



Babis Vovos International Construction S.A.

Financial Statements for the year ended 31
December 2007 under International Financial
Reporting Standards

Index to the consolidated financial statements

Independent auditor’s report	4
Balance sheet	6
Income statement	7
Statement of changes in equity	8
Cash flow statement.....	9
Notes to the financial statements	10
1 General information.....	10
2 Summary of significant accounting policies.....	10
2.1 Basis of preparation	10
2.2 New standards, interpretations and amendments to published standards	11
2.3 Consolidation.....	12
2.4 Segment Information	13
2.5 Foreign currency translation	13
2.6 Investment property	13
2.7 Property plant and equipment	14
2.8 Intangible assets.....	15
2.9 Impairment of non-financial assets.....	16
2.10 Financial Assets	16
2.11 Inventories	17
2.12 Trade receivables.....	17
2.13 Cash and cash equivalents	18
2.14 Share capital	18
2.15 Borrowings	18
2.16 Trade payables.....	18
2.17 Derivative financial instruments.....	18
2.18 Taxation.....	19
2.19 Employee benefits	19
2.20 Provisions	20
2.21 Revenue recognition	20
2.22 Leases	21
2.23 Dividend distribution.....	21
2.24 Comparative figures and rounding.....	21
3 Financial risk management	22
3.1 Financial risk factors.....	22
3.2 Capital risk management	24
3.3 Fair value estimation.....	25
4 Critical accounting estimates and judgements	25
4.1 Critical accounting estimates and assumptions.....	25
4.2 Critical judgements in applying the Group’s accounting policies	26
5 Segment Reporting.....	26
5.1 Primary reporting format – business segments.....	26

5.2	Secondary reporting format – geographical segments	29
6	Investment property.....	30
7	Property, plant and equipment	32
8	Intangible assets	35
9	Investments in subsidiaries and other investments	37
10	Financial instruments by category.....	39
11	Inventories	41
12	Trade and other receivables	42
13	Cash and cash equivalents.....	43
14	Share capital	44
15	Reserves.....	44
16	Borrowings.....	45
17	Deferred income tax.....	47
18	Retirement benefit obligations	50
19	Trade and other payables.....	51
20	Derivatives	51
21	Provisions for other liabilities and expenses	53
22	Revenue.....	53
23	Expenses by nature	55
24	Other Gains / (Expenses)	57
25	Finance expense (net).....	57
26	Employee benefit expense.....	58
27	Income tax expense	59
28	Earnings per share	60
29	Dividends per share.....	60
30	Cash generated from operations.....	61
31	Contingencies.....	62
32	Other Liabilities	62
33	Related-party transactions	63
34	Business combinations	65
35	Events after the balance sheet date.....	66

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 2007 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 European Union. 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 2007, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 31 of the financial statements, which refers to the open tax years of the Group Companies and to the fact that additional taxes and penalties maybe imposed when the tax returns relating to this year are audited by the tax authorities.

Reference to Other Legal and Regulatory Requirements

The Board of Directors' Report contains all information required by articles 43a paragraph 3, 16 paragraph 9 and 107 paragraph 3 of Law 2190/1920 and article 11a of Law 3371/2005, and is consistent with the financial statements referred to in the preceding paragraph.

PricewaterhouseCoopers

Athens, March 30, 2008

Balance sheet

All amounts in Euro thousands

	Note	Consolidated		Company	
		31 December 2007	31 December 2006	31 December 2007	31 December 2006
ASSETS					
Non-current assets					
Investment property	6	1,231,727	1,194,706	827,569	785,039
Property, plant and equipment	7	10,620	24,450	1,708	15,372
Intangible assets	8	18,934	18,974	16,506	16,546
Investments	9	18	18	47,871	47,477
Other non-current receivables	12	558	259	370	71
		<u>1,261,858</u>	<u>1,238,408</u>	<u>894,024</u>	<u>864,505</u>
Current assets					
Inventories	11	31,868	29,120	35,085	25,354
Trade and other receivables	12	37,212	40,406	67,866	64,157
Cash and cash equivalents	13	92,706	71,509	76,429	46,627
		<u>161,786</u>	<u>141,036</u>	<u>179,381</u>	<u>136,138</u>
Total assets		<u>1,423,644</u>	<u>1,379,444</u>	<u>1,073,404</u>	<u>1,000,644</u>
EQUITY					
Capital and reserves attributable the Company's equity holders					
Share capital	14	46,832	46,832	46,832	46,832
Reserves	15	23,053	23,053	25,244	25,244
Retained earnings		460,015	467,487	276,912	271,609
		<u>529,900</u>	<u>537,372</u>	<u>348,988</u>	<u>343,685</u>
Minority interest		7,020	7,306	-	-
Total equity		<u>536,920</u>	<u>544,678</u>	<u>348,988</u>	<u>343,685</u>
LIABILITIES					
Non-current liabilities					
Borrowings	16	535,096	412,405	423,356	281,656
Deferred income tax liabilities	17	147,558	153,951	91,680	95,358
Retirement benefit obligations	18	2,246	1,797	2,113	1,617
Derivative liabilities	20	17,145	15,868	17,145	15,868
Other non-current liabilities	19	3,658	3,742	2,571	2,856
		<u>705,703</u>	<u>587,763</u>	<u>536,865</u>	<u>397,356</u>
Current liabilities					
Trade and other payables	19	74,055	103,410	134,159	149,897
Income tax		5,257	5,047	3,015	3,620
Borrowings	16	97,254	131,977	46,373	100,017
Dividend payable		459	2,628	459	2,628
Provisions for other liabilities & expenses	21	867	937	417	437
Derivative liabilities	20	3,129	3,004	3,129	3,004
		<u>181,020</u>	<u>247,002</u>	<u>187,551</u>	<u>259,604</u>
Total liabilities		<u>886,723</u>	<u>834,766</u>	<u>724,416</u>	<u>656,959</u>
Total equity and liabilities		<u>1,423,644</u>	<u>1,379,444</u>	<u>1,073,404</u>	<u>1,000,644</u>

The notes on pages 10 to page 69 are an integral part of these consolidated financial statements.

Income statement

All amounts in Euro thousands

	Note	Consolidated		Company	
		1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Revenue	22	101,293	56,077	87,563	46,121
Cost of sales	23	(73,906)	(40,714)	(68,625)	(33,812)
Gross profit		27,387	15,363	18,938	12,309
Net gain from fair value adjustment on investment property	6	5,388	138,905	22,121	10,515
Selling and marketing costs	23	(986)	(472)	(849)	(393)
Administrative expenses	23	(9,226)	(10,643)	(7,219)	(7,861)
Other gains	24	1,469	3,186	157	553
Other expenses	24	(1,082)	(1,143)	(955)	(515)
Operating profit		22,950	145,195	32,193	14,609
Gain / (Loss) from investment in subsidiaries	9	-	-	(6,567)	(19,146)
Finance revenue		11,461	11,118	10,779	3,595
Finance expenses		(46,056)	(36,881)	(32,726)	(29,966)
Finance expenses (net)	25	(34,595)	(25,763)	(21,946)	(26,370)
Profit before income tax		(11,645)	119,433	3,680	(30,908)
Income tax expense	27	3,887	(34,039)	1,623	(2,649)
Profit for the year		(7,758)	85,394	5,303	(33,556)
Attributable to:					
Equity holders of the Company		(7,472)	86,187	5,303	(33,556)
Minority interest		(286)	(793)	-	-
		<u>(7,758)</u>	<u>85,394</u>	<u>5,303</u>	<u>(33,556)</u>
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)					
	28	<u>(0.22)</u>	<u>2.54</u>	<u>0.16</u>	<u>(0.99)</u>

The notes on pages 10 to page 69 are an integral part of these consolidated financial statements.

Statement of changes in equity

All amounts in Euro thousands

Consolidated statement of changes in equity

	Note	Attributable to equity holders of the Group			Minority interest	Total equity
		Share capital	Other reserves	Retained earnings		
Balance at 1 January 2006		46,832	23,053	394,872	7,868	472,626
Profit for the year		-	-	86,187	(793)	85,394
Dividend relating to 2005		-	-	(13,572)	-	(13,572)
Business combinations	34	-	-	-	231	231
Balance at 31 December 2006		46,832	23,053	467,487	7,306	544,678
Profit / (loss) for the year		-	-	(7,472)	(286)	(7,758)
Balance at 31 December 2007		46,832	23,053	460,015	7,020	536,920

Company Statement of changes in equity

	Attributable to equity holders of the Company			Total equity
	Share capital	Other reserves	Retained earnings	
Balance at 1 January 2006	46,832	25,244	318,737	390,813
Profit for the year	-	-	(33,556)	(33,556)
Dividend relating to 2005	-	-	(13,572)	(13,572)
Balance at 31 December 2006	46,832	25,244	271,609	343,685
Profit for the year	-	-	5,303	5,303
Balance at 31 December 2007	46,832	25,244	276,912	348,988

The notes on pages 10 to page 69 are an integral part of these consolidated financial statements.

Cash flow statement

All amounts in Euro thousands

	Note	Consolidated		Company	
		1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Cash flows from operating activities					
Cash generated from operations	30	17,974	42,901	10,681	75,250
Interest paid		(40,919)	(27,048)	(27,370)	(21,048)
Income tax paid		(2,296)	(7,699)	(2,660)	(5,371)
Net cash generated from operating activities		(25,241)	8,154	(19,349)	48,831
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	34	-	(22,711)	-	(22,825)
Additions in investment property (acquisitions & development)	6	(25,159)	(124,527)	(20,755)	(62,636)
Proceeds from sale of investment property	30	-	850	-	-
Additions in property, plant and equipment & intangible assets	7.8	(329)	(675)	(329)	(276)
Proceeds from sale of property, plant and equipment	30	1	1	1	1
Interest inflow		6,296	10,044	5,626	2,584
Net cash used in investing activities		(19,192)	(137,018)	(15,457)	(83,152)
Cash flows from financing activities					
Inflows / (outflows) - derivatives		5,630	3,758	5,630	3,758
Borrowings inflows		157,340	187,858	156,940	103,987
Borrowings payback		(68,955)	(59,191)	(69,041)	(46,419)
Increase / (Decrease) of other short - term financing		(26,216)	31,423	(26,751)	23,585
Dividends paid to the Company's shareholders	29	(2,170)	(13,578)	(2,170)	(13,578)
Net cash used in financing activities		65,629	150,269	64,608	71,333
Net increase / (decrease) in cash and cash equivalents					
		21,196	21,405	29,802	37,012
Cash and cash equivalents at beginning of the year		71,509	50,104	46,627	9,615
Cash and cash equivalents at end of the year	13	92,706	71,509	76,429	46,627

The notes on pages 10 to page 69 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 2007 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.

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 2007 have been approved for issue by the Board of Directors on March 28th, 2008.

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 for 2007

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

This standard and amendment introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the group's financial instruments, or the disclosures relating to taxation and trade and other payables. The pronouncements of this standard have been applied in the preparation of these financial statements.

Interpretations effective for 2007

IFRIC 7 - Applying the Restatement Approach under IAS 29

This interpretation 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 does not affect the Group's financial statements.

IFRIC 8 - Scope of IFRS 2

This interpretation 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 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 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 does not have any impact on the Group's financial statements for the current interim period.

Standards effective after 1 January 2008

IFRS 8 - Operating Segments

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.

IAS 23 – Borrowing Costs

This standard is effective for annual periods beginning on or after 1 January 2009 and replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. The Group will apply IAS 23 from 1 January 2009.

Interpretations effective after 1 January 2008

IFRIC 11 - IFRS 2: Group and Treasury share transactions

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

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.

IFRIC 13 - Customer loyalty programmes

This interpretation is effective for any opinions beginning on or after 1 July 2008 and clarifies the treatment of entities that grant loyalty awards, credits such as 'points' and 'travel miles' to customers who buy other goods or services. This interpretation is not relevant to the Group's operations.

IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This interpretation is effective for annual periods beginning on or after 1 January 2008 and applies to post-employment and other long-term employee defined benefit plans. The interpretation clarifies when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. As the Group does not operate any such benefit plans for its employees, this interpretation is not relevant to the Group.

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 Euro, 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. Recently, a new Council of State decision (No.2366/2007) was issued according to which only some of the provisions of Law 3044/2002 were unconstitutional (article 5 par.4 for definition of “Zones of Coefficient Buying” according to the provisions of Law 880/79) while the transfer of Building Coefficient into property located into “Zones of Acceptance” was defined as non-opposed to the Constitution (article 4 par 1 of Law 3044/2002). Under the context of the above decision, Law 3044/2002 is definitely considered as effective and the process of transferring building coefficient into pre-defined “Zones of Acceptance” can proceed immediately with a decision of the General Secretary of the respective region or the Minister of Environment, Urban Planning and Public Works (“YPEHODE”). Currently certain municipalities (i.e. Municipality of Amaroussio) have initiated the procedure of defining “Zones of Acceptance” for the process of transferring building coefficient into their administrative area. Consequently, the process of transferring building coefficient as defined by Law 3044/2002 is completely valid and respects the Article No. 24 of the Greek Constitution and therefore able to be immediately enacted.

The 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). Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of the year.

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. The group’s loans and receivables comprise trade and other receivables and cash and cash equivalents.

(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 financial assets 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. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of other gains when the group's right to receive payment is established.

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 as other gains. 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 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 Leases

(a) 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.

(b) 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.

2.23 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.

2.24 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.

At 31 December 2007, if the value of properties had been 5% higher / lower, while all other variables held constant, company result would have been higher / lower by € 39,470 thousand respectively. For the Group, it would have been higher / lower by € 59,635 thousand respectively. There would also had been a respective effect on the Group's and company's Net Asset Value.

(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.

The table below analyses the Group's and company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

All amounts in Euro thousands

	Consolidated		
	31 December 2007		
	-no later than 1 year	-later than 1 year and no later than 5 years	-later than 5 years
Bank loans	81,550	142,034	-
Finance leases	14,333	162,307	621,494
Trade and other payables	74,055	-	-
Other non-current liabilities	-	-	3,658

		Consolidated		
		31 December 2006		
		-later than 1 year and		
	-no later than 1 year	no later than 5 years	-later than 5 years	
Bank loans	111,380	49,284	-	
Finance leases	17,831	152,939	523,349	
Trade and other payables	103,410	-	-	
Other non-current liabilities	-	-	3,742	
		Company		
		31 December 2007		
		-later than 1 year and		
	-no later than 1 year	no later than 5 years	-later than 5 years	
Bank loans	33,550	142,034	-	
Finance leases	11,932	124,735	401,704	
Trade and other payables	134,159	-	-	
Other non-current liabilities	-	-	2,571	
		Company		
		31 December 2006		
		-later than 1 year and		
	-no later than 1 year	no later than 5 years	-later than 5 years	
Bank loans	83,380	28,913	-	
Finance leases	15,325	119,562	289,932	
Trade and other payables	149,897	-	-	
Other non-current liabilities	-	-	2,856	

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The table below analyses the Group's and company's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

All amounts in Euro thousands

		Consolidated and Company		
		31 December 2007		
		-later than 1 year and		
	-no later than 1 year	no later than 5 years	-later than 5 years	
Interest rate swaps				
Inflows	38,697	157,338	271,693	
Outflows	38,805	156,135	242,226	
		Consolidated and Company		
		31 December 2006		
		-later than 1 year and		
	-no later than 1 year	no later than 5 years	-later than 5 years	
Interest rate swaps				
Inflows	36,795	149,603	291,278	
Outflows	38,517	152,075	278,903	

(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 76% of finance lease obligations (Note 20). 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.

At 31 December 2007, if the interest rates on borrowings had been 1% higher / lower, while all other variables held constant, company result would have been lower / higher by € 1,651 thousand (2006: € 969 thousand) mainly as a result of higher / lower interest expense on floating rate borrowings. Respectively, for the Group € 2,402 thousand (2006: € 1,880 thousand). There would also had been a respective effect on the Group's and company's Net Asset Value.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (current and non-current borrowings less cash and cash equivalents) divided by the total of equity plus net debt. The gearing ratios at 31 December 2007 and 2006 are presented below:

All amounts in Euro thousands

	Note	Consolidated		Company	
		31 December 2007	31 December 2006	31 December 2007	31 December 2006
Total borrowings	16	632,350	544,382	469,728	381,673
Less: Cash and cash equivalents	13	(92,706)	(71,509)	(76,429)	(46,627)
Net debt		539,644	472,872	393,299	335,046
Total Equity		536,920	544,678	348,988	343,685
		1,076,564	1,017,551	742,287	678,731
Gearing Ratio		50.13%	46.47%	52.98%	49.36%

During 2007, as well as during 2006, the group's and company's strategy was to maintain the gearing ratio within 45% and 55%.

The increase in the gearing ratio during 2007 resulted primarily from the increase of borrowings mainly through the revisions (increases) of the notional principal of several sale and lease back agreements during the last quarter of the fiscal year as well as the increase of bank loans with the intention of financing under construction investment properties.

3.3 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

For investment property fair value estimation see note 2.6.

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.

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 31st December 2007, 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 2007 are as follows:

All amounts in Euro thousands

	Year ended 31 December 2007				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Revenue	55,874	1,310	44,060	50	101,293
Operating profit / (loss)	43,131	137	(10,073)	(10,244)	22,950
Finance expense (net)	-	-	-	-	(34,595)
Profit / (loss) before income tax	43,131	137	(10,073)	(10,244)	(11,645)
Income tax expense	-	-	-	-	3,887
Profit / (loss) for the year	43,131	137	(10,073)	(10,244)	(7,758)

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

	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)
Profit / (loss) before income tax	48,824	141	107,307	(11,077)	119,433
Income tax expense	-	-	-	-	(34,039)
Profit / (loss) for the year	48,824	141	107,307	(11,077)	85,394

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

All amounts in Euro thousands

	Year ended 31 December 2007				Group
	Development & Sale of property	Construction Work	Property Leases	Unallocated	
Lease rental (Note 7)	-	-	(17,289)	-	(17,289)
Net gain from fair value adjustment on investment property (Note 6)	36,187	-	(30,799)	-	5,388
Provisions	-	-	-	(2,311)	(2,311)
Depreciation of property, plant and equipment (Note 7)	(50)	-	(346)	(106)	(503)
Amortisation of intangible assets (Note 8)	-	-	-	(48)	(48)

	Year ended 31 December 2006				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
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)

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

The segment assets and liabilities at 31 December 2007 are as follows:

	31 December 2007				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
Total Assets	356,348	1,822	946,157	119,318	1,423,644
Total Liabilities	278,443	35	412,335	195,912	886,723
Capital expenditure	25,223	-	-	265	25,488

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

	31 December 2006				
	Development & Sale of property	Construction Work	Property Leases	Unallocated	Group
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

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, receivables from other related parties and other receivables.

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

Unallocated liabilities mainly comprise current & deferred income tax liabilities, litigation provisions, employee benefits obligations, derivative financial instruments, dividend payable, amounts due to other related parties and other creditors.

Capital expenditure include additions to Property plant and equipment (Note 7), investment property (Note 6) and intangible assets (Note 8) including additions through business combinations (Notes 6, 7 and 34).

Segment assets and liabilities are reconciled to Group's assets and liabilities for 2007 as follows:

	Assets	Liabilities
Segment Assets / Liabilities	1,304,326	690,812
Other investments	18	-
Other non-current receivables	2	-
Other receivables	966	-
Receivables from other related parties	6,077	-
Prepaid expenses	16	-
Cash and cash equivalents	92,706	-
Property plant and equipment	599	-
Intangible assets	18,934	-
Other creditors	-	1,127
Amounts due to other related parties	-	12,582
Trade payables	-	483
Income tax and other taxes	-	5,330
Social securities	-	489
Accrued expenses	-	268
Deferred tax	-	147,558
Employee benefits obligations	-	2,246
Provisions	-	5,554
Derivatives	-	20,274
Total	1,423,644	886,723

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
At beginning of year (01.01.2006)		904,383	708,069
Acquisition of subsidiary	34	30,533	-
Additions in investment property / additions in construction costs		124,527	62,636
Transfer from property, plant and equipment	7	(2,168)	3,820
Transfer from inventory		1	-
Disposal		(1,476)	-
Net gain from fair value adjustments on investment property		138,905	10,515
At end of year (31.12.2006)		1,194,706	785,039
Additions in investment property / additions in construction costs		25,159	20,755
Transfer from property, plant and equipment	7	13,555	13,555
Transfer from inventory		12,018	11,186
Transfer to inventory		(19,100)	(25,087)
Net gain from fair value adjustments on investment property		5,388	22,121
At end of year (31.12.2007)		1,231,727	827,569

The fair market value of Investment property was re-measured and adjusted at 31 December 2007 based on the Valuation Report by an independent professionally qualified valuer of Colliers International. The Build Operate Transfer of building complex Ethnikis Antistaseos was re-measured by the Company management only as far as the part referring to the sale and leaseback agreement. Its value amounted to € 53,145 thousand (2006: € 52,814 thousand) and for the valuation performed the same assumptions were taken into consideration. For all properties, valuations were based on current prices in an active market and discounted cash flow projections. During the period ended 31 December 2007, no change has occurred to the Group's investment property portfolio concerning asset addition or asset disposal other than cost additions concerning the investment property under construction.

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

	Consolidated		Company	
	<u>1/1/2007 - 31/12/2007</u>	<u>1/1/2006 - 31/12/2006</u>	<u>1/1/2007 - 31/12/2007</u>	<u>1/1/2006 - 31/12/2006</u>
Rental income	28,667	23,552	19,213	18,446
Direct operating expenses arising from investment property that generate rental income	1,462	726	743	658
Direct operating expenses that did not generate rental income	795	750	633	326

Additions to investment property

During the year ended at 31 December 2007, no investment property under construction was completed (for the Investment property under construction see below).

Investment property under construction

Sounio

During January 2008, the last one of the three building permits necessary for the development of three distinct hotel units, with a total above ground area of 12,000 sqm was issued. 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 Syggrou Avenue

The Group is developing at a fast pace the development of the office and retail building with above ground surface of over 14,000 sqm, storage spaces of 2,000 sqm and 393 parking spaces located at 340 Syggrou Avenue. The property on which the aforementioned building is being constructed had been acquired during 2006 through the acquisition of a company and it is included in investment property. The development has a substantial progress and the construction of the above ground surface has been almost completed.

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 completion of the aforementioned residential units has started. Currently, the wall and exterior works have been completed and the internal works have already started. The fair market value of the land plots and the hotel unit as well as the construction costs as per 31 December 2007 are included in Investment property under construction.

Votanikos

During 2006, Babis Vovos International Construction S.A. signed the final purchase agreement 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 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.

During the first quarter of 2007, the demolition permit concerning the existing buildings was issued. The demolition has started during April 2007 and is already completed. At the beginning of July 2007, the excavation and retaining wall structure works permit has also been issued and the respective works are currently completed. During March 2008, the construction permit concerning the under the ground parking area has been issued. The respective building permit for the shopping mall with 70,000 sqm of gross lettable area is expected to be issued during the first half of 2008.

During January 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 at Delta Falirou (Building K4 – floors A & B), at July 31st, 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.

At 31 December 2007, the Group had no un-provided contractual obligations for future repairs and maintenance of investment property.

Investment property includes buildings valued at € 803,978 thousand (including the Build Operate Transfer of building complex Ethnikis Antistaseos), held under sale and leaseback agreements, of which the remaining obligations are € 366,707 thousand. (For 31.12.2006: 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 were € 334,326 thousand).

For securing liabilities, guarantees over the investment property amounting to € 273,828 thousand (2006: € 164,368 thousand) for the Group and € 185,406 thousand (2006: € 92,426 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
Cost					
Balance 1 January 2007	10,990	2,746	489	13,625	27,850
Purchases	-	133	123	65	321
Sales	-	(9)	(14)	-	(23)
Transfer to Investment Property (Note 6)	-	-	-	(13,555)	(13,555)
Balance 31 December 2007	10,990	2,870	598	135	14,593
Accumulated depreciation					
Balance 1 January 2007	(1,085)	(1,978)	(337)	-	(3,400)
Depreciation charge	(296)	(221)	(77)	-	(595)
Depreciation write-off due to sale	-	8	14	-	22
Balance 31 December 2007	(1,381)	(2,191)	(401)	-	(3,973)
Closing net book amount 31 December 2007	9,609	678	198	135	10,620
2006					
Consolidated	Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
Cost					
Balance 1 January 2006	10,990	2,283	476	11,369	25,119
Purchases	-	463	79	89	631
Business combinations (Note 34)	1,404	-	7	-	1,410
Sales	-	(1)	-	-	(1)
Disposals	(1,404)	-	(73)	-	(1,477)
Transfer to Investment Property (Note 6)	-	-	-	2,168	2,168
Balance 31 December 2006	10,990	2,746	489	13,625	27,850
Accumulated depreciation					
Balance 1 January 2006	(783)	(1,758)	(338)	-	(2,879)
Depreciation charge	(325)	(222)	(65)	-	(612)
Business combinations (Note 33)	(1,059)	-	(7)	-	(1,065)
Depreciation write-off due to sale / disposal	1,082	1	73	-	1,156
Balance 31 December 2006	(1,085)	(1,978)	(337)	-	(3,400)
Closing net book amount 31 December 2006	9,905	767	152	13,625	24,450

Company	Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
Cost					
Balance 1 January 2007	2,046	1,971	436	13,625	18,078
Purchases	-	133	123	65	320
Sales	-	(9)	(14)	-	(23)
Transfer to Investment Property (Note 6)	-	-	-	(13,555)	(13,555)
Balance 31 December 2007	2,046	2,094	545	135	4,820
Accumulated depreciation					
Balance 1 January 2007	(796)	(1,610)	(300)	-	(2,706)
Depreciation charge	(200)	(156)	(72)	-	(428)
Depreciation write-off due to sale	-	8	14	-	22
Balance 31 December 2007	(996)	(1,758)	(359)	-	(3,112)
Closing net book amount 31 December 2007	1,050	336	186	135	1,708
2006					
Company	Land & buildings	Machinery & vehicles	Fixtures & fittings	Property under construction	Total
Cost					
Balance 1 January 2006	2,046	1,891	445	17,357	21,739
Purchases	-	81	62	89	232
Sales	-	(1)	-	-	(1)
Disposals	-	-	(72)	-	(72)
Transfer to Investment Property (Note 6)	-	-	-	(3,820)	(3,820)
Balance 31 December 2006	2,046	1,971	436	13,625	18,078
Accumulated depreciation					
Balance 1 January 2006	(590)	(1,410)	(307)	-	(2,307)
Depreciation charge	(205)	(201)	(65)	-	(472)
Depreciation write-off due to disposal	-	1	72	-	73
Balance 31 December 2006	(796)	(1,610)	(300)	-	(2,706)
Closing net book amount 31 December 2006	1,250	361	136	13,625	15,372

There were no impairment charges in 2007 and 2006.

Depreciation expense of € 503 thousand (2006: € 428 thousand) for the Group and € 351 thousand (2006: €300 thousand) for the Company has been charged in the income statement as follows (note 23): € 300 thousand (2006: € 217 thousand) for the Group, € 250 thousand (2006: € 209 thousand) for the Company in cost of sales and € 202 thousand (2006: € 211 thousand) for the Group, € 101 thousand (2006: € 91 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:

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Cost	336	336	-	-
Accumulated depreciation	(59)	(8)	-	-
Closing net book amount	277	328	-	-

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 31st, 2004. The fair value resulted from the valuation was € 8,932 thousand. The analysis of the carrying amounts is as follows:

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Land cost	3,919	3,919	-	-
Building cost	5,013	5,013	-	-
Accumulated depreciation	(289)	(193)	-	-
Closing net book amount	8,643	8,739	-	-

Lease rentals amounting to € 17,289 thousand (2006: € 17,195 thousand) and € 13,063 thousand (2006: € 12,493 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, no guarantees over the property plant equipment (2006: 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		
Cost			
Balance 1 January 2007	274	18,871	19,146
Purchases	8	-	8
Balance 31 December 2007	283	18,871	19,154
Accumulated depreciation			
Balance 1 January 2007	(172)	-	(172)
Depreciation charge	(48)	-	(48)
Balance 31 December 2007	(220)	-	(220)
Closing net book amount 31 December 2007	63	18,871	18,934

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

Company	Purchased rights to transfer building coefficients		Total
	Software licences		
Cost			
Balance 1 January 2007	274	16,443	16,718
Purchases	8	-	8
Balance 31 December 2007	283	16,443	16,726
Accumulated depreciation			
Balance 1 January 2007	(172)	-	(172)
Depreciation charge	(48)	-	(48)
Balance 31 December 2007	(220)	-	(220)
Closing net book amount 31 December 2007			
	63	16,443	16,506

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

Amortization of € 48 thousand (2006: € 43 thousand) for the Group and the Company has been charged in the income statement (note 23) in administrative expenses.

There were no impairment charges in 2007 and 2006.

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 2007 amounts to € 43,140 thousand. The difference between the fair value and their cost amounting to € 24,269 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 (2006: 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 2007	31 December 2006	31 December 2007	31 December 2006
Participation to subsidiaries	-	-	55,125	55,125
Other participations	18	18	1	1
Provision for participations impairment	-	-	(7,255)	(7,648)
	<u>18</u>	<u>18</u>	<u>47,871</u>	<u>47,477</u>

In the company income statement, a loss amounting to € 6,960 thousand and € 11,498 thousand for the years 2007 and 2006 respectively were included. Both amounts concern the result of the subsidiary “Babis Vovos International Construction S.A & Co. GP”.

During 2007, a decrease of the provision for impairment was calculated for participation of the parent company to the subsidiary “Doma S.A.” amounting to € 393 thousand. The total provision for impairment for the participation to the aforementioned subsidiary amounts to € 7,255 thousand. During 2006, the provision for impairment for the participation to the aforementioned subsidiary had been calculated amounting to € 7,648 thousand.

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.	99.00%

They are all domiciled in Greece.

Analytically:

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
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	22,825
Other	1	1	1	1
	<u>18</u>	<u>18</u>	<u>55,126</u>	<u>55,126</u>
 Provision for participations impairment				
Doma S.A.	-	-	(7,255)	(7,648)
	<u>18</u>	<u>18</u>	<u>47,871</u>	<u>47,477</u>

There were no disposals of investments during 2007 and 2006.

During 2007, there was no new investment to subsidiaries.

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 Syggrou Avenue in Kallithea is the main asset of the aforementioned company (note 34).

10 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

All amounts in Euro thousands

Consolidated		
31 December 2007		
Assets as per balance sheet	Loans and Receivables	Total
Net trade receivables	3,746	3,746
Receivables from other related parties	12,309	12,309
Other debtors	14,444	14,444
Cash and cash equivalents	92,706	92,706
Total	123,206	123,206

Consolidated		
31 December 2006		
Assets as per balance sheet	Loans and Receivables	Total
Net trade receivables	13,468	13,468
Accrued income	2,430	2,430
Receivables from other related parties	11,579	11,579
Other debtors	5,846	5,846
Cash and cash equivalents	71,509	71,509
Total	104,832	104,832

Company		
31 December 2007		
Assets as per balance sheet	Loans and Receivables	Total
Net trade receivables	2,194	2,194
Receivables from subsidiaries	42,972	42,972
Receivables from other related parties	6,305	6,305
Other debtors	11,291	11,291
Cash and cash equivalents	76,429	76,429
Total	139,191	139,191

Company			
31 December 2006			
Assets as per balance sheet	Loans and Receivables	Total	
Net trade receivables	12,164	12,164	
Receivables from subsidiaries	37,306	37,306	
Receivables from other related parties	5,580	5,580	
Other debtors	4,079	4,079	
Cash and cash equivalents	46,627	46,627	
Total	105,755	105,755	

Consolidated			
31 December 2007			
Liabilities as per balance sheet	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Borrowings	-	632,350	632,350
Derivative financial instruments	20,274	-	20,274
Total	20,274	632,350	652,624

Consolidated			
31 December 2006			
Liabilities as per balance sheet	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Borrowings	-	544,382	544,382
Derivative financial instruments	18,872	-	18,872
Total	18,872	544,382	563,254

Company			
31 December 2007			
Liabilities as per balance sheet	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Borrowings	-	469,728	469,728
Derivative financial instruments	20,274	-	20,274
Total	20,274	469,728	490,003

Company			
31 December 2006			
Liabilities as per balance sheet	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Borrowings	-	381,673	381,673
Derivative financial instruments	18,872	-	18,872
Total	18,872	381,673	400,545

11 Inventories

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Property Inventory (land plots - buildings)	3,108	3,941	647	647
Construction in progress	20,391	17,068	26,137	17,068
Raw Material inventory	1,381	1,223	1,312	1,000
Construction of buildings & civil engineer technical works in progress	330	634	330	634
Downpayments for stocks	7,696	8,663	7,681	8,399
Provision for impairment of construction in progress	(1,022)	(2,394)	(1,022)	(2,394)
Provision for impairment of other inventory	(15)	(15)	-	-
At end of year	<u>31,868</u>	<u>29,120</u>	<u>35,085</u>	<u>25,354</u>

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

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
9-13 Patmou & Agrafon street	2,476	4,892	2,476	4,892
108 - 110 Athinon Avenue	-	11,780	-	11,780
340 Syngrou Avenue	-	396	-	396
N. Erythraia - Mortero - Gymnastiriou Str. BB270	9,668	-	11,893	-
N. Erythraia - Mortero - Gymnastiriou Str. BB271	8,246	-	11,768	-
Construction in progress	<u>20,391</u>	<u>17,068</u>	<u>26,137</u>	<u>17,068</u>

The cost of inventories recognized as expense and included in cost of sales amounted to € 34,862 thousand (2006: € 17,464 thousand) and € 34,791 thousand (2006: € 16,054 thousand) for the Group and the Company respectively.

For securing liabilities, guarantees over the inventories amounting to € 23,578 thousand (2006: 2,028 thousand) for the Group and the company have been provided.

12 Trade and other receivables

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Trade receivables	5,221	14,943	2,619	12,589
Less: provision for impairment of trade receivables	(1,475)	(1,475)	(424)	(424)
Net trade receivables	3,746	13,468	2,194	12,164
Prepaid expenses	6,712	7,084	5,104	5,029
Accrued income		2,430		
Receivables from subsidiaries (Note 33)	-	-	42,972	37,306
Receivables from other related parties (Note 33)	12,309	11,579	6,305	5,580
Advances	558	259	370	71
Other debtors	18,852	10,253	14,473	7,261
Less: provision for impairment of other receivables	(4,407)	(4,407)	(3,182)	(3,182)
	<u>34,024</u>	<u>27,197</u>	<u>66,042</u>	<u>52,064</u>
	37,770	40,665	68,236	64,228
Less non-current assets: advances	(558)	(259)	(370)	(71)
Current assets	<u>37,212</u>	<u>40,406</u>	<u>67,866</u>	<u>64,157</u>

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

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

The general practice of the company for trade receivables is 90 days. Trade receivables that are less than three months are not considered due. At 31 December 2007, trade receivables amounting to € 1,009 thousand (31 December 2006: € 1,486) for the Group and € 106 thousand (31 December 2006: € 507 thousand) for the company are due but they are expected to be received and, consequently, they are not provided for impairment. The ageing analysis of these trade receivables is as follows:

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
έως 3 μήνες	102	252	79	215
3 έως 6 μήνες	12	22	9	3
6 έως 12 μήνες	32	1,175	18	289
πάνω από 1 έτος	863	37	-	-
	<u>1,009</u>	<u>1,486</u>	<u>106</u>	<u>507</u>

During the year, no impairment loss for trade accounts receivable was recognised for the Group and the Company (2006: € 2,051 thousand for the Group and € 883 thousand for the Company respectively).

Movements on the provision for impairment of trade and other receivables for the Group and the Company are as follows:

	Consolidated	Company
At beginning of year (01.01.2006)	3,832	2,724
Impairment loss for trade and other receivables	<u>2,051</u>	<u>883</u>
At end of year (31.12.2006)	<u>5,882</u>	<u>3,607</u>
At end of year (31.12.2007)	<u>5,882</u>	<u>3,607</u>

The Group and the Company have no trade and other receivables in foreign currency at 31 December 2007 and 31 December 2006.

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.

The Group and the company hold guarantees - collaterals as security for trade receivables (more specifically, receivables from lessees). These guarantees are included in other non-current liabilities (see Trade and other payables) and are usually equal to two monthly leases. At 31 December 2007, the lease guarantees are amounting to € 3,658 thousand (31 December 2006: € 3,742 thousand) for the Group and € 2,571 thousand (31 December 2006: 2,856 thousand) for the company (Note 19).

At 31 December 2007, the maximum exposure of the Group and the company to credit risk is the fair value of trade and other receivables mentioned above, which approximates their accounting value, less the value of lease guarantees mentioned above.

Other receivables do not include impaired assets unless differently stated.

13 Cash and cash equivalents

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Cash on hand	58	142	32	81
Site deposits	66,137	14,513	64,897	6,546
Committed deposit accounts	<u>26,511</u>	<u>56,854</u>	<u>11,500</u>	<u>40,000</u>
Cash and cash equivalents	<u>92,706</u>	<u>71,509</u>	<u>76,429</u>	<u>46,627</u>

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 € 11,500 thousand (2006: 40,000 thousand) for 2007 was 4.426% on average (2006: 3.60%) while for the rest of the committed deposit accounts of the Group subsidiaries amounting to € 15,011 thousand (2006: € 16,854 thousand) was 4.786% (2006: 2.75%).

14 Share capital

All amounts in Euro thousands

Consolidated

	Number of shares (thousands)	Nominal value (€)	Ordinary shares (€ thousands)	Share premium (€ thousands)	Total (€ thousands)
Balance at 31 December 2007 / 2006	33,930	0.30	10,179	36,653	46,832

Company

	Number of shares (thousands)	Nominal value (€)	Ordinary shares (€ thousands)	Share premium (€ thousands)	Total (€ thousands)
Balance at 31 December 2007 / 2006	33,930	0.30	10,179	36,653	46,832

The total authorised number of ordinary shares is 33,930 thousand shares (2006: 33,930 thousand shares) with a par value of € 0.30 per share (2006: € 0.30 per share). All issued shares are fully paid.

15 Reserves

All amounts in Euro thousands

Consolidated

	Statutory reserve	Extraordinary reserve	Special - untaxed reserves	Total
Balance at 1 January 2006	463	7,622	14,968	23,053
Balance at 31 December 2006	463	7,622	14,968	23,053
Balance at 31 December 2007	463	7,622	14,968	23,053

Company

	Statutory reserve	Extraordinary reserve	Special - untaxed reserves	Total
Balance at 1 January 2006	74	5,353	19,817	25,244
Balance at 31 December 2006	74	5,353	19,817	25,244
Balance at 31 December 2007	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:

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
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 ⁽¹⁾	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.

16 Borrowings

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Non - current				
Bank Borrowings	134,925	47,102	134,925	27,102
Finance lease liabilities	400,172	365,303	288,431	254,553
	<u>535,096</u>	<u>412,405</u>	<u>423,356</u>	<u>281,656</u>
Current				
Bank Borrowings	82,921	113,146	34,441	84,093
Finance lease liabilities	14,333	18,831	11,932	15,925
	<u>97,254</u>	<u>131,977</u>	<u>46,373</u>	<u>100,017</u>
Total borrowings	<u>632,350</u>	<u>544,382</u>	<u>469,728</u>	<u>381,673</u>

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

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
6 months or less	217,846	160,248	169,365	111,195
	<u>217,846</u>	<u>160,248</u>	<u>169,365</u>	<u>111,195</u>

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

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Between 1 and 2 years	120,339	42,817	120,339	22,817
Between 2 and 5 years	14,586	4,286	14,586	4,286
	<u>134,925</u>	<u>47,102</u>	<u>134,925</u>	<u>27,102</u>

The non-current borrowings maturity (excluding finance leases) is up to 2010.

All the Group's borrowings are at floating rates of interest. The average weighted interest rate at 31 December 2007 was 7.07% (2006: 6.09%) for bank borrowings. Due to the interest rate swap signed by the Group during the first quarter of 2006 for approximately 76% 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 as at 31 December 2007 was 6.97% (2006: 6.56%).

The fair value of both the long-term and short-term borrowings at 31 December 2007 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:

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Floating rate:				
Expiring beyond one year	8,500	-	8,500	-
	<u>8,500</u>	<u>-</u>	<u>8,500</u>	<u>-</u>

The maturity of finance lease liabilities (up to 2054) is as follows:

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Finance lease liabilities – minimum lease payments:				
-no later than 1 year	40,102	37,659	31,460	29,890
-later than 1 year and no later than 5 years	162,307	152,939	124,735	119,562
-later than 5 years	613,494	514,349	393,704	281,332
	<u>815,903</u>	<u>704,946</u>	<u>549,899</u>	<u>430,784</u>
Future finance charges on finance leases	<u>(409,399)</u>	<u>(329,813)</u>	<u>(257,536)</u>	<u>(168,906)</u>
Present value of finance lease liabilities	<u>406,504</u>	<u>375,134</u>	<u>292,363</u>	<u>261,878</u>

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
The present value of finance lease liabilities is as follows ⁽¹⁾ :				
-not later than 1 year	14,333	17,831	11,932	15,325
-later than 1 year and not later than 5 years	71,238	85,566	56,129	71,331
-later than 5 years	320,934	271,737	224,302	175,222
	<u>406,504</u>	<u>375,134</u>	<u>292,363</u>	<u>261,878</u>

(1) In the above consolidated and company data, preliminary sale & leaseback agreement of € 8,000 thousand (Kifissias & Sina - Building complex B) is not included. Its repayment will start after its completion. As far as the comparative data of 2006, preliminary sale & leaseback agreements of € 1,000 thousand (Sounio) and of € 8,000 thousand (Kifissias & Sina - Building complex B) are not included. At the company data of 2006, the respective amounts not included are € 600 thousand (Sounio) and € 8,000 thousand (Kifissias & Sina - Building complex B).

17 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

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Deferred tax liabilities:				
– deferred tax liability to be recovered after more than 12 months	147,558	153,951	91,680	95,358
	147,558	153,951	91,680	95,358

The total movement in deferred income tax is presented below:

All amounts in Euro thousands

	Note	Consolidated	Company
Balance at 1 January 2006		115,505	92,710
Debit / (credit) in the income statement	27	32,003	2,649
Acquisition of subsidiary	33	6,443	-
Balance at 31 December 2006		153,951	95,358
Debit / (credit) in the income statement	27	(6,393)	(3,679)
Balance at 31 December 2007		147,558	91,680

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

Deferred Tax Liabilities	Investment property to fair value	Total
Balance 01.01.2006	168,518	168,518
Debit / (credit) in the income statement	28,176	28,176
Acquisition of subsidiary	6,447	6,447
Balance 31.12.2006	203,141	203,141
Debit / (credit) in the income statement	2,077	2,077
Balance 31.12.2007	205,218	205,218

Consolidated

Deferred Tax Assets	Finance leases	Intangible assets	Provision for employees retirement benefit based on			Total
			actuarial study	Derivatives	Other	
Balance 01.01.2006	(50,268)	(363)	(384)	(193)	(1,807)	(53,014)
Debit / (credit) in the income statement	6,613	10	(60)	(1,732)	(1,004)	3,827
Acquisition of subsidiary	-	(3)	-	-	-	(3)
Balance 31.12.2006	(43,654)	(356)	(444)	(1,924)	(2,812)	(49,190)
Debit / (credit) in the income statement	(9,385)	6	(114)	511	512	(8,470)
Balance 31.12.2007	(53,039)	(350)	(558)	(1,413)	(2,300)	(57,660)

Company

Deferred Tax Liabilities	Investment property to fair value	Total
	Balance 01.01.2005	135,385
Debit / (credit) in the income statement	2,630	2,630
Balance 31.12.2005	138,015	138,015
Debit / (credit) in the income statement	5,531	5,531
Balance 31.12.2006	143,546	143,546

Company

Deferred Tax Assets	Finance leases	Intangible assets	Provision for employees retirement benefit based on			Total
			actuarial study	Derivatives	Other	
Balance 01.01.2005	(41,968)	(2)	(351)	(193)	(162)	(42,675)
Debit / (credit) in the income statement	2,596	6	(53)	(1,732)	(798)	19
Balance 31.12.2005	(39,372)	5	(404)	(1,924)	(960)	(42,656)
Debit / (credit) in the income statement	(9,802)	6	(124)	511	198	(9,210)
Balance 31.12.2006	(49,174)	11	(528)	(1,413)	(762)	(51,866)

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 € 5,280 thousand (2006: € 8,624 thousand) and € 0 thousand (2006: € 6,876 thousand) in respect of losses amounting to € 21,122 thousand (2006: € 34,497 thousand) and € 0 thousand (2006: € 27,507 thousand) respectively, that can be carried forward against future taxable income up to 2012.

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

18 Retirement benefit obligations

The amounts recognised in the balance sheet are as follows:

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Present value of unfunded obligations	2,209	1,914	2,132	1,579
Unrecognised actuarial losses	37	(116)	(20)	38
	<u>2,246</u>	<u>1,797</u>	<u>2,113</u>	<u>1,617</u>
Liability in the balance sheet	<u>2,246</u>	<u>1,797</u>	<u>2,113</u>	<u>1,617</u>

The amounts recognised in the income statement are as follows:

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Current service cost	174	161	136	133
Interest cost	82	75	68	67
Net actuarial losses recognised during the year	221	35	-	26
Losses on curtailment	(3)	-	(2)	-
Transfer of personnel	-	-	319	-
Total, included in employee benefit expense	<u>475</u>	<u>271</u>	<u>521</u>	<u>226</u>

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

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Beginning of the year	1,797	1,549	1,617	1,404
Total expense charged in the income statement (Note 24)	475	271	521	226
Contributions paid (Note 24)	<u>(26)</u>	<u>(23)</u>	<u>(26)</u>	<u>(12)</u>
End of the year	<u>2,246</u>	<u>1,797</u>	<u>2,113</u>	<u>1,617</u>

Out of the total expense charged in the income statement, € 449 thousand (2006: € 248 thousand) and € 495 thousand (2006: € 214 thousand) for the Group and the company respectively has been recorded to other gains / expenses – net (note 24).

The principal actuarial assumptions used were as follows:

Discount rate	4.80%	4.30%	4.80%	4.30%
Future salary increases	5.00%	5.00%	5.00%	5.00%
Average yearly long term inflation rate	2.00%	2.00%	2.00%	2.00%

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

19 Trade and other payables

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Trade Payables	10,141	9,819	7,976	5,051
Amounts due to subsidiaries (Note 33)	-	-	39,144	35,950
Amounts due to other related parties (Note 33)	12,582	38,796	2,870	29,621
Social security and other taxes	1,602	2,637	1,532	1,035
Customer advances	39,590	41,204	39,347	40,945
Accrued expenses	9,049	3,631	42,208	29,984
Unearned and deferred income	908	7,259	908	7,259
Lease Guarantees	3,658	3,742	2,571	2,856
Other creditors	184	63	175	52
Trade and other Payables	77,713	107,152	136,731	152,753
Less long-term liabilities: lease guarantees	(3,658)	(3,742)	(2,571)	(2,856)
Short-term liabilities	74,055	103,410	134,159	149,897

Group and company trade and other payables are interest free.

20 Derivatives

All amounts in Euro thousands

Interest rate swaps held for trading	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Non-current liabilities	17,145	15,868	17,145	15,868
Current liabilities	3,129	3,004	3,129	3,004
	20,274	18,872	20,274	18,872

During February 2007, the Group, aiming at low financial cost in the long term, signed a new interest rate swap agreement with Deutsche Bank. According to its provisions, the Company receives prepayment 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 12th, 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 31 December 2007, the fair value of this interest rate swap was € 10,926 thousand. A finance expense of € 926 thousand was recognised in the income statement.

At the same time, the interest rate swap signed during 2005 has been unwind. According to its provisions, the company received a prepayment of € 7,200 thousand which actually was the interest calculated on a notional principal of € 72,000 thousand. The Company had the obligation to pay 8 six-monthly instalments commencing on June 14th 2006. The instalments were calculated as interest on the notional principal with an interest rate based on the 5-year EUR swap rate (5y CMS). 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.

Additionally, two more interest rate swap agreements signed during July 2006 with Deutsche Bank are in effect. These two agreements are similar and, according to their provisions, the Company received 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 31 December 2007, after the payment of the first two instalments on January and July 2007 for each swap (€ 771 thousand and € 408 thousand respectively both calculated with an interest rate of 2%), the fair value of the above described interest rate swaps was € 3,064 thousand and € 1,623 thousand (31 December 2006: € 4,170 thousand and € 2,220 thousand) respectively. Finance revenue of € 336 thousand and € 189 thousand respectively were recognised in the income statement (31 December 2006: finance expense of € 370 thousand and € 220 thousand).

Finally, the floating-to-fixed interest rate swap with Credit Suisse signed by the Group on January 2006 is also in effect. With this agreement the financing cost of approximately 76% of the entire sale and leaseback and Build Operate Transfer (BOT) portfolio (as at 31 December 2007) was “locked” (86% as at the signature date). 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%.

During September 2007, the Group has agreed to a variation of this swap agreement with Credit Suisse with the intention of further ensuring the respective cash flows. The valuation of the above mentioned interest rate swap agreement based on the current market conditions is also affected by the aforementioned variation of the agreement. More analytically, after the agreement variation, the fair value of the transaction is affected by the movement of the difference between the 10year EURIBOR and the 1year EURIBOR as well as the movement of the difference between the 30year EURIBOR and the 10year EURIBOR and the prospects, starting from January 30th, 2009, the following two conditions not to be valid at the same time: the difference between the 10year EURIBOR and the 1year EURIBOR being higher than or equal to -0.05% and the difference between the 30year EURIBOR and the 10year EURIBOR being higher than or equal to -0.12%. As long as the above two conditions stand, the Group’s inflows follow the movement of EURIBOR while the respective outflows are fixed with an interest rate of 5.29%. Starting from January 30th, 2009, for the total calendar days that the above two conditions do not stand, there will be a negative effect on the Group’s cash inflows. The fluctuation of the difference between these three 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.

The fair value of the interest rate swap agreement as per 31 December 2007 amounted to € 4,661 thousand (31 December 2006: 6,782 thousand). Finance income of € 2,121 thousand was recognised in the Group’s result for the year.

The notional principal for all the above interest rate swap agreements in effect as at 31 December 2007 was € 470,419 thousand (2006: € 460,719 thousand).

21 Provisions for other liabilities and expenses

All amounts in Euro thousands

	Consolidated	Company
At beginning of year (01.01.2006)	1,180	438
Reversal of other provisions	(1)	(1)
New provision for litigation and claims	203	203
Use of provision for litigation and claims	(445)	(203)
At end of year (31.12.2006)	937	437
Use of provision for litigation and claims	(50)	-
Reversal of provision for litigation and claims	(20)	(20)
At end of year (31.12.2007)	867	417

Provisions for other liabilities and expenses include provisions for possible liabilities relating to litigation and claims which were pending against the Group companies (see note 31).

During the year ended at 31 December 2007, a provision for litigation and claim against a subsidiary of the Group amounting to € 20 thousand (2006: € 203 thousand) was reversed and credited at administrative expenses.

During the year ended at 31 December 2007, no new provision for litigation and claims against the group companies was formed (2006: € 203 thousand - included at administrative expenses).

22 Revenue

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Rental income	44,060	39,050	30,587	29,840
Sale of property	55,874	15,559	55,874	14,709
Construction work	1,310	1,468	1,037	1,470
Other	50	0	65	104
	101,293	56,077	87,563	46,121

The period of leases whereby the Group leases out its investment property under operating leases is 8 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 8 years or more.

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

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
No later than 1 year	44,879	47,554	31,062	32,953
Later than 1 year and no later than 5 years	179,737	192,046	126,153	135,594
Later than 5 years	594,969	546,530	297,994	350,100
	<u>819,584</u>	<u>786,130</u>	<u>455,209</u>	<u>518,647</u>

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

Sale of property for the year ended 31 December 2007 include accrued income resulting from the sale contracts concerning the buildings B and C of the under construction building complex at 108 – 110 Athens Ave. As far as building B is concerned, the Group signed a final sale contract with the real estate investor “KanAm Grund” on May 18th, 2007. The price was defined at € 47,096 thousand. As far as building C is concerned, the Group had signed a final sale contract with “ALLIANZ S.A.” on November 24th, 2006. The price had been defined at € 17,500 thousand. The revenue recorded based on the percentage of completion of the aforementioned buildings during the year is as follows:

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Patmou & Agrafon Str.	1,625	3,588	1,625	3,588
108-110 Athens Ave.	53,507	10,320	53,507	10,320
N. Erythraia - Mortero - Gymnastiriou Str.				
BB270	741	-	741	-
Mavromichali & Apollonos Str.	-	850	-	-
49 Kifissias Ave.	-	801	-	801
	<u>55,874</u>	<u>15,559</u>	<u>55,874</u>	<u>14,709</u>

23 Expenses by nature

All amounts in Euro thousands

	1/1/2007-31/12/2007			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense (Note 26)	5,743	55	3,638	9,436
Changes in inventories of finished goods and work in progress (Note 11)	34,862	-	-	34,862
Lease expenses	20,185	-	15	20,200
Depreciation of property, plant and equipment (Note 7)	300	-	202	503
Repairs and maintenance	86	-	92	178
Amortisation of intangible assets (Note 8)	-	-	48	48
Marketing	48	208	151	408
Legal and consulting	246	594	478	1,318
Contractors	7,218	-	-	7,218
Travel expenses	0	-	406	406
Provisions	-	-	1,932	1,932
Expenses and provision for litigation and claims	-	-	128	128
Other taxes and duties	-	-	990	990
Other	5,218	129	1,146	6,493
Total	73,906	986	9,226	84,119

	1/1/2006-31/12/2006			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense (Note 26)	1,729	54	2,947	4,731
Changes in inventories of finished goods and work in progress (Note 11)	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	-	-	3,914	3,914
Expenses and provision for litigation and claims	-	-	108	108
Other taxes and duties	-	-	598	598
Other	1,561	32	1,229	2,821
Total	40,714	472	10,643	51,829

Company	1/1/2007-31/12/2007			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense (Note 26)	5,708	55	3,493	9,257
Changes in inventories of finished goods and work in progress (Note 11)	34,791	-	-	34,791
Lease expenses	15,241	-	49	15,290
Depreciation of property, plant and equipment (Note 7)	250	-	101	351
Repairs and maintenance	85	-	90	175
Amortisation of intangible assets (Note 8)	-	-	48	48
Marketing	-	208	123	331
Legal and consulting	246	479	217	941
Contractors	7,106	-	-	7,106
Travel expenses	0	-	406	406
Provisions	-	-	1,041	1,041
Expenses and provision for litigation and claims	-	-	(20)	(20)
Other taxes and duties	-	-	598	598
Other	5,199	107	1,073	6,379
Total	68,625	849	7,219	76,693

Company	1/1/2006-31/12/2006			Total
	Cost of sales	Selling and marketing costs	Administrative expenses	
Employee benefit expense (Note 26)	1,729	54	2,741	4,525
Changes in inventories of finished goods and work in progress (Note 11)	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
Total	33,812	393	7,861	42,065

24 Other Gains / (Expenses)

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Other expenses				
Retirement provision (Note 24)	(449)	(248)	(495)	(214)
Cancellation of preliminary contracts	(146)	-	(146)	-
Lease compensations	-	(123)	-	(123)
Loss from disposal of PPE	-	(322)	-	-
Tax fines and surcharges	(445)	(370)	(273)	(140)
Social Securities	(0)	(7)	(0)	(2)
Litigation expenses	-	(36)	-	(36)
Robbery	(40)	-	(40)	-
Provision for depreciation of other inventory	-	(15)	-	-
Other	(2)	(22)	(1)	(0)
	<u>(1,082)</u>	<u>(1,143)</u>	<u>(955)</u>	<u>(515)</u>
	Consolidated	Company	Consolidated	Company
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Other gains				
Cancellation of preliminary contracts	1,302	2,299	-	-
Lease compensations	154	160	154	51
Other compensations	3	218	3	1
Lease Guarantees	10	4	0	0
Social Securities	-	3	-	-
Payables write-off	-	500	-	500
Other	1	2	-	1
	<u>1,469</u>	<u>3,186</u>	<u>157</u>	<u>553</u>

25 Finance expense (net)

All amounts in Euro thousands

Finance Expenses	Consolidated		Company	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Bank Loan interest and other expenses	12,465	6,921	9,392	4,776
Interest expenses for preliminary SLB agreements and SLB contracts	30,231	21,003	20,254	16,477
Expenses for letters of guarantee	490	312	425	280
Finance Expenses due to IAS 32/39	264	-	264	-
Loss from derivatives	926	7,744	926	7,744
Other	1,679	901	1,465	688
	<u>46,056</u>	<u>36,881</u>	<u>32,726</u>	<u>29,966</u>

Finance Revenue	Consolidated		Company	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Interest received	2,165	539	1,495	143
Finance revenue from finance lease	4,131	9,505	4,131	2,441
Finance revenue due to IAS 32/39	12	474	-	411
Gains from derivatives	5,154	-	5,154	-
	<u>11,461</u>	<u>10,519</u>	<u>10,779</u>	<u>2,996</u>
Finance Expense_Revenue (net)	(34,595)	(26,362)	(21,946)	(26,970)

26 Employee benefit expense

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Wages and salaries	12,516	10,355	11,398	6,919
Social security costs	4,309	3,639	3,938	2,136
Pension costs - defined benefit plans (Note 18)	475	271	521	226
Other	197	117	159	77
	<u>17,497</u>	<u>14,382</u>	<u>16,016</u>	<u>9,357</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	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Cost of goods sold / Administrative expenses / Selling and marketing	9,436	4,731	9,257	4,525
Other Expenses (Note 18)	449	248	495	214
Construction in progress (included either in inventory or investment property under construction)	<u>7,611</u>	<u>9,404</u>	<u>6,264</u>	<u>4,619</u>
	<u>17,497</u>	<u>14,382</u>	<u>16,016</u>	<u>9,357</u>

The number of employees for the Group and the company as per 31 December 2007 is as follows:

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Number of employees	521	492	505	386

27 Income tax expense

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Income Tax	2,506	2,036	2,055	-
Deferred income tax	(6,393)	32,003	(3,679)	2,649
	<u>(3,887)</u>	<u>34,039</u>	<u>(1,623)</u>	<u>2,649</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	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Profit before tax	<u>(11,645)</u>	<u>119,433</u>	<u>3,680</u>	<u>(30,908)</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries (2007: 25% - 2006: 29%)	(2,911)	34,636	920	(8,963)
Differences in tax rates on temporary differences	602	(13,791)	-	(424)
Income not subject to tax	(1,954)	(401)	(1,951)	(383)
Expenses not deductible for tax purposes	797	5,104	2,117	7,864
Utilization of previously unrecognised tax losses	(4,309)	-	(4,306)	-
Property taxes	518	108	459	-
Prior year tax differences	1,348	1,806	1,138	-
Tax losses for which no deferred income tax asset was recognised	2,023	6,577	-	4,555
Tax charge	<u>(3,887)</u>	<u>34,039</u>	<u>(1,623)</u>	<u>2,649</u>

28 Earnings per share

All amounts in Euro thousands

	Consolidated		Company	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Net profit attributable to shareholders	(7,472)	86,187	5,303	(33,556)
Weighted average number of ordinary shares in issue (thousands)	33,930	33,930	33,930	33,930
Basic earnings per share (€ per share)	(0.22)	2.54	0.16	(0.99)

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

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

29 Dividends per share

No dividends are to be proposed by the Board of Directors to the Annual General Meeting for the year ended 31 December 2007 exactly as for the fiscal year 2006.

The dividends paid in 2007 and 2006 were € 2,170 thousand (or 0.06 per share) and € 13,578 thousand (or 0.40 per share) respectively.

30 Cash generated from operations

All amounts in Euro thousands

	Note	Consolidated		Company	
		1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Net profit		(7,758)	85,394	5,303	(33,556)
Adjustments for:					
– income tax expense	27	(3,887)	34,039	(1,623)	2,649
– depreciation and amortisation	7,8	551	471	399	343
– 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	(5,388)	(138,905)	(22,121)	(10,515)
– Provision for inventory impairment	11	(1,372)	-	(1,372)	-
– Increase in retirement provision	18	449	248	495	214
– Increase in provision for doubtful debt	12	-	2,051	-	883
– Increase in other provisions		1,862	1,621	1,021	830
– interest expense	25	45,130	29,137	31,800	22,222
– interest revenue	25	(6,308)	(10,519)	(5,626)	(2,996)
– (income) / loss from derivatives	25	(4,227)	7,144	(4,227)	7,144
– provision for participations impairment	9	-	-	(393)	-
– dividend (income) / loss	9	-	-	6,960	11,498
Changes in working capital:					
– trade and other receivables		1,382	2,134	(5,089)	18,746
– inventories		5,798	(9,770)	5,620	(9,347)
– payables		(8,258)	37,411	(465)	58,005
Cash generated from operations		<u>17,974</u>	<u>41,402</u>	<u>10,681</u>	<u>66,118</u>

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

	Note	Consolidated		Company	
		1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Cost of investment property sold	6	-	1,476	-	-
Profit / (loss) on sale of investment property		-	(626)	-	-
Proceeds from sale of investment property		<u>-</u>	<u>850</u>	<u>-</u>	<u>-</u>

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

	Note	Consolidated		Company	
		1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Net book amount	7	1		1	
Profit / (loss) on sale of PPE		(0)	1	(0)	1
Proceeds from sale of PPE		1	1	1	1

31 Contingencies

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group and the company have given guarantees in the ordinary course of business amounting to € 49,435 thousand (2006: 48,698 thousand) and € 45,737 thousand (2006: € 47,455 thousand) respectively to third parties concerning securing liabilities and fair execution.

At 31 December 2007, there were pending court decisions over injunctions filed against the Group from third parties amounting to € 3,602 thousand (2006: 3,962 thousand) for which a total provision of € 867 thousand (€ 937 thousand) for the Group and € 417 thousand (2006: € 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 2007, 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 2007, there also were pending court decisions over injunctions filed by the Group against third parties amounting to € 1,881 thousand (2006: 1,881 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 2006, '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.

32 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 8 years

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

All amounts in Euro thousands

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
No later than 1 year	21,412	17,032	15,301	12,493
Later than 1 year and no later than 5 years	50,030	51,029	45,669	41,459
Later than 5 years	<u>25,578</u>	<u>23,788</u>	<u>23,844</u>	<u>17,661</u>
	<u>97,020</u>	<u>91,849</u>	<u>84,814</u>	<u>71,613</u>

33 Related-party transactions

At 31 December 2007, 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	
	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006	1/1/2007 - 31/12/2007	1/1/2006 - 31/12/2006
Sales of goods and services				
<i>Sales of goods</i>				
Babis Vovos International				
Construction S.A. & Co GP	-	-	15	103
Services of key management personnel	558	-	558	-
	<u>600</u>	<u>0</u>	<u>573</u>	<u>104</u>
 <i>Sales of services</i>				
Babis Vovos International				
Construction S.A. & Co GP	-	-	-	1
Innovative Buildings S.A	3	1	-	-
Marvo S.A	-	4	-	4
Promise Cafe Ltd.	26	-	-	-
The Greek Coffee Company S.A.	134	-	-	-
	<u>163</u>	<u>6</u>	<u>-</u>	<u>6</u>
 Purchases of goods and services				
<i>Purchases of goods</i>				
Babis Vovos International				
Construction S.A. & Co GP	-	-	124	135
	<u>-</u>	<u>-</u>	<u>124</u>	<u>135</u>
 <i>Purchases of services</i>				
Babis Vovos International				
Construction S.A. & Co GP	-	-	121	98
Services of key management personnel	1,410	752	1,115	504
	<u>1,410</u>	<u>752</u>	<u>1,236</u>	<u>602</u>
 Key management compensation				
Salaries and other short term employee benefits	<u>1,350</u>	<u>1,003</u>	<u>1,350</u>	<u>1,003</u>

Year-end balances arising from sales/purchases of goods/services	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
<i>Receivables from related parties</i>				
Babis Vovos International Construction S.A. & Co GP	-	-	42,016	36,476
Ergoliptiki - Ktimatiki - Touristiki SA	-	-	956	829
Innovative Buildings S.A	1	2	1	1
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	5	5
Promise Cafe Ltd.	7	-	-	-
The Greek Coffee Company S.A.	128	-	128	-
Key management personnel	598	-	598	-
	<u>12,309</u>	<u>11,579</u>	<u>49,277</u>	<u>42,886</u>
<i>Payables to related parties</i>				
Doma S.A	-	-	8,626	8,431
International Palace Hotel S.A	-	-	3,850	3,864
Alteco S.A	-	-	10,270	10,308
Elfinko S.A.	-	-	16,398	13,347
The Greek Coffee Company S.A.	1	-	-	-
Key management personnel	12,580	38,796	2,870	29,621
	<u>12,582</u>	<u>38,796</u>	<u>42,014</u>	<u>65,571</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.

34 Business combinations

During 2007, there was no business combination.

On May 22nd, 2006 the Company acquired 99.00% of Elfinko S.A. A land plot of approximately 6,000 sqm at 340 Syggrou 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 1st, 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	22,825
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

	Fair value	Acquiree's carrying amount
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>	
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>	

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.

35 Events after the balance sheet date

1. Revision of the sale and leaseback contract for the building complex II located at Delta Falirou.

On January 16th, 2008, the subsidiary company 'Babis Vovos International Construction S.A. & Co GP' signed a revision of the sale and leaseback contract with Alpha Leasing for the building complex II located at Delta Falirou. In summary, this revision includes:

- Increase of the sale price of the building and additional inflow from Alpha Leasing of € 16.92 million.

- Decrease of the interest rate for the aforementioned contract to Euribor 1month plus spread 2.25% (previously Euribor 1 month plus spread 2.50%).

2. Joint sale and lease back agreement with Emporiki Leasing and ATE Leasing for the under construction building located at 340 Syggrou Ave. – Repayment of the common bond loan of the subsidiary ‘Elfinko S.A.’

On January 4th, 2008, the parent company as well as the subsidiary ‘Elfinko S.A.’ signed a joint sale and lease back agreement with Emporiki Leasing and ATE Leasing for the under construction building located at 340 Syggrou Ave. The agreement concerns 100% of the lettable area, the common area and the parking station. More specifically, it concerns 4,578 sqm of office space, 9,185 sqm of retail space, 2,133 sqm of storage space and 400 parking spaces.

The sale and lease back agreement of € 80 million signed (60% for the parent company and 40% for Elfinko S.A.) comes to its maturity on January 3rd, 2028 with a duration for 20 years. The interest rate defined is Euribor 1month plus a spread of 1.80%. The amount of € 80 million was agreed to be gradually paid by the two leasing companies.

On January 4th, 2008, together with the aforementioned sale and lease back agreement, the subsidiary ‘Elfinko S.A.’ proceeded to the repayment of the common bond loan signed on June 16th, 2006 amounting at € 20 million with Eurobank.

3. Interest rate swap agreements

During February 2008, the company signed a new interest rate swap agreement with Lehman Brothers International. According to its provisions, the Company receives prepayments of € 7,000 thousand which actually are the interest calculated on a notional principal of € 70,000 thousand. The Company has the obligation to pay 5 yearly instalments commencing on February 11th 2009. These instalments are calculated as interest on the notional principal with a floating interest rate which varies according to the variations of the index Macro Quantitative Currency Strategies (MarQCUS Index) from time 0 which is the signature date. The index level is announced daily at Bloomberg website.

During February 2008, taking the aforementioned revisions of the sale and leaseback agreements of the last quarter 2007 and the first quarter 2008, the new joint sale and leaseback agreement for the under construction building located at 340 Syggrou Ave. as well as the expectations for gradual decrease of the Eurozone interest rates under consideration, the Group proceeded to a variation of the interest rate swap agreement with Credit Suisse. The variation of the agreement could be summarised as follows:

- Increase of the swap agreement notional principal at the levels of the current Group liabilities from sale and lease back agreements with leasing companies so that the swap agreement covers approximately 100% of them.
- Variation of the interest rates as follows: The Group receives the total amount of leases (which are floating according to the levels of Euribor 1month or Euribor 3month plus an average spread of 2.37%) for all the sale and leaseback transactions currently valid and pays a weighted amortisation of the notional principal plus Euribor 1month plus an average spread of 1.19%.
- Decrease of the cash inflows risk at the 2/3 of the revised notional principal of the swap agreement. More specifically, the fair value of the transaction is affected by the movement of the difference between the 10year EURIBOR and the 1year EURIBOR as well as the movement of the difference between the 30year EURIBOR and the 10year EURIBOR and the prospects the following two conditions not to be valid at the same time: the difference between the 10year EURIBOR and the 1year EURIBOR being higher than or equal to -0.05% and the difference between the 30year EURIBOR and the 10year EURIBOR being higher than or equal to -0.12%. As long as the above two conditions stand, the Group’s inflows follow the movement of EURIBOR 1month or

EURIBOR 3month plus an average spread of 2.37% while the respective outflows follow the movement of EURIBOR 1month or EURIBOR 3month plus an average spread of 1.19%. Starting from July 30th, 2009 up to January 30th, 2020 in case that one of the above two conditions does not stand, there will be a negative effect on the Group's cash inflows. Starting from January 30th, 2020, there will be a negative effect on the Group's cash inflows only in case that the first of the above two conditions does not stand. The above described negative effect will refer to the calendar days that the conditions do not stand for each respective period mentioned above. It has to be noted that the above conditions refer to the 2/3 of the interest rate swap agreements leading to a lower risk as far as the Group cash inflows are concerned.

- Decrease of the volatility of the interest rate swap fair value. The variations of the difference as well as the level of the three reference interest rates have an effect on the fair value of the transaction which is recognised as finance expense or revenue in the income statement. The fact that the above does not refer to the total notional principal of the swap agreement as well as the fact that the cash flows follow the variations of EURIBOR 1month under the context of the expectations for a decrease in interest rates leads to a decrease of the volatility of the interest rate swap fair value.

During March 2008, the company proceeded to revisions and variations of the interest rate swap agreements with Deutsche Bank. Due to the positive development of the indices and the interest rate curves on which the swap agreements are based (see Derivatives), the company management decided to 'lock' part of the benefit from these transactions. More analytically, the company altered the swap agreements the development of which is dependent on the difference between the 10year and the 2year US dollar swap rate. The position concerning the agreement based on variation of the index Forward Rate Bias US Dollar (DBFRUU Index) from time 0 which is the signature date (the index level is announced daily at Bloomberg website) was also closed.

Starting from March 2008, the provisions of the above mentioned interest rate swap agreement in effect are as follows:

As far as the interest rate swap agreement for notional principal amounting to € 38,000 thousand is concerned, the company has already paid three instalments (January, July 2007 and January 2008) calculated as interest on the notional principal with an interest rate of 2%. Starting from January 2009, the Company has the obligation to pay 4 yearly instalments and 1 monthly instalment which are calculated as interest on the notional principal with an interest rate of 2.25% for the first year. After the first year, the interest rate varies according to the variations of the index Forward Rate Bias Euro (DBFRUE Index) from time 0 which is the signature date. The index level is announced daily at Bloomberg website. According to the new provisions of the agreement there is a maximum coupon of 3.90% and the minimum coupon could be zero.

The above provisions are valid for the interest rate swap agreement for notional principal amounting to € 20,000 thousand as well.

As far as the interest rate swap agreement for notional principal amounting to € 100,000 thousand is concerned, which is based on the variations of the index Forward Rate Bias US Dollar (DBFRUU Index), the position was closed by signing the reverse transaction with Deutsche Bank. The agreement provisions are altered. More specifically, the Company has already paid the first instalment calculated as interest on the notional principal with an interest rate of 1.95%. Starting from March 2008, the agreement was split in two parts. For a notional principal of € 21,000 thousand, the Company has the obligation to pay 4 yearly instalments which are calculated as interest on the notional principal with an interest rate of 2.25% for the first year. After the first year, the interest rate varies according to the variations of the index Forward Rate Bias Euro (DBFRUE Index) from time 0 which is the signature date (the index level is announced daily at Bloomberg website). According to the new provisions of the agreement there is a maximum coupon of 3.90% and the minimum coupon could be zero. For a notional principal of € 79,000 thousand, the Company has the obligation to pay 4 yearly instalments which are calculated as interest on the notional principal with an interest rate of 2.25% for the first year. After the first year, the interest rate varies according to the average variation of the index EUR DB Balanced Harvest Index (DBHVBEUI Index) from time 0 which is the signature date (the index level is announced daily at Bloomberg website). According to the new provisions of the agreement there is a maximum coupon of 3.90% and the minimum coupon could be zero.

In summary, with the revisions of the above interest rate swap agreements with Deutsche Bank, the company lowers its liquidity risk decreasing the maximum coupon. The Company also closes the positions based on the US Dollar development and the relative interest rates and indices, opening positions which under the context of the expectations for a decrease in Eurozone interest rates, is expecting to have a positive result for the above mentioned transactions and to lower the finance cost. Additionally, there is a strong possibility that the company will eventually pay back an amount lower than the one received as interest calculated on a notional principal of the agreements since the minimum coupon is defined at zero.

4. Tax audit for the parent company

On February 2008, the tax audit for the parent company 'Babis Vovos International Construction S.A.' concerning the fiscal years 2004, 2005 and 2006 was finalised. The tax audit resulted in tax audit differences amounting to € 4,607 thousand. Due to the respective provisions which had burdened the previous fiscal years' company results, an amount of € 1,669 thousand burdened the income statement of 2007.



Valuation Certificate

The Directors
Babis Vovos International Construction S.A.
340 Kifissias Avenue
Neo Psychiko 154 51
Athens, GREECE

Re: Certificate of Value as of December 31, 2007

Athens, March 26, 2008

Dear Sirs:

In accordance with the terms of our appointment as independent appraisers, we have conducted a valuation of their real estate assets, including land and buildings (the "Assets") belonging to **Babis Vovos International Construction S.A.** (BVIC) and certain subsidiaries (the "Company") in Greece. **Colliers International Hellas** has been instructed by Babis Vovos International Construction S.A. (here after the Company), to offer an opinion of the "Fair Value" of the real estate assets owned by the Company in Greece.

The properties are held for investment and in some instances held for development or are in the course of development. The valuation analysis of these properties and those of the remainder of the portfolio are included in the body of our report with the concluded estimates of value reported in the tables below and elsewhere in the executive summary in their appropriate categories.

The purpose of our valuation analysis was to assist Babis Vovos International Construction S.A. in establishing the fair market value of the real estate assets. The function of our valuation analysis was to provide information to the management of Babis Vovos International Construction S.A. about the market value of the subject properties in order to support their decision making process in relation to the restatements of the Company's financial statements according to the requirements of the International Accounting Standards – IAS and the International Financial Reporting Standards - IFRS.

The value estimates apply as of December 31, 2007 and are subject to the Assumptions and Limiting Conditions contained in the report in addition to any other assumptions that may be contained in the body of this report. In the process of preparing this appraisal we:

Inspected the majority of the subject properties;

Relied on information provided by the Company as well as on a previous valuation report;

Conducted market research into sales and rental rates for comparable properties; and

Examined market conditions and analysed their potential effect on the properties.



Valuation Certificate

The function of the valuation is to provide information to the management of BVIC regarding the market value of the subject properties for Balance Sheet Reporting and inclusion in the Company's Annual Accounts.

Accordingly, our work product is not to be used for any other purpose or distributed to third parties without the express knowledge and written consent of Colliers International. Furthermore, the result of our valuation consulting services does not constitute a fairness opinion or investment advice and should not be interpreted as such. Accordingly, our consulting report is not intended for the benefit of a Bank or Developer (other than the client) or any other third party and should not be taken to supplant other inquiries and procedures that a Bank or any other third party should undertake for the purpose of considering a transaction with the Company.

Our real estate valuation analysis is based on the premise that the Company is and will continue as a going-concern business enterprise.

Our valuation consulting services are performed in accordance with generally accepted appraisal standards and in conformance with the professional appraisal societies to which we belong.

The date of valuation has been established as December 31, 2007.

The standard of value is "Market Value".

Market Value is defined as: "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein parties had each acted knowledgeably, prudently, and without compulsion."

The expression Market Value and the term Fair Value as it commonly appears in accounting standards are generally compatible, if not in every instance exactly equivalent concepts. Fair Value, an accounting concept, is defined in International Financial Reporting Standards and other accounting standards as the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's-length transaction. Fair Value is generally used for reporting both Market and Non-Market Values in financial statements. Where the Market Value of an asset can be established, this value will equate to Fair Value.

Before any valuation analysis can be made, the appropriate premise of value should be established. The general concept of value can be separated into two categories: value-in-exchange on a piecemeal basis and value-in-use. Value-in-exchange represents the action of buyers, sellers, and investors, and implies the value at which the property would sell on a piecemeal basis in the open market. Value-in-use is the value of special purpose property and assets as part of an integrated facility and reflects the extent to which the assets contribute to the profitability of the operation of that facility or going concern. These two premises can have a significant effect on the results of a valuation analysis.

For purposes of this report and the valuation of the selected assets, we will use the premise of Value-in-Exchange.



Valuation Certificate

We have performed no test of earnings and cash flows to verify whether there is a sufficient return on and return of investment in the Assets. The background data of the property and valuation is included in the body of the full valuation report.

On the basis of our research, study, inspection, investigation and analysis as set forth in the valuation appraisal report, it is our opinion that the subject Assets have an estimated "Fair Value" as of December 31, 2007 of:

Property Category	2007 Estimated Fair Value (€) (rounded)
Horizontal Ownerships	66.541.000
Land Plots	11.330.000
Under Construction properties	263.300.000
Build Operate Transfer Agreement	145.625.000
Transfer of Building Coefficient	43.140.000
Sub Total	529.936.000

Sale & Leaseback Portfolio	2007 Estimated Fair Value (€) (rounded)
Value of the Sale & Leaseback Agreements with 3 rd Party Tenants	174.731.000
Present Value of the Residual Value of the Sale & Leaseback Portfolio	520.126.000
Gross Value of the Sale & Leaseback Portfolio	694.857.000
Value of the Sale & Leaseback Obligations to the Leasing Companies	-312.779.640
Net Value of the Sale & Leaseback Portfolio	382.077.360

Property Category	2007 Estimated Fair Value (€) (rounded)
Other Property Categories	529.936.000
Gross Value of the Sale & Leaseback Portfolio	694.857.000
Gross Value of the Portfolio	1.224.793.000
Less: Value of the Sale & Leaseback Obligations to the Leasing Companies	-312.779.640
Less: NPV of the lease obligation payments of the BOT agreements	-36.360.000
Net Value of the Portfolio	875.653.360



Valuation Certificate

Our study was conducted in accordance with generally accepted appraisal standards, as set out by the American Society of Appraisers (the "ASA"). The valuation report is prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the ASA and RICS (the "Royal Institution of Chartered Surveyors")

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "AM", with a stylized flourish extending to the right.

Andreas Marambos
Managing Director

Project Team:

A handwritten signature in blue ink, appearing to read "Dimitris", with a stylized flourish extending to the right.

Dimitris Papachristos
Head of Valuation

A handwritten signature in blue ink, appearing to read "Spyros", with a long horizontal line extending to the right.

Spyros Raptis
Senior Professional Valuer

A handwritten signature in blue ink, appearing to read "George Dussias", with a stylized flourish extending to the right.

George Dussias
Senior Valuation Consultant



Valuation Certificate

Assumptions and Limiting Conditions

The following Terms, Assumptions and Limiting Conditions are an integral part of this report.

1. Complete Agreement

It is understood and agreed that these Terms embody the complete understanding of the parties and that any and all provisions, negotiations, and representations not included herein are hereby abrogated. These Terms cannot be changed, modified, or varied except by written instrument signed by both parties. These terms shall be binding upon the successors, heirs, administrators and executors or devisers of the parties hereto; and Babis Vovos International Construction S.A. (hereafter the 'Company') shall remain liable even though ownership of the business or its assets might change.

2. Single Purpose

This report is valid only when presented in its entirety and only for the purpose stated herein. It is expressly understood that our analyses and conclusions do not, in whole or in part, constitute a fairness opinion.

3. Confidentiality

Colliers International requests that the Company preserve the confidentiality of the format and content of any reports prepared on the Company's behalf. The Company agrees not to reference our name or our report, in whole or in part, in any document distributed to third parties, without our written consent Colliers International unless it is subject of equity & debt funding from 3rd parties for investment either into the company's shares or into certain financial vehicles the Company is considering establishing such as a Greek law REIC or Fund. Colliers International will likewise preserve the confidential nature of information received from the Company or developed during this engagement, in accordance with Colliers International established professional standards.

It is understood and agreed that all work-product shall remain the exclusive property of Colliers International.

4. Responsibility Statement

Colliers International agrees that the services provided were performed in accordance with recognized professional standards and that adequate personnel were assigned for that purpose. This report has been prepared in conformity with, and is subject to, the requirements of the code of professional ethics and standards of professional conduct of the professional appraisal organizations of which we are members.

We assume no responsibility for any financial and tax reporting judgments which are appropriately those of the Company's management.

We have acted as an independent contractor. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy of all data provided to us by the Company.

5. Indemnification

The Company agrees to indemnify and hold Colliers International harmless from, and at the option of Colliers International will defend it against, costs or liabilities which result from claims against Colliers International Finance S.A. by any third parties, where such claims arise out of any authorized use of the results of Colliers International work, unless it is finally judicially determined that such losses, claims, damages or liabilities were caused by fraud, gross negligence or willful misconduct on the part of Colliers International in performing its obligations under this Agreement.

6. Subsequent Work

We, by reason of this report, are not required to furnish additional work, or to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question unless arrangements have been previously made.

We have no responsibility to update this report for any changes occurring subsequent to the issuance of this report.

7. Asset Description

We assume no responsibility for the legal description or matters including legal or title considerations. Titles to the subject assets, properties, or business interests are assumed to be good and marketable unless otherwise stated.

The subject assets, properties, or business interests are appraised free and clear of any or all liens or encumbrances unless otherwise stated. We assume that there is full compliance with all applicable Federal, state, and local regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.



Valuation Certificate

Any plot plans, sketches, drawings or other exhibits in this report are included only to assist the reader in visualizing the property. We have made no survey for this report and assume no responsibility for such. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning or other violations of any regulations affecting the subject property. Except as noted, this analysis assumes the land to be free of adverse soil conditions which would prohibit development of the property to its highest and best use.

8. Unseen Conditions

We assume no liability for structural conditions not visible through an ordinary inspection (or through a review of the plans and specifications, for proposed construction projects). This analysis is of surface rights only, and no analysis has been made of the subsurface or of hazardous waste conditions, if any. This appraisal does not take into consideration the possibility of the existence of asbestos, PC transformers, or other toxic, hazardous or contaminated substances and/or underground storage tanks (hazardous material), or the cost of removal. We are not qualified to detect such substances. An expert in this field should be retained if desired.

9. Further Assumptions

We assume responsible ownership and competent management with respect to the subject assets, properties, or business interests.

The information furnished by others is believed to be reliable. However, we issue no warranty or other form of assurance regarding its accuracy.

We assume that all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any local, state, or national government, private entity or organization have been or can be obtained or renewed for any use on which the valuation opinion contained in this report is based.

Our appraisal and estimates of value for the subject property are based additionally on the following specific assumptions:

1. The square meters of the appraised land and buildings have been taken from documents provided to us by you. We assume that this information is correct.
2. All the information supplied by the owner, are correct especially, building areas as stated, cadastral documents, plan and technical description of the buildings, lease contracts, title deeds and the amount of annual local taxes. We have relied on this information being correct and complete and on there being no undisclosed matters which would affect our valuation.
3. No technical control has been carried out by Colliers International for the assets' proper insulation, for the static adequacy and the proper function of the asset's installations. In addition we did not perform any control of the existing reports related to the buildings and the topographical reports.
4. We did not perform any review of the materials used in the construction of the assets and therefore we assume that unhealthy materials have not been used during the construction or repairs.
5. We did not check for any archaeological, ecological or other environmental issues for the subject assets.
6. We did not perform any visual inspection of the assets to check if the land has been contaminated or polluted.
7. A potential purchaser of the property can acquire legal title for both land and buildings comprised by the property.
8. During the appraisal we did not taken into account any sale expenses or taxes that must be paid in case of the sale of assets.

MANAGEMENT REVIEW OF THE BOARD OF THE DIRECTORS OF
“BABIS VOVOS – INTERNATIONAL CONSTRUCTION S.A.”
For the 2007 Annual Parent and Consolidated Financial Statements

Dear shareholders,

We have the pleasure of submitting to you the financial statements for the fiscal year 2007 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 1/1/2007 - 31/12/2007 and depict the true and fair view of the Company's and Group's financial structure as at 31/12/2007.

The fiscal 2007 has proven to be a very significant year for BVIC Group. We have fulfilled our objectives of significantly advancing our projects under construction and successfully enhancing our leasing portfolio and development pipeline.

Net asset value per share for the Group before deferred tax decreased by 2% year-on-year to € 19.97. NAV per share after deferred tax stood at € 15.62, a 1% decrease compared to 2006. The Group's loss after tax for the year was € 7.8 million, compared to a profit after tax of € 85.4 million during 2006. These results were mainly driven by decreased revaluation gains from fair value adjustment of the Group's investment property compared to 2006. Specifically, net gain from fair value adjustment on investment properties of € 5 million was recorded in 2007 (mainly from an increase in the value of the land plot of the shopping mall under construction at Votanikos) compared to a € 139 million net gain in 2006 (due to the completion of the Delta Falirou project).

INVESTMENT PROPERTIES

BVIC's investment property portfolio stood at € 1,232 million, as at 31 December 2007, increased by 3% from the 2006 value of € 1,195 million. The increase in investment properties value was driven partially from additional costs incurred for projects under development, such as the commercial development at 340 Syggrou Avenue, the shopping mall at Votanikos and the tourist development at Poros, as well as an increase in the value of the Votanikos land plot which led to revaluation gain from fair value adjustment.

SOUNIO HOTEL DEVELOPMENT

During January 2008, the last one of the three building permits necessary for the development of three five star hotel units located on a sea-side plot, with a total above ground area of 12,000 sqm was issued. The development will commence immediately and is expected to be completed within 15 months. The development of the land plot in Sounio, in a particularly attractive location, will generate significant demand from Greek and foreign hotel operators which will ensure long-term lease agreements for the units that will be developed.

340 SYGGROU AVENUE

The Group is developing at a fast pace the retail and office building with above ground surface of over 14,000 sqm, storage spaces of 2,000 sqm and 393 parking spaces located at 340 Syggrou Avenue. The property on which, the aforementioned building is being constructed, had been acquired during 2006 through the acquisition of a company and it is included in investment property. The development has a substantial progress and the construction of the above ground surface has been completed.

POROS TOURIST DEVELOPMENT

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-detached residential units intended for tourist use. The internal works for the completion of the residential units has already started whilst the hotel unit is being refurbished. The project is scheduled for completion by the end of 2008.

VOTANIKOS SHOPPING MALL

During the previous year, Babis Vovos International Construction S.A. purchased a land plot with total surface of approximately 100,000 sqm in the area of combined urban regeneration and development of 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. During 2007, the demolition permit was issued and the demolition of the existing buildings was completed. At the beginning of July 2007, the excavation and retaining wall structure works permit has also been issued and the respective works are currently completed. During March 2008, the construction permit No.278/2008 concerning part of the underground parking area has been issued. The issuance of the building permit for the whole of the development is proceeding and the project is on target for completion in the end of 2009.

SALES

During 2007, BVIC signed sale agreements for approximately € 50 million including the sale of one of the buildings under construction at the HELEX Complex, as well as residential assets at the residential complex at Mortero N.Erythraia and the building complex at Patmou and Agrafon.

108 – 110 ATHENS AVENUE (HELEX COMPLEX)

During the financial year 2006 BVIC 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 and during 2007 signed a final sale contract for Building B with the real estate investor “KanAm Grund” for a price of € 47.1 m. The revenue recorded based on the percentage of completion of the aforementioned buildings during the year is as follows reached € 53.5 m.

RESIDENTIAL PROPERTIES

The sale of residential units at Patmou and Agrafon Str. contributed € 1.6 in sales revenue during 2007. In the residential complex located at Gymnastiriou str in N.Erythraia two sale contracts of € 880 thousand were signed and the revenue recorded based on the percentage of completion reached € 741 thousand.

NEW LEASES

A pre-lease agreement was signed with Media Markt covering 7,291 sqm of retail space and 1,772 sqm of storage space at the commercial centre under construction at 340 Syggrou Avenue. The 10 year closed lease consists of an initial annual lease of € 2.34 million and there is the option of renewing the lease for another 10 years. The lease represents nearly 50% of the total lettable area of the commercial centre, which will be delivered by August 30th, 2008. Discussions for the letting of the remaining space are in the process and the estimated total annual rental revenue for 340 Syggrou Avenue is almost €5 million.

SALE AND LEASEBACK AGREEMENTS

During 2007, the company proceeded with the refinancing of four of its sale and leaseback agreements, based on the rental growth that has occurred over the last few years from the lease agreement adjustment of Greek CPI and 100 bps. This resulted in an increase of the value of the assets at 6 Pouliou Str., 95-97 Kifissias Avenue (subject to two sale and leaseback agreements), and 221 Kifissias Avenue, amounting to a total additional notional amount of € 48 million for these assets.

For the building located at 6 Pouliou str. the revision includes an increase of the sale price with additional inflow from Ethniki Leasing of € 20.9 million, extension of the duration of the sale and lease back contract up to 25/11/2023 i.e. for 105 additional months, and decrease of the interest rate to Euribor 1month plus spread 1.80% (previously Euribor 1 month plus spread 2.20%).

For the building located at 95-97 Kifissias Avenue the revision includes an increase of the sale price with additional inflow from Alpha Leasing of € 13.6 million, extension of the duration of the sale and

lease back contract up to 26/10/2027 i.e. for 140 additional months, and decrease of the interest rate to Euribor 1month plus spread 2.00% (previously Euribor 3 month plus spread 2.50%).

For other horizontal ownerships of the same building located at 95-97 Kifissias Avenue the revision includes an increase of the sale price with additional inflow from Piraeus Leasing of € 10 million, extension of the duration of the sale and lease back contract up to 27/12/2027 i.e. for 120 additional months, and decrease of the interest rate to Euribor 1month plus spread 1.80% (previously Euribor 3 month plus spread 2.50%).

For the building located at 221 Kifissias Avenue BVIC and its subsidiary “Ergoliptiki – Ktimatiki - Touristiki SA” signed a revision which includes an increase of the sale price with additional inflow from Piraeus Leasing of € 4 million, extension of the duration of the sale and lease back contract up to 21/01/2028 i.e. for 108 additional months, and decrease of the interest rate to Euribor 1month plus spread 1.80% (previously Euribor 1 month plus spread 2.85%).

INVESTOR RELATIONS

During 2007, BVIC Group participated in numerous conferences including:

- Oddo Mid Cap Conference - Lyon, January 2007
- Sal Oppenheim Greek Conference -Athens, March 2007
- EPRA 2007 Annual Conference - Athens, September 2007
- Societe Generale - Pan European Real Estate Conference - London, October 2007

DIVIDEND

The Company will not distribute dividend to its shareholders for the fiscal year of 2007. This is a result of limited property sales in 2007 in line with the Group’s strategy of retaining most of its income producing properties which are own-developed, and the necessity of extensive capital expenditure in order to finance the development pipeline.

FINANCIAL RISK MANAGEMENT

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, extensive reference of which exists in the Notes to the Annual Financial Statements (Note 3).

FINANCIAL RATIOS 2007

Various basic financial ratios for the fiscal years 2007 and 2006 are as follows:

Ratios	Description	2007	2006
Return on total equity	Profit for the period (after tax) / Total equity	-1,4%	15,7%
Interest coverage	EBIT / Finance expenses (net)	0,7	5,6
Total debt ratio	Total liabilities / Total assets	62,3%	60,5%

EVENTS AFTER THE BALANCE SHEET DATE

1. Revision of the sale and leaseback contract for the building complex II located at Delta Falirou.

On January 16th, 2008, the subsidiary company ‘Babis Vovos International Construction S.A. & Co GP’ signed a revision of the sale and leaseback contract with Alpha Leasing for the building complex II located at Delta Falirou. In summary, this revision includes:

- Increase of the sale price of the building and additional inflow of € 16.92 million.

- Decrease of the interest rate for the aforementioned contract to Euribor 1month plus spread 2.25% (previously Euribor 1 month plus spread 2.50%).
- 2. Joint sale and lease back agreement with Emporiki Leasing and ATE Leasing for the under construction building located at 340 Syggrou Ave. – Repayment of the common bond loan of the subsidiary ‘Elfinko S.A.’**

On January 4th, 2008, the parent company as well as the subsidiary ‘Elfinko S.A.’ signed a joint sale and lease back agreement with Emporiki Leasing and ATE Leasing for the under construction building located at 340 Syggrou Ave. The agreement concerns 100% of the lettable area, the common area and the parking station. More specifically, it concerns 4,578 sqm of office space, 9,185 sqm of retail space, 2,133 sqm of storage space and 400 parking spaces.

The sale and lease back agreement of € 80 million signed (60% for the parent company and 40% for Elfinko S.A.) comes to its maturity on January 3rd, 2028 with a duration for 20 years. The interest rate defined is Euribor 1month plus a spread of 1.80%. The amount of € 80 million was agreed to be gradually paid by the two leasing companies.

On January 4th, 2008, together with the aforementioned sale and lease back agreement, the subsidiary ‘Elfinko S.A.’ proceeded to the repayment of the common bond loan signed on June 16th, 2006 amounting at € 20 million with Eurobank.

3. Interest rate swap agreements

During February 2008, the company signed a new interest rate swap agreement with Lehman Brothers International. According to its provisions, the Company receives prepayments of € 7,000 thousand which actually are the interest calculated on a notional principal of € 70,000 thousand. The Company has the obligation to pay 5 yearly installments commencing on February 11th 2009. These installments are calculated as interest on the notional principal with a floating interest rate which varies according to the variations of the index Macro Quantitative Currency Strategies (MarQCuS Index) from time 0 which is the signature date. The index level is announced daily at Bloomberg website.

During February 2008, taking the aforementioned revisions of the sale and leaseback agreements of the last quarter 2007 and the first quarter 2008, the new joint sale and leaseback agreement for the under construction building located at 340 Syggrou Ave. as well as the expectations for gradual decrease of the Eurozone interest rates under consideration, the Group proceeded to a variation of the interest rate swap agreement with Credit Suisse. The variation of the agreement could be summarised as follows:

- Increase of the swap agreement notional principal at the levels of the current Group liabilities from sale and lease back agreements with leasing companies so that the swap agreement covers approximately 100% of them.
- Variation of the interest rates as follows: The Group receives the total amount of leases (which are floating according to the levels of Euribor 1month or Euribor 3month plus an average spread of 2.37%) for all the sale and leaseback transactions currently valid and pays a weighted amortisation of the notional principal plus Euribor 1month plus an average spread of 1.19%.
- Decrease of the cash inflows risk at the 2/3 of the revised notional principal of the swap agreement. More specifically, the fair value of the transaction is affected by the movement of the difference between the 10year EURIBOR and the 1year EURIBOR as well as the movement of the difference between the 30year EURIBOR and the 10year EURIBOR and the prospects the following two conditions not to be valid at the same time: the difference between the 10year EURIBOR and the 1year EURIBOR being higher than or equal to -0.05% and the difference between the 30year EURIBOR and the 10year EURIBOR being higher than or equal to -0.12%. As long as the above two conditions stand, the Group’s inflows follow the movement of EURIBOR 1month or EURIBOR 3month plus an average spread of 2.37% while the respective outflows follow the movement of EURIBOR 1month or EURIBOR 3month plus an average spread of 1.19%. Starting from July 30th, 2009 up to January 30th, 2020 in case that one of the above two conditions does not stand, there will be a negative effect on the Group’s cash inflows. Starting from January 30th, 2020, there will be a negative effect on the Group’s cash inflows only in case that the first of the above two conditions does not stand. The above described negative effect will refer to the calendar days that the conditions do not stand for each respective period mentioned above. It has to be noted that the above conditions refer to the 2/3 of the interest rate swap agreements leading to a lower risk as far as the Group cash inflows are concerned.
- Decrease of the volatility of the interest rate swap fair value. The variations of the difference as well as the level of the three reference interest rates have an effect on the fair value of the transaction which is recognised as finance expense or revenue in the income statement. The fact that the above

does not refer to the total notional principal of the swap agreement as well as the fact that the cash flows follow the variations of EURIBOR 1month under the context of the expectations for a decrease in interest rates leads to a decrease of the volatility of the interest rate swap fair value.

During March 2008, the company proceeded to revisions and variations of the interest rate swap agreements with Deutsche Bank. Due to the positive development of the indices and the interest rate curves on which the swap agreements are based (see Note 20 Derivatives), the company management decided to 'lock' part of the benefit from these transactions. More analytically, the company altered the swap agreements the development of which is dependent on the difference between the 10year and the 2year US dollar swap rate. The position concerning the agreement based on variation of the index Forward Rate Bias US Dollar (DBFRUU Index) from time 0 which is the signature date (the index level is announced daily at Bloomberg website) was also closed.

Starting from March 2008, the provisions of the above mentioned interest rate swap agreement in effect are as follows:

As far as the interest rate swap agreement for notional principal amounting to € 38,000 thousand is concerned, the company has already paid three installments (January, July 2007 and January 2008) calculated as interest on the notional principal with an interest rate of 2%. Starting from January 2009, the Company has the obligation to pay 4 yearly installments and 1 monthly installment which are calculated as interest on the notional principal with an interest rate of 2.25% for the first year. After the first year, the interest rate varies according to the variations of the index Forward Rate Bias Euro (DBFRUE Index) from time 0 which is the signature date. The index level is announced daily at Bloomberg website. According to the new provisions of the agreement there is a maximum coupon of 3.90% and the minimum coupon could be zero.

The above provisions are valid for the interest rate swap agreement for notional principal amounting € 20,000 thousand as well.

As far as the interest rate swap agreement for notional principal amounting to € 100,000 thousand is concerned, which is based on the variations of the index Forward Rate Bias US Dollar (DBFRUU Index), the position was closed by signing the reverse transaction with Deutsche Bank. The agreement provisions are altered. More specifically, the Company has already paid the first installment calculated as interest on the notional principal with an interest rate of 1.95%. Starting from March 2008, the agreement was split in two parts. For a notional principal of € 21,000 thousand, the Company has the obligation to pay 4 yearly installments which are calculated as interest on the notional principal with an interest rate of 2.25% for the first year. After the first year, the interest rate varies according to the variations of the index Forward Rate Bias Euro (DBFRUE Index) from time 0 which is the signature date (the index level is announced daily at Bloomberg website). According to the new provisions of the agreement there is a maximum coupon of 3.90% and the minimum coupon could be zero. For a notional principal of € 79,000 thousand, the Company has the obligation to pay 4 yearly installments which are calculated as interest on the notional principal with an interest rate of 2.25% for the first year. After the first year, the interest rate varies according to the average variation of the index EUR DB Balanced Harvest Index (DBHVBEUI Index) from time 0 which is the signature date (the index level is announced daily at Bloomberg website). According to the new provisions of the agreement there is a maximum coupon of 3.90% and the minimum coupon could be zero.

In summary, with the revisions of the above interest rate swap agreements with Deutsche Bank, the company lowers its liquidity risk decreasing the maximum coupon. The Company also closes the positions based on the US Dollar development and the relative interest rates and indices, opening positions which under the context of the expectations for a decrease in Eurozone interest rates, is expecting to have a positive result for the above mentioned transactions and to lower the finance cost. Additionally, there is a strong possibility that the company will eventually pay back an amount lower than the one received as interest calculated on a notional principal of the agreements since the minimum coupon is defined at zero.

4. Tax audit for the parent company

On February 2008, the tax audit for the parent company 'Babis Vovos International Construction S.A.' concerning the fiscal years 2004, 2005 and 2006 was finalised. The tax audit resulted in tax audit differences amounting to € 4,607 thousand. Due to the respective provisions which had burdened the previous fiscal years' company results, an amount of € 1,669 thousand burdened the income statement of 2007.

EXPLANATORY REPORT
TO THE SHAREHOLDERS' ORDINARY GENERAL MEETING OF
"BABIS VOVOS INTERNATIONAL CONSTRUCTION S.A." under article 11a L.3371/2005

This explanatory report of the Board of Directors to the Shareholders General Meeting contains detailed information according to the provisions set out in paragraph 1 article 11a of L.3371/2005.

a. Company's share capital structure

The share capital of 'Babis Vovos International Construction S.A.' amounts to Euro ten million one hundred and seventy nine thousand (10,179,000), divided into three million nine hundred and thirty thousand (3,930,000) ordinary shares with voting right and a par value of Euro thirty cents (0.30) each. The Company's shares are traded on the Athens Stock Exchange market since May 30th, 2001. Each Company share embodies all the rights and obligations prescribed by the Law and the Company's Articles of Association, which does not include provisions more restrictive than the Law itself. Possession of the share title implies rightfully that its holder consents to the Company's Articles of Association and to the legal decisions made by the General Shareholders' Meetings.

Shareholders' liability is limited to the nominal value of held shares. Shareholders participate in the Management and in the Company's profit pursuant to the Law and the provisions of the Articles of Association. The rights and obligations deriving from each share, are transferred on any successor of the shareholder. Shareholders exercise their rights in relation to the Company's Management only through the General Meetings. Shareholders have a preference right over any future increase of the Company's Share Capital depending on their participation in the existing share capital, as defined in article 13, paragraph 5 of C.L. 2190/1920.

Each share provides a voting right. In order for joint holders of a share to have the right to vote, they need to designate to the Company in writing a common representative for that share, who will represent them in the General Meeting. Until designation the exercise of their rights is suspended.

Every shareholder has the right to participate in the General Meeting of the Company's shareholders, either in person, or by proxy. In order for a shareholder to participate in the General Meeting, he should deposit his/her shares in the Company's Treasury or in the Deposits and Loans Fund or in any Bank in Greece, at least five (5) days prior to the day set for the General Meeting. Proxies should be submitted to the Company within the above deadline. Shareholders who do not comply with the above, can participate in the General Meeting only after the latter's permission.

Shareholders who represent 5 per cent of the paid-up Share Capital:

- a. Have the right to request from the Court of First Instance of the district where the Company has its registered office, the audit of the Company pursuant to articles 40, 40e of C.L. 2190/1920, and
- b. May request the convention of an Extraordinary General Meeting of shareholders. The Board of Directors is obliged to convene the Meeting within a maximum period of thirty (30) days counting from the day the request was submitted to the Board's Chairman. Shareholders must specify in their request the issues to be resolved at the General Meeting.

Every shareholder may request, ten (10) days prior to the Annual General Meeting, the annual financial statements and the related reports of the Board of Directors and the Company's Auditors.

All persons or legal entities that are shareholders of the Company on the day the financial statements are approved by the Annual General Meeting of the shareholders or on any other day decided, are entitled to a dividend. The dividend of each share is paid to the shareholders at a time and place determined by the Annual General Meeting or by the Board of Directors after specific procurement. The place and manner of payment is announced through press release.

b. Restrictions on the assignment of the Company's shares

The Company's shares may be assigned as stipulated by Law and there are no further restrictions on their assignment set out in the Articles of Association, given that these are freely traded shares listed on the Athens Stock Exchange.

c. Major direct and indirect stake-holding in the meaning of PD 51/1992

The following shareholders hold as at 28/3/2008 directly or indirectly a stake higher than 5% of the total number of shares of the Company:

Shareholder	% Voting rights
Charalambos (Babis) Vovos	35,9479%

d. Shares with special control rights

There are no company shares delivering special control rights to their holders.

e. Restrictions on voting rights

The Company's Articles of Association stipulate no restrictions on the voting rights emanating from the shares thereof.

f. Agreements among shareholders of the Company

The Company is not aware of any agreements among its shareholders, which would result in restrictions on the assignment of its shares or exercise of the voting rights stemming from such shares.

g. Regulations on the appointment and replacement of Board members and amendments to the Articles of Association

The regulations stipulated in the Company's Articles of Association regarding the appointment and replacement of Board members and amendments thereto, conform to the provisions of C.L. 2190/1920.

h. Authority of the Board to issue new shares or acquire treasury shares

As at 31.12.2007 there are no decisions of the General Meeting of Shareholders that grants power to the Board of Directors to increase the share capital through the issue of new shares or acquire treasury shares according to the provisions of article 16, of the C.L. 2190/1920.

i. Major agreement put in force, amended or terminated in the event of change in the control following a public offer

There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer.

j. Agreements with Board members or staff of the Company

There are no agreements between the Company and its Board members or staff providing for the payment of any compensation specifically in the event of resignation or dismissal without cause, or termination of their mandate or employment as a result of a public offer.

Following the above mentioned, please take into account the Notes to the Annual Financial Statements, in accordance with the International Financial Reporting Standards.

Finally, we would like to ask of you, dear Shareholders, to approve the financial statements of the fiscal year 2007 and to release the Board of Directors and the certified auditors - accountants of any responsibility for compensation regarding the fiscal year 2007.

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

The Board of Directors
28 March 2008
Exact Copy