REDS Real Estate Development & Services SA

Annual Financial Statements
prepared according to the International Financial Reporting Standards
for the year ended 31 December 2006

REDS REAL ESTATE DEVELOPMENT & SERVICES SA
39 AKAKION STR. & MONEMVASSIAS STR., MAROUSSI 15125
VAT no.: 094007180 ATHENS FAEE: TAX OFFICE
PUBLIC COMPANIES REG. NO. 13564/06/B/86/123 – File no 340340

TABLE OF CONTENTS

Board of Directors Report

IMPORTANT EVENTS & ANTICIPATED COMPANY PROGRESS

Dear Shareholders,

The principal financial figures for 2006, and their changes in relation to the previous year, appear in the description below:

- The parent company "REDS REAL ESTATE DEVELOPMENT & SERVICES S.A." showed profit after tax of approx. € 800 thousand, compared to losses of approx. €937 thousand in the previous year. Year 2006 profit is mostly the result of improved profitability in the Services sector by approx. €1000, and the balance comes from an extraordinary land expropriation income.

- "LOFOS PALLINI S.A." showed profit after tax of approx. € 582 thousand, compared to approx. €2007 thousand in the previous year. Despite the gross profit margin improvement from 17% in 2005 to 22% in 2006, this drop is attributed to the fact that sales in the residential complex "Lofos Edison", being the company's only project, are almost over. In 2005, 86.03% of sales had been concluded. In 2006, additional 9.94% of sales were concluded and the progressive sales completion rate on 31/12/2006 rose to 95.97%. The remaining 4.03% of sales is expected to be concluded within the first half of 2007. For both years, net profit margin after tax remained the same, close to 8%.

- In 2006, "KANTZA COMMERCIAL S.A." had zero turnover and shows profit after tax of approx €446 thousand, compared to € 25 thousand in 2005. 2006 profitability resulted from an extraordinary land expropriation income. Expenses related to the development of the company's property in Kantza, Pallini, are capitalised in the "Investments in property" account.

- In 2006, "YIALOU COMMERCIAL AND TOURIST S.A." had zero turnover and showed losses after tax of €106 thousand, compared to losses after tax of approx. €40 thousand in 2005. Expenses related to the development of the company's property in YIALOU, Spata, are capitalised in the "Investments in property" account.

- In 2006, "PMS PARKING SYSTEMS S.A." was inactive. The company showed losses after tax of approx €13 thousand, like in 2005.

- "KARTEREDA HOLDINGS LIMITED", registered in Cyprus, and "CLH ESTATE S.R.L." registered in Romania and a full subsidiary of the former, are newly acquired companies, with no significant activities or assets in 2006; the Company has a 100% participation in these companies, directly and indirectly, respectively.

- 3G S.A. in which the Company holds a 50% interest, showed profit in 2006 amounting to approx. €127 thousand after taxes, compared to profit of approx. €70 thousand in 2005.

In summary, the following tables show changes in the Company's simple and consolidated figures, per year:

	COMPANY		
	1/1-31/12/2006	**1/1-31/12/2005**	**Change**
Turnover	6,955,713	6,735,793	3.3%
Gross profit/(loss)	2,834,265	1,830,889	54.8%
Profit/(loss) before taxes	2,242,934	(43,816)	5,219.0%
Profit/(loss) after taxes	800,838	(937,324)	185.4%

	CONSOLIDATED		
	1/1-31/12/2006	**1/1-31/12/2005**	**Change**
Turnover	13,577,651	30,792,328	-55.9%
Gross profit/(loss)	4,851,414	7,382,029	-34.3%
Profit/(loss) before taxes	3,864,565	4,461,991	-13.4%
Profit/(loss) after taxes	2,033,481	2,669,904	-23.8%

2006 is the starting point of the Company's dynamic grow in Greece and abroad.

In existing operations:

- "VESO MARE" commercial and entertainment centre in Patras, Achaia Prefecture.
- "ESCAPE CENTER" commercial and entertainment centre Ilion, Attica.
- "Lofos Edison" residential complex, belonging to subsidiary "LOFOS PALLINI S.A.", in Pallini, Attica. As at 31/12/2006, 196 residences out of a total of 202 had been sold.

and in ongoing projects:

- Development of company property in Kantza, Pallini, Mesogia area, Attica. The Company shall commence the town planning and building license issuing procedure to meet the terms of the agreement signed don 28 July 2005 with LA SOCIETE GENERALE IMMOBILLIERE ESPAGNE (LSGIE), a member of the S.C.C. for the sale of all the shares in :KANTZA COMMERCIAL S.A.", for a total consideration of €70,000,000, and a project completion deadline until 2009.
- Development of company property in YIALOU, Spata, Mesogia area, Attica. For the purpose of this development project, the company signed a preliminary contract with "MACARTHURGLEN HELLAS LTD" to sell part of the property owned by subsidiary "YIALOU COMMERCIAL AND TOURIST S.A.", for a consideration of €13.4 mil. The final sale contract is conditional upon the issuing of the building license. In 2006, the Company prepared all necessary architectural and environmental designs, for the issuing of building licenses. At the same time, the company made a market research to find prospect lessors for said property.
- "Ampelia" residential complex at the "Trigono Kamba" location, Kantza, Pallini. The Company has started implementing a project of 30 residences on an owned plot of 7,780 sq.m. Sales to start in 2007.

two new properties have been added for development, at the end of 2006, and beginning of 2007, respectively:

- At the end of 2006, the Company purchased a land plot of approx. 8,000 sq.m., situated at the Athinon ave. area (Akadimia Platonos), near the new Athens Stock Exchange building; this area is attracting great business interest and has significant growth prospects. The building license issuing procedure for the development of a 20,000 sq.m. office building with 380 parking places and a budget of approx. €50 mil., is underway.

- In February 2007, the Company, through its 100% indirect participating interest in "CLH ESTATE S.R.L.", purchased an 8,500 sq.m. plot in lake Baneasa, Bucharest, Romania. The Company intends to construct a deluxe residential complex, with a budget of € 15 million. With this move, the Company entered the Romanian market.

For 2007, the Company's main strategic objectives are:

- To complete the "Ampelia" residential complex in Kantza, Pallini, Attica.
- To meet interim targets regarding the property of its subsidiary "KANTZA COMMERCIAL S.A." in Kantza, Pallini, Attica, with a view to fully meeting the terms of the preliminary contract that the Company has with "LA SOCIETE GENERALE IMMOBILLIERE ESPAGNE" (LSGIE).
- To issue building licenses for the construction of the "Business Park" of subsidiary "YIALOU COMMERCIAL AND TOURIST S.A." on its property in YIALOU, Spata, Attica, as well as complete the leasing thereof.
- To participate in tenders or final stages thereof , through partnerships with other companies and groups, in the development of exhibition halls, shopping malls and conference facilities.
- To expand the Companies activities abroad, focusing first on the Romanian market.
- To develop residential complexes in Greece and abroad.
- To develop office spaces in new business areas in Greece, and in rapidly growing countries abroad.
- To profitably realise the company's already successful investments, with a view to partially financing the above investments.

The proposed dividend for year 2006, amounts to €0.01 per share, and total allocation to shareholders amounts to €396,102.65.

Note that this is the first time after the company's recovery in 1997 and application of article 44, Law 1892/1990, that the Board of Directors is in a position to propose dividend allocation.

Following the above report, we call upon you, the shareholders, to approve the Financial Statements for Year 2006, as well as the accompanying Board of Directors' and the Auditor's Reports, and release the Board

Members individually and the Board of Directors as a body, as well as the Auditor, of any liability for compensation in relation to year 2006.

Concluding this report, the Board of Directors would like to thank the Shareholders for their continuous trust in the Company, and also the Company's executives, for their contribution to achieving the objectives.

Maroussi, 28 March 2007

For the Board of Directors

The Chairman of the Board

Dimitrios Koutras

Independent Certified Auditor-Accountant's Audit report

To the Shareholders of

REDS Real Estate Development & Services SA

Report on the financial statements

We have audited the attached financial statements of REDS S.A. (the 'Company'), as well as the consolidated financial statements of the Company and its subsidiaries (the 'Group') which are comprised from the corporate and consolidated balance sheet as at December 31, 2006, and the income statements, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management 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 the 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. Such responsibility also includes 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 performed our audit according to the Greek Review Standards, harmonised with the respective International Review Standard. 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 aforementioned corporate and consolidated financial statements present fairly, in all material aspects, the financial position of the Company and the Group as of December 31, 2006 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Without expressing any reservation as to the conclusions of our review, we draw your attention to note 29 in the Attachment to the Financial Statements, making reference to the uncertainty that exists with regard to unaudited tax years, as well as the pending dispute between consolidated company LOFOS PALLINI S.A. and the Municipal Authority.

Report on Other Legal and Regulatory Requirements

The content of the Board of Directors report is consistent to the attached financial statements.

Athens, 29 March 2007

The Certified Auditor-Accountant

PriecewaterhouseCoopers SA

Certified Auditors Accountants

268 Kifissias ave

152 32 Halandri

S.O.E.L. R.N. 113

Kyriakos Riris

SOEL Reg.No. 12111

Balance sheet

All amounts in Euro.

		THE GROUP		THE COMPANY	
	Note	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
ASSETS					
Non-current assets					
Tangible assets	7	217.995	260.826	99.319	136.060
Intangible assets	8	37.077	1.832	36.894	1.474
Investments in property	6	107.451.874	96.690.989	35.268.810	24.836.808
Investments in subsidiaries	9	-	-	39.390.511	39.389.511
Investments in joint ventures	10	-	-	10.770	10.770
Deferred tax receivables	19	2.393.294	2.755.263	2.035.989	2.283.007
Advances for long-term Operating Leases	12	9.432.146	9.823.966	9.432.146	9.823.966
Other non-current receivables	12	77.028	72.184	77.028	72.184
		119.609.413	**109.605.059**	**86.351.468**	**76.553.779**
Current assets					
Inventories	11	9.026.078	12.842.754	6.719.997	5.909.889
Trade debtors and other receivables	12	7.232.075	11.379.931	4.304.912	4.395.253
Investments		25	25	25	25
Cash and cash equivalents	13	23.353.827	9.526.034	2.435.689	1.777.114
		39.612.004	**33.748.744**	**13.460.623**	**12.082.280**
Total Assets		**159.221.417**	**143.353.803**	**99.812.090**	**88.636.059**
EQUITY CAPITAL					
Equity capital attributed to shareholders					
Share capital	14	51.889.447	67.337.451	51.889.447	67.337.451
Share premium reserve	14	95.973	5.641.410	95.973	5.641.410
Other reserves	15	6.391.107	6.327.916	814.742	784.259
Profit/(loss) carried forward		49.451.216	26.487.485	579.176	(21.184.620)
		107.827.743	**105.794.262**	**53.379.338**	**52.578.500**
Total equity		**107.827.743**	**105.794.262**	**53.379.338**	**52.578.500**
CREDITORS					
Non-current liabilities					
Long-term loans	17	-	100.000	-	-
Staff compensation provisions	20	84.058	64.845	82.342	58.972
Other non-current liabilities	16	3.715.215	320.753	3.715.215	320.753
Other long-term provisions	18	18.326.836	18.326.836	18.326.836	18.326.836
		22.126.109	**18.812.434**	**22.124.393**	**18.706.561**
Current Liabilities					
Suppliers and other liabilities	16	17.356.366	18.032.870	12.418.481	16.646.289
Current tax obligations (Income tax)		1.161.198	714.236	1.139.878	704.710
Short-term loans	17	10.750.000	-	10.750.000	
		29.267.564	**18.747.106**	**24.308.359**	**17.350.998**
Total liabilities		**51.393.674**	**37.559.541**	**46.432.753**	**36.057.559**
Total equity and liabilities		**159.221.417**	**143.353.803**	**99.812.090**	**88.636.059**

The notes on pages 13 to 47 are an integral part of these financial statements.

Income statement

All amounts in Euro, except earnings per share.

		THE GROUP		THE COMPANY	
	Note	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Sales		13.577.651	30.792.328	6.955.713	6.735.793
Cost of sales	23	(8.726.237)	(23.410.299)	(4.121.448)	(4.904.904)
Gross Profit		**4.851.414**	**7.382.029**	**2.834.265**	**1.830.889**
Administration expenses	23	(2.872.095)	(2.567.881)	(1.628.338)	(1.611.168)
Other operating income / (expenses) (net)	25	1.808.133	313.424	1.352.616	173.242
Operating results		**3.787.452**	**5.127.571**	**2.558.544**	**392.963**
Income from dividend		-	-	12.590	-
Financial income (expenses) - net	21	77.112	(665.580)	(328.200)	(436.779)
Profit before tax		**3.864.565**	**4.461.991**	**2.242.934**	**(43.816)**
Income tax	24	(1.831.084)	(1.792.087)	(1.442.096)	(893.508)
Net profit for the period		**2.033.481**	**2.669.905**	**800.838**	**(937.324)**
Profit / (loss) per share - basic (€)		0,0513	0,0674	0,0202	(0,0237)

The notes on pages 13 to 47 are an integral part of these financial statements.

Statement of changes in equity

All amounts in Euro.

	THE GROUP				
	Share capital	**Share premium**	**Other reserves**	**Results carried**	**Total**
01 January 2005	**67.337.451**	**5.641.410**	**6.226.459**	**23.272.135**	**102.477.455**
Effect of first application of IAS 32 & 39	-		-	646.903	646.903
New balance as at 1 January 2005	**67.337.451**	**5.641.410**	**6.226.459**	**23.919.038**	**103.124.358**
Net profit for the period	-	-	-	2.669.905	2.669.905
Carried to legal reserves	-	-	101.457	(101.457)	-
31 December 2005	**67.337.451**	**5.641.410**	**6.327.916**	**26.487.485**	**105.794.262**
01 January 2006	**67.337.451**	**5.641.410**	**6.327.916**	**26.487.485**	**105.794.262**
Share capital issue / increase (note 14)	5.545.437	(5.545.437)	-	-	-
Share capital issue / (reduction) (note 14)	(20.993.440)			20.993.440	-
Net profit for the period	-	-	-	2.033.481	2.033.481
Carried to legal reserves	-	-	63.190	(63.190)	-
31 December 2006	**51.889.448**	**95.973**	**6.391.107**	**49.451.216**	**107.827.743**

	THE COMPANY				
	Share capital	**Share premium reserve**	**Other reserves**	**Results carried forward**	**Total**
01 January 2005	**67.337.451**	**5.641.410**	**784.259**	**(20.894.199)**	**52.868.921**
Effect of first application of IAS 32 & 39				646.903	646.903
New balance as at 1 January 2005	**67.337.451**	**5.641.410**	**784.259**	**(20.247.296)**	**53.515.824**
Net profit for the period				(937.324)	(937.324)
31 December 2005	**67.337.451**	**5.641.410**	**784.259**	**(21.184.620)**	**52.578.500**
01 January 2006	**67.337.451**	**5.641.410**	**784.259**	**(21.184.620)**	**52.578.500**
Share capital issue / increase (note 14)	5.545.437	(5.545.437)	**-**	**-**	-
Share capital issue / (reduction) (note 14)	(20.993.440)	-	-	20.993.440	-
Net profit for the period	-	-	-	800.838	800.838
Carried to legal reserves	-	-	30.483	(30.483)	-
31 December 2006	**51.889.448**	**95.973**	**814.742**	**579.175**	**53.379.338**

The notes on pages 13 to 47 are an integral part of these financial statements.

Cash flow statement

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	**31-Δεκ-05**	**31-Δεκ-06**	**31-Δεκ-05**
Operating Activities				
Profit before tax	3.864.565	4.461.992	2.242.934	(43.816)
Plus/less adjustments for:				
Depreciation	686.688	689.332	544.915	535.738
Provisions	19.213	(6.133)	23.370	(10.340)
Results (income, expenses, profits and loss) from investing activity	(443.165)	(217.727)	(33.155)	(42.324)
Debit interests and related expenses	366.053	883.308	348.764	479.103
Plus/less adjustments for differences in working capital balances or in balances related to operating activities:				
Drop / (increase) in inventories	3.816.676	16.271.301	(810.108)	(175.375)
Decrease / (increase) in receivables	4.534.831	6.919.046	260.062	4.505.604
Drop / (increase) in liabilities (except banks)	2.717.957	(2.214.659)	(833.345)	(2.109.047)
Less:				
Debit interest and similar paid charges	(366.053)	(883.308)	(348.764)	(479.103)
Taxes paid	(1.022.152)	(5.353.400)	(542.654)	(529.655)
Total inflows / (outflows) from operating activities (a)	**14.174.613**	**20.549.751**	**852.018**	**2.130.785**
Investing Activities				
Acquisition /disposal of subsidiaries, affiliates, joint ventures and other investments		-	(1.000)	(10.770)
Purchase of tangible and intagible fixed assets	(11.442.926)	(2.068.940)	(10.978.538)	(1.234.565)
Collections from the sale of tangible and intangible fixed assets	2.940	-	2.940	-
Interests collected	443.165	217.727	20.564	42.324
Dividend collected	-	-	12.590	-
Total inflows / (outflows) from investing activities (b)	**(10.996.821)**	**(1.851.213)**	**(10.943.444)**	**(1.203.011)**
Financing Activities				
Loans drawn	10.750.000	-	10.750.000	-
Loan full payment	(100.000)	(19.900.000)		-
Total financing activities inflow /(outflow) (c)	**10.650.000**	**(19.900.000)**	**10.750.000**	**-**
Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)	13.827.793	(1.201.462)	658.575	927.775
Cash and cash equivalents at beginning of period	9.526.034	10.727.496	1.777.114	849.339
Cash and cash equivalents at end of period	**23.353.826**	**9.526.034**	**2.435.689**	**1.777.114**

The notes on pages 13 to 47 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Company and Group operate in "Real estate management". The core activity is the development, sale or operation of property that is owned or leased through operating leases. The Group mostly operates in Greece.

The Company has been organised and is established in Greece, headquartered at 39 Akakion str., & Monemvassias str., Maroussi, Attica.

The company's shares are listed in the Athens Stock Exchange, in the "Real estate holding & Development" category.

The financial statements were approved by the Board of Directors on 28 March 2007.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared according to the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee, as adopted by the European Union, as well as the IFRS issued by the International Accounting Standards Boards (IASB).

All IFRS issued by IASB and are valid at the time of preparing these statements and adopted by the European Council through the confirmation procedure of the European Union (EU), except for IAS 39 (Financial Instruments: Recognition and Valuation). After suggestion of the Accounting Standardisation Committee, the Board adopted the Regulations 2086/2004 and 1864/2005 which require the use of IAS 39, except for specific stipulations regarding the deposits portfolio hedging, from 1 January 2005 for all listed companies.

The financial statements have been prepared under the IFRS as issued by IASB and adopted by the EU. The Group is not influenced by the stipulations regarding the deposits portfolio hedging, as presented in IAS 39.

This consolidated financial information has been prepared under the historical cost convention, except that financial assets are carried at fair value, through profit and loss or available-for-sale.

The preparation of the financial statements under IFRS requires the use of accounting estimations and assumptions of the Management upon implementation of the accounting policies adopted. The areas requiring large extent of assumptions or where assumptions and estimations have a significant effect on the financial statements are mentioned in Note 4.

2.2 New standards, interpretations and amendment of existing standards

A series of new accounting standards, modified standards and interpretations has been issued, which are mandatory for accounting periods beginning from January 1st 2007. The Group's assessment regarding the effect of the aforementioned new standards and interpretations is as follows:

Mandatory standards for year 2006

- **IAS 19 (amendment) Employee Benefits**

This amendment provides the company with the choice of an alternative method of actuarial gains and losses recognition. It is possible to impose new recognition conditions for cases where there are multi-employer plans for which there are no sufficient information on the application of the defined benefit plans accounting. In addition, it adds new disclosures requirements. The Group has not changed the accounting principle adopted for the recognition of actuarial gains and losses and does not participate in any multi-employer plans and therefore the only impact is on the expanded disclosures that are presented in the financial statements.

- **IAS 39 (amendment) Cash Flow Hedge Accounting for intragroup transactions**

This amendment enables the definition of very probable forecasted intragroup transactions as an element to be hedged provided that the transaction is in a monetary unit different from the one used by the company participating in the transaction, and that the exchange difference risk are anticipated to influence results. This amendment does not apply to these financial statements and the Group's operations.

- **IAS 39 (amendment) Fair Value Option**

This alteration changes the definition of financial means which have been gradated to fair value through results and restricts the possibility of gradated financial means in this category. The Group believes that this amendment should not have a significant impact on the classification of financial instruments, as the Group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss.

- **IAS 39 and IFRS 4 (amendment) Financial Guarantee Contracts**

This amendment requires the issued financial guarantees – except for those proven to be insurance contracts – to be recognized initially at fair value and then at the higher value between (a) the unamortized balance of the relevant remunerations received and postponed and (b) the cost required to cover the commitment at the balance sheet date. This amendment is not relevant for the Group.

- **IAS 21 (Amendment) - Net Investment in a Foreign Operation**

This amendment allows the reclassification of exchange differences on monetary items to equity irrespective of whether or not the monetary item is denominated in the functional currency of either the reporting entity or the foreign operation. This amendment does not apply to these financial statements and the Group's operations.

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

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

Mandatory interpretations for year 2006

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

This interpretation clarifies under which conditions an arrangement contains a lease and must therefore be accounted for in terms of IAS 17 – Leases. IFRIC 4 does not affect the accounting for existing business arrangements and has no impact on the Group's financial statements

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

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

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

This interpretation is not relevant for the Group.

Mandatory standards after 1 January 2007

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

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

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

This standard is effective for annual periods beginning on or after 1 January 2009 and supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8, segments are components of an entity regularly reviewed by the entity's Managing Directors / Board of Directors, and reported in the financial statements based on their internal component classification. The Group will apply IFRS 7 and the amendment to IAS 1 from 1 January 2009.

Mandatory interpretations after 1 January 2007

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

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

- **IFRIC 8 - Scope of IFRS 2**

This interpretation is effective for annual periods beginning on or after 1 May 2006 and considers transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. This interpretation will not affect the Group's financial statements.

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

This interpretation is effective as of 1 June 2006 and requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. This interpretation is not relevant for the Group.

- **IFRIC 10 – Interim Financial Statements and Impairment**

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

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

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

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

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

2.3 Consolidation

(a) Subsidiaries

All the companies that are controlled by the parent company. The existence of potential voting rights that are exercisable at the time the financial statements are prepared, is taken into account in order to determine whether the parent exercises control over the subsidiaries. Subsidiaries are consolidated completely (full consolidation) using the purchase method from the date that control over them is acquired and cease to be consolidated from the date that control no longer exists.

The acquisition of a subsidiary by the Group is accounted for using the purchase method. The acquisition cost of a subsidiary is the fair value of the assets given as consideration, the shares issued and the liabilities undertaken on the date of the acquisition plus any costs directly associated with the transaction. The individual assets, liabilities and contingent liabilities that are acquired during a business combination are valued during the acquisition at their fair values regardless of the participation percentage. The acquisition cost over and above the fair value of the individual assets acquired is booked as goodwill. If the total cost of the acquisition is lower than the fair value of the individual assets acquired, the difference is immediately transferred to the income statement.

Inter-company transactions, balances and unrealized profits from transactions between Group companies are eliminated in consolidation. Unrealized losses are also eliminated except if the transaction provides indication of impairment of the transferred asset. The accounting principles of the subsidiaries have been amended so as to be in conformity to the ones adopted by the Group. In the parent company's balance sheet subsidiaries are valued at cost less impairment.

In case of transactions concerning the increase of the Group's shareholding to subsidiaries, which do not fall under IFRS 3, the Group recognizes all consequences resulting from the difference of the price paid and the carrying amount of the minorities acquired directly to equity.

(b) Joint Ventures

The Group's investments in joint-ventures are recorded according to proportionate consolidation (except for those which are inactive at the date of first adoption of IFRS, which are consolidated with the equity method as described above). The Group adds its share from the income, expenses, assets and liabilities and cash flows of each joint-venture with the respective figures of the Group.

The Group recognises the share in the gains or losses from sales of the Group to the joint-ventures which is attributed to the other partners of the joint-venture. The Group does not recognise its share in the gains or losses of the joint-ventures which resulted from purchases of the Group by the joint-ventures until the assets acquired are sold to a third party. Occurring losses from such a transaction is recognised directly if it shoes a reduction of the net realizable value of assets or impairment. The accounting principles of the joint-ventures have been adjusted in order to be in conformity to the ones adopted by the Group. In the parent company's balance sheet, joint ventures are valued at cost less impairment.

2.4 Sector specific information

Business segment is defined as a group of assets and liabilities that are engaged in providing individual products or services that are subject to risks and returns that are different from those of other business segments. Geographical segment is a geographical area, in which products or services are provided that are subject to risks and returns that are different from those of other geographical areas.

2.5 Exchange conversions

(a) Functional and presentation currency.

The items in the financial statements of the Group's companies are measured in the currency of the primary economic environment in which the Group operates (functional currency). The consolidated financial statements are reported in euros, which is the functional currency and the reporting currency of the parent Company.

(b) Transactions and balances

Transactions in foreign currencies are converted to the operating currency using the rates in effect at the date of the transactions. Profits and losses from foreign exchange differences that result from the settlement of such transactions during the period and from the conversion of monetary items denominated in foreign currency using the rate in effect at the balance sheet date are posted to the results. Foreign exchange differences from non-monetary items that are valued at their fair value are considered as part of their fair value and are thus treated similarly to fair value differences.

2.6 Investments in property

Properties held under long-lasting leases or capital gains or both and are not used by Group companies are classified as investments in property. Investments in property include privately owned fields and buildings.

Investments in property are recognised initially at cost, including the relevant direct acquisition costs. After initial recognition, investments in property are valued at cost less depreciation and any impairments. Investment buildings are amortised based on their estimated useful life which is 40 years less preserved buildings have not been refurbished, which are amortised in 20 years.

Subsequent expenditure is added to the carrying value of the tangible fixed assets or is booked as a separate fixed asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately and reliably measured. The repair and maintenance cost is booked in the results when such is realized.

If an investment in property is modified to an asset for own use, then it is classified in tangible assets. Properties constructed or developed for future use as investments in property are classified as tangible assets and are recorded at cost till the construction or development is completed, when they are re-classified and recorded as investments in property. Respectively, investments in property for which the Group had pre-agreed their sale are classified as inventories.

2.7 Leases

(a) Group Company as a lessee

The leases of assets through which the Group undertakes in effect all the risks and rewards of ownership are classified as operating leases. Operating leases expenses are recognized to the income statement proportionally during the lease period and include any property restoration cost.

(b) Group Company as a lessor

The Group only leases out properties as operating leases.

2.8 Tangible assets

Fixed assets are reported in the financial statements at acquisition cost and any impairment suffered by the assets. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.

Subsequent expenditure is added to the carrying value of the tangible fixed assets or is booked as a separate fixed asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately and reliably measured. The repair and maintenance cost is booked in the results when such is realized.

Land is not depreciated. Depreciation of the other tangible assets is calculated using the straight line method over their useful life as follows:

- Means of transport	5 - 7	Years
- Software	1 - 3	Years
- Other equipment	3 - 5	Years

The residual values and useful economic life of tangible fixed assets are subject to reassessment at each balance sheet date.

When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately booked as an expense in the income statement. (Note 2.10).

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value are booked as profit or loss to the results.

Expenditure on construction of assets is capitalised for the period required for the completion of the construction. All other expenditure are recognised to the income statement.

2.9 Intangible assets

Intangible assets mainly include software licenses valued at acquisition cost less depreciation. Depreciation are accounted for with the straight line method during the useful lives which vary from 1 to 3 years.

2.10 Impairment of assets

Assets that are depreciated are subject to an impairment review when there is evidence that their value will not be recoverable. The recoverable value is the greater between the net sales value and the value in use. For the calculation of impairment losses they are included in the minimum cash generating units. Impairment losses are recorded as expenses in the income statement when they arise.

2.11 Investments and other financial instruments

Group financial instruments have been classified to the following categories according to the reason for which each investment was made. The Group defines the classification at initial recognition and reviews the classification at each balance sheet date

(a) Financial instruments valued at fair value through the income statement

These comprise assets that are held for trading purposes. Derivatives are classified as held for trading purposes except when they are designated as hedges. Assets falling under this category are recorded in the current assets if they are held for trading purposes or are expected to be sold within 12 months from the balance sheet date.

(b) Loans and receivables

They include non-derivative financial assets with fixed or predefined payments which are not traded in active markets and there is no intention of selling them. They are included in current assets except those with a maturity date exceeding 12 months from the balance sheet date. The latter are included in the non-current assets. Loans and receivables are included in the trade and other receivables account in the balance sheet.

(c) Financial assets available for sale

These include non derivative financial assets that are either designated as such or cannot be included in any of the previous categories. They are included in the non-current assets given that the Management does not intend to liquefy them within 12 months from the balance sheet date.

Purchases and sales of investments are recognised at the date of the transaction which is the date when the Group is committed to buy or sell the asset. Investments are recognised at fair value plus expenditure directly related to the transaction, with the exception, with regard to directly related expenditure, of those assets which are valued at fair value with changes in the income statement. Investments are eliminated when the right on cash flows from the investments ends or is transferred and the Group has transferred in effect all risks and rewards implied by the ownership.

Then available for sale financial assets are valued at fair value and the relative gains or losses are recorded to an equity reserve till those assets are sold or characterised as impaired. When sold or impaired, profit or loss shall be carried to the results. Impairment losses appearing in profit and loss are not reversible.

The loans and receivables are recognized in amortized cost using the effective interest method.

The realized and unrealized profits or losses arising from changes in the fair value of financial assets valued at fair value through the income statement, are recognized in the profit and loss of the period they occur.

The fair values of financial assets that are traded in active markets, are defined by their prices. For non-traded assets, fair values are defined with the use of valuation techniques such as analysis of recent transactions, comparative items that are traded and discounted cash flows.

At each balance sheet date the Group assess whether there are objective indications that lead to the conclusion that financial assets have been impaired. For company shares that have been classified as financial assets available for sale, such an indication consists of a significant or extended decline in the fair value compared to the acquisition cost. If impairment is established, any accumulated loss in Equity, which is the difference between acquisition cost and fair value, is transferred to the results. Impairment losses of shares are recorded to the income statement and are not reversed through the income statement.

2.12 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of end products and semi-finished inventories includes cost of design, materials, average working cost and an analogy of the general cost of production.

Investments in properties to which a construction initiates aiming at a future sale are re-classified as inventories at book value at the balance sheet date. From now on they will be calculated at the lowest between cost and net realisable value. The cost of inventories does not include financial expenses. The net realisable value is calculated using current sales prices during the normal course of the company's business less any relevant sales expenses.

2.13 Trade receivables

Trade receivables are recorded at book value less the provision for doubtful receivables. Provision for doubtful receivables is recognised when there is objective evidence that the Group is unable to collect all the amounts owed based on contractual terms. The amount of the provision is the difference between the book value and the present value of future cash flows. The amount of the provision is recognised as an expense in the income statement of the period.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in the bank and in hand, sight deposits, short term (up to 3 months) highly liquid and low risk investments.

2.15 Share capital

The share capital includes the common shares of the Company.

2.16 Loans

Loans are recorded initially at fair value, net of any direct expenses of the transaction. Then they are valued at unamortized cost using the real interest rate method. Any difference between the amount received (net of any relevant expenses) and the value of the payment is recognised to the income statement during the borrowing using the real interest rate method.

Loans are recorded as short term liabilities except when the Group has the right to postpone the settlement of the liability for at least 12 months from the balance sheet date.

2.17 Deferred income tax

Deferred income tax is determined according to the liability method which results from the temporary differences between the book value and the tax base of assets or liabilities. Deferred tax is not booked if it results from the initial recognition of an asset or liability in a transaction, except for a business combination, which when it occurred did not affect neither the accounting nor the tax profit or loss Deferred tax assets and liabilities are valued taking into consideration the tax rates (and tax laws) that have been put into effect or are essentially in effect up until the balance sheet date.

Deferred tax assets are recognized to the extent that there will be a future tax profit to be set against the temporary difference that creates the deferred tax asset.

Deferred income tax is recognized for the temporary differences that result from investments in subsidiaries and associates, except for the case where the reversal of the temporary differences is controlled by the Group and it is possible that the temporary differences will not be reversed in the foreseeable future.

2.18 Employee benefits

(a) Post-employment benefits

Post-employment benefits include defined contribution schemes as well as defined benefits schemes. The accrued cost of defined contribution schemes is booked as an expense in the period it refers to.

The liability that is reported in the balance sheet with respect to this scheme is the present value of the liability for the defined benefit less the fair value of the scheme's assets (if there are such) and the changes that arise from any actuarial profit or loss and the service cost. The commitment of the defined benefit is calculated annually by an independent actuary with the use of the projected unit credit method. The yield of long-term Greek Government Bonds is used as a discount rate.

The actuarial profit and losses that emerge from adjustments based on historical data and are over or under the 10% margin of the accumulated liability, are booked in the results in the expected average service time of the scheme's participants. The cost for the service time is directly recognized in the results except for the case where the scheme's changes depend on the employees' remaining service with the company. In such a case the service cost is booked in the results using the straight line method within the maturity period.

(b) Benefits for employment termination

Termination benefits are payable when employment is terminated before the normal retirement date. The Group books these benefits when it is committed, either when it terminates the employment of existing employees according to a detailed formal plan for which there is no withdrawal possibility, or when it provides such benefits as an incentive for voluntary redundancy. When such benefits are deemed payable in periods that exceed twelve months from the Balance Sheet date, then they must be discounted.

In case of an employment termination where there is inability to asses the number of employees to use such benefits, a disclosure for a contingent liability is made but no accounting treatment is followed.

2.19 Provisions

Provisions for pending legal cases are recognized when: the Group has present obligations (legal or constructive) as a result of past events, their settlement through an outflow of resources is probable and the exact amount of the obligation can be reliably estimated.

In such cases where the Group, as lessee, is contractually obliged to restore the leased property to an agreed state, prior to delivery to the lessor, a provision is made for this cost when the cost results.

2.20 Recognition of income

Income mainly arises from property leases and sales, services and technical projects.

Income from operating leases are recognised to the income statement using the straight line method during the lease period. When the Group provides incentives to its clients, the cost of these incentives is recognised through the lease period with the straight line method deductively of the income from the lease.

Income from the provision of services and real estate management are recorded in the period during which the services are rendered, based on the stage of completion of the service in relation to total services to be provided.

In the case where the Group acts as a representative, the commission or not to the net income is recorded as income.

2.21 Dividend allocation

The distribution of dividends to the shareholders of the parent company is recognized as a liability at the date on which the distribution is approved by the General Meeting of the shareholders.

3 Financial risk management

3.1 Financial risk factors

The Group is exposed to several financial risks such as market risk (volatility in foreign exchange rates, interest rates, market prices), credit risk and liquidity risk.

The risk management is monitored by the Treasury department and is determined by rules approved by the Board of Directors. The Treasury department determines and estimates the financial risks in collaboration with the services managing those risks. The Board of Directors provides directions on the general management of the risk as well as specialised directions on the management of specific risks such as the interest rate risk, the credit risk, the use of derivative and non-derivative financial instruments, as well as the investment of cash.

(a) Market risk

The Group is exposed to a risk from the change of the value of properties and leases.

(b) Credit risk

The Group does not have significant accumulations of credit risk. It has developed policies in order to ensure that the leasing agreements are concluded with customers of sufficient credit rating. The Group has procedures which limit its exposure to credit risk from individual credit institutions.

(c) Liquidity risk

The liquidity risk is kept at low levels by retaining sufficient cash and immediately liquidated financial assets as well as credit lines.

(d) Cash flow risk and risk of changes in the fair values due to the change in interest rates

The interest rate risk is mainly resulting from long term loans. Group's policy is to constantly monitor the tendencies of interest rates as well as the financing needs of the Group. Therefore, the decisions on the duration of the loans as well as the relation between the stable and floating interest rate are considered separately at each case.

4 Critical accounting estimates and judgements of the management

The management's estimates and judgements are constantly reviewed and are based on historic data and expectations for future events which are deemed fair according to existing data.

4.1 Critical accounting estimates and judgments

The Group makes estimates and assumptions regarding the development of future events. Judgments and acknowledgements that involve important risk to bring substantial adjustments on the fixed assets book values and liabilities are as follows:

(a) Provision to cover the obligation to purchase a 33% stake in LOFOS PALLINI, held by OTE

Based on the contract as of 28/02/2002 between the subsidiary company REDS S.A. and OTE S.A. regarding the subsidiary LOFOS PALLINI S.A., OTE has the right to sale to REDS S.A. the share of 33% it holds to the said subsidiary for a minimum defined price. The Group has recognised a provision for the cover of this liability. The assessment for this provision was based on the contract's special terms stipulating a minimum guaranteed purchase consideration, increased upon achievement of certain sales targets by the subsidiary. The amount of the provision amounts to 18.3 mil. euro and has increased REDS' cost of investment to the said subsidiary which is consolidated by 100%.

(b) Participations impairment provision

i) further to (a) above, REDS' plain balance sheet as at 01.01.2004 recognises a provision for the impairment of the company's participation in the subsidiary LOFOS PALLINI S.A., to the amount of €7,500,000. Provision assessment was performed based on the subsidiary's business plan, the forecasted cash flows, and the provision stipulated in (a) above, and is offset by the parent company's estimated gains from said project.

ii) REDS' plain balance sheet recognises a provision for the impairment of the company's participation in the subsidiary PMS SA, to the amount of €273,224. After operating at a loss for three years, said subsidiary stopped operating in 2004. The parent company REDS recognised a provision for the impairment of its participation as at 01.01.2004, based on the amount it anticipates to recover from the subsidiary.

(c) Income tax

Estimates are required in determining the provision for income taxes that the Group is subjected to. There are several transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2 Considerable judgements of the Management on the application of the accounting principles

Distinction between investments in property and assets used by the company.

The Group determines whether an asset is characterized as investment property. In order to form the relevant assumption, the Group considers the extent to which a property generates cash flows, for the most part independently of the rest of the assets owned by the company. Assets used by the company generate cash flows which are attributed not only to the properties but also to other assets used either in the production procedure or to the purchasing procedure.

Sector specific information

(a) Primary type of representation - business sectors

On 31 December 2005 and 2006, the Group operated in 3 business sectors:

- Real property operation
- Management and real property development services
- Real estate development and sale

Sector-specific results as at 31 December 2006:

All amounts in Euro.

Consolidated sector-specific information for 01/01-31/03/2006	**Real estate sales**	**Real estate expoitation**	**Services**	**Total**
Sales (gross & net)	7.097.501	4.486.024	1.994.126	13.577.651
Gross profit/(loss) per sector	1.896.114	2.086.843	868.457	4.851.414
Administration expenses				(2.872.095)
Other operating income / (expenses) - net				1.808.133
Operating profit				3.787.452
Financial income (expenses) - net				77.112
Profit before tax				3.864.565
Income tax				(1.831.084)
Net Profit				**2.033.481**

Sector-specific results as at 31 December 2005:

All amounts in Euro.

Consolidated sector-specific information for 01/01-31/03/2005	**Real estate sales**	**Real estate expoitation**	**Services**	**Total**
Sales (gross & net)	25.829.916	4.082.619	879.793	30.792.328
Gross profit/(loss) per sector	5.738.816	1.831.837	(188.624)	7.382.029
Administration expenses				(2.567.881)
Other operating income / (expenses) - net				322.452
Operating profit				5.136.600
Financial income (expenses) - net				(674.608)
Profit before tax				4.461.991
Income tax				(1.792.087)
Net Profit				**2.669.905**

Other sector-specific figures included in profit and loss as at 31 December 2006, are

All amounts in Euro.

	Real estate sales	**Real estate expoitation**	**Services**	**Non allocated**	**Total**
Depreciation of tangible fixed assets	6.090	25.895	-	29.345	**61.331**
Depreciation of intangible fixed assets	175	-	-	3.626	**3.802**
Depreciation of investments in real property	-	606.055	-	15.500	**621.555**
Total	6.266	631.950	-	48.472	**686.688**

Other sector-specific figures included in profit and loss as at 31 December 2005, are

All amounts in Euro.

	Real estate sales	**Real estate expoitation**	**Services**	**Non allocated**	**Total**
Depreciation of tangible fixed assets	31.236	25.132	-	19.306	**75.674**
Depreciation of intangible fixed assets	1.977	2.832	-	4.240	**9.049**
Depreciation of investments in real property	-	604.609	-	-	**604.609**
Total	33.213	632.573	-	23.546	**689.332**

Transfers and transactions between sectors are carried out in actual commercial terms and conditions, according to what applies for third party transactions.

Sector-specific assets and liabilities as at 31 December 2006:

All amounts in Euro.

	Real estate sales	Real estate expoitation	Services	Non allocated	Total
Assets	22.024.525	136.834.764	20.794	341.333	**159.221.417**
Liabilities	823.753	49.483.489	(198.687)	1.285.119	**51.393.674**
Equity Capital	21.200.772	87.351.276	219.481	(943.786)	**107.827.742**
Closing year investents in tangible, intangible and investment assets.	-	11.382.440	-	60.486	**11.442.926**

Sector-specific assets and liabilities as at 31 December 2005:

All amounts in Euro.

	Real estate sales	Real estate expoitation	Services	Non allocated	Total
Assets	22.360.171	119.955.993	78.202	245.201	**142.639.567**
Liabilities	1.578.439	33.957.111	34.993	1.274.762	**36.845.305**
Equity Capital	20.781.732	85.998.882	43.209	(1.029.560)	**105.794.262**
Closing year investents in tangible, intangible and investment assets.	-	2.488.899	-	-	**2.488.899**

(b) Secondary type of representation – geographic segments

The Group operates in Greece. Activities abroad are still under development.

5 Investment Assets

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Cost				
Start of period	**97.888.539**	**98.327.237**	**25.763.344**	**27.456.377**
Additions	11.382.439	2.518.302	10.918.052	1.263.967
(Carried to reserves)	-	(2.957.000)	-	(2.957.000)
Sales / w rite-offs	-	-	-	-
End of period	**109.270.978**	**97.888.539**	**36.681.396**	**25.763.344**
Accumulated depreciation				
Start of period	**(1.197.548)**	**(592.940)**	**(926.536)**	**(457.434)**
Period depreciation	(621.555)	(604.609)	(486.049)	(469.103)
End of period	**(1.819.104)**	**(1.197.549)**	**(1.412.586)**	**(926.536)**
Carrying amount	**107.451.874**	**96.690.990**	**35.268.810**	**24.836.808**

There are no encumbrances on the company's real property.

The value of the property belonging to subsidiary "YIALOU COMMERCIAL & TOURIST S.A." was reassessed due to the introduction into the town plan of approx. 133,000 sq.m., by virtue of Government Gazette (FEK) issue 319/D/2005, approving the town planning design of the "YIALOU Business Park – Spata". The above subsidiary company's total property of approx. 173,000 sq.m. appears in these Consolidated Financial Statements under "Investment assets", based on IAS 40, to the amount of €32.4 mil., and in 31/12/2005 was reassessed at €41.9 mil.

Income from operating leases of investment assets:

All amounts in Euro.

	31-Δεκ-06	31-Δεκ-05
Up to 12 months	3.960.783	3.973.635
1 to 5 years	22.045.971	22.583.865
More than 5 years	63.233.215	68.727.126
Total	**89.239.970**	**95.284.627**

6 Tangible assets

All amounts in Euro.

	THE GROUP					
	Land & Buildings	Means of transport	Mechanical Equipment	Furniture and fixtures	Assets under constr.	Total
Cost						
1-Ιαν-2005	67.980	2.465	103	491.258	38.159	599.965
Additions	-	-	-	7.126		7.126
Reclassification from assets available for sale	-	-	50.000	-		50.000
Reclassification from Assets under constr.	-	-	-	-	(38.159)	(38.159)
31-Δεκ-2005	**67.980**	**2.465**	**50.103**	**498.384**	**-**	**618.932**
1-Ιαν-2006	**67.980**	**2.465**	**50.103**	**498.384**	**-**	**618.932**
Additions	-	-	-	21.440	-	21.440
Sales / w rite-offs	-	-	-	(21.832)	-	(21.832)
31-Δεκ-2006	**67.980**	**2.465**	**50.103**	**497.992**	**-**	**618.540**
Accumulated depreciation						
1-Ιαν-2005	**-**	**(1.201)**	**(4.686)**	**(276.545)**	**-**	**(282.432)**
Period depreciation	-	(369)	-	(75.304)	-	(75.674)
31-Δεκ-2005	**-**	**(1.571)**	**(4.686)**	**(351.849)**	**-**	**(358.106)**
1-Ιαν-2006	**-**	**(1.571)**	**(4.686)**	**(351.849)**	**-**	**(358.106)**
Period depreciation		(370)	-	(60.961)	-	(61.330)
Sales / w rite-offs	-	-	-	18.892	-	18.892
31-Δεκ-2006	**-**	**(1.941)**	**(4.686)**	**(393.918)**	**-**	**(400.545)**
Undepreciated value as at 31 December 2005	**67.980**	**894**	**45.417**	**146.535**	**-**	**260.826**
Undepreciated value as at 31 December 2006	**67.980**	**524**	**45.417**	**104.074**	**-**	**217.995**

	THE COMPANY				
	Means of transport	Mechanical Equipment	Furniture and fixtures	Assets under constr.	Total
Cost					
1-Ιαν-2005	2.465	103	423.025	38.159	463.752
Additions	-	-	7.126	-	7.126
Reclassification from Assets under constr.	-	-	-	(38.159)	(38.159)
31-Δεκ-2005	**2.465**	**103**	**430.151**	**-**	**432.719**
1-Ιαν-2006	**2.465**	**103**	**430.151**	**-**	**432.719**
Additions	-	-	21.440	-	21.440
Sales / write-offs	-	-	(21.832)	-	(21.832)
31-Δεκ-2006	**2.465**	**103**	**429.759**	**-**	**432.327**
Accumulated depreciation					
1-Ιαν-2005	**(1.201)**	**(103)**	**(235.792)**	**-**	**(237.096)**
Period depreciation	(369)	-	(59.193)	-	(59.563)
31-Δεκ-2005	**(1.571)**	**(103)**	**(294.985)**	**-**	**(296.659)**
1-Ιαν-2006	**(1.571)**	**(103)**	**(294.985)**	**-**	**(296.659)**
Period depreciation	(370)	**-**	(54.871)	-	**(55.240)**
Sales / write-offs	-	-	18.892	-	18.892
31-Δεκ-2006	**(1.941)**	**(103)**	**(330.964)**	**-**	**(333.007)**
Undepreciated value as at 31 December 2005	**894**	**-**	**135.166**	**-**	**136.060**
Undepreciated value as at 31 December 2006	**524**	**-**	**98.795**	**-**	**99.319**

There is no impairment of tangible assets during 2005 and 2006.

7 Intangible assets

All amounts in Euro.

	THE GROUP	THE COMPANY
	Software	Software
Cost		
1-Ιαν-2005	49.275	41.819
Additions	1.630	1.630
31-Δεκ-2005	**50.905**	**43.449**
1-Ιαν-2006	**50.905**	**43.449**
Additions	39.046	39.046
31-Δεκ-2006	**89.951**	**82.495**
Accumulated depreciation		
1-Ιαν-2005	**(40.024)**	**(34.903)**
Period depreciation	(9.049)	(7.072)
31-Δεκ-2005	**(49.073)**	**(41.975)**
1-Ιαν-2006	**(49.073)**	**(41.975)**
Period depreciation	(3.802)	(3.626)
31-Δεκ-2006	**(52.875)**	**(45.601)**
Undepreciated value as at 31 December 2005	**1.832**	**1.474**
Undepreciated value as at 31 December 2006	**37.077**	**36.894**

8 Group participating interests in consolidated companies.

Group Companies consolidated with the full consolidation method are the following:

COMPANY	particip. %	Participation value
KANTZA COMMERCIAL S.A.	100%	11.185.288
YIALOU COMMERCIAL & TOURIST S.A.	100%	8.353.110
PMS. PARKING SYSTEMS S.A.	100%	86.775
KARTEREDA HOLDINGS LIMITED	100%	1.000
LOFOS PALLINI S.A.	67%	19.764.339
Total		**39.390.511**

The Company has recognised a provision to cover the obligation to acquire from OTE, 33% of shares held in "LOFOS PALLINI SA", against a minimum consideration, as set forth in the relevant Contract dated 28/02/2002. The amount of the provision rises to €18.3 million and has increased REDS' investment cost in said subsidiary, and as a result, same subsidiary is consolidated at 100%.

By virtue of BoD resolution dated 10 November 2006, and in the framework of expansion of activities, on 16/11/2006 the Company acquired 100% of the share capital in the Cypriot company "KARTEREDA HOLDING LIMITED", for a total consideration of €1,000. The company intends to participate in other companies as well and to develop activities abroad. On 20/11/2006 "KARTEREDA HOLDING LIMITED" acquired all the shares in "CLH ESTATE S.R.L.", registered in Bucharest, Romania. The company's object is to operate in the Real Estate sector of the Romanian market. The two above companies were newly established and had no business activity, nor any assets, prior to 31/12/2006.

9 Joint Ventures

"3G S.A." is included in the parent company's consolidated financial statements with the proportional consolidation method.

The following amounts represent the Company's share in the assets and liabilities of Joint Ventures, consolidated with the proportional consolidation method, and are included in the balance sheet.

All amounts in Euro.

	3G S.A.
Assets	128.221
Liabilities	33.720
Equity Capital	94.501

10 Inventories

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	**31-Δεκ-05**	**31-Δεκ-06**	**31-Δεκ-05**
Finished products	5.083.595	9.710.379	2.777.514	2.777.514
Semi-finished products	3.942.483	3.132.375	3.942.483	3.132.375
Total net realisable value	**9.026.078**	**12.842.754**	**6.719.997**	**5.909.889**

Inventories concern plots for sale and houses completed and under construction.

11 Receivables

There is no credit risk accumulation in relation to the receivables from clients, since the Group's client receivables mostly come from lease contracts and notarial sales with corresponding guarantees and penal clauses to secure receivables.

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	**31-Δεκ-05**	**31-Δεκ-06**	**31-Δεκ-05**
Trade debtors	4.544.542	8.252.446	1.308.417	3.516.695
Less: Depreciation provisions	-	(2.673.379)	-	(2.673.379)
Net trade debtor receivables	**4.544.542**	**5.579.067**	**1.308.417**	**843.316**
Income Tax advance payment	432.706	1.186.569	277.550	494.804
Advances for operating leases	9.822.447	10.212.748	9.822.447	10.212.748
Other receivables	1.565.925	1.726.161	944.506	1.354.893
Receivables from associates	375.629	2.571.536	1.461.166	1.385.641
Total	**16.741.249**	**21.276.080**	**13.814.086**	**14.291.402**
Receivables from long-term Operating Leases	9.432.146	9.823.965	9.432.146	9.823.965
Other non-current receivables	77.028	72.184	77.028	72.184
Total non-current assets	9.509.174	9.896.149	9.509.174	9.896.149
Total Current Assets	7.232.075	11.379.931	4.304.912	4.395.253
	16.741.249	**21.276.080**	**13.814.086**	**14.291.402**

In 2006, the company wrote-off uncollected and inactive client balances of €2,673,379, for which it had made an equal in amount provision in previous years. Such balances had been generated in years prior to the Company's recovery in 1997, through subjection to article 44 of Law 1892/1990.

On 12/2/2002, the company concluded a 30-year lease of a property on which it has constructed Entertainment facilities in Ilion, Attica; after the lapse of the lease, ownership of the property shall be transferred to the lessor. The facilities construction cost shall be recognised in the results pro rata to the duration of the lease.

12 Cash and cash equivalents

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Cash available and in Banks	**23.353.827**	**9.526.034**	**2.435.689**	**1.777.114**

13 Share capital

All amounts in Euro.

	Number of shares	Par value	Common shares	Share premium	Total
01 January 2005	39.610.265	1,70	67.337.451	5.641.410	72.978.861
31 December 2005	**39.610.265**	**1,70**	**67.337.451**	**5.641.410**	**72.978.861**
01 January 2006	**39.610.265**	**1,70**	**67.337.451**	**5.641.410**	**72.978.861**
Share par value increase	-	**1,84**	5.545.437	(5.545.437)	-
Share par value reduction	-	**1,31**	(20.993.440)	-	(20.993.440)
31 December 2006	**39.610.265**	**1,31**	**51.889.447**	**95.973**	**51.985.420**

The Ordinary General Shareholders Meeting of 21/6/2006 decided to convert all the companies shares from common unregistered with vote to common registered with vote. The General Meeting's decision was approved by virtue of Decision no. K2-9679/05-07-2006 of the Ministry of Development.

On 5/7/2006, the company's 1st Re-Convened General Shareholders Meeting decided on the increase of the company's Share Capital by €5,545,437.10 from capitalisation of part of the "Share premium" account, by increasing each share's par value by €0.14, and at the same time decided on the decrease of the company's Share Capital by €20,993,440.45 by reducing each share's par value by €0.53, aimed at an equal in amount (partial) write-off of previous years' losses in the "Losses carried forward" account. The 1st Re-convened General Meeting's decision was approved by virtue of Decision no. K2-10546/20-07-2006 of the Ministry of Development.

14 Reserves

All amounts in Euro.

	THE GROUP				
	Legal reserve	Special & extra reserves	Tax-free reserves	Other reserves	Total
01 January 2005	376.788	5.393.972	453.540	2.159	6.226.459
Brought from / carried to P&L	101.457	-	-	-	101.457
31 December 2005	**478.245**	**5.393.972**	**453.540**	**2.159**	**6.327.916**
01 January 2006	478.245	5.393.972	453.540	2.159	6.327.916
Brought from / carried to P&L	63.190	-	-	-	63.190
31 December 2006	**541.436**	**5.393.972**	**453.540**	**2.159**	**6.391.107**

	THE COMPANY				
	Legal reserve	Special & extra reserves	Tax-free reserves	Other reserves	Total
01 January 2005	98.658	232.062	453.540	-	784.259
31 December 2005	**98.658**	**232.062**	**453.540**	**-**	**784.259**
01 January 2006	98.658	232.062	453.540	-	784.259
Brought from / carried to P&L	30.483	-	-	-	30.483
31 December 2006	**129.141**	**232.062**	**453.540**	**-**	**814.742**

15 Suppliers and other liabilities

The Company's liabilities from trade activities are interest free.

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Suppliers	269.438	885.565	253.381	320.933
Accrued expenses	59.764	67.607	59.764	67.607
Insurance organisations and other taxes/ duties	344.308	658.099	322.670	535.796
Advances for operating leases	3.741.931	4.408.389	3.741.931	4.408.389
Other liabilities	9.990.408	5.502.531	5.095.767	4.804.175
Liabilities from associates	6.665.733	6.831.433	6.660.184	6.830.141
Total	**21.071.581**	**18.353.624**	**16.133.697**	**16.967.042**
Non-current	3.715.215	320.753	3.715.215	320.753
Current	17.356.366	18.032.871	12.418.481	16.646.289
Total	**21.071.581**	**18.353.624**	**16.133.697**	**16.967.042**

16 Loans

All amounts in Euro.

	THE GROUP	
Long-term loans	**31-Δεκ-06**	**31-Δεκ-05**
Bond Loan	-	100.000
Total long-term loans	**-**	**100.000**
Short-term loans	**31.12.2006**	**31.12.2005**
Bank loans	10.750.000	-
Total short-term loans	**10.750.000**	**-**

	THE COMPANY	
Short-term loans	**31-Δεκ-06**	**31-Δεκ-05**
Bank loans	10.750.000	-
Total short-term loans	**10.750.000**	**-**

On 31.12.2006, bank loan interest rate stood at 5.03%.

17 Provisions

All amounts in Euro.

	Provision for minority purchase in a subsidiary
01 January 2005	18.326.836
31 December 2005	**18.326.836**
01 January 2006	18.326.836
31 December 2006	**18.326.836**

Total provisions breakdown:

The Company has recognised a provision to cover the obligation to acquire from OTE, 33% of shares held in "LOFOS PALLINI SA", against a minimum consideration, as set forth in the relevant Contract dated 28/02/2002. The amount of the provision rises to €18.3 million and has increased REDS' investment cost in said subsidiary, and as a result, same subsidiary is consolidated at 100%.

18 Deferred taxation

Deferred tax receivables and liabilities shall be set off when there is a applicable legal right that allows the setting off of current tax receivables to current tax liabilities, and when deferred income tax concerns the same taxation authority. Offset sums follow:

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Deferred tax receivables:				
Recoverable after 12 months	2.378.395	2.586.123	2.035.989	2.283.007
Recoverable within 12 months	14.899	169.140	-	-
Total	**2.393.294**	**2.755.263**	**2.035.989**	**2.283.007**

Total change in deferred income tax:

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Start of period balance	(2.755.263)	(2.721.049)	(2.283.007)	(2.392.605)
Income statement debit / (credit)	361.969	(34.213)	247.018	109.598
End of period balance	**(2.393.294)**	**(2.755.263)**	**(2.035.989)**	**(2.283.007)**

Changes in deferred tax receivables and liabilities during the year, without taking into account offsetting of balances within the same tax authority, are:

Deferred tax liabilities:

All amounts in Euro.

	THE GROUP		THE COMPANY	
	Other	Total	Other	Total
01 January 2005	699.125	699.125	699.125	699.125
Income statement debit / (credit)	(6.103)	(6.103)	(6.103)	(6.103)
31 December 2005	**693.022**	**693.022**	**693.022**	**693.022**
01 January 2006	693.022	693.022	693.022	693.022
Income statement debit / (credit)	(153.355)	(153.355)	(153.355)	(153.355)
31 December 2006	**539.668**	**539.668**	**539.668**	**539.668**

Deferred tax receivables:

All amounts in Euro.

	THE GROUP				
	Receivables provisions	Misc tax depreciation	Tax losses	Other	Total
01 January 2005	**417**	**233.550**	**112.368**	**3.073.840**	**3.420.175**
Income statement debit / (credit)	1.052	(377.678)	56.772	347.965	28.110
(Debit) / credit to equity capital	-	-	-	-	-
31 December 2005	**1.468**	**(144.128)**	**169.140**	**3.421.805**	**3.448.285**
01 January 2006	1.468	(144.128)	169.140	3.421.805	3.448.285
Income statement debit / (credit)	(1.039)	(77.518)	81.584	(518.351)	(515.324)
(Debit) / credit to equity capital	-	-	-	-	-
31 December 2006	**429**	**(221.646)**	**250.724**	**2.903.455**	**2.932.961**

	THE COMPANY				
	Receivables provisions	Misc tax depreciation	Tax losses	Other	Total
01 January 2005	**-**	**32.358**	**-**	**3.059.371**	**3.091.730**
Income statement debit / (credit)		(276.081)	-	160.381	(115.700)
(Debit) / credit to equity capital	-	-	-	-	-
31 December 2005	**-**	**(243.723)**	**-**	**3.219.752**	**2.976.029**
01 January 2006	-	(243.723)	-	3.219.752	2.976.029
Income statement debit / (credit)	-	5.993	-	(406.366)	(400.373)
(Debit) / credit to equity capital	-	-	-	-	-
31 December 2006	**-**	**(237.729)**	**-**	**2.813.386**	**2.575.656**

19 Employee benefits liabilities due to retirements

Amounts recognised in the Balance Sheet, are:

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Current value of non-financed liabilities	65.284	70.055	64.388	63.580
Non-entered actuarial profit/(loss)	18.774	(5.210)	17.954	(4.608)
Balance sheet liability	**84.058**	**64.845**	**82.342**	**58.972**

Amounts recognised in profit and loss, are:

	THE GROUP		THE COMPANY	
	31-Δεκ-06	**31-Δεκ-05**	**31-Δεκ-06**	**31-Δεκ-05**
Current employment cost	5.244	12.810	5.244	8.603
Finance cost	2.571	2.512	2.333	2.512
Net actuarial (profit)/loss entered during the period	(5.968)	660	(1.574)	660
Cost of previous service	17.366	-	17.366	-
Losses from cuts	-	(5.700)	-	(5.700)
Total included in staff benefits (note 22)	**19.213**	**10.282**	**23.370**	**6.075**

Changes in liabilities as appear in the Balance sheet are :

	THE GROUP		THE COMPANY	
	31-Δεκ-06	**31-Δεκ-05**	**31-Δεκ-06**	**31-Δεκ-05**
Start of period balance	64.845	70.978	58.972	69.312
Paid contributions	-	(16.415)	-	(16.415)
Total charge to profit and loss	19.213	10.282	23.370	6.075
End of period balance	**84.058**	**64.845**	**82.342**	**58.972**

Major actuarial assumptions used for accounting purposes:

Discount interest:

- As at 31/12/2006	4,30%
- As at 31/12/2005	3,59%
- Future salary increases	4,00%

20 Financial income (expenses) - net

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Interest expenses				
- Bank loans & other liabilities	(366.053)	(883.308)	(348.764)	(479.103)
Income from interest / securities	443.165	217.728	20.564	42.324
Net expenses / (income) from interest	77.112	(665.580)	(328.200)	(436.779)
Total	**77.112**	**(665.580)**	**(328.200)**	**(436.779)**

21 Staff benefits

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Salaries and w ages	786.044	1.492.578	746.533	788.148
Social insurance expenses	142.418	554.749	137.941	138.096
Cost of defined benefits programs	19.213	10.282	23.370	6.075
Other staff benefits	24.922	16.155	24.922	15.875
Total	**972.598**	**2.073.764**	**932.766**	**948.194**

22 Expenses per category

All amounts in Euro.

	THE GROUP					
	31-Δεκ-06			31-Δεκ-05		
	Cost of sales	Administration expenses	Total	Cost of sales	Administration expenses	Total
Staff benefits	541.660	430.937	972.598	1.598.315	475.448	2.073.764
Reserves Consumption	4.576.763	-	4.576.763	16.384.890	-	16.384.890
Depreciation of tangible fixed assets	19.847	41.484	61.331	40.257	35.417	75.674
Depreciation of intangible fixed assets	-	3.802	3.802	2.832	6.217	9.049
Depreciation of investment assets	470.549	151.006	621.555	469.103	135.506	604.609
Rents & long-term operating leases expenses	1.762.633	-	1.762.633	1.602.156	-	1.602.156
Third party fees	709.907	817.672	1.527.579	2.206.916	738.910	2.945.826
Other	644.878	1.427.194	2.072.071	1.105.831	1.176.384	2.282.215
Total	**8.726.237**	**2.872.095**	**11.598.332**	**23.410.299**	**2.567.882**	**25.978.181**

	THE COMPANY					
	31-Δεκ-06			31-Δεκ-05		
	Cost of sales	Administration expenses	Total	Cost of sales	Administration expenses	Total
Staff benefits	541.660	391.105	932.766	527.662	420.531	948.194
Depreciation of tangible fixed assets	19.847	35.394	55.241	40.257	19.306	59.563
Depreciation of intangible fixed assets	-	3.626	3.626	2.832	4.240	7.072
Depreciation of investment assets	470.549	15.500	486.049	469.103	-	469.103
Rents & long-term operating leases expenses	1.762.633	-	1.762.633	1.602.156	-	1.602.156
Third party fees	846.466	817.672	1.664.137	1.752.493	610.514	2.363.007
Other	480.292	365.041	845.333	510.401	556.577	1.066.978
Total	**4.121.447**	**1.628.338**	**5.749.785**	**4.904.904**	**1.611.168**	**6.516.071**

23 Income tax

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	**31-Δεκ-05**	**31-Δεκ-06**	**31-Δεκ-05**
Year tax	1.469.114	1.826.187	1.195.077	783.911
Deferred taxation	361.969	(34.100)	247.018	109.598
Total	**1.831.084**	**1.792.087**	**1.442.096**	**893.508**

Note 29 includes a detailed table of the unaudited years of all consolidated companies.

24 Other income - expenses

All amounts in Euro.

	THE GROUP		THE COMPANY	
	31-Δεκ-06	**31-Δεκ-05**	**31-Δεκ-06**	**31-Δεκ-05**
Profit/(loss) from the disposal of investment assets	-	411.071	-	-
Rents	181.815	120.876	133.208	79.664
Other Profit/(Loss)	1.626.318	(218.523)	1.219.408	93.578
Total	**1.808.133**	**313.424**	**1.352.616**	**173.242**

€900,000 out of the total of €1,219,406 appearing in the "Other operating income / (expenses)" of the parent company's Profit and Loss Statement for the period, concerns expropriation income collected in the year, pursuant to FEK 151/2000.

In the Consolidated Profit and Loss Statement, the same account includes the amount of €1,626,318 that includes the above expropriation of the parent company, plus €624,109 that concerns expropriation income for a property of the "KANTZA COMMERCIAL SA" subsidiary, collected in the year, pursuant to FEK 1006/1996.

25 Profit per share

Basic earnings per share are calculated by dividing the net profit attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period, excluding owe common shares held by subsidiaries (own shares). In case the number of shares has increased due to the issue of free shares, the new number shall apply to comparatives as well.

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

	THE GROUP		THE COMPANY	
	31-Δεκ-06	**31-Δεκ-05**	**31-Δεκ-06**	**31-Δεκ-05**
Profit corresponding to shareholders (in €)	2.033.481	2.669.904	800.838	(937.324)
Weighted average number of common shares	39.610.265	39.610.265	39.610.265	39.610.265
Profit/(loss) after tax per share - basic (in €)	**0,0513**	**0,0674**	**0,0202**	**(0,0237)**

26 Dividend per share

The Board of Directors proposed for 2006 the allocation of a dividend of € 396,102.65, namely €0.01 per share, expected to be approved by the annual Ordinary General Shareholders Meeting in June 2007. These financial statements do not present the proposed 2006 dividend.

27 Existing obligations

All amounts in Euro.

The following amounts concern parent Company commitments for operating leases. The other Group companies have no obligations.

	THE COMPANY	
	31-Δεκ-06	**31-Δεκ-05**
Up to 1 year	584.784	576.584
1 to -5 years	3.294.091	3.200.075
Over 5 years	22.034.056	22.971.735
	25.912.931	**26.748.394**

28 Contingent liabilities

The Group's contingent liabilities pertain to bank and other guarantees and other matters arising in the ordinary course of business. Contingent liabilities are not expected to generate material charges

The Group's companies have no disputes under litigation or arbitration, nor are there any court or arbitration decisions that are likely to have a significant impact on the Group's companies' financial condition, except the pending court dispute between the "LOFOS PALLINI S.A." subsidiary and the City of Pallini before the State Council and the Athens Administrative Court of First Instance, regarding the amount payable as special contribution under Law 2947/2001, which, according to the City, rises to approx. €750,000. No provision has been made for this eventual obligation, charged to the years profit and loss, as the Company’s Management feels that the final outcome will be positive for the Company.

The competent Tax Authorities have not audited the tax returns for the years detailed below, and as a consequence, additional taxes and charges may be imposed after the audit and finalisation thereof. It is currently not possible to foresee the outcome of said Tax Audit, and therefore the financial statements do not include any relevant provisions.

COMPANY	Closing years	Closing Manner	Unaudited years
REDS S.A.	2005	Regular tax audit	1
PMS PARKING SYSTEMS S.A.	2002	Pursuant to Law3259/2004	4
LOFOS PALLINI S.A.	-	-	5
KANTZA COMMERCIAL S.A.	1998	Pursuant to Law3148/2003	8
YALOY COMMERCIAL & TOURIST S.A.	-	-	5
3G S.A.	2002	Pursuant to Law3259/2004	4

29 Related-party transactions

All amounts in Euro.

Sales / Purchases of goods and services	THE GROUP		THE COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Sales of goods & services to the parent company	-	-	-	-
Sales of goods & services to subsidiaries	-	-	871.849	-
Sales of goods & services to other associates	453.207	2.171.353	89.464	2.084.641
Purchases of goods & services from the parent company	197.441	-	151.015	-
Purchases of goods & services from subsidiaries	-	-	-	-
Purchases of goods & services from other associates	1.322.142	1.118.074	851.342	1.118.074
Receivables / Liabilities of Associates	**THE GROUP**		**THE COMPANY**	
	31-Δεκ-06	31-Δεκ-05	31-Δεκ-06	31-Δεκ-05
Receivables from the parent company	-	-	-	-
Receivables from subsidiaries	-	-	1.134.109	
Receivables from other associates	327.057	1.404.148	327.057	1.385.641
Liabilities to the parent company	19.544	20.900	19.544	19.608
Liabilities to subsidiaries	-	-	-	-
Liabilities to other associates	6.638.948	6.810.370	6.638.948	6.810.533
Officers' & Directors' transactions	**THE GROUP**		**THE COMPANY**	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Officers' & Directors' transactions & fees	678.570	2.112.645	601.835	415.112
Receivables from officers and directors	1.277.289	1.275.789	-	-
Liabilities to officers and directors	4.376	4.190	-	-

30 Other notes

- On 31.12.2006, Group employed 25 staff and Company 24, whereas on 31.12.2005, Group employed 27 staff and Company 25.

- On 28/07/2005, "REDS SA" signed an agreement with "LA SOCIETE GENERALE IMMOBILIERE ESPAGNE (LSGIE)", to sell 100% of the shares in subsidiary "KANTZA COMMERCIAL SA", at a total price of € 70 million. The transaction is expected to be completed at around the end of 2009 and is subject to the acquisition of the neighbouring property from "KANTZA PROPERTY DEVELOPMENT, MANAGEMENT & OPERATION S.A", and to obtaining all building licenses and approvals for the entire property in Kantza, Pallini.

- On 20/6/2006 a draft contract was signed for the sale of part of the property belonging to "YIALOU COMMERCIAL & TOURIST S.A." at the YIALOU Spata location, for a consideration of €13.4 mil. with MACARTHURGLEN HELLAS LTD. The final sale contract is conditional upon the issuing of the building license. The company will not recognise any income until the transaction is finalised.

- The Ordinary General Shareholders Meeting of "PMS PARKING SYSTEMS S.A." of 23/6/2006 decided on a Share Capital decrease of €122,400, through a drop in the share's face value from €1 to €0.66 in order to make an equal in amount write-off of past years' losses, appearing in the balance of the "Losses carried forward" account. The Ordinary General Meeting decision was approved by decision no. EM -14887/05.10.2007 of the Athens Prefecture.

- By virtue of decision no. EM 24400/16-11-2006, the Prefecture approved the General Shareholders Meeting decision of 11/10/2006 of "YIALOU COMMERCIAL & TOURIST S.A." that decided on the revocation of the Share Capital increase decision of €1,500,000, by virtue of decision of the Extraordinary General Meeting dated 10/5/2006, due to formality inadequacy as to the legal representation of the sole shareholder. Note that share capital reduction of said subsidiary did not follow, since, according to what was accepted by the GM of 11/10/2006 and by the Athens Prefecture, said share capital increase is considered as never having taken place.

31 Post balance sheet events

In February 2007, "CLH ESTATE S.R.L.", a 100% owned indirect subsidiary, purchased a plot of approx. 8,500 sq.m. in Baneassa location, Bucharest, Romania, where it intends to build a deluxe residential complex, with a total budget of approx €15 mil.

The Company's tax audit for years 2001 through 2005 was completed. The audit had been announced in the Interim Financial Statements of 30 September 2006. The additional tax and charges burden for the Company, rose to €570,457. With respect to the tax audit outcome, on 31/12/2006, the Company made a provision charging the year's profit and loss. Moreover, the company will make a relevant announcement until publication of the Annual Financial Statements.

Maroussi, 28 March 2007

CHAIRMAN OF THE BOARD	MANAGING DIRECTOR	GENERAL MANAGER & MEMBER OF THE BOARD	FINANCIAL MANAGER
DIMITRIOS KOUTRAS	ANASTASSIOS KALLITSANTSIS	IOANNIS MORAITIS	CHRISTOS ADAMOPOULOS
ID CARD NO. I-280654	ID CARD NO. Ξ434814	ID CARD NO. Ξ145767	OEE License no. 18385