



Babis Vovos International Construction S.A.

Interim Condensed Financial Statements for the six
months ended 30 June 2006 under IAS 34

Index to the consolidated financial statements

Review Report of the Certified Auditors – Accountants.....	3
Balance sheet	4
Income statement	5
Statement of changes in equity	7
Cash flow statement.....	8
Notes to the financial statements	9
1 General information.....	9
2 Basis of preparation	9
3 New standards, interpretations and amendments to published standards	9
4 Segment Reporting.....	11
4.1 Primary reporting format – business segments	11
4.2 Secondary reporting format – geographical segments	13
5 Investment property.....	13
6 Borrowings.....	15
7 Deferred income tax.....	16
8 Derivatives	18
9 Revenue.....	19
10 Earnings per share	19
11 Dividends per share.....	20
12 Cash generated from operations	20
13 Contingencies.....	21
14 Related-party transactions	22
15 Business combinations	22
16 Events after June 30th, 2006.....	23

[Translation from the original text in Greek]

Review Report – Condensed Interim Financial Statements

Review Report of the Certified Auditors – Accountants

To the Shareholders of BABIS VOVOS S.A.

We have reviewed the accompanying condensed interim balance sheet of BABIS VOVOS SA (the “Company”) and the condensed interim consolidated balance sheet of the Company and its subsidiaries (the “Group”) as of 30 June 2006 and the related condensed interim Company and consolidated statements of income, cash flows and changes in shareholders’ equity for the six months ended 30 June 2006. Our review was restricted to financial information for the six months period ended 30 June 2006 and did not encompass a review of financial information relating to the Company’s performance for the three months period ended 30 June 2006 as a separate quarter which is presented in the income statement of the accompanying condensed interim financial statements. These condensed interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400, as required by the Greek Standards on Auditing. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the condensed company and consolidated interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim company and consolidated financial statements for the six monthly period ended 30 June 2006 has not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Athens, 31 August 2006

PricewaterhouseCoopers

Balance sheet

All amounts in Euro thousands.

	Note	Consolidated		Company	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
ASSETS					
Non-current assets					
Investment property	5	1,119,739	904,383	721,426	708,069
Property, plant and equipment		24,594	22,240	15,468	19,432
Intangible assets		18,951	18,973	16,523	16,545
Investments		18	18	55,126	32,301
Derivative assets	8	713	-	713	-
Other non-current receivables		251	237	67	61
		<u>1,164,266</u>	<u>945,851</u>	<u>809,322</u>	<u>776,407</u>
Current assets					
Inventories		14,241	13,023	10,306	10,151
Trade and other receivables		56,753	53,563	89,058	91,947
Cash and cash equivalents		48,051	50,104	7,222	9,615
		<u>119,045</u>	<u>116,691</u>	<u>106,586</u>	<u>111,713</u>
Total assets		<u>1,283,310</u>	<u>1,062,542</u>	<u>915,908</u>	<u>888,121</u>
EQUITY					
Capital and reserves attributable the Company's equity holders					
Share capital		46,832	46,832	46,832	46,832
Reserves		23,053	23,053	25,244	25,244
Retained earnings		478,929	394,872	303,936	318,737
		<u>548,814</u>	<u>464,757</u>	<u>376,012</u>	<u>390,813</u>
Minority interest		8,191	7,868	-	-
Total equity		<u>557,005</u>	<u>472,626</u>	<u>376,012</u>	<u>390,813</u>
LIABILITIES					
Non-current liabilities					
Borrowings	6	395,537	341,271	283,679	280,454
Deferred income tax liabilities	7	150,540	115,505	96,187	92,710
Retirement benefit obligations		1,678	1,549	1,513	1,404
Derivative liabilities	8	4,525	-	4,525	-
Other non-current liabilities		4,105	3,976	3,181	3,092
		<u>556,384</u>	<u>462,301</u>	<u>389,085</u>	<u>377,659</u>
Current liabilities					
Trade and other payables		64,738	31,233	80,458	56,166
Income tax		7,520	10,861	5,858	8,991
Borrowings	6	78,706	73,737	46,037	43,448
Dividend payable		16,194	2,634	16,194	2,634
Provisions for other liabilities & expenses		938	1,180	438	438
Derivative liabilities	8	1,825	7,970	1,825	7,970
		<u>169,921</u>	<u>127,616</u>	<u>150,811</u>	<u>119,648</u>
Total liabilities		<u>726,305</u>	<u>589,917</u>	<u>539,896</u>	<u>497,307</u>
Total equity and liabilities		<u>1,283,310</u>	<u>1,062,542</u>	<u>915,908</u>	<u>888,121</u>

The notes on pages 9 to page 23 are an integral part of these consolidated financial statements.

Income statement

All amounts in Euro thousands except earnings per share.

	Note	Consolidated		Company	
		1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005
Revenue	9	23,970	18,483	19,085	15,274
Cost of sales		(16,976)	(11,561)	(12,652)	(8,402)
Gross profit		6,994	6,921	6,433	6,871
Net gain from fair value adjustment on investment property	5	137,599	46,579	6,766	19,255
Selling and marketing costs		(220)	(30)	(141)	(29)
Administrative expenses		(3,829)	(4,888)	(3,164)	(4,376)
Other gains / (expenses) - net		(561)	864	(308)	92
Operating profit		139,984	49,446	9,586	21,814
Gain / (Loss) from investment in subsidiary		-	-	1,416	(21,874)
Finance expenses (net)		(12,514)	(10,182)	(8,754)	(8,547)
Profit before income tax		127,470	39,264	2,248	(8,608)
Income tax expense		(29,749)	(20,380)	(3,477)	(9,703)
Profit for the period		97,721	18,884	(1,229)	(18,311)
Attributable to:					
Equity holders of the Company		97,629	18,833	(1,229)	(18,311)
Minority interest		92	51	-	-
		<u>97,721</u>	<u>18,884</u>	<u>(1,229)</u>	<u>(18,311)</u>
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)					
	10	<u>2.88</u>	<u>0.56</u>	<u>(0.04)</u>	<u>(0.54)</u>

The notes on pages 9 to page 23 are an integral part of these consolidated financial statements.

All amounts in Euro thousands except earnings per share.

	Note	Consolidated		Company	
		1/4/2006 - 30/6/2006	1/4/2005 - 30/6/2005	1/4/2006 - 30/6/2006	1/4/2005 - 30/6/2005
Revenue	9	10,950	8,825	8,971	7,311
Cost of sales		(7,602)	(5,742)	(6,087)	(4,180)
Gross profit		3,348	3,084	2,883	3,131
Net gain from fair value adjustment on investment property		57,665	2,587	(410)	2,587
Selling and marketing costs		(160)	(16)	(83)	(15)
Administrative expenses		(2,217)	(3,139)	(1,519)	(2,691)
Other gains / (expenses) - net		(178)	1,047	18	277
Operating profit		58,457	3,562	891	3,290
Gain / (Loss) from investment in subsidiary		-	-	(959)	(21,172)
Finance expenses (net)		(6,991)	(5,175)	(5,130)	(4,352)
Profit before income tax		51,466	(1,613)	(5,198)	(22,234)
Income tax expense		(12,668)	(9,903)	(310)	(4,784)
Profit for the period		38,798	(11,516)	(5,509)	(27,018)
Attributable to:					
Equity holders of the Company		38,769	(11,531)	(5,509)	(27,018)
Minority interest		30	15	-	-
		<u>38,798</u>	<u>(11,516)</u>	<u>(5,509)</u>	<u>(27,018)</u>
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)					
	10	<u>1.14</u>	<u>(0.34)</u>	<u>(0.16)</u>	<u>(0.80)</u>

The notes on pages 9 to page 23 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	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	-	-	18,833	51	18,884
Transfer to statutory reserve	-	199	(199)	-	-
Transfer to special - untaxed reserve	-	18,483	(18,483)	-	-
Dividend relating to 2004	-	-	(6,786)	-	(6,786)
Business combinations	-	-	-	106	106
Balance at 30 June 2005	46,832	42,325	273,645	4,355	367,157
Profit for the period	-	-	101,956	3,514	105,469
Transfer to statutory reserve	-	379	(379)	-	-
Transfer to special - untaxed reserve	-	(19,651)	19,651	-	-
Balance at 31 December 2005	46,832	23,053	394,872	7,868	472,626
Profit for the period	-	-	97,629	92	97,721
Dividend relating to 2005	-	-	(13,572)	-	(13,572)
Business combinations	15	-	-	231	231
Balance at 30 June 2006	46,832	23,053	478,929	8,191	557,005

Company Statement of changes in equity

	Attributable to equity holders of the Company			Total equity
	Share capital	Other reserves	Retained earnings	
Balance at 31 December 2004	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	-	-	(18,311)	(18,311)
Transfer to statutory reserve	-	199	(199)	-
Transfer to special - untaxed reserve	-	18,483	(18,483)	-
Dividend relating to 2004	-	-	(6,786)	(6,786)
Balance at 30 June 2005	46,832	43,727	213,673	304,232
Profit for the period	-	-	86,581	86,581
Transfer to special - untaxed reserve	-	(18,483)	18,483	-
Balance at 31 December 2005	46,832	25,244	318,737	390,813
Profit for the period	-	-	(1,229)	(1,229)
Dividend relating to 2004	-	-	(13,572)	(13,572)
Balance at 30 June 2006	46,832	25,244	303,936	376,012

The notes on pages 9 to Page 23 are an integral part of these consolidated financial statements.

Cash flow statement

All amounts in Euro thousands.

	Note	Consolidated		Company	
		1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005
Cash flows from operating activities					
Cash generated from operations	12	(6,913)	(16,038)	312	18,786
Interest paid		(12,235)	(9,679)	(8,525)	(7,917)
Income tax paid		(4,070)	(2,245)	(3,133)	(1,894)
Net cash generated from operating activities		(23,218)	(27,961)	(11,346)	8,975
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	15	(22,464)	(10,572)	(22,825)	(10,572)
Additions in investment property (acquisitions & development)		(52,023)	(12,643)	(2,772)	(12,643)
Proceeds from sale of investment property		850	-	-	-
Additions in property, plant and equipment & intangible assets		(130)	(8,878)	(89)	(7,953)
Proceeds from sale of property, plant and equipment		94	-	1	-
Interest inflow		139	313	52	149
Decrease of other short - term assets		-	(13)	-	(13)
Net cash used in investing activities		(73,533)	(31,793)	(25,633)	(31,031)
Cash flows from financing activities					
Proceeds from disposal of other investments		91	-	-	-
Inflows / (outflows) - derivatives		(1,646)	-	(1,646)	-
Borrowings inflows		87,940	34,500	33,987	4,000
Borrowings payback		(28,706)	(22,115)	(28,172)	(21,946)
Increase / (Decrease) of other short - term financing		37,030	-	30,430	-
Dividends paid to the Company's shareholders		(12)	(353)	(12)	(353)
Net cash used in financing activities		94,697	12,032	34,587	(18,299)
Net increase / (decrease) in cash and cash equivalents					
		(2,054)	(47,722)	(2,392)	(40,355)
Cash and cash equivalents at beginning of the period		50,104	75,744	9,615	49,394
Cash and cash equivalents at end of the period		48,051	28,022	7,222	9,039

The notes on pages 9 to Page 23 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 General information

The interim condensed financial statements include the financial statements of Babis Vovos International Construction S.A (“Company”) as well as the consolidated financial statements of the Group which include financial statements of the company and its subsidiaries (together “BVIC” or “Group”) for the period ended 30 June 2006.

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 340 Kifissias Avenue, 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 six months ended 30 June 2006 have been approved for issue by the Board of Directors on August 30th, 2006.

2 Basis of preparation

These interim financial statements for the Company and the Group refer to the six months ended 30 June 2006. They have been prepared by management in accordance with the International Accounting Standard (“IAS”) 34 - Interim Financial Statements.

The interim consolidated financial statements for the six months ended 30 June 2006 were prepared according to the same accounting standards and policies followed for the preparation and presentation of the financial statements for the Company and the Group for the year 2005.

Certain amounts of the previous period data were reclassified so that they are comparable with the respective ones of the current period.

Any differences between these financial statements and the respective amounts in the notes as well as the totals are due to roundings.

The interim financial statements should be taken into consideration together with the audited consolidated financial statements for the year ended 31 December 2005 which are published to the Company’s website.

3 New standards, interpretations and amendments to published standards

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

IAS 19 (Amendment) “Actuarial gains and losses, group plans and disclosures”, effective for annual periods beginning on or after 1 January 2006. This amendment allows companies an alternative treatment with respect to the recognition of actuarial gains and losses and also requires additional expanded disclosures. The Group decided to retain its former accounting policy regarding the recognition of actuarial

gains and losses and therefore the only impact will be on the expanded disclosures that are required. The Group will apply these amendments in its annual financial statements at 31 December 2006.

IAS 39 (Amendment) “Cash flow hedge accounting of forecast intragroup transactions”, effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group.

IAS 39 (Amendment) “The fair value option”, effective for annual periods beginning on or after 1 January 2006. This amendment changes the classification and valuation of financial instruments classified as at fair value through profit or loss and limits the classification of financial instruments into this category. The Group is of the view that this amendment will not have an impact on its financial statements.

IAS 39 and IFRS 4 (Amendment) “Financial guarantee contracts”, effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group.

IAS 21 (Amendment) “Net investment in a foreign operation”, effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group.

IFRS 6 “Exploration for and evaluation of mineral resources”, effective for annual periods beginning on or after 1 January 2006. This standard is not relevant for the Group.

IFRS 7 “Financial instruments: Disclosures”, effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of IFRS 7 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures. The Group will apply IFRS 7 from annual periods beginning 1 January 2007.

IFRIC 4 “Determining whether an arrangement contains a lease”, effective for annual periods beginning on or after 1 January 2006. The Group is of the view that this interpretation will not have an impact on its financial statements.

IFRIC 5 “Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds”, effective for annual periods beginning on or after 1 January 2006. This interpretation is not relevant for the Group.

IFRIC 6 “Liabilities arising from participating in a specific market – waste electrical and electronic equipment”, effective for annual periods beginning on or after 1 December 2005. This interpretation is not relevant for the Group.

IFRIC 7 “Applying the Restatement Approach under IAS 29”, effective for annual periods beginning on or after 1 March 2006. This interpretation will not affect the Group’s financial statements.

IFRIC 8 “Scope of IFRS 2”, effective for annual periods beginning on or after 1 May 2006. This interpretation will not affect the Group’s financial statements.

IFRIC 9 “Reassessment of Embedded Derivatives”, effective for annual periods beginning on or after 1 June 2006. This interpretation should not have an impact on the Group’s financial statements.

4 Segment Reporting

4.1 Primary reporting format – business segments

At 30 June 2006, the Group was organised into three main business segments according to its activities: development and sale of property, property leases and construction works.

The segment results for the period ended 30 June 2006 are as follows:

All amounts in Euro thousands.

	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Revenue	3,752	689	19,510	19	23,970
Operating profit / (loss)	(1,924)	125	146,370	(4,587)	139,984
Finance expense (net)	-	-	-	-	(12,514)
Profit / (loss) before income tax	(1,924)	125	146,370	(4,587)	127,470
Income tax expense	-	-	-	-	(29,749)
Profit / (loss) for the year	(1,924)	125	146,370	(4,587)	97,721

The segment results for the period ended 30 June 2005 are as follows:

	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Revenue	-	583	17,900	-	18,483
Operating profit / (loss)	(0)	(166)	53,357	(3,745)	49,446
Finance expense (net)	-	-	-	-	(10,182)
Profit / (loss) before income tax	(0)	(166)	53,357	(3,745)	39,264
Income tax expense	-	-	-	-	(20,380)
Profit / (loss) for the year	(0)	(166)	53,357	(3,745)	18,884

The segment results for the period from 1 April up to 30 June 2006 are as follows:

All amounts in Euro thousands.

	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Revenue	1,316	229	9,386	19	10,950
Operating profit / (loss)	(769)	46	61,714	(2,535)	58,457
Finance expense (net)	-	-	-	-	(6,991)
Profit / (loss) before income tax	(769)	46	61,714	(2,535)	51,466
Income tax expense	-	-	-	-	(12,668)
Profit / (loss) for the year	(769)	46	61,714	(2,535)	38,798

The segment results for the period from 1 April up to 30 June 2005 are as follows:

All amounts in Euro thousands.

	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Revenue	-	151	8,674	-	8,825
Operating profit / (loss)	(0)	(289)	5,737	(1,886)	3,562
Finance expense (net)	-	-	-	-	(5,175)
Profit / (loss) before income tax	(0)	(289)	5,737	(1,886)	(1,613)
Income tax expense	-	-	-	-	(9,903)
Profit / (loss) for the year	(0)	(289)	5,737	(1,886)	(11,516)

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

All amounts in Euro thousands.

	Period ended 30 June 2006				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Lease expense	-	-	(8,735)	-	(8,735)
Net gain from fair value adjustment on investment property	-	-	137,599	-	137,599
	Period ended 30 June 2005				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Lease expense	-	-	(8,502)	-	(8,502)
Net gain from fair value adjustment on investment property	-	-	46,579	-	46,579
Impairment of receivables	-	-	(1,300)	-	(1,300)
	1 April up to 30 June 2006				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Lease expense	-	-	(4,336)	-	(4,336)
Net gain from fair value adjustment on investment property	-	-	57,665	-	57,665
	1 April up to 30 June 2005				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Lease expense	-	-	(4,207)	-	(4,207)
Net gain from fair value adjustment on investment property	-	-	2,587	-	2,587
Impairment of receivables	-	-	(1,300)	-	(1,300)

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 30 June 2006 are as follows:

	30 June 2006					
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group	
Total Assets	100,202	2,022	1,106,227	74,860	1,283,310	
Total Liabilities	134,378	80	371,282	220,565	726,305	

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

All amounts in Euro thousands.

	31 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	

Segment assets consist primarily of investment property, property plant and equipment, inventories, trade and other receivables. Intangible assets, cash and cash equivalents are primarily not allocated.

Segment liabilities consist primarily of borrowings (including finance leases), trade and other liabilities. Income tax liabilities and derivatives are not primarily allocated.

4.2 Secondary reporting format – geographical segments

The Group realises the total of its sales in Greece.

5 Investment property

All amounts in Euro thousands.

	<u>Note</u>	Consolidated	Company
At beginning of period (01.01.2005)		624,951	535,286
Additions in investment property		12,643	12,643
Transfer from inventory		20,913	2,513
Net gain from fair value adjustments on investment property		46,579	19,255
At end of period (30.06.2005)		705,086	569,697
Additions in investment property		22,477	16,360
Transfer from property, plant and equipment		31,198	9,037
Transfer from inventory		3,488	-
Net gain from fair value adjustments on investment property		142,135	112,975
At end of period (31.12.2005)		904,383	708,069
Acquisition of subsidiary	15	29,376	-
Additions in investment property		52,023	2,772
Transfer from property, plant and equipment		(2,168)	3,820
Transfer from inventory		1	-
Disposal		(1,476)	-
Net gain from fair value adjustments on investment property		137,599	6,766
At end of period (30.06.2006)		1,119,739	721,426

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. Additional valuations were made for investment property additions during the period ended at 30 June 2006 resulting in a net gain from fair value adjustments amounting to € 137.6 million (see analysis of additions below).

Additions to investment property

During the period ended at 30 June 2006, an additional part (second floor offices) of the building developed in a property acquired by the Group (through the acquisition of the owner company) located in Maroussi (49 Kifissias Av.) was completed. For this new part completed, a sale and leaseback agreement of approximately € 5 million was signed by the Group.

The completion of the above part had a positive contribution of approximately € 6.8 million in the Group's result before deferred tax during the first quarter of 2006 based on the valuation performed by the independent appraiser as per March 31st, 2006.

Investment property also includes the right to use (Build Operate Transfer) a building complex owned by Rizarios Ecclesiastical School (R.E.S.) for 49 years. The Group has entered into an agreement with R.E.S. according to which, the Group has constructed two building complexes of total above ground area 24,213 sqm (Building Complex I: 9,640 sqm, Building complex II: 14,573 sqm with respective parking stations). According to the same agreement, the building complex I is becoming ownership of R.E.S. while the building complex II is becoming ownership of the Group through a contract of exchange of land for built area. The latter is included in the Investment property under construction (see below). The Group has entered into an operational lease agreement of 49 years for the Building complex I which was delivered to R.E.S at the beginning of 2006. The right to use buildings through operational lease agreements can be classified and treated as investment property (when the provisions of IAS 17 par. 19 and IAS 40 par. 6 are fulfilled). Consequently, the aforementioned right to use the building complex I was classified as investment property and recognised in the Balance Sheet at its fair value based on the valuation performed by the independent appraiser as per February 1st 2006. The above right was treated as financial lease (based on the provisions of IAS 17 paragraph 19). For the calculation of the revaluation surplus, the value of the financial lease (present value of the minimum lease payments to R.E.S.) was deemed as cost. The respective liability has been included in the financial statements and is classified as borrowings. The revaluation surplus (difference between fair value and cost as described above) amounting to € 72.8 million was recognised in the income statement of the period. The Group has already subleased approximately 60% of the lettable area of the building complex I.

During the second quarter of 2006, the construction of the parking station and the first building (K3) of the building complex II at Delta Falirou was completed. The completion of the parking station and the K3 building had a positive contribution of approximately € 58.1 million in the Group's result before deferred tax based on the valuation performed by the independent appraiser as per February 1st, 2006. During 2005, the Group signed a sale and leaseback agreement of € 59 million covering 94% of the lettable area of the building complex II (buildings K3 and K4) and 100% of the parking spaces of the property.

Investment property under construction

Delta Falirou

The Group continues at a fast pace the construction of building K4 of the Building Complex II in Delta Falirou. The construction of this building (K4) of the building complex II, which was damaged due to a fire eruption at July 31st, 2006, was not completed during the first half of 2006 as it was initially planned and announced by the company. With its completion, which is expected during the second half of 2006, it will be adjusted at fair value.

Sounio

BVIC Group has already received all the necessary permits from the Greek National Tourist Organisation (GNTO) and has prepared all the necessary data and documents for the issuance of new building permits for the development of three distinct hotel units, with a total above ground area of 12,000 sqm. The building permits are expected to be issued within 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.

340 Syngrou Avenue

The Group acquired, a property in Athens located at 340 Syngrou Ave. (through the acquisition of a company, see Note 15 below), which is currently under issuing building permit and included in Investment property

In the income statement, direct operating expenses include € 19 thousand relating to investment property that was vacant.

Investment property includes buildings valued at € 853,879 thousand (including the Build Operate Transfer of building complex Ethnikis Antistaseos), held under sale and leaseback agreements, of which the remaining obligations are € 313,210 thousand. (For 31.12.2005: buildings valued at € 768,868 thousand (including the Build Operate Transfer of building complex Ethnikis Antistaseos) held under sale and leaseback agreements of which the remaining obligations were € 295,268 thousand).

6 Borrowings

All amounts in Euro thousands.

	Consolidated		Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Non - current				
Bank Borrowings	40,114	30,935	20,114	30,935
Finance lease liabilities	355,422	310,337	263,565	249,519
	<u>395,537</u>	<u>341,271</u>	<u>283,679</u>	<u>280,454</u>
Current				
Bank Borrowings	56,014	57,856	26,957	28,844
Finance lease liabilities	22,692	15,882	19,081	14,605
	<u>78,706</u>	<u>73,737</u>	<u>46,037</u>	<u>43,448</u>
Total borrowings	<u>474,242</u>	<u>415,008</u>	<u>329,717</u>	<u>323,902</u>

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

The average weighted interest rate at 30 June 2006 was 5.56% for bank borrowings. Due to the interest rate swap signed by the Group during the first quarter of 2006 for approximately 74% of the above finance lease liabilities (see Derivatives), the rate for calculating the interest payable for these liabilities is 5.29% up to the maturity and repayment of the respective agreements. For the remaining finance lease liabilities, which are not included in the aforementioned interest rate swap agreement, the average weighted interest rate at 30 June 2006 was 5.62%. The fair value of these floating rate borrowings at 30 June 2006 approximated their carrying values.

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

For securing liabilities, guarantees over the investment property, the property plant equipment and the inventories amounting to € 103,741 thousand for the Group and € 58,498 thousand for the company respectively have been given.

7 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	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Deferred tax liabilities:				
– deferred tax liability to be recovered after more than 12 months	150,540	115,505	96,187	92,710
	<u>150,540</u>	<u>115,505</u>	<u>96,187</u>	<u>92,710</u>

The total movement in deferred income tax is presented below:

All amounts in Euro thousands.

	Note	Consolidated	Company
Balance at 1 January 2005		67,497	58,925
Debit / (credit) in the income statement		17,787	8,096
Acquisition of subsidiary		3,505	-
Balance at 30 June 2005		<u>88,789</u>	<u>67,021</u>
Debit / (credit) in the income statement		26,716	25,689
Balance at 31 December 2005		<u>115,505</u>	<u>92,710</u>
Debit / (credit) in the income statement		28,881	3,477
Acquisition of subsidiary	15	6,154	-
Balance at 30 June 2006		<u>150,540</u>	<u>96,187</u>

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

All amounts in Euro thousands.

Deferred Tax Liabilities	Investment property to fair value	Total
Balance 01.01.2005	116,192	116,192
Debit / (credit) in the income statement	10,314	10,314
Acquisition of subsidiary	3,865	3,865
Balance 30.06.2005	130,372	130,372
Debit / (credit) in the income statement	38,146	38,146
Balance 31.12.2005	168,518	168,518
Debit / (credit) in the income statement	27,854	27,854
Acquisition of subsidiary	6,157	6,157
Balance 30.06.2006	202,529	202,529

Consolidated

Deferred Tax Assets	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
Balance 01.01.2005	(41,834)	(6,379)	(140)	(342)	-	(48,695)
Debit / (credit) in the income statement	1,059	6,379	52	(17)	-	7,473
Acquisition of subsidiary	-	-	(361)	-	-	(361)
Balance 30.06.2005	(40,775)	-	(449)	(360)	-	(41,583)
Debit / (credit) in the income statement	(9,493)	-	86	(24)	(2,000)	(11,431)
Balance 31.12.2005	(50,268)	-	(363)	(384)	(2,000)	(53,014)
Debit / (credit) in the income statement	1,017	-	4	(31)	38	1,028
Acquisition of subsidiary	-	-	(3)	-	-	(3)
Balance 30.06.2006	(49,251)	-	(362)	(415)	(1,962)	(51,990)

Company

Deferred Tax Liabilities	Investment property to fair value	Total
Balance 01.01.2005	99,804	99,804
Debit / (credit) in the income statement	4,814	4,814
Balance 30.06.2005	104,618	104,618
Debit / (credit) in the income statement	30,767	30,767
Balance 31.12.2005	135,385	135,385
Debit / (credit) in the income statement	1,692	1,692
Balance 30.06.2006	137,077	137,077

Company						Total
Deferred Tax Assets	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
Balance 01.01.2005	(38,234)	(2,193)	(140)	(311)	-	(40,879)
Debit / (credit) in the income statement	1,053	2,193	52	(16)	-	3,282
Balance 30.06.2005	<u>(37,182)</u>	<u>-</u>	<u>(88)</u>	<u>(328)</u>	<u>-</u>	<u>(37,597)</u>
Debit / (credit) in the income statement	(4,786)	-	86	(23)	(355)	(5,078)
Balance 31.12.2005	<u>(41,968)</u>	<u>-</u>	<u>(2)</u>	<u>(351)</u>	<u>(355)</u>	<u>(42,675)</u>
Debit / (credit) in the income statement	1,567	-	3	(27)	243	1,785
Balance 30.06.2006	<u>(40,401)</u>	<u>-</u>	<u>2</u>	<u>(378)</u>	<u>(112)</u>	<u>(40,890)</u>

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.

8 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 14th 2006. The instalments are calculated as interest on the notional principal with an interest rate based on the 5-year EUR swap rate (5y CMS).

At 30 June 2006, after the payment of the first instalment (€ 905 thousand), the fair value of the interest rate swap was € 6,350 thousand (31.12.2005: € 7,970 thousand) and a finance income of € 715 thousand was recognised in the income statement.

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

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

The valuation of the interest rate swap agreement as per 30 June 2006 resulted in finance income amounting to € 713 thousand, which was recognised at the income statement for the period.

9 Revenue

All amounts in Euro thousands.

	Consolidated		Company	
	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005
Rental income	19,509	17,900	15,418	14,690
Sale of property	3,752	-	2,902	-
Construction work	689	583	691	583
Other	20	-	74	1
	<u>23,970</u>	<u>18,483</u>	<u>19,085</u>	<u>15,274</u>

	Consolidated		Company	
	1/4/2006 - 30/6/2006	1/4/2005 - 30/6/2005	1/4/2006 - 30/6/2006	1/4/2005 - 30/6/2005
Rental income	9,385	8,674	7,384	7,159
Sale of property	1,316	-	1,316	-
Construction work	229	151	229	151
Other	20	-	42	1
	<u>10,950</u>	<u>8,825</u>	<u>8,971</u>	<u>7,311</u>

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

10 Earnings per share

All amounts in Euro thousands.

	Consolidated		Company	
	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005
Net profit attributable to shareholders	97,629	18,833	(1,229)	(18,311)
Weighted average number of ordinary shares in issue (thousands)	33,930	33,930	33,930	33,930
Basic earnings per share (€ per share)	<u>2.88</u>	<u>0.56</u>	<u>(0.04)</u>	<u>(0.54)</u>

	Consolidated		Company	
	1/4/2006 - 30/6/2006	1/4/2005 - 30/6/2005	1/4/2006 - 30/6/2006	1/4/2005 - 30/6/2005
Net profit attributable to shareholders	38,769	(11,531)	(5,509)	(27,018)
Weighted average number of ordinary shares in issue (thousands)	33,930	33,930	33,930	33,930
Basic earnings per share (€ per share)	<u>1.14</u>	<u>(0.34)</u>	<u>(0.16)</u>	<u>(0.80)</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 period.

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

11 Dividends per share

At 29 June 2006, the General Meeting of Shareholders approved a dividend distribution of € 13,572,000 or € 0.40 per share for the fiscal year 2005 (dividend for the fiscal year 2004: € 12,214,800 or € 0.36 per share). The dividend has been included in the interim financial statements for the period ended at 30 June 2006. It represents an increase of 11% versus the previous fiscal year's one.

12 Cash generated from operations

All amounts in Euro thousands.

	Consolidated		Company	
	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005
Net profit	97,721	18,884	(1,229)	(18,311)
Adjustments for:				
– income tax expense	29,749	20,380	3,477	9,703
– depreciation and amortisation	327	275	255	222
– (profit) / loss on sale of investment property	626	-	-	-
– (profit) / loss on sale of PPE	101	-	(1)	-
– net gain from fair value adjustment on investment property	(137,599)	(46,579)	(6,766)	(19,255)
– Increase in retirement provision	128	71	109	65
– Increase in provision for future tax audit differences	-	165	-	165
– Increase (decrease) in provision for litigation and claims	(243)	-	-	-
– Increase in provision for doubtful debt	-	1,300	-	1,300
– interest expense	13,339	10,494	9,492	8,697
– interest revenue	(139)	(313)	(52)	(149)
– (income) / loss from derivatives	(687)	-	(687)	-
– dividend (income) / loss	-	-	(1,416)	21,874
Changes in working capital:				
– trade and other receivables	(3,114)	13,785	2,412	14,157
– inventories	(1,098)	(2,862)	(154)	(397)
– payables	(6,025)	(31,638)	(5,129)	715
Cash generated from operations	<u>(6,913)</u>	<u>(16,038)</u>	<u>312</u>	<u>18,786</u>

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

	Consolidated		Company	
	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005
Cost of investment property sold	1,476	-	-	-
Profit / (loss) on sale of investment property	(626)	-	-	-
Proceeds from sale of investment property	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Consolidated		Company	
	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005
Net book amount	195	-	-	-
Profit / (loss) on sale of PPE	(101)	-	1	-
Proceeds from sale of PPE	<u>94</u>	<u>-</u>	<u>1</u>	<u>-</u>

13 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 € 4,005 thousand to third parties concerning securing liabilities and fair execution.

At 30 June 2006, there were pending court decisions over injunctions filled against the Group from third parties amounting to € 4,465 thousand for which a provision of € 937 thousand for the Group and € 437 thousand for the Company was formed. Based on the estimations of the company management and the legal counsels, the provision is considered adequate. There is no expectation that any significant additional liability will incur. At 30 June 2006, there were pending court decisions for the cancellation of building permits as far as two buildings are concerned. However, no liability is expected to incur. At 30 June 2006, there also were pending court decisions over injunctions filled by the Group against third parties amounting to € 1,707 thousand.

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

14 Related-party transactions

All amounts in Euro thousands.

	Consolidated		Company	
	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005	1/1/2006 - 30/6/2006	1/1/2005 - 30/6/2005
i) Sales of goods and services				
<i>Sales of goods</i>	-	-	74	1
Babis Vovos International Construction S.A. & Co GP	-	-	74	1
	<u>-</u>	<u>-</u>	<u>74</u>	<u>1</u>
<i>Sales of services</i>				
Babis Vovos International Construction S.A. & Co GP	-	-	1	-
	-	-	1	-
	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
ii) Purchases of goods and services				
<i>Purchases of services</i>				
Services of key management personnel	392	297	305	141
	392	297	305	141
	<u>392</u>	<u>297</u>	<u>305</u>	<u>141</u>
iii) Key management compensation				
Salaries and other short term employee benefits	535	518	535	518
	<u>535</u>	<u>518</u>	<u>535</u>	<u>518</u>
iv) Year-end balances arising from sales/purchases of goods/services				
<i>Receivables from related parties</i>				
Babis Vovos International Construction S.A. & Co GP	-	-	43,738	50,439
Ergoliptiki - Ktimatiki - Touristiki SA	-	-	367	37
International Health Care S.A	11,921	11,936	11,739	11,739
Positive Ltd.	499	499	490	490
International Construction S.A - Boretos & Co. GP	48	48	48	48
Ergoliptiki - Ktimatiki - Touristiki SA & Co Ltd	11,024	11,024	5,036	5,036
Elfinko S.A.	-	-	759	-
	<u>23,492</u>	<u>23,507</u>	<u>62,176</u>	<u>67,789</u>
<i>Payables to related parties</i>				
Doma S.A	-	-	8,265	8,266
International Palace Hotel S.A	-	-	3,870	3,886
Alteco S.A	-	-	10,831	10,937
Key management personnel	44,528	7,375	36,466	6,036
	<u>44,528</u>	<u>7,375</u>	<u>59,432</u>	<u>29,125</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.

15 Business combinations

On May 22nd, 2006 the Company acquired 99.00% of Elfinko S.A. A land plot of approximately 6,000 sqm at 340 Syngrou Avenue in Kallithea is the main asset of the aforementioned company.

The 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	361	361
Investment Property	29,376	-
Property, plant and equipment	557	5,304
Intangible assets	-	14
Investments	91	91
Inventories	121	121
Trade & Other Receivables	624	624
Borrowings	-	-
Trade & Other Payables	(1,921)	(1,921)
Net deferred tax liabilities	<u>(6,154)</u>	<u>-</u>
Net assets	23,056	<u>4,594</u>
Minority interests (1.00%)	<u>(231)</u>	
Net assets acquired	<u>22,825</u>	
Cash outflow on acquisition	22,825	
Cash and cash equivalents in subsidiary acquired	<u>(361)</u>	
Net Cash outflow on acquisition	<u>22,464</u>	

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

16 Events after June 30th, 2006

1. Interest Rate Swap Agreements

During July 2006, the Company entered into two new interest rate swap agreements. These two agreements are similar and, according to their provisions, the Company receives prepayments of € 3,800 thousand and € 2,000 thousand which actually are the interest calculated on a notional principal of € 38,000 thousand and € 20,000 thousand respectively. The Company has the obligation to pay 10 six-monthly instalments commencing on January 12th 2007 and January 28th 2007 respectively. The instalments are calculated as interest on the notional principal with an interest rate of 2% for the first six-month period. After the first six-month period the interest rate varies based on the difference between the 10year and the 2year US dollar interest rate swap.

2. Fire at the Building complex II of the property at Delta Falirou.

At July 31st, 2006, a fire erupted at a separate part of the Building Complex II being under construction by the subsidiary "Babis Vovos International Construction S.A. and Co GP" at Delta Falirou. This part was intended to be a bowling centre. The fire has led to damages at the first and second floor of building K4. The building was fully insured with Alpha Insurances and the total restoration cost will be covered by the latter.