



Babis Vovos International Construction S.A.

Interim Condensed Financial Statements for the
nine months ended 30 September 2006 under IAS
34

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Balance sheet

Unaudited figures. All amounts in Euro thousands.

	Note	Consolidated		Company	
		30 September 2006	31 December 2005	30 September 2006	31 December 2005
ASSETS					
Non-current assets					
Investment property	5	1,138,796	904,383	722,318	708,069
Property, plant and equipment		24,467	22,240	15,373	19,432
Intangible assets		18,941	18,973	16,512	16,545
Investments		18	18	55,126	32,301
Other non-current receivables		260	237	69	61
		<u>1,182,481</u>	<u>945,851</u>	<u>809,398</u>	<u>776,407</u>
Current assets					
Inventories		20,579	13,023	14,706	10,151
Trade and other receivables		62,368	53,563	87,618	91,947
Cash and cash equivalents		49,999	50,104	9,276	9,615
		<u>132,946</u>	<u>116,691</u>	<u>111,600</u>	<u>111,713</u>
Total assets		<u>1,315,427</u>	<u>1,062,542</u>	<u>920,997</u>	<u>888,121</u>
EQUITY					
Capital and reserves attributable the Company's equity holders					
Share capital		46,832	46,832	46,832	46,832
Reserves		23,053	23,053	25,244	25,244
Retained earnings		476,340	394,872	293,115	318,737
		<u>546,225</u>	<u>464,757</u>	<u>365,191</u>	<u>390,813</u>
Minority interest		8,194	7,868	-	-
Total equity		<u>554,419</u>	<u>472,626</u>	<u>365,191</u>	<u>390,813</u>
LIABILITIES					
Non-current liabilities					
Borrowings	6	427,173	341,271	287,178	280,454
Deferred income tax liabilities	7	150,938	115,505	94,465	92,710
Retirement benefit obligations		1,731	1,549	1,561	1,404
Derivative liabilities	8	16,461	-	16,461	-
Other non-current liabilities		4,049	3,976	3,138	3,092
		<u>600,352</u>	<u>462,301</u>	<u>402,802</u>	<u>377,659</u>
Current liabilities					
Trade and other payables		73,687	31,233	98,995	56,166
Income tax		4,494	10,861	4,189	8,991
Borrowings	6	75,902	73,737	43,748	43,448
Dividend payable		2,630	2,634	2,630	2,634
Provisions for other liabilities & expenses		938	1,180	438	438
Derivative liabilities	8	3,004	7,970	3,004	7,970
		<u>160,656</u>	<u>127,616</u>	<u>153,004</u>	<u>119,648</u>
Total liabilities		<u>761,008</u>	<u>589,917</u>	<u>555,806</u>	<u>497,307</u>
Total equity and liabilities		<u>1,315,427</u>	<u>1,062,542</u>	<u>920,997</u>	<u>888,121</u>

The notes on pages 8 to page 24 are an integral part of these consolidated financial statements.

Income statement

Unaudited figures. All amounts in Euro thousands, except earnings per share.

	Note	Consolidated		Company	
		1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005
Revenue	9	34,919	27,449	27,778	22,661
Cost of sales		(23,589)	(17,090)	(17,961)	(12,434)
Gross profit		11,330	10,360	9,817	10,226
Net gain from fair value adjustment on investment property	5	147,506	62,872	6,513	20,811
Selling and marketing costs		(234)	(43)	(155)	(42)
Administrative expenses		(5,490)	(6,169)	(4,567)	(5,525)
Other gains / (expenses) - net		(555)	713	(451)	(172)
Operating profit		152,557	67,733	11,157	25,299
Gain / (Loss) from investment in subsidiary		-	-	(39)	(22,567)
Finance expenses (net)		(27,558)	(15,393)	(21,414)	(13,013)
Profit before income tax		124,999	52,339	(10,295)	(10,281)
Income tax expense		(29,865)	(21,922)	(1,755)	(10,514)
Profit for the period		95,135	30,417	(12,051)	(20,796)
Attributable to:					
Equity holders of the Company		95,040	30,225	(12,051)	(20,796)
Minority interest		95	192	-	-
		95,135	30,417	(12,051)	(20,796)
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)					
	10	2.80	0.89	(0.36)	(0.61)

The notes on pages 8 to page 24 are an integral part of these consolidated financial statements.

Unaudited figures. All amounts in Euro thousands, except earnings per share.

	Note	Consolidated		Company	
		1/7/2006 - 30/9/2006	1/7/2005 - 30/9/2005	1/7/2006 - 30/9/2006	1/7/2005 - 30/9/2005
Revenue	9	10,949	8,967	8,693	7,387
Cost of sales		(6,613)	(5,528)	(5,308)	(4,032)
Gross profit		4,336	3,438	3,385	3,355
Net gain from fair value adjustment on investment property		9,907	16,293	(252)	1,556
Selling and marketing costs		(14)	(13)	(14)	(13)
Administrative expenses		(1,662)	(1,281)	(1,404)	(1,150)
Other gains / (expenses) - net		5	(151)	(144)	(264)
Operating profit		12,573	18,287	1,571	3,485
Gain / (Loss) from investment in subsidiary		-	-	(1,454)	(693)
Finance expenses (net)		(15,044)	(5,212)	(12,660)	(4,465)
Profit before income tax		(2,471)	13,075	(12,543)	(1,674)
Income tax expense		(116)	(1,542)	1,722	(811)
Profit for the period		(2,586)	11,533	(10,821)	(2,485)
Attributable to:					
Equity holders of the Company		(2,589)	11,392	(10,821)	(2,485)
Minority interest		3	141	-	-
		(2,586)	11,533	(10,821)	(2,485)
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)					
	10	(0.08)	0.34	(0.32)	(0.07)

The notes on pages 8 to page 24 are an integral part of these consolidated financial statements.

Statement of changes in equity

Unaudited figures. All amounts in Euro thousands.

Consolidated statement of changes in equity

Note	Attributable to equity holders of the Group			Minority interest	Total equity
	Share capital	Other reserves	Retained earnings		
Balance at 31 December 2004	46,832	23,642	279,166	4,194	353,835
Effect of adopting IAS 32 & 39	-	-	1,114	3	1,118
Balance at 1 January 2005	46,832	23,642	280,280	4,197	354,952
Profit for the period	-	-	30,225	192	30,417
Transfer to statutory reserve	-	199	(199)	-	-
Dividend relating to 2004	-	-	(6,786)	-	(6,786)
Business combinations	-	-	-	106	106
Balance at 30 September 2005	46,832	23,841	303,520	4,496	378,690
Profit for the period	-	-	90,564	3,372	93,936
Transfer to statutory reserve	-	379	(379)	-	-
Transfer to special - untaxed reserve	-	(1,168)	1,168	-	-
Balance at 31 December 2005	46,832	23,053	394,872	7,868	472,626
Profit for the period	-	-	95,040	95	95,135
Dividend relating to 2005	-	-	(13,572)	-	(13,572)
Business combinations	-	-	-	231	231
Balance at 30 September 2006	46,832	23,053	476,340	8,194	554,419

Company Statement of changes in equity

	Attributable to equity holders of the Company			Total equity
	Share capital	Other reserves	Retained earnings	
Balance at 31 December 2004	46,832	25,044	256,344	328,220
Effect of adopting IAS 32 & 39	-	-	1,108	1,108
Balance at 1 January 2005	46,832	25,044	257,452	329,328
Profit for the period	-	-	(20,796)	(20,796)
Transfer to statutory reserve	-	199	(199)	-
Dividend relating to 2004	-	-	(6,786)	(6,786)
Balance at 30 September 2005	46,832	25,244	229,671	301,747
Profit for the period	-	-	89,066	89,066
Balance at 31 December 2005	46,832	25,244	318,737	390,813
Profit for the period	-	-	(12,051)	(12,051)
Dividend relating to 2005	-	-	(13,572)	(13,572)
Balance at 30 September 2006	46,832	25,244	293,115	365,191

The notes on pages 8 to Page 24 are an integral part of these consolidated financial statements.

Cash flow statement

Unaudited figures. All amounts in Euro thousands.

	Note	Consolidated		Company	
		1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005
Cash flows from operating activities					
Cash generated from operations	12	(14,205)	1,677	10,948	42,968
Interest paid		(18,931)	(14,695)	(13,191)	(12,129)
Income tax paid		(6,813)	(3,531)	(4,802)	(2,937)
Net cash generated from operating activities		(39,950)	(16,549)	(7,045)	27,902
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	15	(22,464)	(10,572)	(22,825)	(10,572)
Additions in investment property (acquisitions & development)		(61,173)	(21,067)	(3,915)	(17,193)
Proceeds from sale of investment property		850	-	-	-
Additions in property, plant and equipment & intangible assets		(159)	(16,341)	(113)	(15,415)
Proceeds from sale of property, plant and equipment		94	-	1	-
Interest inflow		274	371	52	151
Decrease of other short - term assets		-	(13)	-	(13)
Net cash used in investing activities		(82,577)	(47,621)	(26,800)	(43,042)
Cash flows from financing activities					
Proceeds from disposal of other investments		91	-	-	-
Inflows / (outflows) - derivatives		4,464	-	4,464	-
Borrowings inflows		128,155	74,065	43,987	26,065
Borrowings payback		(39,935)	(41,203)	(36,694)	(34,289)
Increase / (Decrease) of other short - term financing		43,223	-	35,324	-
Dividends paid to the Company's shareholders		(13,576)	(10,321)	(13,576)	(10,321)
Net cash used in financing activities		122,422	22,542	33,505	(18,545)
Net increase / (decrease) in cash and cash equivalents					
		(105)	(41,628)	(339)	(33,685)
Cash and cash equivalents at beginning of the period		50,104	75,744	9,615	49,394
Cash and cash equivalents at end of the period		49,999	34,116	9,276	15,709

The notes on pages 8 to Page 24 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 General information

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

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

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

The company website is www.babisvovos.com.

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

The financial statements of the Company and the Group for the nine months ended 30 September 2006 have been approved for issue by the Board of Directors on November 27th, 2006.

2 Basis of preparation

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

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

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

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

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

3 New standards, interpretations and amendments to published standards

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 Segment Reporting

4.1 Primary reporting format – business segments

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

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

Unaudited figures. All amounts in Euro thousands.

	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Revenue	4,176	1,035	29,688	20	34,919
Operating profit / (loss)	(2,691)	211	161,350	(6,312)	152,557
Finance expense (net)	-	-	-	-	(27,558)
Profit / (loss) before income tax	(2,691)	211	161,350	(6,312)	124,999
Income tax expense	-	-	-	-	(29,865)
Profit / (loss) for the year	(2,691)	211	161,350	(6,312)	95,135

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

	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Revenue	-	868	26,582	-	27,449
Operating profit / (loss)	-	(252)	73,184	(5,199)	67,733
Finance expense (net)	-	-	-	-	(15,393)
Profit / (loss) before income tax	-	(252)	73,184	(5,199)	52,339
Income tax expense	-	-	-	-	(21,922)
Profit / (loss) for the year	-	(252)	73,184	(5,199)	30,417

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

Unaudited figures. All amounts in Euro thousands.

	1 July up to 30 September 2006				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Revenue	424	345	10,179	-	10,949
Operating profit / (loss)	(767)	86	14,981	(1,726)	12,573
Finance expense (net)	-	-	-	-	(15,044)
Profit / (loss) before income tax	(767)	86	14,981	(1,726)	(2,471)
Income tax expense	-	-	-	-	(116)
Profit / (loss) for the year	(767)	86	14,981	(1,726)	(2,586)

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

Unaudited figures. All amounts in Euro thousands.

	1 July up to 30 September 2005				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Revenue	-	285	8,682	-	8,967
Operating profit / (loss)		(86)	19,828	(1,454)	18,287
Finance expense (net)	-	-	-	-	(5,212)
Profit / (loss) before income tax		(86)	19,828	(1,454)	13,075
Income tax expense	-	-	-	-	(1,542)
Profit / (loss) for the year		(86)	19,828	(1,454)	11,533

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

Unaudited figures. All amounts in Euro thousands.

	Period ended 30 September 2006				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Lease expense	-	-	(13,025)	-	(13,025)
Net gain from fair value adjustment on investment property	-	-	147,506	-	147,506

	Period ended 30 September 2005				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Lease expense	-	-	(12,852)	-	(12,852)
Net gain from fair value adjustment on investment property	-	-	62,872	-	62,872
Impairment of receivables	-	-	(1,300)	-	(1,300)

	1 July up to 30 September 2006				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Lease expense	-	-	(4,290)	-	(4,290)
Net gain from fair value adjustment on investment property	-	-	9,907	-	9,907

	1 July up to 30 September 2005				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Lease expense	-	-	(4,350)	-	(4,350)
Net gain from fair value adjustment on investment property	-	-	16,293	-	16,293

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

The segment assets and liabilities at 30 September 2006 are as follows:

	30 September 2006					
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group	
Total Assets	80,612	1,948	1,156,731	76,136	1,315,427	
Total Liabilities	128,810	31	403,247	228,920	761,008	

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

Unaudited figures. All amounts in Euro thousands.

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

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

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

4.2 Secondary reporting format – geographical segments

The Group realises the total of its sales in Greece.

5 Investment property

Unaudited figures. All amounts in Euro thousands.

	<u>Note</u>	Consolidated	Company
At beginning of period (01.01.2005)		624,951	535,286
Additions in investment property		21,067	17,193
Transfer from property, plant and equipment		22,162	-
Transfer from inventory		24,401	2,513
Net gain from fair value adjustments on investment property		62,872	20,811
At end of period (30.09.2005)		755,453	575,804
Additions in investment property		14,052	11,809
Transfer from property, plant and equipment		9,037	9,037
Net gain from fair value adjustments on investment property		125,842	111,419
At end of period (31.12.2005)		904,383	708,069
Acquisition of subsidiary	15	29,376	-
Additions in investment property		61,173	3,915
Transfer from property, plant and equipment		(2,168)	3,820
Transfer from inventory		1	-
Disposal		(1,476)	-
Net gain from fair value adjustments on investment property		147,506	6,513
At end of period (30.09.2006)		1,138,796	722,318

The fair market value of Investment property was re-measured and adjusted at 31 December 2005 based on the Valuation Report by an independent professionally qualified valuer of Colliers International. For all properties, valuations were based on current prices in an active market and discounted cash flow projections. Additional valuations were made for investment property additions during the period ended at 30 September 2006 resulting in a net gain from fair value adjustments amounting to € 147.5 million (see analysis of additions below).

Additions to investment property

49 Kifissias Avenue & Ziridi

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

The completion of the above part had a positive contribution of approximately € 6.5 million in the Group's result before deferred tax during the first quarter of 2006 based on the valuation performed by the independent appraiser as per March 31st, 2006.

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 February 1st 2006. The above right was treated as financial lease (based on the provisions of IAS 17 paragraph 19). For the calculation of the revaluation surplus, the value of the financial lease (present value of the minimum lease payments to R.E.S.) was deemed as cost. The respective liability has been included in the financial statements and is classified as borrowings. The revaluation surplus (difference between fair value and cost as described above) amounting to € 72.8 million was recognised in the income statement of the period. The Group has already subleased approximately 60% of the lettable area of the building complex I.

During the second quarter of 2006, the construction of the parking station and the first building (K3) of the building complex II at Delta Falirou was completed. During the third quarter of 2006, the construction of the building (K4) of the same building complex at Delta Falirou was also completed. All the damages caused by the fire eruption at July 31st, 2006 were restored. The completion of the parking station and both K3, K4 buildings had a positive contribution of approximately € 68.2 million in the Group's result before deferred tax based on the valuation performed by the independent appraiser as per February 1st, 2006. During 2005, the Group had signed a sale and leaseback agreement of € 59 million covering 94% of the lettable area of the building complex II (buildings K3 and K4) and 100% of the parking spaces of the property.

It has to be noted that the damages caused by the fire eruption at July 31st, 2006 to part of the Building Complex II (Building K4 – floors A & B), being under construction by the subsidiary “Babis Vovos International Construction S.A. and Co GP” and intended to be a bowling centre, were fully restored. The building, which was delivered to its tenant (Village Roadshow), was fully insured with Alpha Insurance and the process for covering the restoration costs has already started.

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 15 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 30 September 2006 are included in Investment property under construction.

In the income statement, direct operating expenses include € 130 thousand relating to investment property that was vacant.

Investment property includes buildings valued at € 869,593 thousand (including the Build Operate Transfer of building complex Ethnikis Antistaseos), held under sale and leaseback agreements, of which the remaining obligations are € 338,674 thousand. (For 31.12.2005: buildings valued at € 768,868 thousand (including the

Build Operate Transfer of building complex Ethnikis Antistaseos) held under sale and leaseback agreements of which the remaining obligations were € 295,268 thousand).

6 Borrowings

Unaudited figures. All amounts in Euro thousands.

	Consolidated		Company	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
Non - current				
Bank Borrowings	47,258	30,935	27,258	30,935
Finance lease liabilities	379,915	310,337	259,920	249,519
	<u>427,173</u>	<u>341,271</u>	<u>287,178</u>	<u>280,454</u>
Current				
Bank Borrowings	55,526	57,856	26,860	28,844
Finance lease liabilities	20,376	15,882	16,887	14,605
	<u>75,902</u>	<u>73,737</u>	<u>43,748</u>	<u>43,448</u>
Total borrowings	<u>503,075</u>	<u>415,008</u>	<u>330,926</u>	<u>323,902</u>

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

The average weighted interest rate at 30 September 2006 was 5.72% for bank borrowings. Due to the interest rate swap signed by the Group during the first quarter of 2006 for approximately 83% 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 30 September 2006 was 5.79%. The fair value of these floating rate borrowings at 30 September 2006 approximated their carrying values.

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

For securing liabilities, guarantees over the investment property, the property plant equipment and the inventories amounting to € 146,741 thousand for the Group and € 71,498 thousand for the company respectively have been given.

7 Deferred income tax

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

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

Unaudited figures. All amounts in Euro thousands.

	Consolidated		Company	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
Deferred tax liabilities:				
– deferred tax liability to be recovered after more than 12 months	150,938	115,505	94,465	92,710
	<u>150,938</u>	<u>115,505</u>	<u>94,465</u>	<u>92,710</u>

The total movement in deferred income tax is presented below:

Unaudited figures. All amounts in Euro thousands.

	Note	Consolidated	Company
Balance at 1 January 2005		67,497	58,925
Debit / (credit) in the income statement		19,319	8,908
Acquisition of subsidiary		3,505	-
Balance at 30 September 2005		<u>90,320</u>	<u>67,833</u>
Debit / (credit) in the income statement		25,184	24,877
Balance at 31 December 2005		<u>115,505</u>	<u>92,710</u>
Debit / (credit) in the income statement		29,279	1,755
Acquisition of subsidiary	15	6,154	-
Balance at 30 September 2006		<u>150,938</u>	<u>94,465</u>

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

Unaudited figures. All amounts in Euro thousands.

Consolidated		
Deferred Tax Liabilities	Investment property to fair value	Total
Balance 01.01.2005	116,192	116,192
Debit / (credit) in the income statement	14,385	14,385
Acquisition of subsidiary	3,865	3,865
Balance 30.09.2005	<u>134,443</u>	<u>134,443</u>
Debit / (credit) in the income statement	34,075	34,075
Balance 31.12.2005	<u>168,518</u>	<u>168,518</u>
Debit / (credit) in the income statement	29,820	29,820
Acquisition of subsidiary	6,157	6,157
Balance 30.09.2006	<u>204,496</u>	<u>204,496</u>

Consolidated

Deferred Tax Assets	Finance leases	Reversal of profit	Intangible assets	Provision for	Other	Total
		from sale of property under preliminary agreements		employees retirement benefit based on actuarial study		
Balance 01.01.2005	(41,834)	(6,379)	(140)	(342)	-	(48,695)
Debit / (credit) in the income statement	(1,511)	6,379	95	(30)	-	4,933
Acquisition of subsidiary	-	-	(361)	-	-	(361)
Balance 30.09.2005	(43,345)	-	(406)	(372)	-	(44,123)
Debit / (credit) in the income statement	(6,922)	-	44	(12)	(2,000)	(8,891)
Balance 31.12.2005	(50,268)	-	(363)	(384)	(2,000)	(53,014)
Debit / (credit) in the income statement	1,491	-	5	(44)	(1,993)	(541)
Acquisition of subsidiary	-	-	(3)	-	-	(3)
Balance 30.09.2006	(48,777)	-	(361)	(428)	(3,993)	(53,558)

Company

Deferred Tax Liabilities	Investment	Total
	property to fair value	
Balance 01.01.2005	99,804	99,804
Debit / (credit) in the income statement	5,204	5,204
Balance 30.09.2005	105,007	105,007
Debit / (credit) in the income statement	30,378	30,378
Balance 31.12.2005	135,385	135,385
Debit / (credit) in the income statement	1,629	1,629
Balance 30.09.2006	137,014	137,014

Company

Deferred Tax Assets	Finance leases	Reversal of	Intangible assets	Provision for	Other	Total
		profit from sale of property under preliminary agreements		employees retirement benefit based on actuarial study		
Balance 01.01.2005	(38,234)	(2,193)	(140)	(311)	-	(40,879)
Debit / (credit) in the income statement	1,444	2,193	95	(28)	-	3,704
Balance 30.09.2005	(36,791)	-	(45)	(339)	-	(37,175)
Debit / (credit) in the income statement	(5,177)	-	44	(12)	(355)	(5,500)
Balance 31.12.2005	(41,968)	-	(2)	(351)	(355)	(42,675)
Debit / (credit) in the income statement	1,949	-	5	(39)	(1,789)	126
Balance 30.09.2006	(40,019)	-	3	(390)	(2,143)	(42,549)

The adjustments incurring deferred income tax are not expected to be reversed within the next 12 months. There are no significant unrecognised deferred tax assets and liabilities.

8 Derivatives

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

During 2005, the Company signed an interest rate swap with Deutsche Bank. According to its terms, the company receives a prepayment of € 7,200 thousand which actually is the interest calculated on a notional principal of € 72,000 thousand. The Company has the obligation to pay 8 six-monthly instalments commencing on June 14th 2006. The instalments are calculated as interest on the notional principal with an interest rate based on the 5-year EUR swap rate (5y CMS). At 30 September 2006, after the payment of the first instalment (€ 905 thousand), the fair value of the interest rate swap was € 6,525 thousand (31.12.2005: € 7,970 thousand) and a finance income of € 540 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 30 September 2006 resulted in finance expense amounting to € 6,785 thousand, which burdened the Group’s result for the period, without having any effect on the Group’s cash flow. The valuation fluctuations are due to the fact that the fair value of the transaction is affected by the movement of the difference between the 10year EURIBOR and the 1year EURIBOR and the prospects for the latter to reach a value lower than the first one. Based on the agreement, starting from January 30th, 2008 and onwards, in case the 10year EURIBOR reaches a level lower than the respective of 1year EURIBOR, there will be a negative effect on the Group’s cash inflows for the total calendar days that this case stands. If the aforementioned case does not arise, the Group’s inflows follow the movement of EURIBOR while the respective outflows are fixed with an interest rate of 5.29%. The fluctuation of the difference between these reference interest rates as well as their level affect the valuation of the transaction, resulting in finance expense or income reflected at the Group’s income statement. It has to be noted that, as at 30 September 2006, the average floating interest cost of the SLB and BOT portfolio would be 5.70% versus 5.29% which is applicable due to the interest rate swap agreement.

During the third quarter of 2006, the Company entered into two new interest rate swap agreements with Deutsche Bank. These two agreements are similar and, according to their provisions, the Company receives prepayments of € 3,800 thousand and € 2,000 thousand which actually are the interest calculated on a notional principal of € 38,000 thousand and € 20,000 thousand respectively. The Company has the obligation to pay 10 six-monthly instalments commencing on January 12th 2007 and January 28th 2007 respectively. The instalments are calculated as interest on the notional principal with an interest rate of 2% for the first six-month period. After the first six-month period the interest rate varies based on the difference between the 10year and the 2year US dollar interest rate swap. At 30 September 2006, the fair value of the above described interest rate swaps was € 3,960 thousand and € 2,195 thousand respectively. Finance expenses of € 160 thousand and € 195 thousand respectively were recognised in the income statement.

9 Revenue

Unaudited figures. All amounts in Euro thousands.

	Consolidated		Company	
	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005
Rental income	29,688	26,582	23,319	21,788
Sale of property	4,176	-	3,326	-
Construction work	1,035	868	1,036	868
Other	20	-	97	5
	<u>34,919</u>	<u>27,449</u>	<u>27,778</u>	<u>22,661</u>

	Consolidated		Company	
	1/7/2006 - 30/9/2006	1/7/2005 - 30/9/2005	1/7/2006 - 30/9/2006	1/7/2005 - 30/9/2005
Rental income	10,179	8,682	7,900	7,098
Sale of property	424	-	424	-
Construction work	345	285	345	285
Other	-	-	23	4
	<u>10,949</u>	<u>8,967</u>	<u>8,693</u>	<u>7,387</u>

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

10 Earnings per share

Unaudited figures. All amounts in Euro thousands.

	Consolidated		Company	
	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005
Net profit attributable to shareholders	95,040	30,225	(12,051)	(20,796)
Weighted average number of ordinary shares in issue (thousands)	33,930	33,930	33,930	33,930
Basic earnings per share (€ per share)	<u>2.80</u>	<u>0.89</u>	<u>(0.36)</u>	<u>(0.61)</u>

	Consolidated		Company	
	1/7/2006 - 30/9/2006	1/7/2005 - 30/9/2005	1/7/2006 - 30/9/2006	1/7/2005 - 30/9/2005
Net profit attributable to shareholders	(2,589)	11,392	(10,821)	(2,485)
Weighted average number of ordinary shares in issue (thousands)	33,930	33,930	33,930	33,930
Basic earnings per share (€ per share)	<u>(0.08)</u>	<u>0.34</u>	<u>(0.32)</u>	<u>(0.07)</u>

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

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

11 Dividends per share

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

12 Cash generated from operations

Unaudited figures. All amounts in Euro thousands.

	Consolidated		Company	
	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005
Net profit	95,135	30,417	(12,051)	(20,796)
Adjustments for:				
– income tax expense	29,865	21,922	1,755	10,514
– depreciation and amortisation	495	418	384	339
– (profit) / loss on sale of investment property	626	-	-	-
– (profit) / loss on sale of PPE	101	-	(1)	-
– net gain from fair value adjustment on investment property	(147,506)	(62,872)	(6,513)	(20,811)
– Increase in retirement provision	182	121	157	111
– Increase in provision for future tax audit differences	-	165	-	165
– Increase (decrease) in provision for litigation and claims	(243)	-	-	-
– Increase in provision for doubtful debt	-	1,300	-	1,300
– interest expense	20,801	15,765	14,435	13,164
– interest revenue	(274)	(371)	(52)	(151)
– (income) / loss from derivatives	7,031	-	7,031	-
– dividend (income) / loss	-	-	39	22,567
Changes in working capital:				
– trade and other receivables	(9,178)	29,257	3,590	24,834
– inventories	(7,436)	(968)	(4,554)	(957)
– payables	(3,803)	(33,477)	6,728	12,690
Cash generated from operations	<u>(14,205)</u>	<u>1,677</u>	<u>10,948</u>	<u>42,968</u>

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

	Consolidated		Company	
	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005
Cost of investment property sold	1,476	-	-	-
Profit / (loss) on sale of investment property	(626)	-	-	-
Proceeds from sale of investment property	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Consolidated		Company	
	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005
Net book amount	195	-	-	-
Profit / (loss) on sale of PPE	(101)	-	1	-
Proceeds from sale of PPE	<u>94</u>	<u>-</u>	<u>1</u>	<u>-</u>

13 Contingencies

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group has given guarantees in the ordinary course of business amounting to € 4,005 thousand to third parties concerning securing liabilities and fair execution.

At 30 September 2006, there were pending court decisions over injunctions filed against the Group from third parties amounting to € 4,626 thousand for which a provision of € 937 thousand for the Group and € 437 thousand for the Company was formed. Based on the estimations of the company management and the legal counsels, the provision is considered adequate. There is no expectation that any significant additional liability will incur. At 30 September 2006, there were pending court decisions for the cancellation of building permits as far as two buildings are concerned. However, no liability is expected to incur. At 30 September 2006, there also were pending court decisions over injunctions filed by the Group against third parties amounting to € 2,253 thousand.

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

14 Related-party transactions

Unaudited figures. All amounts in Euro thousands.

	Consolidated		Company	
	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005	1/1/2006 - 30/9/2006	1/1/2005 - 30/9/2005
i) Sales of goods and services				
<i>Sales of goods</i>				
Babis Vovos International	-	-	97	5
Construction S.A. & Co GP	-	-	97	5
	<u>-</u>	<u>-</u>	<u>97</u>	<u>5</u>
<i>Sales of services</i>				
Babis Vovos International	-	-	1	-
Construction S.A. & Co GP	1	-	-	-
International Health Care S.A	1	-	1	-
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
ii) Purchases of goods and services				
<i>Purchases of goods</i>				
Babis Vovos International	-	-	0	-
Construction S.A. & Co GP	-	-	0	-
	<u>-</u>	<u>-</u>	<u>0</u>	<u>-</u>
<i>Purchases of services</i>				
Services of key management personnel	668	405	420	232
	<u>668</u>	<u>405</u>	<u>420</u>	<u>232</u>
iii) Key management compensation				
Salaries and other short term employee benefits	714	737	714	737
	<u>714</u>	<u>737</u>	<u>714</u>	<u>737</u>

	Consolidated		Company	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
iv) Year-end balances arising from sales/purchases of goods/services				
<i>Receivables from related parties</i>				
Babis Vovos International	-	-	37,877	50,439
Construction S.A. & Co GP	-	-	548	37
Ergoliptiki - Ktimatiki - Touristiki S/A	11,923	11,936	11,740	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
	<u>23,494</u>	<u>23,507</u>	<u>55,739</u>	<u>67,789</u>
<i>Payables to related parties</i>				
Doma S.A	-	-	8,255	8,266
International Palace Hotel S.A	-	-	3,868	3,886
Alteco S.A	-	-	10,666	10,937
Elfinko S.A.	-	-	9,170	-
Key management personnel	50,976	7,375	41,360	6,036
	<u>50,976</u>	<u>7,375</u>	<u>73,319</u>	<u>29,125</u>

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

15 Business combinations

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

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

Unaudited figures. All amounts in Euro thousands.

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

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

16 Events after September 30th, 2006

Purchase of property owned by ETMA S.A. and HELLATEX S.A. at 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.

For these properties, a preliminary purchase agreement had been signed on August 24th, 2006.

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.

Sale contract of Building C of the under construction building complex at 108 – 110 Athens Ave.

Babis Vovos International Construction S.A., based on agreement with Hellenic Exchanges S.A. (HELEX), is currently constructing, on a land plot of approximately 8,000 sqm at 108 -110 Athens Avenue, an office building (building A) of 6,700 sqm, where all of HELEX's departments will relocate, as well as two more buildings (buildings B and C) of approximately 17,000 sqm which will become BVIC's ownership.

On November 24th, 2006, the Company signed a final sale contract for Building C of the aforementioned building complex with "ALLIANZ S.A.". The price was defined at € 17,500 thousand and refers to 5,000 sqm of office space as well as 112 parking spaces. The building is planned to be completed up to 31/8/2007.