financing activities					
Proceeds from disposal of treasury shares		-	38,241	-	38,241
Inflows from derivatives	21	7,200	-	7,200	-
Borrowings inflows		118,653	152,325	41,653	144,085
Borrowings payback		(68,517)	(84,686)	(56,858)	(78,736)
Dividends paid to the Company's shareholders		(10,341)	(8,891)	(10,341)	(8,891)
Dividends paid to minority interests		-	(11)	-	-
Net cash used in financing activities		46,995	96,978	(18,346)	94,699
Net (decrease) / increase in cash and bank overdrafts		(25,640)	49,393	(39,778)	29,689
Cash and cash equivalents at beginning of the year		75,744	26,351	49,394	19,705
Cash and cash equivalents at end of the year	14	50,104	75,744	9,616	49,394

The notes on pages 10 to Page 60 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 General information

The financial statements include the financial statements of Babis Vovos International Construction S.A (“Company”) and the consolidated financial statements of the group which include financial statements of the company and its subsidiaries (together “BVIC” or “Group”) for the year ended 31 December 2005 under the International Financial Reporting Standards (“IFRS”). The subsidiaries are provided in Note 10.

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

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

The company website is www.babisvovos.com.

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

The financial statements of the Company and the Group for the year ended 31 December 2005 have been approved for issue by the Board of Directors on March 2nd, 2006

2 Summary of significant accounting policies

2.1 Basis of preparation

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

All IFRS issued by the IASB, which apply to the preparation of these financial statements, and effective at the time of preparing the financial statements have been adopted by the EU through the endorsement procedure established by the European Commission (“EC”), except for IAS 39 “Financial Instruments: Recognition and Measurement”. Following recommendations from the Accounting Regulatory Committee, the Commission adopted the Regulations 2086/2004 and 1864/2005 that require the application of IAS 39, minus certain provisions on portfolio hedging of core deposits, by all listed companies with effect from the 1st January 2005.

As 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.

These financial statements are subject to the provisions of IFRS 1 “First-time Adoption of International Financial Reporting Standards” as they are the first financial statements that comply with IFRS. The financial statements of the Company and the Group were prepared in accordance with the Greek Generally Accepted Accounting Principles (“GAAP”) until 31 December 2004. Greek GAAP differs in some areas from IFRS. In preparing these financial statements, management has amended certain accounting, valuation and consolidation methods applied in the financial statements prepared under the Greek Generally Accepted Accounting Principles to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments.

In accordance with the transition provisions of IFRS 1 and of other relevant standards, the Company and the Group applied all the standards that were issued and effective as at 31 December 2005 to the financial information from 1st of January 2004, with the exception of IAS 32/39. These standards were applied from 1st of January 2005 under the exemption provided by IFRS 1, and as a result they were not applied in the 2004 figures.

Reconciliations and descriptions of the effect of the transition from Greek GAAP to IFRS on the Group's equity and its net income are presented in Note 5.2.

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

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

2.2 New standards, interpretations and amendments to published standards

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the accounting periods beginning on or after 1 January 2006 or later periods but which the Company and the Group have not early adopted. Management's estimation of the impact of these new standards, interpretations and amendments is as follows:

- **IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006).**

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements.

The Group and the Company will apply this amendment from annual periods beginning 1 January 2006.

- **IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006)**

The amendment allows the foreign currency risk of a highly probable forecast intra-group transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, as the Group does not have any intra-group transactions that would qualify as a hedged items.

- **IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006)**

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 and the Company believes that this amendment should not have a significant impact on the classification of financial instruments, as the Group and the Company should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit or loss. The Group and the Company will apply this amendment from 1 January 2006.

- **IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006).**

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 and the Company.

- **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)**

These amendments are not relevant to the Group and the Company.

- **IFRS 6 , Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)**

IFRS 6 is not relevant to the Group and the Company.

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007)**

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. IFRS 7 replaces IAS 30 “Disclosures in the Financial Statements of Banks and Similar Financial Institutions”, and disclosure requirements in IAS 32 “Financial Instruments: Disclosure and Presentation.” It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity’s capital and how it manages capital. The Group and the Company assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

- **IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006)**

IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management believes that IFRIC 4 will not impact the current accounting of applicable arrangements.

- **IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006).**

IFRIC 5 is not relevant to the Group and the Company.

- **IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005).**

IFRIC 6 is not relevant to the Group and the Company.

2.3 Consolidation

(a) Subsidiaries

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

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

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

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

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

2.4 Segment Information

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

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

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

2.5 Foreign currency translation

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

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

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property comprises freehold land, freehold buildings, land held under operating lease and buildings held under finance lease. Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

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

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

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

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

Changes in fair values are recorded in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

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

2.7 Property plant and equipment

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

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

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

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

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

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

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

All borrowing costs are expensed.

2.8 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 5 years).

Rights for use of building coefficient

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

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

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

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

Currently the right to transfer unused building rights has not been brought into force since Law 3044/2002 requires certain ministerial decisions, environmental audits and/or local municipalities' decisions to come into effect before its application is possible in practice. In addition, a recent Council of State decision (No.569/2004)

froze, on the ground that certain sections of Law 3044/2002 were unconstitutional, the implementation of a February 2004 ministerial decision which permitted Law 3044/2002 to be used to transfer unused building rights in the Athens, Thessaloniki and Maroussi municipalities. The Council of State decision on the ministerial decision's validity and, thereby, Law 3004/2002's constitutionality is expected to be delivered no earlier than the end of 2006.

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

2.9 Impairment of assets

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

2.10 Investments

From 1 January 2004 to 31 December 2004

Current assets include treasury shares and other short-term securities, which are valued at the lower of cost and market value (average during the month prior to the financial period end). All treasury shares were disposed of during 2004.

From 1 January 2005

The investments of the Company and the Group are classified in the following categories: at fair value through profit and 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 at initial recognition and re-evaluates this designation at every reporting date.

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

This category includes financial assets acquired principally for the purpose of selling in the short term. Derivatives are categorised as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) Loans and receivables

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

(c) Held-to-maturity investments.

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

(d) Available-for-sale financial assets.

It includes non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the

investment within 12 months of the balance sheet date. During the year, the Group did not have any such assets.

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

Available for-sale financial assets are subsequently carried at fair value and relevant gains or losses are recognised in equity reserve until those assets are finally disposed or impaired. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are transferred in the income statement. Any impairment losses recognised in income statements are not subsequently reversed through the income statement.

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

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

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

2.11 Inventories

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

2.12 Trade receivables

From 1 January 2004 to 31 December 2004

Trade receivables are measured at nominal value 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 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.

From 1 January 2005 to 31 December 2005

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.

2.13 Cash and cash equivalents

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

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Borrowings

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

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

2.16 Derivative financial instruments

Derivative financial instruments include interest rate swaps.

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

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

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

2.17 Deferred income tax

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

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

2.18 Employee benefits

(a) Pension obligations

The Group companies participate in various defined benefit schemes, which are funded through payments to funds. The payments are determined by the Greek legislation and the funds' regulation. A defined benefit plan is

a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The benefits paid to all employees qualify as a post-employment defined benefit plan.

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

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

(b) Termination benefits

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

2.19 Provisions

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

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

2.20 Revenue recognition

Revenue includes mainly rental income, income from sale of real estate property and income from development and construction work.

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

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

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

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

2.21 Leases

(c) *A group company is the lessee*

i) **Operating lease**

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

ii) **Finance lease**

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

(d) *A group company is the lessor*

The Group leases out property only in the form of operating leases. Such property is included in investment property in the balance sheet (Note 7 below).

2.22 Dividend distribution

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (price risk, interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

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

(a) *Market risk*

The Group is exposed to property price and property rentals risk.

(b) Credit risk

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

(c) Liquidity risk

Liquidity risk is kept low levels by maintaining sufficient cash and marketable securities and committed credit lines available from financial institutions.

(d) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets.

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

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase or decrease as a result of such changes. They may reduce or create losses in the event that unexpected movements arise.

3.2 Fair value estimation

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques and market assumptions that are based on market conditions existing at each balance sheet date.

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

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

(a) Estimate of fair value of investment properties

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

- i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- i) 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
- i) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

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

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

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

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

(c) Income taxes

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

4.2 Critical judgements in applying the Group's accounting policies

Distinction between investment properties and owner-occupied properties

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

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

5 Transition to IFRS

5.1 Basis of transition to IFRS

5.1.1 Application of IFRS 1

The Group's financial statements for the year ended 31 December 2005 are the first annual financial statements that comply with IFRS. The Group has applied IFRS 1 in preparing this consolidated financial information.

BVIC transition date is 1 January 2004. The Group prepared its opening IFRS balance sheet at that date. The Group's IFRS adoption date is 1 January 2005.

In preparing this consolidated financial information in accordance with IFRS 1, the Group has applied certain of the optional exemptions and the mandatory exceptions from full retrospective application of IFRS.

5.1.2 Exemptions from full retrospective application elected by the Group

BVIC has elected to apply the following optional exemptions from full retrospective application.

(a) Business combinations exemption

BVIC has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 January 2004 transition date.

(b) Fair value as deemed cost exemption

BVIC has elected to measure the property at 340 Kifissias Avenue, used as offices by the Group, at fair value as at 1 January 2004.

(c) Employee benefits exemption

BVIC has elected to recognise all cumulative actuarial gains and losses as at 1 January 2004.

(d) Exemption from restatement of comparatives for IAS 32 and IAS 39

The Group elected to apply this exemption. It applies Greek GAAP rules to derivatives, financial assets and financial liabilities for 2004. The adjustments required for differences between Greek GAAP and IAS 32 and IAS 39 were determined and recognised at 1 January 2005.

(e) Designation of financial assets and financial liabilities exemption

The Group elected to apply the comparatives exemption for IAS 32 and IAS 39 (see (d) above). The Group has not reclassified securities as available-for-sale investments and as financial assets at fair value through profit and loss. The adjustments relating to IAS 32 and IAS 39 took place as appropriate at the opening balance sheet date of 1 January 2005, the IAS 32/39 transition date;

(f) Decommissioning liabilities included in the cost of property, plant and equipment exemption

The Group does not have any decommissioning liabilities (other than for a certain property that has been accounted for in accordance with IAS 17 and the commitment for restoration has been included as part of the minimum lease payments for the finance lease of the land); this exemption is not applicable.

(g) Fair value measurement of financial assets or liabilities at initial recognition

The Group elected to apply the comparatives exemption for IAS 32 and IAS 39 (see (e) above). The adjustments relating to IAS 32 and IAS 39 took place as appropriate at the opening balance sheet date of 1 January 2005, the IAS 32/39 transition date; this exemption is not applicable.

5.1.3 Exceptions from full retrospective application followed by the Group

BVIC has applied the following mandatory exceptions from retrospective application.

(h) Derecognition of financial assets and liabilities exception

Financial assets and liabilities derecognised before 1 January 2004 are not re-recognised under IFRS. The application of the exemption from restating comparatives for IAS 32 and IAS 39 means that the Group will recognise from 1 January 2005 any financial assets and financial liabilities derecognised since 1 January 2004 that do not meet the IAS 39 derecognition criteria. Management did not choose to apply the IAS 39 derecognition criteria to an earlier date.

(i) Estimates exception

Estimates under IFRS at 1 January 2004 should be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

5.2 Reconciliations between IFRS and Greek GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS. The first reconciliation provides an overview of the impact on equity of the transition at 1 January 2004 and 31 December 2004 (Note 5.2.1).

The following five reconciliations provide details of the impact of the transition on:

- balance sheet at 1 January 2004 (Note 5.2.2)
- balance sheet at 31 December 2004 (Note 5.2.3)
- income statement for the year ended at 31 December 2004 (Note 5.2.4)
- net income for the year ended at 31 December 2004 (Note 5.2.5)
- balance sheet at 1 January 2005 after the adoption of IAS 32/39 (Note 5.2.6)

5.2.1 Summary of equity

All amounts in Euro thousands

Consolidated	1 January 2004	31 December 2004
Equity under Greek GAAP	132,226	137,590
Gain from revaluation of investment property to fair value	303,860	479,319
Retrospective application of IAS 17 for finance leases	(114,779)	(168,231)
Reversal of profit from sale of property under preliminary agreements	(31,615)	(29,482)
Write-off of expenses previously capitalised but do not meet the IAS 38 criteria for recognition of intangible assets	(1,542)	(560)
Provision for employees retirement benefit based on actuarial study	(1,240)	(1,381)
Provision for doubtful debt	(2,711)	(2,711)
Reversal of proposed dividend until approval by AGM	769	6,786
Recognition of deferred tax	(48,484)	(67,497)
Total adjustments	104,258	216,244
Equity under IFRS	236,484	353,835

Company	1 January 2004	31 December 2004
Equity under Greek GAAP	138,220	143,850
Gain from revaluation of investment property to fair value	226,132	399,215
Retrospective application of IAS 17 for finance leases	(112,212)	(150,524)
Reversal of profit from sale of property under preliminary agreements	(10,453)	(8,774)
Write-off of expenses previously capitalised but do not meet the IAS 38 criteria for recognition of intangible assets	(1,538)	(559)
Provision for employees retirement benefit based on actuarial study	(1,120)	(1,245)
Provision for doubtful debt	(1,604)	(1,604)
Reversal of proposed dividend until approval by AGM	769	6,786
Recognition of deferred tax	(34,643)	(58,925)
Total adjustments	65,332	184,370
Equity under IFRS	203,551	328,220

5.2.2 Reconciliation of balance sheet at 1 January 2004

All amounts in Euro thousands

	Consolidated		
	Greek GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Non-current assets			
Investment property	-	355,731	355,731
Property, plant and equipment	13,018	87,768	100,786
Intangible assets	1,694	17,048	18,742
Investments	18	-	18
Other non-current receivables	746	(247)	499
	<u>15,476</u>	<u>460,301</u>	<u>475,777</u>
Current assets			
Inventories	93,542	(65,650)	27,891
Trade and other receivables	155,933	(88,418)	67,516
Securities	45,541	-	45,541
Cash and cash equivalents	26,351	-	26,351
	<u>321,367</u>	<u>(154,068)</u>	<u>167,299</u>
Total assets	<u>336,843</u>	<u>306,233</u>	<u>643,076</u>
EQUITY			
Capital and reserves attributable the Company's equity holders			
Share capital	46,832	-	46,832
Reserves	73,793	(44,393)	29,400
Retained earnings	9,458	147,215	156,673
	<u>130,083</u>	<u>102,823</u>	<u>232,906</u>
Minority interest	2,143	1,436	3,579
Total equity	<u>132,226</u>	<u>104,258</u>	<u>236,484</u>
LIABILITIES			
Non-current liabilities			
Borrowings, including finance leases	21,710	206,150	227,860
Deferred income tax liabilities	-	48,484	48,484
Retirement benefit obligations	-	1,240	1,240
Other non-current liabilities	4,765	-	4,765
	<u>26,475</u>	<u>255,874</u>	<u>282,349</u>
Current liabilities			
Trade and other payables	97,149	(53,131)	44,018
Current income tax liabilities	17,231	-	17,231
Borrowings, including finance leases	54,110	-	54,110
Dividend payable	9,651	(769)	8,883
	<u>178,142</u>	<u>(53,899)</u>	<u>124,242</u>
Total liabilities	<u>204,617</u>	<u>201,975</u>	<u>406,592</u>
Total equity and liabilities	<u>336,843</u>	<u>306,233</u>	<u>643,076</u>

	Company		
	<u>Greek GAAP</u>	<u>Effect of transition to IFRS</u>	<u>IFRS</u>
ASSETS			
Non-current assets			
Investment property	-	270,051	270,051
Property, plant and equipment	11,401	79,145	90,546
Intangible assets	1,690	14,624	16,314
Investments	21,728	-	21,728
Other non-current receivables	161	-	161
	<u>34,980</u>	<u>363,820</u>	<u>398,800</u>
Current assets			
Inventories	81,803	(75,248)	6,555
Trade and other receivables	144,956	(51,091)	93,865
Securities	45,541	-	45,541
Cash and cash equivalents	19,705	-	19,705
	<u>292,005</u>	<u>(126,339)</u>	<u>165,666</u>
Total assets	<u>326,984</u>	<u>237,481</u>	<u>564,466</u>
EQUITY			
Capital and reserves attributable the Company's equity holders			
Share capital	46,832	-	46,832
Reserves	75,195	(44,393)	30,802
Retained earnings	16,192	109,724	125,917
Total equity	<u>138,220</u>	<u>65,332</u>	<u>203,551</u>
LIABILITIES			
Non-current liabilities			
Borrowings, including finance leases	21,710	194,123	215,833
Deferred income tax liabilities	-	34,643	34,643
Retirement benefit obligations	-	1,120	1,120
Other non-current liabilities	3,096	-	3,096
	<u>24,806</u>	<u>229,885</u>	<u>254,691</u>
Current liabilities			
Trade and other payables	88,646	(56,967)	31,679
Current income tax liabilities	16,918	-	16,918
Borrowings, including finance leases	48,744	-	48,744
Dividend payable	9,651	(769)	8,883
	<u>163,959</u>	<u>(57,736)</u>	<u>106,223</u>
Total liabilities	<u>188,765</u>	<u>172,150</u>	<u>360,915</u>
Total equity and liabilities	<u>326,984</u>	<u>237,481</u>	<u>564,466</u>

The fair value of investment property and of owner-occupied property for which the fair value as "deemed cost" exemption was used, was based on a valuation report prepared by Ernst & Young Finance S.A (E&Y) dated 31 May 2004.

5.2.3 Reconciliation of balance sheet at 31 December 2004

All amounts in Euro thousands

	Greek GAAP	Consolidated Effect of transition to IFRS	IFRS
ASSETS			
Non-current assets			
Investment property	-	624,951	624,951
Property, plant and equipment	9,461	20,603	30,064
Intangible assets	711	18,155	18,866
Investments	18	-	18
Other non-current receivables	473	(247)	227
	<u>10,663</u>	<u>663,463</u>	<u>674,126</u>
Current assets			
Inventories	102,298	(73,931)	28,366
Trade and other receivables	107,028	(37,186)	69,842
Securities	381	-	381
Cash and cash equivalents	75,744	-	75,744
	<u>285,452</u>	<u>(111,118)</u>	<u>174,334</u>
Total assets	<u>296,115</u>	<u>552,345</u>	<u>848,460</u>
EQUITY			
Capital and reserves attributable the Company's equity holders			
Share capital	46,832	-	46,832
Reserves	42,350	(18,708)	23,642
Retained earnings	46,418	232,748	279,166
	<u>135,601</u>	<u>214,040</u>	<u>349,640</u>
Minority interest	1,990	2,204	4,194
Total equity	<u>137,590</u>	<u>216,244</u>	<u>353,835</u>
LIABILITIES			
Non-current liabilities			
Borrowings, including finance leases	10,785	284,340	295,125
Deferred income tax liabilities	-	67,497	67,497
Retirement benefit obligations	-	1,381	1,381
Other non-current liabilities	4,681	-	4,681
	<u>15,467</u>	<u>353,217</u>	<u>368,684</u>
Current liabilities			
Trade and other payables	75,636	(20,713)	54,924
Current income tax liabilities	10,344	-	10,344
Borrowings, including finance leases	44,102	10,382	54,484
Dividend payable	12,975	(6,786)	6,189
	<u>143,057</u>	<u>(17,117)</u>	<u>125,941</u>
Total liabilities	<u>158,524</u>	<u>336,101</u>	<u>494,625</u>
Total equity and liabilities	<u>296,115</u>	<u>552,345</u>	<u>848,460</u>

	Company		
	<u>Greek GAAP</u>	<u>Effect of transition to IFRS</u>	<u>IFRS</u>
ASSETS			
Non-current assets			
Investment property	-	535,286	535,286
Property, plant and equipment	7,203	14,005	21,208
Intangible assets	709	15,728	16,437
Investments	21,728	-	21,728
Other non-current receivables	47	-	47
	<u>29,687</u>	<u>565,020</u>	<u>594,707</u>
Current assets			
Inventories	91,445	(87,428)	4,017
Trade and other receivables	93,648	14,938	108,586
Securities	381	-	381
Cash and cash equivalents	49,394	-	49,394
	<u>234,867</u>	<u>(72,490)</u>	<u>162,378</u>
Total assets	<u>264,554</u>	<u>492,530</u>	<u>757,084</u>
EQUITY			
Capital and reserves attributable the Company's equity holders			
Share capital	46,832	-	46,832
Reserves	43,752	(18,708)	25,044
Retained earnings	53,266	203,078	256,344
Total equity	<u>143,850</u>	<u>184,370</u>	<u>328,220</u>
LIABILITIES			
Non-current liabilities			
Borrowings, including finance leases	10,785	266,332	277,117
Deferred income tax liabilities	-	58,925	58,925
Retirement benefit obligations	-	1,245	1,245
Other non-current liabilities	3,403	-	3,403
	<u>14,189</u>	<u>326,502</u>	<u>340,691</u>
Current liabilities			
Trade and other payables	40,245	(21,392)	18,853
Current income tax liabilities	10,322	-	10,322
Borrowings, including finance leases	42,974	9,835	52,809
Dividend payable	12,975	(6,786)	6,189
	<u>106,516</u>	<u>(18,342)</u>	<u>88,173</u>
Total liabilities	<u>120,704</u>	<u>308,160</u>	<u>428,864</u>
Total equity and liabilities	<u>264,554</u>	<u>492,530</u>	<u>757,084</u>

The fair value of investment property and of owner-occupied property for which the fair value as “deemed cost” exemption was used, was based on a valuation report prepared by Ernst & Young Finance S.A (E&Y) dated 31 December 2004.

5.2.4 Reconciliation of income statement for year ended 31 December 2004

All amounts in Euro thousands

	Consolidated		
	Greek GAAP	Effect of transition to IFRS	IFRS
Revenue	171,550	(122,860)	48,689
Cost of sales	(126,462)	94,065	(32,398)
Gross profit	45,088	(28,796)	16,292
Net gain from fair value adjustment on investment property	-	175,587	175,587
Selling and marketing costs	(1,202)	456	(745)
Administrative expenses	(5,373)	900	(4,473)
Other gains / (expenses) - net	818	(1,270)	(452)
Operating profit	39,331	146,878	186,209
Finance expense (net)	(9,430)	(23,211)	(32,641)
Non operating / extraordinary expenses (revenues)	(1,090)	1,090	-
Profit before income tax	28,811	124,757	153,568
Income tax expense	(4,385)	(18,705)	(23,090)
Profit for the year	24,426	106,052	130,478

	Company		
	Greek GAAP	Effect of transition to IFRS	IFRS
Revenue	146,253	(105,342)	40,911
Cost of sales	(117,598)	90,877	(26,721)
Gross profit	28,655	(14,465)	14,190
Net gain from fair value adjustment on investment property	-	173,105	173,105
Selling and marketing costs	(1,202)	456	(745)
Administrative expenses	(4,830)	986	(3,844)
Other gains / (expenses) - net	635	(956)	(320)
Operating profit	23,259	159,126	182,386
Dividends received	10,953	-	10,953
Finance expense (net)	(8,469)	(22,801)	(31,270)
Non operating / extraordinary expenses (revenues)	(822)	822	-
Profit before income tax	24,921	137,147	162,068
Income tax expense	(182)	(24,101)	(24,282)
Profit for the year	24,739	113,047	137,786

5.2.5 Reconciliation of net income for year ended 31 December 2004

All amounts in Euro thousands

	Consolidated	Company
	1/1/2004-	1/1/2004-
	31/12/2004	31/12/2004
Net profit under Greek GAAP	24,426	24,739
Gain from revaluation of property to fair value	175,543	173,109
Retrospective application of IAS 17 for finance leases	(53,452)	(38,312)
Reversal of profit from sale of property under preliminary agreements	2,133	1,679
Write-off of expenses previously capitalised but do not meet the IAS 38 criteria for recognition of intangible assets	982	979
Provision for employees retirement benefit based on actuarial study	(140)	(126)
Recognition of deferred tax	(19,013)	(24,282)
Total adjustments	106,052	113,047
Net profit under IFRS	130,478	137,786

5.2.6 Reconciliation of balance sheet at 1 January 2005 after the adoption of IAS 32/39

All amounts in Euro thousands

	IFRS	Consolidated	IFRS
	31/12/2004	Adjustments for	1/1/2005
		IAS 32/39	
ASSETS			
Non-current assets			
Investment property	624,951	-	624,951
Property, plant and equipment	30,064	-	30,064
Intangible assets	18,866	-	18,866
Investments	18	-	18
Other non-current receivables	227	-	227
	<u>674,126</u>	<u>-</u>	<u>674,126</u>
Current assets			
Inventories	28,366	-	28,366
Trade and other receivables	69,842	-	69,842
Securities	381	-	381
Cash and cash equivalents	75,744	-	75,744
	<u>174,334</u>	<u>-</u>	<u>174,334</u>
Total assets	<u>848,460</u>	<u>-</u>	<u>848,460</u>
EQUITY			
Capital and reserves attributable the Company's equity holders			
Share capital	46,832	-	46,832
Reserves	23,642	-	23,642
Retained earnings	279,166	1,114	280,280
	<u>349,640</u>	<u>1,114</u>	<u>350,755</u>
Minority interest	4,194	3	4,197
Total equity	<u>353,835</u>	<u>1,118</u>	<u>354,952</u>
LIABILITIES			
Non-current liabilities			
Borrowings, including finance leases	295,125	-	295,125
Deferred income tax liabilities	67,497	-	67,497
Retirement benefit obligations	1,381	-	1,381
Other non-current liabilities	4,681	(1,118)	3,564
	<u>368,684</u>	<u>(1,118)</u>	<u>367,567</u>
Current liabilities			
Trade and other payables	54,924	-	54,924
Current income tax liabilities	10,344	-	10,344
Borrowings, including finance leases	54,484	-	54,484
Dividend payable	6,189	-	6,189
	<u>125,941</u>	<u>-</u>	<u>125,941</u>
Total liabilities	<u>494,625</u>	<u>(1,118)</u>	<u>493,507</u>
Total equity and liabilities	<u>848,460</u>	<u>-</u>	<u>848,460</u>

	Company		
	IFRS 31/12/2004	Adjustments for IAS 32/39	IFRS 1/1/2005
ASSETS			
Non-current assets			
Investment property	535,286	-	535,286
Property, plant and equipment	21,208	-	21,208
Intangible assets	16,437	-	16,437
Investments	21,728	-	21,728
Other non-current receivables	47	-	47
	<u>594,707</u>	<u>-</u>	<u>594,707</u>
Current assets			
Inventories	4,017	-	4,017
Trade and other receivables	108,586	-	108,586
Securities	381	-	381
Cash and cash equivalents	49,394	-	49,394
	<u>162,378</u>	<u>-</u>	<u>162,378</u>
Total assets	<u>757,084</u>	<u>-</u>	<u>757,084</u>
EQUITY			
Capital and reserves attributable the Company's equity holders			
Share capital	46,832	-	46,832
Reserves	25,044	-	25,044
Retained earnings	256,344	1,108	257,452
Total equity	<u>328,220</u>	<u>1,108</u>	<u>329,328</u>
LIABILITIES			
Non-current liabilities			
Borrowings, including finance leases	277,117	-	277,117
Deferred income tax liabilities	58,925	-	58,925
Retirement benefit obligations	1,245	-	1,245
Other non-current liabilities	3,403	(1,108)	2,295
	<u>340,691</u>	<u>(1,108)</u>	<u>339,583</u>
Current liabilities			
Trade and other payables	18,853	-	18,853
Current income tax liabilities	10,322	-	10,322
Borrowings, including finance leases	52,809	-	52,809
Dividend payable	6,189	-	6,189
	<u>88,173</u>	<u>-</u>	<u>88,173</u>
Total liabilities	<u>428,864</u>	<u>(1,108)</u>	<u>427,756</u>
Total equity and liabilities	<u>757,084</u>	<u>-</u>	<u>757,084</u>

6 Segment Reporting

6.1 Primary reporting format – business segments

At 31st December 2005, the Group was organised into three main business segments according to its activities: development and sale of property, property leases and construction works.

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

All amounts in Euro thousands

	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Revenue	4,298	1,482	35,011	-	40,791
Operating profit	(194)	91	202,356	(7,339)	194,914
Finance expense (net)	-	-	-	-	(21,734)
Profit before income tax	(194)	91	202,356	(7,339)	173,181
Income tax expense	-	-	-	-	(48,827)
Profit for the year	(194)	91	202,356	(7,339)	124,353

The segment results for the year ended 31 December 2004 are as follows:

	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Revenue	12,857	4,577	31,255	-	48,689
Operating profit	20,323	387	171,147	(5,649)	186,209
Finance expense (net)	-	-	-	-	(32,641)
Profit before income tax	20,323	387	171,147	(5,649)	153,568
Income tax expense	-	-	-	-	(23,090)
Profit for the year	20,323	387	171,147	(5,649)	130,478

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

All amounts in Euro thousands

	Year ended 31 December 2005				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Lease expense	-	-	19,649	-	19,649
Net gain from fair value adjustment on investment property	-	-	188,714	-	188,714
Impairment of receivables	(1,121)	-	-	-	(1,121)

	Year ended 31 December 2004				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Lease expense	-	-	17,955	-	17,955
Net gain from fair value adjustment on investment property	-	-	175,587	-	175,587

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 2005 are as follows:

	December 2005				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Total Assets	184,468	1,945	813,656	62,473	1,062,542
Total Liabilities	101,748	6	321,140	167,022	589,917

The segment assets and liabilities at 31 December 2004 are as follows:

	31 December 2004				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Total Assets	108,398	1,989	637,158	100,915	848,460
Total Liabilities	124,844	153	278,744	90,884	494,625

Segment assets consist primarily of investment property, property plant and equipment, intangible assets, inventories, trade and other receivables as well as cash and cash equivalents.

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

6.2 Secondary reporting format – geographical segments

The Group realises the total of its sales in Greece.

7 Investment property

All amounts in Euro thousands

	Consolidated	Company
At beginning of period (01.01.2004)	355,731	270,051
Additions in investment property	21,359	20,961
Transfer from property, plant and equipment	75,147	74,043
Transfer to property, plant and equipment	(4,210)	(4,210)
Transfer from inventory	1,336	1,336
Net gain from fair value adjustments on investment property	175,587	173,105
At end of period (31.12.2004)	624,951	535,286
Additions in investment property	35,119	29,002
Transfer from property, plant and equipment	31,198	9,037
Transfer from inventory	24,401	2,513
Net gain from fair value adjustments on investment property	188,714	132,230
At end of period (31.12.2005)	904,383	708,069

The fair market value of Investment property was re-measured and adjusted at 31 December 2005 based on the Valuation Report by an independent professionally qualified valuer of Colliers International. For all properties, valuations were based on current prices in an active market and discounted cash flow projections.

Additions to investment property

During the year ended at 31 December 2005, the Group acquired five investment properties, three of which are currently under construction.

Part of the building (54% of horizontal ownerships) which was developed in a property acquired by the Group (through the acquisition of the owner company) located in Maroussi (49 Kifissias Av.) was fully completed. For this part, an operating lease agreement was signed with Media Markt. During the 4th quarter of 2005 an additional part of the building (ground floor retail stores and parking station) was completed. For this new part, a sale and leaseback agreement of €21 million was signed by the Group.

The completion of the above parts had a positive contribution of approximately € 93 million in the Group's result before deferred tax during the year 2005 based on the valuation performed by the independent appraiser.

Investment property currently under development

Acquisition of investment property during 2005

During 2005, the Group acquired three land plots (investment properties) that are currently under construction.

Delta Falirou

BVIC and Carrefour jointly agreed not to proceed with the preliminary sale agreement they had entered into. During 2005, the Group refunded the prepayment of € 28 million that was received as part of the preliminary agreement, with no additional penalties or charges and in June 2005 a new operating lease agreement for the same property was signed by the Group. The Delta Falirou property was transferred from inventory to

investment property and re-valued to fair value, which resulted in a gain of € 17,5 million at the Group's results before deferred tax. During the fourth quarter of 2005, the Group signed a sale and leaseback agreement covering 94% of the lettable area and 100% of the parking spaces of the property, for € 59 million.

Sounio

The Council of State's verdict, regarding the building permit for the development of 105 vacation homes on a land plot in Pountazeza Sounio, was severely delayed. Therefore, the Group investigated alternative development plans for the land plot during 2005. Specifically, BVIC completed a building design for the development of three distinct hotel units, with a total above ground area of 12,000 sqm. BVIC Group has already received all the necessary permits from the Greek National Tourist Organisation (GNTO) and is thus ready to apply for a new building permit, which is expected within the first quarter of 2006. The development of the land plot in Sounio, in a particularly attractive location, will generate significant demand from Greek and foreign hotel operators. The Group intends to secure a long-term lease agreement with a hotel operator to manage the units that will be developed.

Certain other preliminary contracts regarding other properties (mainly parking spaces) were cancelled and these properties were transferred from inventory to investment property and re-valued to fair value by the independent appraiser, which resulted in a gain of € 18.6 million at the Group's results before deferred tax.

Investment property also includes the right to use for 48 years a land plot located at Ethnikis Antistaseos street in Chalandri. The Group has entered into a BOT style agreement with the Russian Federation, under which the Group constructed two building complexes totalling a plot surface area of 27,372sqm (Complex I (10,000sqm) and Complex II (17,372sqm)). The Russian Federation now occupies Complex I, and the Group has been granted a lease in respect of Complex II for 48 years. This structure was designed to meet the Russian Federation's particular specifications. The Group has entered into a securitisation type transaction for 18 years in respect of its interest in Complex II under which it has sold its right to receive revenue for 18 years to a leasing company. The Group has subleased the whole of Complex II and the car park to Vodafone for a term of 18 years. During the BOT agreement, the group has the obligation of keeping the Building complex fully operational. This liability was recognised in the financial statements and is included in the finance lease liabilities.

In the income statement, direct operating expenses include € 110 thousand relating to investment property that was vacant.

Investment property includes buildings valued at € 768,868 thousand (including the Build Operate Transfer above), held under sale and leaseback agreements, of which the remaining obligations are € 295,268 thousand.

8 Property, plant and equipment

All amounts in Euro thousands

Consolidated		Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
Year ended 31 December 2005		Note				
Opening net book amount		9,941	693	91	19,339	30,064
Purchases through business combinations	34	-	-	-	21,281	21,281
Purchases		500	68	112	74	754
Expenditure on property under construction		-	-	-	11,445	11,445
Transfer to investment property	7	-	-	-	(31,198)	(31,198)
Transfer to inventory		-	-	-	(9,571)	(9,571)
Depreciation charge		(234)	(236)	(65)	-	(534)
Closing net book amount		<u>10,207</u>	<u>525</u>	<u>138</u>	<u>11,369</u>	<u>22,240</u>
Year ended 31 December 2005						
Cost		10,990	2,283	475	11,369	25,118
Accumulated depreciation		(783)	(1,758)	(337)	-	(2,878)
Net book amount		<u>10,207</u>	<u>525</u>	<u>138</u>	<u>11,369</u>	<u>22,240</u>
Consolidated		Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
Year ended 31 December 2004		Note				
Opening net book amount		9,896	929	103	89,858	100,786
Purchases		252	31	41	-	324
Expenditure on property under construction		-	-	-	2,393	2,393
Disposal		-	-	-	(1,974)	(1,974)
Transfer to investment property	7	-	-	-	(75,147)	(75,147)
Transfer from investment property	7	-	-	-	4,210	4,210
Depreciation charge		(207)	(267)	(53)	-	(528)
Closing net book amount		<u>9,941</u>	<u>693</u>	<u>91</u>	<u>19,339</u>	<u>30,064</u>
Year ended 31 December 2004						
Cost		10,490	2,215	363	19,339	32,408
Accumulated depreciation		(550)	(1,522)	(272)	-	(2,344)
Net book amount		<u>9,941</u>	<u>693</u>	<u>91</u>	<u>19,339</u>	<u>30,064</u>
1 January 2004						
Cost		10,238	2,184	322	89,858	102,602
Accumulated depreciation		(342)	(1,255)	(219)	-	(1,816)
Net book amount		<u>9,896</u>	<u>929</u>	<u>103</u>	<u>89,858</u>	<u>100,786</u>

Company		Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
Year ended 31 December 2005		Note				
Opening net book amount		1,093	686	91	19,339	21,208
Purchases		500	23	112	74	708
Expenditure on property under construction		-	-	-	16,551	16,551
Transfer to investment property	7	-	-	-	(9,037)	(9,037)
Transfer to inventory		-	-	-	(9,571)	(9,571)
Depreciation charge		(137)	(227)	(64)	-	(428)
Closing net book amount		<u>1,456</u>	<u>481</u>	<u>138</u>	<u>17,356</u>	<u>19,431</u>
Year ended 31 December 2005						
Cost		2,046	1,891	445	17,356	21,738
Accumulated depreciation		(590)	(1,410)	(307)	-	(2,307)
Net book amount		<u>1,456</u>	<u>481</u>	<u>138</u>	<u>17,356</u>	<u>19,431</u>
Company		Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
Year ended 31 December 2004		Note				
Opening net book amount		952	915	103	88,576	90,546
Purchases		252	26	41	-	319
Expenditure on property under construction		-	-	-	2,393	2,393
Disposal		-	-	-	(1,797)	(1,797)
Transfer to investment property	7	-	-	-	(74,043)	(74,043)
Transfer from investment property		-	-	-	4,210	4,210
Depreciation charge		(111)	(256)	(53)	-	(420)
Closing net book amount		<u>1,093</u>	<u>686</u>	<u>91</u>	<u>19,339</u>	<u>21,208</u>
Year ended 31 December 2004						
Cost		1,546	1,868	333	19,339	23,087
Accumulated depreciation		(453)	(1,183)	(243)	-	(1,879)
Net book amount		<u>1,093</u>	<u>686</u>	<u>91</u>	<u>19,339</u>	<u>21,208</u>
1 January 2004						
Cost		1,294	1,842	293	88,576	92,005
Accumulated depreciation		(342)	(927)	(190)	-	(1,459)
Net book amount		<u>952</u>	<u>915</u>	<u>103</u>	<u>88,576</u>	<u>90,546</u>

There were no impairment charges in 2005.

The consolidated financial results include an own-occupied property, for which the fair value was considered as “deemed cost”, based on a valuation report by an independent valuer, at 31 May 2004. The fair value resulted from the valuation was € 8,932,000. The un-depreciated value of the aforementioned property plant equipment at 31 December 2005 was € 8,739,360.

9 Intangible assets

All amounts in Euro thousands

Consolidated			
	Software licences	Purchased rights to transfer building coefficients	Total
Year ended 31 December 2005			
Opening net book amount	55	18,810	18,866
Additions	83	61	144
Amortisation charge	(37)	-	(37)
Closing net book amount	<u>102</u>	<u>18,871</u>	<u>18,973</u>
Year ended 31 December 2005			
Cost	230	18,871	19,101
Accumulated amortisation	(129)	-	(129)
Net book amount	<u>102</u>	<u>18,871</u>	<u>18,973</u>
Consolidated			
	Software licences	Purchased rights to transfer building coefficients	Total
Year ended 31 December 2004			
Opening net book amount	57	18,685	18,742
Additions	28	125	153
Amortisation charge	(29)	-	(29)
Closing net book amount	<u>55</u>	<u>18,810</u>	<u>18,866</u>
Year ended 31 December 2004			
Cost	147	18,810	18,957
Accumulated amortisation	(92)	-	(92)
Net book amount	<u>55</u>	<u>18,810</u>	<u>18,866</u>
1 January 2004			
Cost	119	18,685	18,804
Accumulated amortisation	(62)	-	(62)
Net book amount	<u>57</u>	<u>18,685</u>	<u>18,742</u>

Company	Software licences	Purchased rights to transfer building coefficients	Total
Year ended 31 December 2005			
Opening net book amount	55	16,382	16,437
Additions	83	61	144
Amortisation charge	(37)	-	(37)
Closing net book amount	<u>102</u>	<u>16,443</u>	<u>16,545</u>
Year ended 31 December 2005			
Cost	230	16,443	16,673
Accumulated amortisation	(129)	-	(129)
Net book amount	<u>102</u>	<u>16,443</u>	<u>16,545</u>
Company			
	Software licences	Purchased rights to transfer building coefficients	Total
Year ended 31 December 2004			
Opening net book amount	57	16,257	16,314
Additions	28	125	153
Amortisation charge	(29)	-	(29)
Closing net book amount	<u>55</u>	<u>16,382</u>	<u>16,437</u>
Year ended 31 December 2004			
Cost	147	16,382	16,529
Accumulated amortisation	(92)	-	(92)
Net book amount	<u>55</u>	<u>16,382</u>	<u>16,437</u>
1 January 2004			
Cost	119	16,257	16,376
Accumulated amortisation	(62)	-	(62)
Net book amount	<u>57</u>	<u>16,257</u>	<u>16,314</u>

Transfer of Building Coefficient rights

The fair value of the rights to transfer building coefficient as determined by a valuation report prepared by Colliers International dated 31 December 2005 amounts to € 56,359,000 which has not been recognized in the financial statements.

10 Investments in subsidiaries and other investments

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Participation to subsidiaries	-	-	32,300	21,727
Other participations	18	18	1	1
	<u>18</u>	<u>18</u>	<u>32,301</u>	<u>21,728</u>

In the company income statement, a loss amounting to €17,257 thousand and a gain amounting to € 10,953 thousand for the years 2005 and 2004 respectively were included. Both amounts concern the result of the subsidiary "Babis Vovos International Construction S.A & Co. GP".

The subsidiary companies that are consolidated are:

Company	Percentage %
Babis Vovos International Construction S.A	Parent
Babis Vovos International Construction S.A & Co. GP	99.90%
Doma S.A	98.98%
ALTECO S.A.	99.01%
Ergoliptiki - Ktimatiki - Touristiki S.A.	51.00%
"International Palace Hotel S.A."	Included in the consolidation with 51% percentage of ownership through " ERGOLIPTIKI - KTIMATI KI - TOURISTIKI S.A." which owns 100% of its share capital

They are all domiciled in Greece.

Analytically:

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Babis Vovos International Construction S.A and Co. GP - E.Sylias & Co GP.	11	11	-	-
Babis Vovos International Construction S.A & Co. GP. - Agora C.& Co. GP.	3	3	-	-
Ergoliptiki - Ktimatiki -Touristiki S.A. & Co Ltd	3	3	-	-
Doma S.A	-	-	19,004	19,004
Babis Vovos International Construction S.A and Co. GP Ergoliptiki - Ktimatiki -Touristiki S.A.	-	-	29	29
Alteco S.A. (Note.34)	-	-	2,694	2,694
Other	1	1	10,572	-
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>18</u>	<u>18</u>	<u>32,301</u>	<u>21,728</u>

11 Inventories

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Property Inventory (land plots - buildings)	3,108	8,380	647	2,519
Construction in progress	9,069	18,885	9,068	397
Raw Material inventory	1,025	537	615	537
Construction of buildings & civil engineer technical works in progress	732	565	732	565
Provision for impairment of construction in progress ⁽¹⁾	(910)	-	(910)	-
At end of period	<u>13,023</u>	<u>28,366</u>	<u>10,151</u>	<u>4,017</u>

(1) The provision for impairment of construction in progress is included in Net gain from fair value adjustment on investment property.

12 Trade and other receivables

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Trade receivables	5,890	3,483	3,453	1,883
Prepaid expenses	8,201	5,251	5,812	4,895
Receivables from related parties (Note 33)	23,507	32,616	67,789	76,717
Downpayments for stocks	7,643	9,425	7,167	8,665
Other debtors	12,154	21,779	10,451	18,029
Less: provision for impairment of receivables	<u>(3,832)</u>	<u>(2,711)</u>	<u>(2,724)</u>	<u>(1,604)</u>
Trade receivables – net	<u>53,563</u>	<u>69,842</u>	<u>91,947</u>	<u>108,586</u>

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

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

13 Short-term securities

All amounts in Euro thousands

	Consolidated 31 December 2005	Company 31 December 2005
	Balance at 1 January 2005	381
Disposals	<u>(381)</u>	<u>(381)</u>
Balance at 31 December 2005	<u>0</u>	<u>0</u>

14 Cash and cash equivalents

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Cash on hand	83	71	62	29
Site and time deposits	32,906	73,669	9,553	47,565
Committed deposit accounts	<u>17,115</u>	<u>2,005</u>	<u>-</u>	<u>1,800</u>
Cash and cash equivalents	<u>50,104</u>	<u>75,744</u>	<u>9,615</u>	<u>49,394</u>

Committed deposit accounts are deposit accounts held as cash collateral for securing bank borrowings.

15 Share capital

All amounts in Euro thousands

Consolidated

	Number of shares (thousands)	Nominal value (€)	Ordinary shares (€ thousands)	Share premium (€ thousands)	Total (€ thousands)
Balance at 31 December 2004 / 2005	33,930	0.30	10,179	36,653	46,832

Company

	Number of shares (thousands)	Nominal value (€)	Ordinary shares (€ thousands)	Share premium (€ thousands)	Total (€ thousands)
Balance at 31 December 2004 / 2005	33,930	0.30	10,179	36,653	46,832

16 Reserves

All amounts in Euro thousands

Consolidated

	Statutory reserve	Extraordinary reserve	Special - untaxed reserves	Total
Balance at 1 January 2004	5,997	7,548	15,855	29,400
Transfer from retained earnings	807	74	281	1,161
Loss from disposal of treasury shares	(6,919)	-	-	(6,919)
Balance at 31 December 2004	(115)	7,622	16,136	23,642
Transfer from retained earnings	578	-	(1,168)	(589)
Balance at 31 December 2005	463	7,622	14,968	23,053

Company

	Statutory reserve	Extraordinary reserve	Special - untaxed reserves	Total
Balance at 1 January 2004	5,987	5,279	19,536	30,802
Transfer from retained earnings	807	74	281	1,161
Loss from disposal of treasury shares	(6,919)	-	-	(6,919)
Balance at 31 December 2004	(125)	5,353	19,817	25,044
Transfer from retained earnings	199	-	-	199
Balance at 31 December 2005	74	5,353	19,817	25,244

Statutory reserves are taxed but can not be distributed according to Law 2190/1920.

Extraordinary reserves are taxed, and may be distributed by decision of the General Meeting of Shareholders.

Special-untaxed reserves include:

	<u>Consolidated</u> <u>31 December</u> <u>2005</u>	<u>Company</u> <u>31 December</u> <u>2005</u>
Construction companies' untaxed reserve	13,874	19,243
Untaxed reserve for investments	270	270
Untaxed reserve for tax free income	220	204
Untaxed reserve under special tax law provisions ⁽¹⁾	110	99
Untaxed reserve for participation & securities disposal profit	494	-
	<u>14,968</u>	<u>19,817</u>

The above amounts are subject to taxation before distribution by decision of the General Meeting of Shareholders.

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

17 Borrowings

All amounts in Euro thousands

	<u>Consolidated</u>		<u>Company</u>	
	<u>31 December</u> <u>2005</u>	<u>31 December</u> <u>2004</u>	<u>31 December</u> <u>2005</u>	<u>31 December</u> <u>2004</u>
Non - current				
Bank Borrowings	30,935	10,785	30,935	10,785
Finance lease liabilities	310,337	284,340	249,519	266,332
	<u>341,271</u>	<u>295,125</u>	<u>280,454</u>	<u>277,117</u>
Current				
Bank Borrowings	57,856	44,102	28,844	42,974
Finance lease liabilities	15,882	10,382	14,605	9,835
	<u>73,737</u>	<u>54,484</u>	<u>43,448</u>	<u>52,809</u>
Total borrowings	<u>415,008</u>	<u>349,609</u>	<u>323,902</u>	<u>329,927</u>

All the Group's borrowings are in Euro and at floating rates of interest.

The average effective interest rate at 31 December 2005 was 6.20% for bank borrowings and 5.24% for finance lease liabilities. The average effective interest rate at 31 December 2005 for total borrowings (including finance lease liabilities) was 5.45%. The fair value of these floating rate borrowings at 31 December 2005 approximated their carrying values.

For securing liabilities, guarantees over the investment property, the property plant equipment and the inventories amounting to € 103,740,523 for the Group and € 58,497,500 for the company respectively have been given.

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

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Between 1 and 2 years	17,916	4,150	17,916	4,150
Between 2 and 5 years	13,019	6,636	13,019	6,636
Over 5 years	-	-	-	-
	<u>30,935</u>	<u>10,785</u>	<u>30,935</u>	<u>10,785</u>

The maturity of finance lease liabilities is as follows:

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Finance lease liabilities – minimum lease payments:				
-no later than 1 year	28,443	18,995	25,733	17,909
-later than 1 year and no later than 5 years	114,271	114,815	102,931	110,471
-later than 5 years	308,593	254,458	280,712	244,389
	451,307	388,267	409,377	372,768
Future finance charges on finance leases	<u>(168,088)</u>	<u>(119,545)</u>	<u>(156,853)</u>	<u>(115,401)</u>
Present value of finance lease liabilities	<u>283,218</u>	<u>268,722</u>	<u>252,524</u>	<u>257,367</u>

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
The present value of finance lease liabilities is as follows ⁽¹⁾ :				
-not later than 1 year	15,882	10,382	14,605	9,835
-later than 1 year and not later than 5 years	72,207	69,856	65,912	67,386
-later than 5 years	195,129	188,484	172,007	180,146
	<u>283,218</u>	<u>268,722</u>	<u>252,524</u>	<u>257,367</u>

(1) Preliminary sale & leaseback agreements of € 6,000,000 (Sounio) and of € 8,000,000 (Kifissias & Sina - Building complex B) as well as an advance of € 29,000,000 for a sale & leaseback agreement for Delta Falirou are not included in the consolidated financial statements. Repayment will commence when finalised. As far as the company financial statements are concerned, the amounts not included are € 3,600,000 for Sounio and € 8,000,000 for Kifissias & Sina - Building complex B

18 Deferred income tax

Deferred income tax is determined by using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets 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 offset amounts are as follows:

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Deferred tax assets:				
– deferred tax asset to be recovered after more than 12 months	-	208	-	-
Deferred tax liabilities:				
– deferred tax liability to be recovered after more than 12 months	115,505	67,705	92,710	58,925
	<u>-115,505</u>	<u>-67,497</u>	<u>-92,710</u>	<u>-58,925</u>

The movement in deferred tax assets and liabilities during the year relates mainly to increases in the fair value of investment property.

All amounts in Euro thousands

Consolidated

Deferred Tax Liabilities	Investment property to fair value	Finance leases	Reversal of profit from sale of property under preliminary agreements	Intangible assets	Provision for employees retirement benefit based on actuarial study	Other	Total
Total 01.01.2004	99,156	-	-	-	-	-	99,156
Income Statement	17,036	-	-	-	-	-	17,036
Total 31.12.2004	116,192	-	-	-	-	-	116,192
Income Statement	48,822	-	-	-	-	-	48,822
Acquisition of subsidiary	3,505	-	-	-	-	-	3,505
Total 31.12.2005	168,518	-	-	-	-	-	168,518

Consolidated

Deferred Tax Assets	Investment property to fair value	Finance leases	Reversal of profit from sale of property under preliminary agreements	Intangible assets	Provision for employees retirement benefit based on actuarial study	Other	Total
Total 01.01.2004	-	40,667	9,037	540	429	-	50,673
Income Statement	-	1,167	(2,658)	(400)	(87)	-	(1,977)
Total 31.12.2004	-	41,834	6,379	140	342	-	48,695
Income Statement	-	8,433	(6,379)	(138)	41	2,000	3,958
Acquisition of subsidiary	-	-	-	361	-	-	361
Total 31.12.2005	-	50,268	-	363	384	2,000	53,014
Total 31.12.2005 (net liability)	168,518	(50,268)	-	(363)	(384)	(2,000)	115,505

Company							
Deferred Tax Liabilities	Investment property to fair value	Finance leases	Reversal of profit from sale of property under preliminary agreements	Intangible assets	Provision for employees retirement benefit based on actuarial study	Other	Total
Total 01.01.2004	79,146	-	-	-	-	-	79,146
Income Statement	20,658	-	-	-	-	-	20,658
Total 31.12.2004	99,804	-	-	-	-	-	99,804
Income Statement	35,581	-	-	-	-	-	35,581
Total 31.12.2005	135,385	-	-	-	-	-	135,385

Company							
Deferred Tax Assets	Investment property to fair value	Finance leases	Reversal of profit from sale of property under preliminary agreements	Intangible assets	Provision for employees retirement benefit based on actuarial study	Other	Total
Total 01.01.2004	-	39,915	3,659	538	392	-	44,504
Income Statement	-	(1,681)	(1,465)	(398)	(81)	-	(3,625)
Total 31.12.2004	-	38,234	2,193	140	311	-	40,879
Income Statement	-	3,734	(2,193)	(138)	40	355	1,796
Total 31.12.2005	-	41,968	-	2	351	355	42,675
Total 31.12.2005 (net liability)	135,385	(41,968)	-	(2)	(351)	(355)	92,710

The adjustments incurring deferred income tax are not expected to be reversed within the next 12 months

There are no significant unrecognised deferred tax assets and liabilities.

19 Retirement benefit obligations

The amounts recognised in the balance sheet are as follows:

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Present value of unfunded obligations	2,084	1,567	1,838	1,472
Unrecognised actuarial losses	(535)	(186)	(434)	(227)
Unrecognised past service cost	-	-	-	-
	<u>1,549</u>	<u>1,381</u>	<u>1,404</u>	<u>1,245</u>
Liability in the balance sheet	1,549	1,381	1,404	1,245

The amounts recognised in the income statement are as follows:

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Current service cost	152	115	137	102
Interest cost	59	54	55	49
Net actuarial losses recognised during the year	6	-	9	-
Losses on curtailment	-	28	-	28
Total, included in employee benefit expense	<u>217</u>	<u>197</u>	<u>201</u>	<u>179</u>

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

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Beginning of the year	1,381	1,240	1,245	1,120
Total expense charged in the administrative expenses	217	197	201	179
Contributions paid	(48)	(56)	(43)	(53)
End of the year	<u>1,549</u>	<u>1,381</u>	<u>1,404</u>	<u>1,245</u>

The principal actuarial assumptions used were as follows:

Discount rate	3.62%	3.76%	3.62%	3.76%
Future salary increases	5.00%	5.00%	5.00%	5.00%

20 Trade and other payables

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Trade Payables	13,535	4,813	6,144	2,699
Amounts due to related parties (Note 33)	7,375	119	29,125	12,096
Social security and other taxes	4,905	7,075	646	2,230
Customer advances	1,260	29,563	1,006	1,241
Accrued expenses	3,740	12,904	18,965	413
Unearned and deferred income	73	-	73	-
Other creditors	345	450	207	173
Trade and other Payables	<u>31,233</u>	<u>54,924</u>	<u>56,166</u>	<u>18,853</u>

Group and company trade and other payables are interest free.

21 Derivatives

During 2005, the Company signed an interest rate swap. According to its terms, the company receives a prepayment of € 7,200 thousand which actually is the interest calculated on a notional principal of €72,000 thousand. The Company has the obligation to pay 8 six-monthly instalments commencing on June 15th 2006. The instalments are calculated as interest on the notional principal with an interest rate based on the 5-year EUR swap rate (5y CMS).

At 31 December 2005, the fair value of the interest rate swap was € 7,970 thousand and a finance expense of € 770 thousand was recognised in the income statement.

22 Revenue

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Rental income	35,011	31,318	28,648	24,987
Sale of property	4,298	12,794	4,298	11,344
Construction work	1,482	4,577	1,482	4,577
Other	-	-	8	3
	<u>40,791</u>	<u>48,689</u>	<u>34,437</u>	<u>40,911</u>

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

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

	Consolidated		Company	
	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
No later than 1 year	44,539	35,864	31,269	29,376
Later than 1 year and no later than 5 years	205,395	154,779	137,054	126,809
Later than 5 years	<u>539,978</u>	<u>302,996</u>	<u>274,152</u>	<u>262,755</u>
	<u>789,913</u>	<u>493,639</u>	<u>442,475</u>	<u>418,940</u>

23 Expenses by nature

All amounts in Euro thousands

	1/1/2005-31/12/2005			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense	1,196	53	2,795	4,044
Inventory usage	4,113	-	-	4,113
Lease expenses	19,649	-	-	19,649
Depreciation of property, plant and equipment	147	-	189	335
Repairs and maintenance	86	-	59	145
Amortisation of intangible assets	-	-	164	164
Marketing	-	88	119	207
Other	1,082	20	5,826	6,927
Total	26,273	161	9,151	35,585

Consolidated

	1/1/2004-31/12/2004			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense	3,802	54	2,410	6,266
Inventory usage	8,676	-	-	8,676
Lease expenses	17,955	-	-	17,955
Depreciation of property, plant and equipment	169	-	187	355
Repairs and maintenance	39	-	89	128
Amortisation of intangible assets	-	-	29	29
Marketing	-	217	-	217
Other	1,758	475	1,758	3,990
Total	32,398	745	4,473	37,616

Company

	1/1/2005-31/12/2005			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense	1,193	53	2,617	3,863
Inventory usage	4,107	-	-	4,107
Lease expenses	13,410	-	-	13,410
Depreciation of property, plant and equipment	147	-	90	237
Repairs and maintenance	86	-	54	139
Amortisation of intangible assets	-	-	164	164
Marketing	-	88	119	207
Other	1,082	18	4,067	5,167
Total	20,025	159	7,110	27,294

Company	1/1/2004-31/12/2004			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense	3,553	54	2,101	5,708
Inventory usage	8,332	-	-	8,332
Lease expenses	13,036	-	-	13,036
Depreciation of property, plant and equipment	169	-	79	248
Repairs and maintenance	39	-	45	84
Amortisation of intangible assets	-	-	29	29
Marketing	-	217	-	217
Other	1,593	475	1,589	3,657
Total	26,721	745	3,844	31,310

24 Other Gains / (Expenses) net

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Cancellation of preliminary contracts	1,324	-	593	-
Lease compensations	164	816	164	633
Compensations	318	3	0	3
Lease Guarantees	(68)	(71)	(157)	8
Tax fines and surcharges	(605)	(897)	(536)	(684)
Social Securities	19	(0)	19	-
Litigation expenses	-	(178)	-	(169)
Other	(157)	(125)	(148)	(112)
	<u>995</u>	<u>(452)</u>	<u>(66)</u>	<u>(320)</u>

25 Finance expense (net)

All amounts in Euro thousands

Finance Expenses	Consolidated		Company	
	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Bank Loan interest and other expenses	5,076	3,719	2,680	3,560
Interest expenses for preliminary SLB agreements and SLB contracts	14,862	26,418	13,707	25,480
Expenses for letters of guarantee	64	505	63	98
Finance Expenses due to IAS 32/39	137	-	133	-
Other	2,057	2,289	1,992	2,321
	<u>22,196</u>	<u>32,930</u>	<u>18,574</u>	<u>31,458</u>
Finance Revenue	Consolidated		Company	
	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Interest received	462	289	187	188
Other	-	-	-	-
	<u>462</u>	<u>289</u>	<u>187</u>	<u>188</u>
Finance Expense_Revenue (net)	(21,734)	(32,641)	(18,387)	(31,270)

26 Employee benefit expense

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Wages and salaries	8,936	9,259	7,879	8,669
Social security costs	2,990	3,422	2,513	3,216
Pension costs - defined benefit plans (Note 19)	169	140	158	126
Other	22	18	20	17
	<u>12,116</u>	<u>12,840</u>	<u>10,570</u>	<u>12,027</u>

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

	Consolidated		Company	
	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Expense in income statement	128	4,113	84	4,107
Construction in progress (included either in inventory or investment property under construction)	11,988	8,727	10,486	7,920
	<u>12,116</u>	<u>12,840</u>	<u>10,570</u>	<u>12,027</u>

27 Income tax expense

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

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Current tax	1,183	408	-	-
Prior years' income tax	3,141	3,669	1,607	-
Change in deferred tax due to change of tax rate	-	21,235	-	23,570
Change in deferred tax due to new temporary differences	44,503	(2,222)	33,785	712
	<u>48,827</u>	<u>23,090</u>	<u>35,392</u>	<u>24,282</u>

The weighted average applicable tax rate was 32%.

28 Earnings per share

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Net profit attributable to shareholders	120,789	129,862	68,271	137,786
Weighted average number of ordinary shares in issue (thousands)	<u>33,930</u>	<u>33,930</u>	<u>33,930</u>	<u>33,930</u>
Basic earnings per share (€ per share)	<u>3.56</u>	<u>3.83</u>	<u>2.01</u>	<u>4.06</u>

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

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

29 Dividends per share

The Board of Directors

The Board of Directors will propose a dividend payment of € 13,572,000 or € 0.40 per share at the General Meeting of shareholders (2004: € 12,214,800 or € 0.36 per share). This represents an 11% year-on-year increase. The proposed dividend has not been included in the financial statements.

30 Cash generated from operations

All amounts in Euro thousands

Cash generated from operations

	Note	Consolidated		Company	
		1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Net profit		124,353	130,478	68,271	137,786
Adjustments for:					
– income tax expense		48,827	23,090	35,392	24,282
– depreciation and amortisation	8,9	571	557	465	449
– profit on sale of PPE		-	(2,276)	-	(2,453)
– net gain from fair value adjustment on investment property	7	(188,714)	(175,587)	(132,230)	(173,105)
– Increase in retirement provision	19	169	140	158	126
– Increase in provision for future tax audit differences		892	-	319	-
– Increase in provision for litigation and claims	31	1,179	-	437	-
– Increase in provision for doubtful debt		1,121	-	1,121	-
– interest expense - net	25	21,734	32,641	18,387	31,270
– dividend income		-	-	17,257	(10,953)
Changes in working capital:					
– trade and other receivables	12	15,942	(2,054)	15,504	(14,606)
– inventories	11	(366)	(1,936)	14	1,077
– payables	20	(26,149)	10,822	20,401	(12,518)
Cash generated from operations		<u>(440)</u>	<u>15,875</u>	<u>45,495</u>	<u>(18,646)</u>

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

	Note	Consolidated		Company	
		1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004	1/1/2005 - 31/12/2005	1/1/2004 - 31/12/2004
Net book amount	8	-	1,974	-	1,797
Profit on sale of PPE		-	2,276	-	2,453
Proceeds from sale of PPE		-	4,250	-	4,250

31 Contingencies

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group has given guarantees in the ordinary course of business amounting to € 8,857,845 to third parties concerning securing liabilities and fair execution.

At the balance sheet date, there were pending court decisions over injunctions filed against the Group from third parties amounting to € 3,865 thousand for which a provision of € 1,179 thousand was formed. Based on the estimations of the company management and the legal counsels, the provision is considered adequate. There is no expectation that any significant additional liability.

32 Other Liabilities

The majority of the Group's other liabilities concern lease agreements with an average duration of 12 years. The lease liabilities for the following years are as follows:

	Consolidated	Company
	31 December	31 December
	2005	2004
No later than 1 year	17,696	11,760
Later than 1 year and no later than 5 years	69,657	45,941
Later than 5 years	144,949	75,846
	<u>232,302</u>	<u>133,547</u>

33 Related-party transactions

All amounts in Euro thousands

	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2005	2004	2005	2004
i) Sales of goods and services				
<i>Sales of goods</i>	-	-	8	3
BVIC SA & Co GP	<u>-</u>	<u>-</u>	<u>8</u>	<u>3</u>
ii) Purchases of goods and services				
<i>Purchases of services</i>				
Services of key management personnel	604	793	236	661
	<u>604</u>	<u>793</u>	<u>236</u>	<u>661</u>
iii) Key management compensation				
Salaries and other short term employee benefits	1,043	1,036	1,043	1,036
	<u>1,043</u>	<u>1,036</u>	<u>1,043</u>	<u>1,036</u>
iv) Year-end balances arising from sales/purchases of goods/services				
<i>Receivables from related parties</i>				
BVIC SA & Co GP	-	-	50,439	46,126
Ergoliptiki - Ktimatiki - Touristiki SA	-	-	37	-
International Health Care S.A	11,936	14,500	11,739	12,928
Positive Ltd.	499	598	490	490
International Construction S.A - Boretos & Co. GP	48	48	48	48
Ergoliptiki - Ktimatiki - Touristiki SA & Co Ltd	11,024	17,125	5,036	17,125
Key management personnel	-	344	-	-
	<u>23,507</u>	<u>32,616</u>	<u>67,789</u>	<u>76,717</u>
<i>Payables to related parties</i>				
International Palace Hotel SA	-	-	3,886	3,891
Doma SA	-	-	8,266	8,176
Alteco S.A	-	-	10,937	-
Marvo S.A	-	59	-	29
Key management personnel	7,375	60	6,036	-
	<u>7,375</u>	<u>119</u>	<u>29,125</u>	<u>12,096</u>

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

34 Business combinations

On January 18th, 2005 the Company acquired 99.01% of ALTECO S.A., a company that owns a plot of land at 49 Kifissias Av., in Maroussi.

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

All amounts in Euro thousands

	Fair value	Acquiree's carrying amount
Cash and cash equivalents	-	-
Property, plant and equipment	21,281	5,819
Intangibles	-	1,443
Inventories	31	31
Receivables	794	794
Borrowings	(6,082)	(6,082)
Payables	(1,841)	(1,841)
Net deferred tax liabilities	<u>(3,505)</u>	<u>-</u>
Net assets	10,679	<u>165</u>
Minority interests (0.99%)	<u>(106)</u>	
Net assets acquired	<u>10,572</u>	
Cash outflow on acquisition	10,572	

No goodwill arose on the above acquisition.

35 Events after the balance sheet date

1. Interest Rate Swap Agreement

Following an extensive review of the financial cost structure of its sale and leaseback and BOT portfolio, the Group decided to enter into a financial floating-to-fixed interest rate swap with Credit Suisse for the entire SLB and BOT portfolio amounting at € 336 million, in order to lock its financing cost. As a result of this transaction, the total cost of our current S&L and BOT portfolio, which represents approximately 80% of the Group's total debt portfolio, was set at 5.29%.

The Group's decision was mainly a result of the following factors:

The historic low interest rate environment, the anticipation that interest rates may continue to rise following the recent European Central Bank interest rate increase, in line with wider market consensus and the Group's commitment to reduce the interest rate risk and optimize our financing cost structure.

2. Sale and Leaseback Agreement for the property at 49 Kifissias Av.

The Group signed a sale and leaseback agreement of approximately € 5 million with Cyprus Leasing, for horizontal ownerships of the commercial centre developed at 49 Kifissias Avenue. The 15-year agreement covers 1,185 sqm of office space and 10 parking spaces.

MANAGEMENT REVIEW OF THE BOARD OF THE DIRECTORS OF
“BABIS VOVOS – INTERNATIONAL CONSTRUCTION S.A.”
FOR THE 2005 ANNUAL PARENT AND CONSOLIDATED FINANCIAL STATEMENTS

Dear shareholders,

We have the pleasure of submitting to you the financial statements for the fiscal year 2004 for your consideration and of informing you briefly of the following:

Our company's Balance Sheet with the Income Statement, the Cash Flow Statement, and the Changes in Equity have been drawn up based on the applicable legislation and the International Financial Reporting Standards, and cover the period 1/1/2005 - 31/12/2005 and depict the true and fair view of the Company's and Group's financial structure as at 31/12/2005.

2005 was an excellent year for both BVIC Company and the Group. Net asset value per share for the company before deferred tax increased by 25% to euro 14.25 and 39% for the Group to euro 17.10 on an annual basis. The Company's Earnings before tax per share recorded an annual decrease of 36% to euro 3.06, whereas the Group's EBT per share increased by 13% year on year to euro 5.10. This return was driven by a very strong portfolio performance in 2005, and new lettings.

MARKET OVERVIEW

OFFICE

Since 2000, the office market has witnessed strong demand for high quality large-scale space fuelled by growth in the telecommunications, financial and IT sector, along with privatization initiatives.

Strong tenant demand continued throughout 2005, from companies seeking to consolidate their space. However, there is a limited supply of space meeting the required specifications. The difficulty of constructing new developments in the city center favors peripheral areas, offering sustainable market growth in the medium term. Sustained demand, combined with limited supply, leading to a tightening in the market serve to increase the value of BVIC's portfolio. The 100% occupancy rate of our office portfolio is indicative of both positive market trend and quality of our product.

RETAIL

Greece continues to experience strong growth in consumer and retail demand, with retail sales volume growing at 4.1% in Q2 2005 (NBG Oct 2005 research). International investors and international commercial chains have shown strong interest in the market, leading to the development of this market. Large international retail brands such as Media Markt and FNAC just entered the Greek market, whereas Leroy Merlin and H&M will soon be opening their first stores in Athens, and players already present in the market such as Zara, Ikea and Starbucks are seeking to expand. Other companies such as Wal Mart, Tesco, Parfois, and Vasco Santos are all looking

to entering the market in the near future. Our increasing interest in the retail market as developers and investors aims to capitalize on the favorable market trend producing risk diversification and growth maximization.

SALE AND LEASEBACK AGREEMENTS

49 KIFISSIAS AVENUE

During 2005, BVIC signed two sale and leaseback agreements for the retail centre under construction at 49 Kifissias Avenue.

BVIC Group signed a EUR 20 million sale and leaseback agreement with Ethniki Leasing. The 12-year sale and leaseback agreement covers the 4,758 sqm of retail space and 1,313 sqm of storage space that has been leased to Media Markt for 12 years.

The second sale and leaseback agreement is with Emporiki Leasing for Eur 21 million. The 16-year sale and leaseback agreement covers 1,116 sqm of retail space and 1,299 sqm of storage space, as well as 503 parking spaces. BVIC Group has already leased all of the parking space as well as 38% of the retail space, covered by the second sale and leaseback agreement.

The two sale and leaseback agreements for the 49 Kifissias retail centre cover 72% of the lettable area and all of the parking spaces.

DELTA FALIROU

BVIC Group signed a EUR 59 million sale and leaseback agreement with Alpha Leasing. The 13-year sale and leaseback agreement covers 94% of the total lettable and common area, as well as 100% of the parking spaces at the leisure and retail development under construction at Delta Falirou. The contract refers to 13,369 sqm of leisure and retail space and 1,204 sqm of storage space, as well as 738 parking spaces. The total of the lettable space covered by the sale and leaseback agreement has already been leased by BVIC Group to Village Roadshow, and Media Markt, and all of the parking spaces have been leased to a parking station operator. We expect the remaining 6% of common and lettable area, to be let well before the centre opens in mid 2006.

These sale and leaseback agreements reaffirm BVIC's strong ability to raise financing, as well as the confidence placed by major financial institutions in the quality of the Group's projects, and the secure leasing agreements it obtains with blue chip tenants.

SALE

The Group's sales for 2005 were rather limited in line with the strategy of boosting the value of the investment property portfolio. The most material was the sale of 871 sqm of commercial space space on the second floor of the development at 49 Kifissias Avenue, and 30 parking spaces in the same building to Embryogenesis for Eur 3,595,000.

NEW LEASE AGREEMENTS

In 2005, BVIC signed lease agreements for approximately 20,000 sqm of lettable space and 1,300 parking spaces. The total annual lease income agreed for the first year was euro 7.7 million.

49 KIFISSIAS AVENUE

BVIC acquired a land plot of 11,000 sqm, at 49 Kifissias Avenue, in January 2005. Since then the group has delivered 58% of the 8,200sqm of lettable area and all of the 548 parking spaces. The whole of the retail centre was completed in December 2005.

Media Markt is the anchor tenant occupying 58% of the lettable area of the complex. The leading European electronics retailers, opened its first store in Athens, in the commercial complex at 49 Kifissias Avenue, in October 2005. Media Markt signed a 12-year lease for 4,758 sqm of retail space and 1,342 sqm of storage space.

Significant progress was made on the retail development at 49 Kifissias Avenue during Q3 2005. A 12 year lease agreement was signed with Giannelos, a parking station operator for 499 parking spaces, and 426 sqm of retail space was let to a retailer. This brings the total space of the retail centre that has already been leased or sold to 74%, and the annual lease income, for the first year, to Eur 2,817,468.

DELTA FALIROU

Four lease agreements concerning the Delta Falirou development were signed in 2005.

Village Roadshow, signed two 12 year lease agreements, one for 6,269 sqm of retail space and a second lease agreement for 2,389 of bowling space. The total annual lease they will be paying is Eur 2,514,420.

Media Markt also signed a 12-year lease agreement for 3,831 sqm of retail space at an annual lease of Eur 1,128,000.

Giannelos, a parking station operator, signed a 12-year lease agreement for 741 parking spaces. The annual lease income for the first year was set at € 840,000, bringing the total annual lease income for the 94% of the lettable area and the parking spaces that have been leased thus far to €4,488,420.

100% occupancy rate for BVIC Group's office portfolio

BVIC Group signed a closed 10-year lease agreement with Bestend Publishing SA, for the entire office building owned by the Group at 174 Syngrou Avenue. The lease covers 1,945 sqm of lettable area and 37 parking spaces. The annual lease income for the first of the ten years was set at EUR 374,460.

The letting of 174 Syngrou Avenue brings the total occupancy rate for BVIC's office portfolio to 100%. BVIC Group continues in its endeavors to optimize its real estate income portfolio, maintaining a portfolio of high quality income generating assets, protected by fixed long term leases.

PROJECTS UNDER CONSTRUCTION

SOUNIO

The Council of State cancelled the building permit that had been awarded to the Group on the 30 June 2004, for the development of 105 vacation homes on a land plot in Pountazeza Sounio. The Council of State's verdict, had been pending for over a year, therefore the Group investigated alternative development plans for the land plot during 2005. Specifically, BVIC completed a building design for the development of three distinct hotel units, with a total above ground area of 12,000 sqm. BVIC Group has already received all the necessary permits from the Greek National Tourist Organisation (GNTO) and is thus ready to apply for a new building permit, which is expected within the first quarter of 2006.

POROS – GALATAS

The finalisation of a purchase agreement, during Q3 2005, regarding 2 land plots on Poros Galatas, and 18,000 sqm of semi-developed residences, contributed €1.5m to BVIC's NAV before deferred tax.

In November 2005, BVIC Group was granted all of the necessary permits for the tourist development on Poros – Galatas ('Stella Maris'), by the Greek National Tourism Organisation ('GNTO'). The permit covers the refurbishment of the existing hotel, as well as the completion of semi-developed residences. The total building area for the development will be approximately 23,000 sqm, covering a land plot of 85,000 sqm.

The management of BVIC believes that these two properties for tourist development are located in particularly attractive locations which will result to significant demand from Greek and foreign hotel operators. The Group intends to secure a long-term lease agreement with hotel operators to manage the units that will be developed, confirming BVIC's Group main strategic goal of maximising shareholder value.

NEW PIPELINE PROJECTS

BVIC continues to strengthen its pipeline of development opportunities, with new projects undertaken in 2005, out of which the two most significant are:

340 SYNGROU AVENUE

The Group signed a preliminary agreement to purchase 99% of the shares of the company 'ELFINKO S.A'. The latter owns a land plot of 6,000 sqm at 340 Syngrou Avenue in the municipality of Kallithea - Athens.

The Group plans to develop a commercial building, on the aforementioned land plot, of approximately 14,000sqm of lettable area as well as 600 parking spaces. The estimated total cost, including plot acquisition and development cost of the project, is approximately €40 million. We are confident that 340 Syngrou Avenue, will turn out to be another highly successful commercial centre.

ATHENS AVENUE

BVIC Group was awarded the development of an 8,000 sqm land plot at 108-110 Athens Avenue, following an open bid by the Hellenic Exchanges SA (HELEX).

BVIC will develop an office building of 6,700 sqm, where all of HELEX's departments will relocate, as well as another building complex of approximately 17,000 sqm which will remain in BVIC's ownership. Furthermore, HELEX will also receive Eur 7 million in payment from BVIC. Excavation work started on the plot in December 2005, and completion is due in Q1 2007.

We are very pleased to have concluded this transaction with HELEX. We believe the relocation of the HELEX adds value to the whole project and provides this area with exciting new development opportunities. This high profile addition to BVIC's development pipeline further strengthens the group's strategy of developing properties that generate attractive returns.

INTEREST RATE SWAP

In January 2006, following an extensive review of the financial cost structure of its sale and leaseback and BOT portfolio, the Group decided to enter into a financial floating-to-fixed interest rate swap with Credit Suisse for the entire S&L and BOT portfolio which currently stands at EUR336 million, in order to lock its financing cost.

As a result of this transaction, the total cost of our current S&L and BOT portfolio, which represents approximately 80% of the Group's total debt portfolio, was set at 5.29%. This compares with the Group's floating cost of 5.19% on the agreement date which has already moved to 5.33% following the today's ECB interest rate hike.

Our decision was a result of a number of factors, including the historic low interest rate environment, our anticipation that interest rates may continue to rise following the recent ECB hike, in line with wider market consensus and our commitment to reduce the interest rate risk and optimize our financing cost structure.

INVESTOR RELATIONS

The implementation of our IR strategy was very effective. During 2005, we participated in numerous international and domestic conferences where we gave company presentations either in front of large investors' audiences or during one-on-one meetings. The most important include EPRA Annual Conference in Paris (BVIC was headline sponsor), Deutsche Bank European Mid Cap Conference in London, UBS Global Real Estate Conference in London, MIPIM Real Estate Conference in Cannes and Kempen European Real Estate Conference in Amsterdam. We managed to meet with more than 100 institutional investors in our headquarters in Athens, but also in London, Paris, Milan, Brussels, Amsterdam, Zurich, Frankfurt, New York and Boston.

Furthermore, our communication with various equities and real estate analysts became more intensive leading to the first stock coverage initiation by a leading international bank. We will continue building up the relationship with the local and international analysts' community aiming to increase further the number of investment houses that cover our stock.

The successful IR strategy led to a significant boost of BVIC's visibility. The liquidity in the share was also improved through a euro 54 million placement of shares with Tier 1 international institutional investors.

INTERNATIONAL PLACEMENT

BVIC's free float increased to 49% following the placement in July 2005, of 12.79% of the company's share capital. The placement of the shares by BVIC's major shareholder and Chairman, Mr. Charalampos Vovos, was with international institutional investors. Currently, foreign institutional shareholders account for approximately 43% of the Group's shareholder base. BVIC's participation in the FTSE EPRA/NAREIT Global Real Estate Index Series, the FTSE/ASE Mid 40 and the FTSE/ASE 140 was adjusted from 30% to 50%.

SHARE PRICE PERFORMANCE

BVIC share recorded a significant appreciation of 19% during 2005. By adding another 3%, which was the average dividend yield for 2005, the total return for our shareholders was 22%.

The growth in share price is robust, reflecting the enhancement of our fundamentals. During the first two months of 2006, the share price generated more than 20% return, outperforming by 50% the Athens Exchange General Index.

Financial Statements

We provide below some explanatory information on certain accounts in the Balance Sheet.

- The account "Investment property" includes 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. Investment property comprises freehold land, freehold buildings, properties held under operating lease and buildings held under finance lease. Properties held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease. Further details can be found in the Note 7 of the Financial Statements.

- In the account "Cash and cash equivalents" of both the Parent Company and the Group there wasn't any foreign currency included as at 31/12/2005. Furthermore, neither the Company nor the Group held and kind of securities as at 31/12/2005.

The net profit after tax for the year ended 31/12/2005, after deducting interest expenses, depreciation, relevant expenses and deferred tax provision, stood at euro 68,271 thousand.

For the fiscal year 2005 based on the tax law provisions, the Company doesn't have any taxable earnings and therefore is not liable to pay any income tax.

The Board of Directors proposes to the AGM of shareholders a dividend payment of euro 0.40 per share. This represents an 11% year on year increase and it is in line with the management commitment to raise dividend on a constant basis. It has to be noted that dividend rose by 67% since 2002.

Following the above, we would like to ask of you, dear Shareholders, to approve the financial statements of the fiscal year 2005 and to release the Board of Directors and the certified auditors - accountants of any responsibility for compensation regarding the fiscal year 2005.

You may ask for any further detailed explanation during the Annual General Meeting.

The Board of Directors
Exact Copy

The Chief Executive Officer
Armodios Ch. Vovos