



**Babis Vovos International Construction S.A.**

Financial Statements for the year ended 31  
December 2006 under International Financial  
Reporting Standards

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## **Translation from the original text in Greek**

### **Independent auditor's report**

#### **To the Shareholders of the BABIS VOVOS SA**

#### **Report on the Financial Statements**

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

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

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

#### **Auditor's Responsibility**

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

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

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

#### **Opinion**

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

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

#### Report on Other Legal and Regulatory Requirements

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

Athens, 28 March 2007

PricewaterhouseCoopers

## Balance sheet

*All amounts in Euro thousands*

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

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

## Income statement

*All amounts in Euro thousands*

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

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		
<b>Balance at 1 January 2005</b>		46,832	23,642	280,280	4,197	<b>354,952</b>
Profit for the year		-	-	120,789	3,565	124,353
Transfer to statutory reserve	14	-	578	(578)	-	-
Transfer to special - untaxed reserve	14	-	(1,168)	1,168	-	-
Dividend relating to 2004		-	-	(6,786)	-	(6,786)
Business combinations	32	-	-	-	106	106
<b>Balance at 31 December 2005</b>		<b>46,832</b>	<b>23,053</b>	<b>394,872</b>	<b>7,868</b>	<b>472,626</b>
Profit for the year		-	-	86,187	(793)	85,394
Dividend relating to 2005		-	-	(13,572)	-	(13,572)
Business combinations	32	-	-	-	231	231
<b>Balance at 31 December 2006</b>		<b>46,832</b>	<b>23,053</b>	<b>467,487</b>	<b>7,306</b>	<b>544,678</b>

### Company Statement of changes in equity

	Note	Attributable to equity holders of the Company			Total equity
		Share capital	Other reserves	Retained earnings	
<b>Balance at 1 January 2005</b>		46,832	25,044	257,452	<b>329,328</b>
Profit for the year		-	-	68,271	68,271
Transfer to statutory reserve	14	-	199	(199)	-
Dividend relating to 2004		-	-	(6,786)	(6,786)
<b>Balance at 31 December 2005</b>		<b>46,832</b>	<b>25,244</b>	<b>318,737</b>	<b>390,813</b>
Profit for the year		-	-	(33,556)	(33,556)
Dividend relating to 2005		-	-	(13,572)	(13,572)
<b>Balance at 31 December 2006</b>		<b>46,832</b>	<b>25,244</b>	<b>271,609</b>	<b>343,685</b>

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

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 2006 under the International Financial Reporting Standards (“IFRS”). The subsidiaries are provided in Note 9.

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

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

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

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

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

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

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

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

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

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

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

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

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

### Standards effective in 2006

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

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

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

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

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

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

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

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

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

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

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

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

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Interpretations effective in 2006

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

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

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

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

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

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

Standards effective after 1 January 2007

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

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

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

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

Interpretations effective after 1 January 2007

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

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

**IFRIC 8 - Scope of IFRS 2**

This interpretation is effective for annual periods beginning on or after 1 May 2006 and considers transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair

value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. This interpretation will not affect the Group's financial statements.

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

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

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

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

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

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

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

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

### **2.3 Consolidation**

#### *(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.

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of

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

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

## **2.4 Segment Information**

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

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

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

## **2.5 Foreign currency translation**

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

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

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

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

## **2.6 Investment property**

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

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

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

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

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the Group and are

performed by an independent valuator of Colliers International S.A. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

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

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

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

Changes in fair values are recorded in the income statement.

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

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

## **2.7 Property plant and equipment**

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

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

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

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

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

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

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

## **2.8 Intangible assets**

### *Computer software*

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

### *Rights for use of building coefficient*

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

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

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

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

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

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

## **2.9 Impairment of non-financial assets**

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

impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## **2.10 Financial Assets**

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

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

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

(b) Loans and receivables

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

(c) Held-to-maturity investments.

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

(d) Available-for-sale financial assets.

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

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit & loss. Financial assets carried at fair value through profit & loss are initially recognized at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership and financial assets at fair value through profit & loss are subsequently carried at fair value.

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

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

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

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

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

### **2.11 Inventories**

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

### **2.12 Trade receivables**

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

### **2.13 Cash and cash equivalents**

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

### **2.14 Share capital**

Ordinary shares are classified as equity.

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

### **2.15 Borrowings**

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

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

## **2.16 Derivative financial instruments**

Derivative financial instruments include interest rate swaps.

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

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

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

## **2.17 Taxation**

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

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

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

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

## **2.18 Employee benefits**

### *(a) Pension obligations*

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

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

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

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

*(b) Termination benefits*

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

*(c) Short term benefits*

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

## **2.19 Provisions**

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

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

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

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

## **2.20 Revenue recognition**

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

The recognition of revenue has as follows:

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

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

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

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

**(c) Income from development and construction work**

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

**(d) Interest income**

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

**(e) Dividends**

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

## **2.21 Leases**

*(f) 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 6 below).

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

## **2.22 Dividend distribution**

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

## **2.23 Comparative figures and rounding**

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

# **3 Financial risk management**

## **3.1 Financial risk factors**

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

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

### *(a) Market risk*

#### Price risk

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

### *(b) Credit risk*

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

### *(c) Liquidity risk*

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

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

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

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

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

### **3.2 Fair value estimation**

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

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

For investment property fair value estimation see note 2.6.

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

## **4 Critical accounting estimates and judgements**

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

### **4.1 Critical accounting estimates and assumptions**

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

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

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

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

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

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

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

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

*(c) Income taxes*

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

*(d) Outstanding legal claims*

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

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

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

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

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

## **5 Segment Reporting**

### **5.1 Primary reporting format – business segments**

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

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

*All amounts in Euro thousands*

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

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

	Year ended 31 December 2005				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Revenue	4,298	1,482	35,011	-	40,791
Operating profit / (loss)	926	91	202,356	(8,459)	194,914
Finance expense (net)	-	-	-	-	(21,734)
<b>Profit / (loss) before income tax</b>	<b>926</b>	<b>91</b>	<b>202,356</b>	<b>(8,459)</b>	<b>173,181</b>
Income tax expense	-	-	-	-	(48,827)
<b>Profit / (loss) for the year</b>	<b>926</b>	<b>91</b>	<b>202,356</b>	<b>(8,459)</b>	<b>124,353</b>

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

*All amounts in Euro thousands*

	Year ended 31 December 2006				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Lease rental (Note 7)	-	-	(17,195)	-	(17,195)
Net gain from fair value adjustment on investment property (Note 6)	49,420	-	89,484	-	138,905
Impairment of receivables (Note 11)	-	-	-	(2,051)	(2,051)
Provisions	-	-	-	(1,869)	(1,869)
Depreciation of property, plant and equipment (Note 7)	(3)	(0)	(205)	(219)	(428)
Amortisation of intangible assets (Note 8)	-	-	-	(43)	(43)
Impairment of inventory (Note 10)	(1,499)	-	-	-	(1,499)

	Year ended 31 December 2005				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Lease rental (Note 7)	-	-	(17,028)	-	(17,028)
Net gain from fair value adjustment on investment property (Note 6)	9,329	-	179,384	-	188,714
Impairment of receivables (Note 11)	-	-	-	(1,121)	(1,121)
Provisions	-	-	-	(2,240)	(2,240)
Depreciation of property, plant and equipment (Note 7)	(4)	(5)	(137)	(189)	(335)
Amortisation of intangible assets (Note 8)	-	-	-	(37)	(37)

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

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

	31 December 2006				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Total Assets	303,559	1,849	981,631	92,405	1,379,444
Total Liabilities	228,037	31	396,552	210,145	834,766
Capital expenditure	92,372	-	62,777	593	155,743

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

	31 December 2005				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Total Assets	278,065	1,945	720,059	62,473	1,062,542
Total Liabilities	101,748	6	321,140	167,022	589,917
Capital expenditure	17,613	-	49,425	1,704	68,742

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

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

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

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

## 5.2 Secondary reporting format – geographical segments

The Group realises the total of its sales in Greece.

## 6 Investment property

*All amounts in Euro thousands*

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

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

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

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

### *Additions to investment property*

#### 49 Kifissias Avenue & Ziridi

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

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

### Delta Falirou

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

During the second quarter of 2006, the construction of the parking station and the first building (K3) of the building complex II at Delta Falirou was completed. During the third quarter of 2006, the construction of the building (K4) of the same building complex at Delta Falirou was also completed. All the damages caused by the fire eruption at July 31<sup>st</sup>, 2006 were restored. The completion of the parking station and both K3, K4 buildings had a positive contribution of approximately € 93.8 million in the Group's result before deferred tax based on the valuation performed by the independent appraiser as per December 31<sup>st</sup>, 2006. During 2005, the Group had signed a sale and leaseback agreement of € 59 million covering 94% of the lettable area of the building complex II (buildings K3 and K4) and 100% of the parking spaces of the property.

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

### *Disposal of Investment property*

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

### *Investment property under construction*

#### Sounio

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

#### 340 Syngrou Avenue

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

#### Poros - Galatas

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

#### Votanikos

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

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

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

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

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

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

## 7 Property, plant and equipment

*All amounts in Euro thousands*

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

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

There were no impairment charges in 2006 and 2005.

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

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

	<b>Consolidated 31 December 2006</b>	<b>Company 31 December 2006</b>
Cost	336	-
Accumulated depreciation	(8)	-
<b>Closing net book amount 31 December 2006</b>	<b>328</b>	-

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

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

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

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

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

## 8 Intangible assets

All amounts in Euro thousands

Consolidated	Purchased rights to transfer building coefficients		Total
	Software licences		
<b>Cost</b>			
Balance 1 January 2006	230	18,871	19,101
Purchases	44	-	44
<b>Balance 31 December 2006</b>	<b>274</b>	<b>18,871</b>	<b>19,146</b>
<b>Accumulated depreciation</b>			
Balance 1 January 2006	(129)	-	(129)
Depreciation charge	(43)	-	(43)
<b>Balance 31 December 2006</b>	<b>(172)</b>	<b>-</b>	<b>(172)</b>
<b>Closing net book amount 31 December 2006</b>	<b>102</b>	<b>18,871</b>	<b>18,974</b>

Consolidated	Purchased rights to transfer building coefficients		Total
	Software licences		
<b>Cost</b>			
Balance 1 January 2005	147	18,810	18,957
Purchases	83	61	144
<b>Balance 31 December 2005</b>	<b>230</b>	<b>18,871</b>	<b>19,101</b>
<b>Accumulated depreciation</b>			
Balance 1 January 2005	(92)	-	(92)
Depreciation charge	(37)	-	(37)
<b>Balance 31 December 2005</b>	<b>(129)</b>	<b>-</b>	<b>(129)</b>
<b>Closing net book amount 31 December 2005</b>	<b>102</b>	<b>18,871</b>	<b>18,973</b>

Company	Purchased rights		Total
	Software licences	to transfer building coefficients	
<b>Cost</b>			
<b>Balance 1 January 2006</b>	230	16,443	16,673
Purchases	44	-	44
<b>Balance 31 December 2006</b>	<b>274</b>	<b>16,443</b>	<b>16,718</b>
<b>Accumulated depreciation</b>			
<b>Balance 1 January 2006</b>	(129)	-	(129)
Depreciation charge	(43)	-	(43)
<b>Balance 31 December 2006</b>	<b>(172)</b>	<b>-</b>	<b>(172)</b>
<b>Closing net book amount 31 December 2006</b>	<b>102</b>	<b>16,443</b>	<b>16,546</b>

Company	Purchased rights		Total
	Software licences	to transfer building coefficients	
<b>Cost</b>			
<b>Balance 1 January 2005</b>	147	16,382	16,529
Purchases	83	61	144
<b>Balance 31 December 2005</b>	<b>230</b>	<b>16,443</b>	<b>16,673</b>
<b>Accumulated depreciation</b>			
<b>Balance 1 January 2005</b>	(92)	-	(92)
Depreciation charge	(37)	-	(37)
<b>Balance 31 December 2005</b>	<b>(129)</b>	<b>-</b>	<b>(129)</b>
<b>Closing net book amount 31 December 2005</b>	<b>102</b>	<b>16,443</b>	<b>16,545</b>

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

There were no impairment charges in 2006 and 2005.

#### *Transfer of Building Coefficient rights*

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

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

## 9 Investments in subsidiaries and other investments

All amounts in Euro thousands

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

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

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

The subsidiary companies that are consolidated are:

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

They are all domiciled in Greece.

Analytically:

*All amounts in Euro thousands*

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

There were no disposals of investments during 2005 and 2006.

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

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

## 10 Inventories

*All amounts in Euro thousands*

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

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

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

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

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

## 11 Trade and other receivables

*All amounts in Euro thousands*

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

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

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

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

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

## 12 Cash and cash equivalents

*All amounts in Euro thousands*

	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Cash on hand	142	83	81	62
Site deposits	14,513	32,906	6,546	9,553
Committed deposit accounts	56,854	17,115	40,000	-
Cash and cash equivalents	71,509	50,104	46,627	9,615

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

### 13 Share capital

*All amounts in Euro thousands*

#### Consolidated

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

#### Company

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

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

### 14 Reserves

*All amounts in Euro thousands*

#### Consolidated

	<b>Statutory reserve</b>	<b>Extraordinary reserve</b>	<b>Special - untaxed reserves</b>	<b>Total</b>
Balance at 1 January 2005	(115)	7,622	16,136	23,642
Transfer from retained earnings	578	-	(1,168)	(589)
Balance at 31 December 2005	463	7,622	14,968	23,053
Balance at 31 December 2006	463	7,622	14,968	23,053

#### Company

	<b>Statutory reserve</b>	<b>Extraordinary reserve</b>	<b>Special - untaxed reserves</b>	<b>Total</b>
Balance at 1 January 2005	(125)	5,353	19,817	25,044
Transfer from retained earnings	199	-	-	199
Balance at 31 December 2005	74	5,353	19,817	25,244
Balance at 31 December 2006	74	5,353	19,817	25,244

**(a) Statutory reserve**

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

**(b) Extraordinary Reserve**

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

**(c) Special-untaxed reserves**

Special-untaxed reserves include:

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

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

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

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

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

## 15 Borrowings

All amounts in Euro thousands

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

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

	Consolidated		Company	
	31 Δεκεμβρίου 2006	31 Δεκεμβρίου 2005	31 Δεκεμβρίου 2006	31 Δεκεμβρίου 2005
6 months or less	160,248	88,790	111,195	59,778
	<u>160,248</u>	<u>88,790</u>	<u>111,195</u>	<u>59,778</u>

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

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

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

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

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

All the Group's borrowings are in Euro.

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

	Consolidated		Company	
	31 Δεκεμβρίου 2006	31 Δεκεμβρίου 2005	31 Δεκεμβρίου 2006	31 Δεκεμβρίου 2005
Floating rate:				
Expiring within one year	-	3,412	-	3,412
	-	3,412	-	3,412

The maturity of finance lease liabilities is as follows:

	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Finance lease liabilities – minimum lease payments:				
-no later than 1 year	37,659	28,443	29,890	25,733
-later than 1 year and no later than 5 years	152,939	114,271	119,562	102,931
-later than 5 years	514,349	308,593	281,332	280,712
	704,946	451,307	430,784	409,377
Future finance charges on finance leases	(329,813)	(168,088)	(168,906)	(156,853)
Present value of finance lease liabilities	375,134	283,218	261,878	252,524

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
The present value of finance lease liabilities is as follows <sup>(1)</sup> :				
-not later than 1 year	17,831	15,882	15,325	14,605
-later than 1 year and not later than 5 years	85,566	72,207	71,331	65,912
-later than 5 years	271,737	195,129	175,222	172,007
	<u>375,134</u>	<u>283,218</u>	<u>261,878</u>	<u>252,524</u>

(1) In the above consolidated data, preliminary sale & leaseback agreements of € 1,000 thousand (Sounio) and of € 8,000 thousand (Kifissias & Sina - Building complex B) are not included. Their repayment will start after their completion. As far as the company data, the respective amounts not included are € 600 thousand (Sounio) and € 8,000 thousand (Kifissias & Sina - Building complex B). As far as the comparative data of 2005, preliminary sale & leaseback agreements of € 6,000 thousand (Sounio) and of € 8,000 thousand (Kifissias & Sina - Building complex B) as well as an advance of € 29,000 thousand for a sale & leaseback agreement for Delta Falirou Building complex II, the construction of which was not completed at 31 December 2005 and, consequently, its repayment had not started, are not included. At the company data of 2005, the respective amounts not included are € 3,600 thousand (Sounio) and € 8,000 thousand (Kifissias & Sina - Building complex B).

## 16 Deferred income tax

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

*All amounts in Euro thousands*

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Deferred tax liabilities:				
- deferred tax liability to be recovered after more than 12 months	153,951	115,505	95,358	92,710
	<u>153,951</u>	<u>115,505</u>	<u>95,358</u>	<u>92,710</u>

The total movement in deferred income tax is presented below:

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

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

*All amounts in Euro thousands*

**Consolidated**

<b>Deferred Tax Liabilities</b>	Investment property to fair value	<b>Total</b>
<b>Balance 01.01.2005</b>	<b>116,192</b>	<b>116,192</b>
Debit / (credit) in the income statement	48,461	48,461
Acquisition of subsidiary	3,865	3,865
<b>Balance 31.12.2005</b>	<b>168,518</b>	<b>168,518</b>
Debit / (credit) in the income statement	28,176	28,176
Acquisition of subsidiary	6,447	6,447
<b>Balance 31.12.2006</b>	<b>203,141</b>	<b>203,141</b>

**Consolidated**

<b>Deferred Tax Assets</b>	Finance leases	Reversal of profit from sale of property under preliminary agreements	Intangible assets	Provision for employees retirement benefit based on actuarial study	Derivatives	Other	<b>Total</b>
<b>Balance 01.01.2005</b>	<b>(41,834)</b>	<b>(6,379)</b>	<b>(140)</b>	<b>(342)</b>	-	-	<b>(48,695)</b>
Debit / (credit) in the income statement	(8,433)	6,379	138	(41)	(193)	(1,807)	(3,958)
Acquisition of subsidiary	-	-	(361)	-	-	-	(361)
<b>Balance 31.12.2005</b>	<b>(50,268)</b>	<b>-</b>	<b>(363)</b>	<b>(384)</b>	<b>(193)</b>	<b>(1,807)</b>	<b>(53,014)</b>
Debit / (credit) in the income statement	6,613	-	10	(60)	(1,732)	(1,004)	3,827
Acquisition of subsidiary	-	-	(3)	-	-	-	(3)
<b>Balance 31.12.2006</b>	<b>(43,654)</b>	<b>-</b>	<b>(356)</b>	<b>(444)</b>	<b>(1,924)</b>	<b>(2,812)</b>	<b>(49,190)</b>

**Company**

<b>Deferred Tax Liabilities</b>	Investment property to fair value	<b>Total</b>
<b>Balance 01.01.2005</b>	<b>99,804</b>	<b>99,804</b>
Debit / (credit) in the income statement	35,581	35,581
<b>Balance 31.12.2005</b>	<b>135,385</b>	<b>135,385</b>
Debit / (credit) in the income statement	2,630	2,630
<b>Balance 31.12.2006</b>	<b>138,015</b>	<b>138,015</b>

Company		Reversal of profit from sale of property under preliminary agreements	Intangible assets	Provision for employees retirement benefit based on actuarial study	Derivatives	Other	Total
<b>Deferred Tax Assets</b>	Finance leases						
<b>Balance 01.01.2005</b>		(38,234)	(2,193)	(140)	(311)	-	-
Debit / (credit) in the income statement		(3,734)	2,193	138	(40)	(193)	(162)
<b>Balance 31.12.2005</b>		<u>(41,968)</u>	-	<u>(2)</u>	<u>(351)</u>	<u>(193)</u>	<u>(162)</u>
Debit / (credit) in the income statement		2,596	-	6	(53)	(1,732)	(798)
<b>Balance 31.12.2006</b>		<u>(39,372)</u>	-	<u>5</u>	<u>(404)</u>	<u>(1,924)</u>	<u>(960)</u>
							19
							<u>(42,656)</u>

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

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

## 17 Retirement benefit obligations

The amounts recognised in the balance sheet are as follows:

*All amounts in Euro thousands*

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

The amounts recognised in the income statement are as follows:

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

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

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

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

The principal actuarial assumptions used were as follows:

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

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

## 18 Trade and other payables

*All amounts in Euro thousands*

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

Group and company trade and other payables are interest free.

## 19 Derivatives

Interest rate swaps held for trading	Consolidated		Company	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Non-current liabilities	15,868	-	15,868	-
Current liabilities	3,004	7,970	3,004	7,970
	<u>18,872</u>	<u>7,970</u>	<u>18,872</u>	<u>7,970</u>

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

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

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

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

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

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

## 20 Revenue

*All amounts in Euro thousands*

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

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

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

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

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

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

## 21 Expenses by nature

*All amounts in Euro thousands*

	1/1/2006-31/12/2006			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense (Note 24)	1,729	54	2,947	4,731
Changes in inventories of finished goods and work in progress (Note 10)	17,464	-	-	17,464
Lease expenses	19,507	-	62	19,569
Depreciation of property, plant and equipment (Note 7)	217	-	211	428
Repairs and maintenance	118	-	79	197
Amortisation of intangible assets (Note 8)	-	-	43	43
Marketing	-	76	84	161
Legal and consulting	118	310	978	1,406
Travel expenses	-	-	389	389
Provisions	-	-	108	108
Expenses and provision for litigation and claims	-	-	3,914	3,914
Other taxes and duties	-	-	598	598
Other	1,561	32	1,229	2,821
<b>Total</b>	<b>40,714</b>	<b>472</b>	<b>10,643</b>	<b>51,829</b>

### Consolidated

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

Company	1/1/2006-31/12/2006			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense (Note 24)	1,729	54	2,741	4,525
Changes in inventories of finished goods and work in progress (Note 10)	16,054	-	-	16,054
Lease expenses	14,068	-	96	14,164
Depreciation of property, plant and equipment (Note 7)	209	-	91	300
Repairs and maintenance	117	-	74	192
Amortisation of intangible assets (Note 8)	-	-	43	43
Marketing	-	76	84	160
Legal and consulting	86	237	824	1,148
Travel expenses	-	-	389	389
Provisions	-	-	1,712	1,712
Expenses and provision for litigation and claims	-	-	311	311
Other taxes and duties	-	-	363	363
Other	1,549	25	1,132	2,706
<b>Total</b>	<b>33,812</b>	<b>393</b>	<b>7,861</b>	<b>42,065</b>

Company	1/1/2005-31/12/2005			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense (Note 24)	1,193	53	2,617	3,863
Changes in inventories of finished goods and work in progress (Note 10)	4,107	-	-	4,107
Lease expenses	13,704	-	66	13,769
Depreciation of property, plant and equipment (Note 7)	147	-	90	237
Repairs and maintenance	86	-	54	139
Amortisation of intangible assets (Note 8)	-	-	37	37
Marketing	-	88	119	207
Legal and consulting	-	9	1,129	1,138
Travel expenses	-	-	248	248
Provisions	-	-	1,440	1,440
Expenses and provision for litigation and claims	-	-	437	437
Other taxes and duties	-	-	256	256
Other	788	8	619	1,416
<b>Total</b>	<b>20,025</b>	<b>159</b>	<b>7,110</b>	<b>27,294</b>

## 22 Other Gains / (Expenses) net

*All amounts in Euro thousands*

	<b>Consolidated</b>		<b>Company</b>	
	<b>1/1/2004 - 31/12/2004</b>	<b>1/1/2005 - 31/12/2005</b>	<b>1/1/2004 - 31/12/2004</b>	<b>1/1/2005 - 31/12/2005</b>
Retirement provision (Note 24)	(248)	(169)	(214)	(158)
Cancellation of preliminary contracts	2,299	1,324	-	593
Lease compensations	35	164	(73)	164
Gain on disposal of PPE (Note 28)	1	-	1	-
Loss from disposal of PPE	(322)	-	-	-
Other compensations	220	318	2	0
Lease Guarantees	4	(68)	0	(157)
Tax fines and surcharges	(370)	(605)	(140)	(536)
Social Securities	(4)	19	(2)	19
Litigation expenses	(36)	-	(36)	-
Provision for depreciation of other inventory	(15)	-	-	-
Payables write-off	500	-	500	-
Other	(21)	12	(0)	10
	<u>2,043</u>	<u>995</u>	<u>38</u>	<u>(66)</u>

## 23 Finance expense (net)

*All amounts in Euro thousands*

Finance Expenses	<b>Consolidated</b>		<b>Company</b>	
	<b>1/1/2006 - 31/12/2006</b>	<b>1/1/2005 - 31/12/2005</b>	<b>1/1/2006 - 31/12/2006</b>	<b>1/1/2005 - 31/12/2005</b>
Bank Loan interest and other expenses	6,921	5,076	4,776	2,680
Interest expenses for preliminary SLB agreements and SLB contracts	21,003	14,862	16,477	13,707
Expenses for letters of guarantee	312	64	280	63
Finance Expenses due to IAS 32/39	-	137	-	133
Loss from derivatives	7,744	770	7,744	770
Other	901	1,287	688	1,222
	<u>36,881</u>	<u>22,196</u>	<u>29,966</u>	<u>18,574</u>

Finance Revenue	Consolidated		Company	
	1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005	1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005
Interest received	539	462	143	187
Finance revenue from finance lease	9,505	-	2,441	-
Finance revenue due to IAS 32/39	474	-	411	-
Gains from derivatives	600	-	600	-
	<u>11,118</u>	<u>462</u>	<u>3,595</u>	<u>187</u>
<b>Finance Expense_Revenue (net)</b>	<b>(25,763)</b>	<b>(21,734)</b>	<b>(26,370)</b>	<b>(18,387)</b>

## 24 Employee benefit expense

*All amounts in Euro thousands*

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

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

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

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

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

## 25 Income tax expense

*All amounts in Euro thousands*

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

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

*All amounts in Euro thousands*

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

## 26 Earnings per share

*All amounts in Euro thousands*

	<b>Consolidated</b>		<b>Company</b>	
	<b>1/1/2006 - 31/12/2006</b>	<b>1/1/2005 - 31/12/2005</b>	<b>1/1/2006 - 31/12/2006</b>	<b>1/1/2005 - 31/12/2005</b>
Net profit attributable to shareholders	86,187	120,789	(33,556)	68,271
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>2.54</u>	<u>3.56</u>	<u>(0.99)</u>	<u>2.01</u>

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

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

## 27 Dividends per share

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

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

## 28 Cash generated from operations

All amounts in Euro thousands

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

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

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

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

	Note	Consolidated		Company	
		1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005	1/1/2006 - 31/12/2006	1/1/2005 - 31/12/2005
Net book amount	7		-		-
Profit / (loss) on sale of PPE		1	-	1	-
Proceeds from sale of PPE		1	-	1	-

## 29 Contingencies

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

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

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

## 30 Other Liabilities

### Capital commitments

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

### Operating lease liabilities

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

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

All amounts in Euro thousands

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

### 31 Related-party transactions

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

All amounts in Euro thousands

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

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

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

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

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

## 32 Business combinations

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

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

*All amounts in Euro thousands*

Acquisition price:	
Cash outflow on acquisition	22,825
Total acquisition price	<b>22,825</b>
Fair value of net assets acquired	<u>22,825</u>
Goodwill	<u>-</u>

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

*All amounts in Euro thousands*

	<b>Fair value</b>	<b>Acquiree's carrying amount</b>
Cash and cash equivalents	114	114
Investment Property	30,533	-
Property, plant and equipment	346	5,092
Intangible assets	-	14
Trade & Other Receivables	11	11
Trade & Other Payables	(1,505)	(1,505)
Net deferred tax liabilities	<u>(6,443)</u>	<u>-</u>
Net assets	23,056	<u>3,726</u>
Minority interests (1.00%)	<u>(231)</u>	
Net assets acquired	<u>22,825</u>	

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

Cash outflow on acquisition	22,825
Cash and cash equivalents in subsidiary acquired	<u>(114)</u>
Net Cash outflow on acquisition	<u>22,711</u>

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

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

*All amounts in Euro thousands*

Acquisition price:	
Cash outflow on acquisition	10,572
Total acquisition price	<b>10,572</b>
Fair value of net assets acquired	<u>10,572</u>
Goodwill	<u>-</u>

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

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

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

Cash outflow on acquisition	10,572
Cash and cash equivalents in subsidiary acquired	-
Net Cash outflow on acquisition	10,572

No goodwill arose on the above acquisition.

### **33 Events after the balance sheet date**

#### **1. Interest rate swap agreements**

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

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

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

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

**MANAGEMENT REVIEW OF THE BOARD OF THE DIRECTORS OF**  
**“BABIS VOVOS – INTERNATIONAL CONSTRUCTION S.A.”**  
**FOR THE 2006 ANNUAL PARENT AND CONSOLIDATED FINANCIAL STATEMENTS**

Dear shareholders,

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

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

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

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

**INVESTMENT PROPERTIES**

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

**DELTA FALIROU I**

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

**DELTA FALIROU II**

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

**340 SYNGROU AVENUE**

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

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

### **VOTANIKOS**

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

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

### **SALES**

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

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

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

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

#### **49 KIFISSIAS AVENUE**

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

#### **PATMOU AND AGRAFON**

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

### **NEW LEASES**

#### **DELTA FALIROU**

BVIC Group signed three lease agreements for Building Complex I at Delta Falirou during 2006. The Group signed a 6 year lease agreement with LG Electronics, the global manufacturer of electronics products. The lease covers 2,982 sqm of office space, as well as 18 parking spaces.

Furthermore, a 12 year lease agreement was signed with Norton Rose for 1,972 sqm of office space and 100 sqm of storage space. The third lease agreement was signed with Santa Marina, a Greek shipping company, for 1,010 sqm of office space as well as 10 parking spaces. These lease agreements for Building Complex I, along with those signed during 2007 bring the total yearly lease income to € 2.21m for the first year. The lease agreements include an annual adjustment on the basis of Greek CPI plus 100 bps.

### **SALE AND LEASEBACK AGREEMENTS**

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

### **INTEREST RATE SWAP**

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

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

### **CORPORATE GOVERNANCE**

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

### **SHARE PRICE PERFORMANCE**

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

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

### **INTERNATIONAL PLACEMENT**

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

## **INVESTOR RELATIONS**

During 2006, BVIC Group participated in numerous conferences including:

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

## **DIVIDEND**

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

## **RELATED PARTIES TRANSACTIONS**

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

*All amounts in Euro thousands*

	<b>Consolidated</b>		<b>Company</b>	
	<b>1/1/2006 - 31/12/2006</b>	<b>1/1/2005 - 31/12/2005</b>	<b>1/1/2006 - 31/12/2006</b>	<b>1/1/2005 - 31/12/2005</b>
<b>i) Sales of goods and services</b>				
<i>Sales of goods</i>				
Babis Vovos International Construction S.A. & Co GP	-	-	103	8
	<u>0</u>	<u>-</u>	<u>104</u>	<u>8</u>
<i>Sales of services</i>				
Babis Vovos International Construction S.A. & Co GP	-	-	1	-
International Health Care S.A	1	-	-	-
Marvo S.A	4	-	4	-
	<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>
<b>ii) Purchases of goods and services</b>				
<i>Purchases of goods</i>				
Babis Vovos International Construction S.A. & Co GP	-	-	135	-
	<u>-</u>	<u>-</u>	<u>135</u>	<u>-</u>
<i>Purchases of services</i>				
Babis Vovos International Construction S.A. & Co GP	-	-	98	-

Services of key management personnel	752	604	504	236
	<u>752</u>	<u>604</u>	<u>602</u>	<u>236</u>
<b>iii) Key management compensation</b>				
Salaries and other short term employee benefits	1.003	1.043	1.003	1.043
	<u>1.003</u>	<u>1.043</u>	<u>1.003</u>	<u>1.043</u>
<b>iv)</b>	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December</b>	<b>31</b>	<b>31</b>	<b>31</b>
<b>Year-end balances arising from sales/purchases of goods/services</b>	<b>2006</b>	<b>December</b>	<b>December</b>	<b>December</b>
		<b>2005</b>	<b>2006</b>	<b>2005</b>
<i>Receivables from related parties</i>				
Babis Vovos International Construction S.A. & Co GP	-	-	36.476	50.439
Ergoliptiki - Ktimatiki - Touristiki SA	-	-	829	37
International Health Care S.A	2	11.936	1	11.739
Positive Ltd.	499	499	490	490
International Construction S.A - Boretos & Co. GP	48	48	48	48
Ergoliptiki - Ktimatiki - Touristiki SA & Co Ltd	11.024	11.024	5.036	5.036
Marvo S.A	5	-	5	-
	<u>11.579</u>	<u>23.507</u>	<u>42.886</u>	<u>67.789</u>
<i>Payables to related parties</i>				
Doma S.A	-	-	8.431	8.266
International Palace Hotel S.A	-	-	3.864	3.886
Alteco S.A	-	-	10.308	10.937
Elfinko S.A.	-	-	13.347	-
Key management personnel	38.796	7.375	29.621	6.036
	<u>38.796</u>	<u>7.375</u>	<u>65.571</u>	<u>29.125</u>

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

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

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

## **FINANCIAL RISK MANAGEMENT**

### **Financial risk factors**

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

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

(a) *Market risk*

Price risk

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

(b) *Credit risk*

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

(c) *Liquidity risk*

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

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

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Group's borrowings are denominated in euro with variable interest rates and consequently the exposure to fair value interest rate risk is minimized.

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

**FINANCIAL RATIOS 2006**

Various basic financial ratios for the fiscal years 2006 and 2005 are as follows:

<b>Ratios</b>	<b>Description</b>	<b>2006</b>	<b>2005</b>
Return on total equity	Profit for the period (after tax) / Total equity	15,7%	26,3%
Interest coverage	EBIT / Finance expenses (net)	5,6	9,0
Total debt ratio	Total liabilities / Total assets	60,5%	55,5%

## **EVENTS AFTER THE BALANCE SHEET DATE**

### **Interest rate swap agreements**

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

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

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

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

Following the above, we would like to ask of you, dear Shareholders, to approve the financial statements of the fiscal year 2006 and to release the Board of Directors and the certified auditors - accountants of any responsibility for compensation regarding the fiscal year 2006.

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

The Board of Directors

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