



**R.E.D.S**  
REAL ESTATE DEVELOPMENT & SERVICES

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**REAL ESTATE DEVELOPMENT & SERVICES S.A.**

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**ANNUAL REPORT**  
**2007**

**Athens, May 2008**

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## 1. INFORMATION ON THE PREPARATION OF THE ANNUAL REPORT AND ON THE COMPANY'S AUDITORS

### 1.1. INFORMATION ON THE PREPARATION OF THE ANNUAL REPORT AND ON THE COMPANY'S AUDITORS

This Annual Report was prepared according to the provisions of the legislation in force and includes all information on the operation of "REDS-REAL ESTATE DEVELOPMENT & SERVICES S.A.", hereinafter referred to as the "Company". This Document contains all information and financial data necessary for the proper evaluation of the assets, financial condition, results and the prospects of the Company, by investors and their investment advisers.

All data included in this Annual Report appear as at 31 December, 2007, while respective data as at 31 December 2004 are also mentioned, when necessary.

Investors interested in additional information and want to consult the documents mentioned in the Annual Report may contact the Company during working days and hours, 25 Ermou str., Kifissia, 14564 (Mr Georgios Iliopoulos, tel 210-8184800), email: [reds@etae.com](mailto:reds@etae.com).

This Annual Report, as well as the Company's annual financial statements, the auditor's and the BoD reports are available on the Company's website, [www.reds.gr](http://www.reds.gr).

The persons responsible for the preparation of the Annual Report as well as for the accuracy of the data contained herein are:

- Mr. Anastassios P. Kallitsantzis, President of the Board of Directors of the Company, resident of Athens, 25, Ermou str., Kifissia, 14564, tel. 210-8184800.
- Mr. George Iliopoulos, Financial Manager, resident of Athens, 25, Ermou str., Kifissia, 14564, tel. 210-8184800.

The Board of Directors declares that all of its members have been informed of the content of the Annual Report, and together with the authors hereby certify that:

1. All information and data provided herein are complete and accurate.
2. There are no other figures, nor have any events taken place, whose non-disclosure or omission could render the figures and information contained in the Annual Report partly or totally misleading.
3. There are no pending legal proceedings or arbitrations against the Company or its participating interests, which could have a significant impact on their financial position, except for those stated in paragraph 1.2 herein.

The Company's financial statements for year 2006 were audited by certified auditor accountant Marios Psaltis (Reg. No. SOEL 38081) of PricewaterhouseCoopers Auditors SA, 268 Kifissias ave. Halandri 152 32. tel. 210-6874400. The auditors report on the Company's FY 2007 financial statements is included to the attached Appendix.

Tax authorities have audited the company up to year 2005, and therefore its tax obligations regarding the years 2006-2007 have not yet been finalised. The unaudited years of the Group's companies appear in the following table:

<b>COMPANY</b>	<b>Last audited year</b>	<b>Closing Manner</b>	<b>Unaudited years</b>
REDS S.A.	2005	Regular	2006-2007
PMS. PARKING SYSTEMS S.A.	2002	According to Law 3259/2004	2003-2007
LOFOS PALLINI S.A.	-	-	2002-2007

KANTZA COMMERCIAL S.A.	1998	According to Law 3148/2003	1999-2007
YIALOU COMMERCIAL & TOURIST S.A.	-	-	2002-2007
3G S.A.	2002	According to Law 3259/2004	2003-2007

## 1.2. Court and Arbitration Proceedings

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.

According to the Company's legal Counsel Ms Sofia Apostolou, on the financial statements preparation date, there are no actions or pending court cases against the Company or its subsidiaries that could possibly impact the financial condition or profitability, apart from the case described above.



## 2. INFORMATION ABOUT THE COMPANY

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### 2.1. General Information

The Company was incorporated in 1918 under the name "A. KAMBAS LIMITED WINE-MAKING, INDUSTRIAL, COMMERCIAL, REAL ESTATE & TOURIST COMPANY". By virtue of a decision of the Second Re-convened General Shareholders Meeting dated 30.07.2001, the company's name changed to "A. KAMBAS LIMITED HOLDINGS AND REAL ESTATE DEVELOPMENT COMPANY" with the trade name "A. KAMBAS REAL ESTATE S.A.". The Company's name change was approved by virtue of decision no. K2-11443/17-8-2001 of the Minister of Development.

At the First Re-Convened General Shareholders Meeting dated 20 February 2003, the Company's name changed again to:

**Name: "REDS - REAL ESTATE DEVELOPMENT & SERVICES S.A."**

**Trade name: "REDS S.A."**

This change was approved by decision no. K2-3082/14.03.2003 of the Minister of Development.

The Company has been registered at the Public Companies' Register of the Ministry of Development, reg.no. 13564/06/B/86/123. REDS S.A. is subject to Law 2190 –on Societes Anonymes, and to the respective decisions of the Boards of Directors of the Athens Stock Exchange and the Hellenic Capital Market Commission given that its shares are listed on the Athens Stock Exchange.

Initially, the Company's registered office was in the Municipality of Pallini, Attica. By virtue of Ordinary General Meeting decision of 24.06.1998, the Company was registered in the Municipality of Halandri, Attica. By virtue of a Regular General Meeting Decision of 30.06.1999, the Company relocated to the Municipality of Amaroussio, and by virtue of Extraordinary General Meeting decision of 04/01/2008, the company relocated again to the Municipality of Kifissia, 25, Ermou str.

The company's duration is set for fifty (50) years starting 26.09.1968.

The First Re-convened General Shareholders Meeting of 20 February 2003, amended the Company's object, which was approved by decision no.K2-3082/14.03.03 Decision of the Minister of Development and remains in force to this date as follows:

1. The Company's object is to:

- a. in any way participate, either through contributions or by acquiring company shares, in companies of any legal form, already existing or to be incorporated, in particular companies operating in real estate development and investment in securities.
- b. develop and operate real estates, elaborate designs, surveys and real estate development / operation business plans, monitor and evaluate plans for investing in real estates, elaborate financial and technical feasibility studies, provide scientific and technical support to third parties, as well as provide development and management services of the company's or third parties' real estates.
- c. assume the technical management, planning, entry into operation (Project Management) and execution of technical projects.

2. To fulfil its mission, the company may:

- a. Provide guarantees in favour of the companies it participates in or is in any way associated with, providing all kinds of contractual or real collateral.
- b. Develop any and all related activities, in any way participate in and cooperate with companies or any type of private person or legal entity, in Greece or abroad, incorporate other companies, acquire or represent company rights, privileges etc and in general conduct all activities enhancing and complementing its object of business.

- c. Incorporate branch offices in other cities in Greece or abroad.
- d. Expand its activities outside Greece as well.

Based on the above, the Company's Greek Statistical classification of Economic activities codification (STACOD) is as follows:

- 701.1 Development and sales of real estate property;
- 741.4 Development and management services of legal entities' property;
- 701.2 Sales and purchase of privately-owned real estates;
- 702.0 Leasing of privately-owned real estates;
- 452.1 Construction of buildings and technical projects;
- 703.2 Management of real estate property against a fee or based on a contract;
- 742.0 Architect and engineer activities, including related technical consultant service provision activities.

It is underlined that the aforementioned Company's Greek Statistical classification of Economic activities codification applies as of the relevant decision of the First Re-Convened General Shareholders' Meeting dated 20.02.2003 amending the Company's object.

Interested parties may consult the documents concerning the Company and referred to in this Annual Report at 25, Ermou str, Kifissia.

## 2.2. Brief Background

The Company was established in 1918, and the company's shares were listed in the Athens Exchange in 1920. The Company's initial object was to produce and market vine products. In 1932, the Company was placed under the control of the National Bank of Greece.

In September 1991, in the framework of the company's restructuring, "I. BOUTARIS & SON HOLDING S.A." acquired 67% of the Company's shares, with the aim to exploit its wine-making activity and develop its significant real estate property. At the same time, the Company expanded in marketing beer and other products produced by the Group. However, the adverse conditions prevailing in the wine market at the time, resulted in loss accumulation and excessive Company debt. Moreover, lack of urban planning arrangements in the area of the Company's real properties, also caused delays in the development of said property, a fact that did not enable the improvement of its financial figures.

In May 1997, an agreement was reached to sell 67% of the Company's shares owned by "I. BOUTARIS & SON HOLDING S.A." to "MESOGAIA HOLDING S.A.", and for the Company to enter a "Creditors' Agreement", under article 44, Law 1892/90, ratified by the competent Athens Court of Appeals, by virtue of decision No. 7072/24.07.97. The Article 44 Agreement accompanied by a share capital increase, enabled full payment of all the Company's liabilities, which ultimately led to its gradual restructuring.

In year 2000, "MESOGAIA HOLDING S.A.", merged by absorption with "TEV S.A.", a subsidiary of the "ELLINIKI TECHNODOMIKI A.E." group, that then became the Company's major shareholder. After the merger by absorption of "TEV S.A." with "ELLINIKI TECHNODOMIKI A.E." in July 2002, the new company "ELLINIKI TECHNODOMIKI TEV A.E." that resulted, is now the Company's major shareholder.

Utilisation of the Company's privileged Real estate property has for all these years been the Management's primary objective..

In 2002, the Company acquired 100% of the shares of "REDS S.A. REAL ESTATE DEVELOPMENT SERVICES", active in the provision of real estate development services. Moreover, in July 2002, it also acquired 100% of the

shares in "TECHNO S.A." from "ELLINIKI TECHNODOMIKI A.E.". TECHNO SA was the owner of VESOMARE Entertainment Park in Patras, successfully operating since November 2001. At the time, said company was in the process of finalising the issue of building licenses for the construction of a second similar park, to be named Escape Center, at Ilion, Attica. Moreover, the company held 67% of the shares in "LOFOS PALLINI S.A.", owner of the land plot used for the model complex of 202 residences in Pallini, Attica; the said complex served as the "Media Village" during the 2004 Olympic Games.

Through the above holdings, REDS S.A. (formerly KAMBAS), extended its business activities and acquired significant assets.

By virtue of a decision of the Second Re-Convened General Shareholders' Meeting dated 23.07.2002, the Company made a new amendment to its object, so as to include activities of its subsidiaries REDS S.A. and TECHNO SA. In particular, the Company's work object also extended to include the provision of real estate development services and the management and implementation of projects.

By virtue of Board of Directors decision dated 30.08.2002, REDS S.A. (formerly KAMBAS) decided to merge by absorption with its fully owned subsidiaries TECHNO SA and REDS S.A. The merger was carried out according to the provisions of articles 68 paragraph 2 and 78, Law 2190/1920 and 1 to 5, Law 2166/1993, was completed in December 2002 and was approved by decision no. K2-17046/24.12.2002 of the Minister of Development.

As of year end 2002, via its merger by absorption with "TECHNO SA", the Company has become owner of 67% of the shares in "LOFOS PALLINI S.A.". In its Financial Statements prepared according to the International Financial Reporting Standards, the Company has recognized a provision to cover the obligation to buy 33% of the shares in the above subsidiary held by OTE (the Greek Telecommunications Organisation), against a minimum purchase consideration stipulated in the Shareholder Cooperation Agreement dated 28/2/2002. As a result of the above provision, "LOFOS PALLINI S.A." is consolidated at 100%.

On 12/07/2005 the Company acquired 50% of the share capital of "3G S.A." for the total consideration of Euro 10.770. On 30/9/2005 the Company included the above company in its Consolidated Financial Statements for the first time, using the proportional consolidation method.

On 10/11/2006, in the framework of expanding its activities the Company acquired 100% of the shares in the Cyprus-based company KARTEREDA HOLDING LIMITED, for € 1000. The company intends to participate in other companies as well and to develop activities abroad. Then, "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. On 31.12.06 the Company included the above companies in its Consolidated Financial Statements for the first time, using the full consolidation method.

In April 2007, the Company acquired 100% of the Share Capital in "CORREA HOLDINGS LTD", registered in Cyprus. This company's object is to participate in other companies as well and to develop activities abroad. Then, said company acquired PROFIT CONSTRUCT SA (later converted to SRL), registered in Bucharest. The company's object is to operate in the Real Estate sector of the Romanian market. On 30.06.07 the Company included the above companies in its Consolidated Financial Statements for the first time, using the full consolidation method.

In September 2007, the Company participated in the setting up and the subsequent share capital increase of ATHENS METROPOLITAN EXPO SA, with a stake of 11.67%.

### 2.3. Information on the Company's Activities

Following the discontinuation of its viticulture activities and the completion of the Company's restructuring processes, business object was limited to elaborating the necessary designs to complete the process of integrating the real estate properties in Kantza, Pallini and Yialou, Spata, in the urban plan, prioritising the Kantza property, and to planning the commercial development of said properties in partnership with foreign companies.

Besides, by acquiring 100% of the shares of KANTZA COMMERCIAL SA and YIALOU COMMERCIAL SA in 2000 and 2001, respectively, and by transferring its real estate properties in Kantza, Pallini and Yialou, Spata, to the above same-named subsidiary companies respectively, the Second Re-Convened General Meeting dated 31.07.2001 decided to change the Company's object and name. Its object was defined as investments in securities, holdings in companies of all legal forms, in particular companies operating in real estate development, management and operation, including the management and operation of the Company's or third parties' real property.

The above changes were approved by decision no. K2-11443 / 17.08.2001 the Minister Development.

In view of the absorption of subsidiaries REDS SA and TECHNO SA, the company's Second Re-Convened General Shareholders' Meeting once again amended its object, by virtue of decision dated 23.07.2002, so as to also include Real Estate Development Consultant services and the management and implementation of real estate development projects.

The above change was approved by virtue of decision no. K2-10903/21.08.02 of the Minister Development.

The company's object was once again emended by virtue of decision dated 20.02.2003 of the First Re-Convened General Shareholders' Meeting, so as to include development and operation of real estate properties, provision of real estate development and management services and technical management and administration of technical projects' execution.

This change was approved by decision no. K2-3082/14.3.2003 of the Minister of Development.

In the context of the above scope of business, the company constructed two entertainment centres; "VESOMARE" in Patras, in operation since November 2001, and "ESCAPE" in Ilion, Attica, in operation since December 2003. The Company operated the two centres until 16/06/2007, when they were sold to companies managed by the HENDERSON house, for a total consideration of €40.5 mil.

Further to the above sale, the Company also signed a preliminary agreement with the same above house regarding 100% of the shares in subsidiary "YIALOU COMMERCIAL & TOURIST S.A.", for an estimated consideration of €70 mil. The deal is expected to become final following completion of construction and start of operations of the "Business Park", that the company will develop on part of its property in the Yialou, Spata location.

Moreover, in the context of its building construction and technical projects activity, the company has been awarded the contract for the construction of a private residential technical project of subsidiary "LOFOS PALLINI SA". As at 31.12.2007, all 202 residences in the "LOFOS EDDISON" residential complex of subsidiary company "LOFOS PALLINI" situated in Pallini, Attica, had been sold.

The Company is in the final construction stage of the 28 houses of the residential complex called "Ampelia", on a privately owned land of 7,780 sq.m. at the "Trigono Kamba" location in Kantza, Attica. House sales started in 2008.

Moreover, it has purchased a 7,621 sq.m. plot in the Athinon ave. area (Akadimia Platonos), close to the new Athens Stock Exchange premises. The building license issuing procedure for the development of a 19,000 sq.m. office building with 380 parking places and a budget of approx. €45 mil., is underway, and expected to be completed within the first half of 2008.

In June 2007, the Company signed a preliminary purchase agreement for a 6,500 sq.m. plot at a central location in the Municipality of Elefsina. The company intends to develop the site by constructing a commercial use building, with a total rental space surface of 9,400 sq.m., including an underground car park.. The purchase is expected to be finalised within 2009, following completion of the inclusion in the town plan procedure.

In February 2007, the Company penetrated the Romanian real estate market by purchasing an 8,500 sq.m. plot in Baneasa Lake in Bucharest, via its associate "CLH ESTATE S.R.L.". A luxury residential complex of 73 houses will be constructed on the plot, with an approximate budget of € 17 million. Licenses have been issued and work commenced in April 2008. Construction is expected to last two years.

The Company now owns a plot of 8,016 sq.m. in Spaiul Unirii at the centre of Bucharest, through purchases made in August 2007 by associate "PROFIT CONSTRUCT SA" and the acquisition of "DAMBOVITA ESTATE SRL" by the former in February 2008. The plot will be used for the construction of a residential and business complex, with a total budget of approx €56 mil.

ATHENS METROPOLITAN EXPO SA, in which REDS SA has an 11.67% stake, was awarded a concession contract to develop and operate the new Exhibition & Conference Centre (50,000 sq.m. total surface) that will be constructed at the Athens International Airport facilities.

In 2007, the company participated in tenders for real estate development, management and operation projects.

The Company provides its subsidiaries, and other companies, design, leasing, sales and project management, real estate property management and urban planning development services.

The Company's business does not rely on patents, industrial, commercial or financial contracts or new methods of construction.

#### 2.4. Major Company Contracts with associates

The following is a list of the major contracts between Group companies, completed or still underway in 2007, as well as the main terms thereof:

##### **Contract between AKTOR and REDS for Phase 1 of the "Trigono Kamba" residential project.**

Contract dated 21.07.2006 between AKTOR and REDS stipulates that the former undertakes to implement phase 1 of the "Trigono Kamba" project for the construction of 5 two-storey residences in Kantza.

The amount of the contract, that was completed in 2007, rose to €1,150,000.

According to the contract, for every day of delay beyond the contractual deadline by fault of the Contractor, Contractor shall be obliged to pay €6,000 as penal clause. The contract can be terminated in case of breach of Contractor obligations, even without Contractor liability, in which case, Contractor shall be paid for work performed, project materials and all expenses incurred until the date of termination.

##### **Service Contract between REDS and LOFOS PALLINI**

According to the contract with LOFOS PALLINI dated 02.04.05, REDS undertakes to provide project supervising, sales support and administrative support services.

The contract's term expired on 31.12.2006, and its value rose to €501,712.94.

On 01.01.07 the Company signed a new contract until 31.12.2007, to provide sales support services, whose value amounted to 3% of the value of sales contracts concluded in 01/01-31/12/07, and administrative support services worth €120,000.

On 02.01.2008 a new contract was signed for the provision of administrative support services, with a one-year term, namely until 21.12.2008. The contractual amount is € 100,000.

In case of breach of any of the Contract's terms, a fair deadline is stipulated for compliance on the contracting parties' part, otherwise the non-liaible party shall be entitled to terminate the contract and claim any loss caused by the termination.

#### **Business premises leasing contract from ELLINIKI TECHNODOMIKI TEB to REDS**

ELLINIKI TECHNODOMIKI TEB owns an office building on 39 Akakion & Monemvasias St. in Maroussi and leases out the 1<sup>st</sup> and 2<sup>nd</sup> floors and part of the basement to REDS.

The contract was signed on 10.05.04 and has been modified to indefinite term contract, valid for 12 years according to par. 1 of article 5 of P.D. 34/1995 as replaced by par. 6 subparagraph 1 of Law 2741/1999. Said contract expired on 1.12.2007, when the monthly lease payment amounted to €9,943.

On 20.11.2007, the Company concluded a new Lease Contract with ELLINIKI TECHNODOMIKI TEB AE, owner of the office building on 25, Ermou str., N. Kifissia, regarding the lease of the ground and 3<sup>rd</sup> floors. This contract's term was set at 9 years plus one month, expiring on 31.12.2016. The monthly rent amounts to €13,578.

In case of violation of any of the Lease Contract's terms, the deposit (one month's rent) shall forfeit to the lessor, and all rent amounts until expiry of the contract shall become due and payable, while the Lessor also reserves any other right for compensation.

#### **Service contract between REDS and KANTZA COMMERCIAL SA**

The contract dated 29.12.05 between REDS and KANTZA COMMERCIAL regards the provision of support services in the submission of an urban planning proposal for a property belonging to the subsidiary and the legal status to which this proposal could be included, as well as administrative support.

The contract is valid until 30.07.2008 and it amounts to €696,000.

#### **Service contract between REDS and YIALOU COMMERCIAL & TOURIST**

The contract dated 29.12.05 between REDS and YIALOU COMMERCIAL & TOURIST SA concerns the provision of support services for integration of a property belonging to the subsidiary and situated in the Yialou area, Municipality of Spata, in the town plan, the arrangement of pending urban planning matters, the search for parties interested in leasing or purchasing parts of the property, as well as administrative support for the company.

The contract was valid until 30.03.2007 and it amounted to €381,000.

On 1.4.2007, the Company concluded a new contract expiring on 31.03.2008, regarding continuation of the services referred to in the old contract, plus expansion of the scope to town planning services for expansion, promotion, monitoring and co-ordinating actions to issue a building license for the "Yialou Business Park - Municipality of Spata", the amount of which rose to €410,500.

On 19.10.2007, the Company, and subsidiary YIALOU COMMERCIAL & TOURIST S.A., signed a Project Contract to the amount of €50,000, regarding the performance of trial excavations at the subsidiaries plots in

Yialou, Spata, under the supervision of the Antiquities Board. On 21.12.2007, the above Contract was extended until 31.03.2008 and to the amount of €150,000, due to the need to continue works because of additional findings.

All the above contracts have been issued at the usual market terms.

## 2.5. Investment Programme

The Company Group's most important investments mainly concern "Investments in real estate".

### Investments in tangible assets (real property)

The following table presents the most important investments in tangible assets, made by REDS and its subsidiaries during the period 01.01-31.12.2007, and appearing in the "Investments in real property" account:

No	Company	Description of investment	Amount (in € thou.)	Financing
1	PROFIT CONSTRUCT SRL	Plots at the Splaiul Unirii location in Bucharest with total surface area of 6918 sq.m.	11.170	Loans
2	CLH ESTATE S.R.L.	Plot at the Baneasa area, Bucharest, 8500 sq.m.	4.538	Loans
3	REDS SA	Expenses related to designs and licensing of the plot at Akadimia Platonos	309	Equity Capital
4	YIALOU COMMERCIAL S.A.	Expenses relating to urban planning of the property in Yialou, Spata, and the building license	728	Equity Capital
	<b>Total</b>		<b>16.745</b>	

The following table presents the group's most important properties, appearing in the "Investments in real property" account, with carrying amount as at 31.12.07 of € 101.641 thousand .

Company	Asset Description	Area (sq.m.)	Acquisition cost (in €th.)	Carrying amount (in €th.)
REDS SA	Plots in Akadimia Platonos	7,621 sq.m.	11.160	11.160
	Plot in Bogiati	672 sq.m.	6	6
	Parcels Yialou-Spata	10,636.32 sq.m.	638	638
	Parcels Kantza -Pallini	15,682.60 sq.m.	160	160
	Trigono KAMBA	5,739 sq.m.	1.148	1.148
	Villa "Kamba" (listed building)	620 sq.m.	310	248
KANTZA COMMERCIAL S.A.	Parcels in Pallini, Attica (1)	265,045 sq.m.	37.130	37.130
	Buildings on a plot in Pallini Attica (1)	8,018 sq.m.	2.883	2.341
YIALOU COMMERCIAL & TOURIST SA	Parcels in Spata Attica(2)	38,842 sq.m.	2.387	2.387
	Plot in Yialou Spata Attica (2)	132,987 sq.m.	30.841	30.841
CLH ESTATE S.R.L.	Plot in Baneasa, Bucharest	8,500 sq.m.	4.538	4.538



PROFIT CONSTRUCT SRL	Plot in Splaiul Unirii, Bucharest (4)	6,918 sq.m.	11.108	11.044
<b>TOTAL</b>			<b>102.309</b>	<b>101.641</b>

Notes:

*(1) KANTZA COMMERCIAL S.A., which is consolidated in the financial statements of REDS as a fully owned subsidiary, owns parcels in Kantza, Pallini, with a total area of 264,045 m<sup>2</sup>, which have been allotted uses and construction terms according to the Presidential Decree on the Messogia ZOE (Residential Control Zones). These parcels consist of more than 11 individual segments, separated by roads, following expropriations for the construction of the Attiki Odos Motorway. All the above segments are part of the same property and are adjacent. An individual segment covering an area of 87,527 m<sup>2</sup> includes the old buildings of the former Kambas factory, with a total area of 8,018 m<sup>2</sup>, which are listed.*

*(2) The investment properties of subsidiary «YIALOU COMMERCIAL & TOURIST S.A.» were valued at fair value in 2004 according to Law 3229/2004. A property of the company with a total area of approximately 133,000 m<sup>2</sup> in the Yialou area, was revalued as it was integrated in the town plan, according to Government Gazette No 319/Δ/2005 which approved the urban planning study of the "Yialou Business Park– Municipality of Spata". In April 2007, the total area of approximately 173,000 m<sup>2</sup>, owned by the company was revalued to €41.9 mil. over €33.2 mil. included and presented in the 2006 Financial Statements, under the "Investment Properties" account according to IAS 40.*

Please note that in 2004, the plots and buildings of REDS SA and its subsidiaries were adjusted at fair value, following valuation pursuant to Law 3229/2004.

#### Investment in Holdings

In April 2007, the Company acquired 100% of the Share Capital in "CORREA HOLDINGS LTD", registered in Cyprus. The company intends to participate in other companies as well and to develop activities abroad. Then, said company acquired PROFIT CONSTRUCT SA (later converted to SRL), registered in Bucharest. The company's object is to operate in the Real Estate sector of the Romanian market.

In September 2007, the Company participated in the setting up and the subsequent share capital increase of ATHENS METROPOLITAN EXPO SA, with a stake of 11.67%.

#### Investment under development

In 2006 the Company purchased a 7.621 sq.m. plot in the Athinon ave. area (Akadimia Platonos), close to the new Athens Stock Exchange premises. 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. €45 mil., is underway, and expected to be completed within the first half of 2008.

As already mentioned, in 2007, the company purchased two more plots in Romania, through its subsidiaries.

In Baneasa, Bucharest, licensing has been completed, and construction work has begun on the residential complex that will feature 73 houses with a total built-up area of 10,000 sq.m.

Following acquisition in early 2008 of DAMBOVITA ESTATE SRL, the company now owns an 8,016 sq.m. plot in Unirii, at the Bucharest city centre. The plot will be used for the construction of a mixed-used complex, with a total built-up area of 32,000 sq.m.

Subsidiary YIALOU EMPORIKI is in the process of issuing the relevant licenses for construction of a Business Centre in Yialou, Municipality of Spata. The company is also in search of tenants to occupy the Business Centre's available spaces. The investment's commercial value is estimated at approx. 85 million.

## 2.6. Fixed Assets - Facilities

### **Intangible Assets**

REDS Group intangible assets as at 31.12.2007 rose to € 38.19 thousand, and exclusively concern software programmes.

### **Owned Properties – Building Facilities**

The company's owned property appear in the "Investments in real property" account and are broken down in para. 2.5.

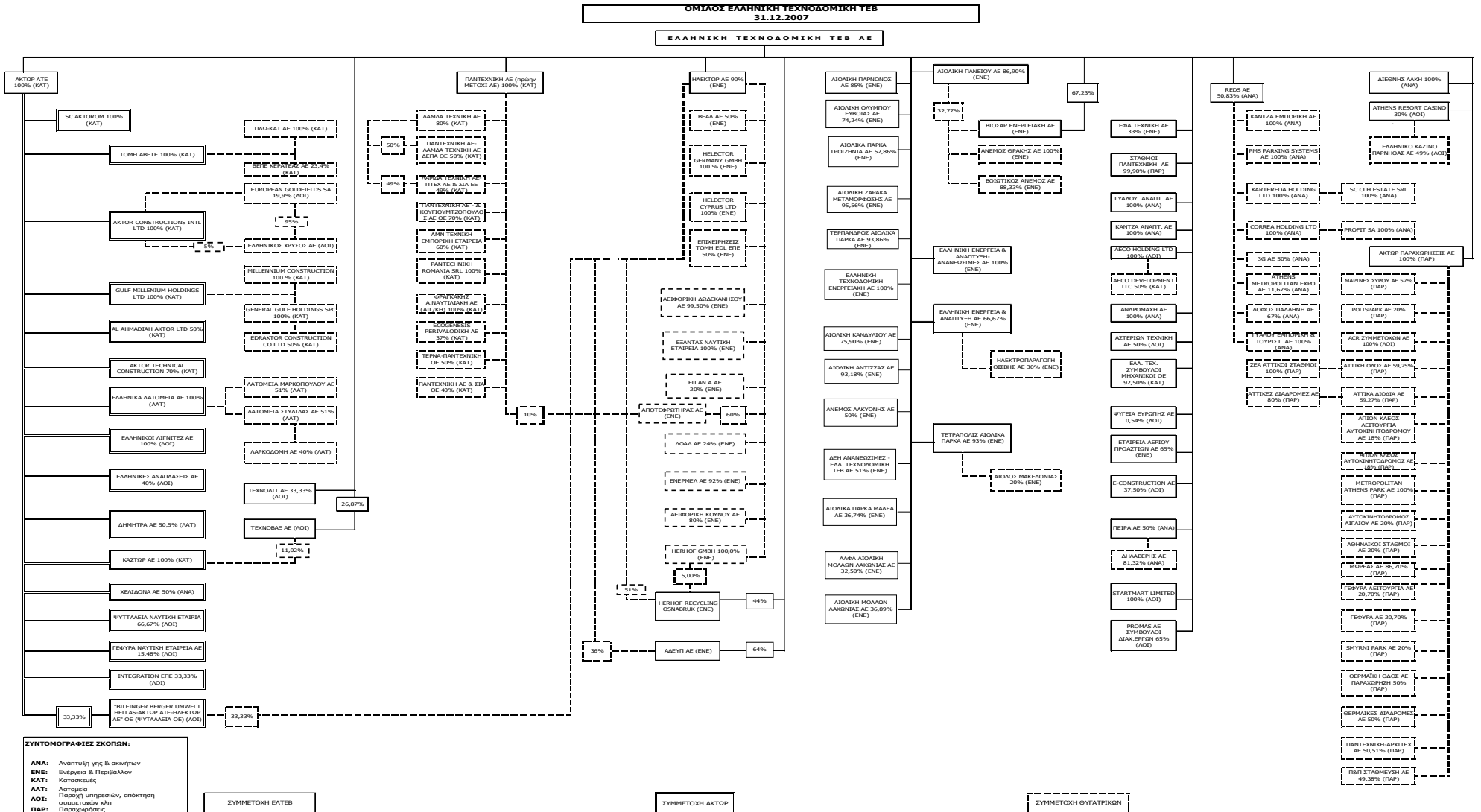
### **Other assets**

REDS Group other assets as at 31.12.2007 rose to € 272.00 thousand, and exclusively concern office equipment and computers. .

### **Real Encumbrances on the Group's Fixed Assets**

There are no real encumbrances on the Group's Fixed Assets

## 2.7. Organisational Structure



REDS forms part of the ELLINIKI TECHNODOMIKI TEB AE Group. On 31.12.2007, the latter had a 50.83% stake in REDS, while on 27.03.2008 (approval date of the company's financial statements) that stake was 51.14%. REDS is consolidated in the financial statements of ELLINIKI TECHNODOMIKI TEB AE.

## 2.8. Significant Changes in the Company's Financial or Commercial Standing

No material change has occurred in the group companies' financial or commercial standing, affecting equity capital, loan liabilities and cash available, from the preparation date of the 31.12.2007 financial statements to date, except the loan contracts that the group has concluded in the context of usual business activities, whose disbursed funds were primarily used to expand the company and acquire real property in the Romanian market. As at 31.03.2008, the amount disbursed by virtue of the above loan contracts rose to €913,961.

## 2.9. Dividend Policy

The Board of Directors proposed for 2007 the allocation of a dividend of € 2,376,615.90, namely €0.06 per share, expected to be approved by the annual Ordinary General Shareholders Meeting, on 30 June 2008. The proposed dividend for 2007 does not appear in these financial statements..

The dividend policy that the Company has followed from 2006 onwards, largely depends on its financial condition, and specifically the successful implementation of the Investment plan.

In any case, the dividend policy that the Company will adopt, will comply with the provisions of Law 2190/1920, namely allocation to the shareholders of at least 35% of its net profit, or 6% of its share capital, whichever is higher.

### 3. INFORMATION ON THE COMPANY'S PARTICIPATIONS

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The following table presents REDS' participations as at 31.12.2007:

REDS GROUP PARTICIPATIONS as at 31.12.2007			
no.	COMPANY	REG. OFFICE	particip. %
1	YIALOU COMMERCIAL & TOURIST S.A.	GREECE	100,00
2	KANTZA COMMERCIAL S.A.	GREECE	100,00
3	LOFOS PALLINI S.A. (1)	GREECE	67,00
4	PMS PARKING SYSTEMS AE	GREECE	100,00
5	3G SA	GREECE	50,00
6	KARTEREDA HOLDINGS LIMITED	CYPRUS	100,00
7	CLH ESTATE S.R.L.	ROMANIA	100.00 Indirectly
8	CORREA HOLDINGS LIMITED	CYPRUS	100,00
9	PROFIT CONSTRUCT S.R.L.	ROMANIA	100.00 Indirectly
10	ATHENS METROPOLITAN EXPO SA	GREECE	11,67

*(1) In its Financial Statements according to the International Financial Reporting Standards, the Company has recognized a provision to cover the obligation to buy 33% of the shares in the above subsidiary held by OTE (the Greek Telecommunications Organisation), against a minimum purchase consideration stipulated in the Contract dated 28/2/2002. The provision amounts to €18.3 million and has increased REDS's investment cost in said subsidiary, now consolidated at 100%.*

Apart from the companies mentioned above, REDS does not participate (by majority or minority holding) in any other company of any form, nor has a joint management or joint holding relationship with any other company, nor are there any majority control or body nomination contracts with any company.

The direct or indirect participations of the Company whose book value represents at least 10% of the consolidated equity or whose results contribute at least by 10% to the Group's consolidated net profit or loss are:

#### 3.1. KANTZA BUSINESS ACTIVITIES & DEVELOPMENT SA

The company was established in 1993. It is registered in Kifissia and headquartered at 25, Ermou str. The company's registration number with the companies' register is 28943/01AT/B/93/2049, and has a term of 51 years. On 18/07/2006 decision 15223 of the Athens Prefecture approved the amendment of the company's name and object.

Object of the company:

- 1) To develop and operate, in any way, real property owned by the company or third parties, especially through the creation of an organised business activity development area in Kantza, Pallini.
- 2) To manage company owned or third party real property.
- 3) To elaborate real property designs and development plans, construct buildings using any method, and operate them.

- 4) To provide technical consultancy services in elaborating urban planning development designs, to undertake the technical management, implementation and commissioning of technical projects.
  - 5) To finance plans, projects and programs relative to the activities under 1, 2 and 3 above.
  - 6) To perform investment activities in Greece and abroad.
- To participate, in any way, in companies of any legal form, operating in real estate development.

The Company's Board of Directors consists of the following persons:

- Anastasios Kallitsantis, Chairman & Managing Director
- Georgios Sosidis, Vice Chairman
- Ioannis Moraitis, Member
- Dimitrios Koutras, Member
- Theodoros Papadopoulos, Member

The Board's term of office shall expire on 20.06.2012.

The Company's share capital currently amounts to €43,496,700, divided into 1,482,000 common unregistered shares at a par value of €29.35. Shareholder composition follows:

SHAREHOLDERS		
	No. of Shares	%
REDS S.A.	1.482.000	100,0%
<b>Total</b>	<b>1.482.000</b>	<b>100,0%</b>

Major company financial figures for years 2006-2007:

(in thousand €)	2006	2007
Investments in real property	41.289,61	41.154,61
Current Assets	907,27	970,69
Total Assets	42.210,04	42.124,79
Share Capital	43.496,70	43.496,70
Total Equity Capital	42.014,11	41.897,57
Current Liabilities	195,94	220,43
Turnover	-	-
Gross Profit	-	-
Results before taxes	473,33	(96,59)
Results after taxes	446,98	(116,54)

The company is being consolidated in the financial statements of REDS S.A., since 2000 (31.12.2000).

### 3.2. YIALOU COMMERCIAL & TOURIST S.A.

The company was established in 2001. It is registered in Kifissia and headquartered at 25, Ermou str. The company's registration number with the companies' register is 49583/01AT/B/01/287, and has a term of 50 years.

Object of the company:

- To develop all kinds of commercial and tourist activities

- To manage and operate, in any way, company or third party real property
- To elaborate market research studies in the area of real estate

To carry out its object, the company may develop all related activities, purchase or invest in real estate, participate in and associate with companies or any kind of private person or public entity in Greece or abroad, establish other companies, obtain or represent company rights, privileges etc and in general perform all activities enhancing and complementing its object.

The Company's Board of Directors consists of the following persons:

- Anastasios Kallitsantsis, Chairman & Managing Director
- Georgios Sosidis, Vice Chairman
- Ioannis Moraitis, Member
- Dimitrios Koutras, Member
- Theodoros Xenidis, Member

The Board's term of office shall expire on 22.06.2009.

The Company's share capital currently amounts €33,486,000.00, divided into 33,486,000 common unregistered shares at a par value of €1.00.

Shareholder composition follows:

<b>SHAREHOLDERS</b>		
	<b>No. of Shares</b>	<b>%</b>
REDS S.A.	33.486.000	100,0%
<b>Total</b>	<b>33.486.000</b>	<b>100,0%</b>

The company has been consolidated in the parent company REDS SA's financial statements since year 2001. The company closed its first year on 31.12.2002. Major company financial figures for years 2006-2007, follow:

<b>(in thousand €)</b>	<b>2006</b>	<b>2007</b>
Investments in real property	32.467,57	33.195,88
Current Assets	4.239,49	3.873,59
Total Assets	36.960,70	37.306,03
Share Capital	33.486,00	33.486,00
Total Equity Capital	31.929,24	31.972,17
Current Liabilities	5.031,46	5.333,87
Turnover	-	-
Gross Profit	-	-
Results before taxes	(138,45)	61,22
Results after taxes	(106,84)	42,93

### 3.3. LOFOS PALLINI S.A.

The company was established in 2001. It is registered in Kifissia and headquartered at 25, Ermou str. The company's registration number with the companies' register is 50357/01AT/B/01/451, and has a term of 20 years.

Object of the company:

a) Residential development of a 121,130 sq.m. company-owned property in Pallini, Attica, to be used as the Media Village during the 2004 Olympic Games, and concession for use to the "Athens 2004 Organising Committee for the Olympic Game", and subsequent conversion into residences for commercial use, after the end of the 2004 Olympic Games.

b) To develop, manage and operate the aforementioned real property or horizontal or vertical ownerships to be established thereon, belonging to the Company or third parties.

To carry out the aforementioned object, the Company may:

a) participate in existing Companies or companies under establishment, and associate with natural persons or legal entities pursuing goals similar or related to the goals pursued by the company, purchase or acquire or lease real properties, obtain or represent company rights, privileges etc, as well as conduct all other activities leading to the fulfilment of its goals.

b) Establish branch offices in other cities in Greece or abroad.

c) Expand its activities outside Greece as well.

d) Purchase shares of Companies pursuing similar or different goals which are listed in the Athens Stock Exchange, or not.

e) Conclude loans, accept personal or other collateral, assume obligations, issue bills of exchange, notes in order of, cheques, bonds or debentures or other securities or stock on behalf of the Company.

f) Undertake all related commercial or other activities and perform all material actions or activities directly or indirectly connected to the scope of the Company or directly or indirectly aiming at fulfilling the Company's mission.

The Company's Board of Directors consists of the following persons:

- Anastasios Kallitsantsis, Chairman
- Ioannis Panagiotidis, Vice Chairman
- Theodoros Papadopoulos, Managing Director
- Loukas Giannakoulis, Member
- Ioannis Koutras, Member
- Alexandra Papadeas, Member

The Board's term of office shall expire on 18.05.2008

The Company's share capital currently amounts €13,318,183.15, divided into 4,545,455 common unregistered shares at a par value of €2.93. Shareholder composition follows:

<b>SHAREHOLDERS</b>		
	<b>No. of Shares</b>	<b>%</b>
REDS S.A.	3.045.455	67,0%
OTE SA.	1.499.850	32,9967%
OTE ESTATE SA	150	0,0033%
<b>Total</b>	<b>4.545.455</b>	<b>100,0%</b>

The company is being consolidated in the financial statements of REDS S.A., since 2002.

In its Financial Statements according to the International Financial Reporting Standards, the Company has recognized a provision of €18.3 mil. to cover the obligation to buy 33% of the shares in the above subsidiary held by OTE (the Greek Telecommunications Organisation), against a minimum purchase consideration stipulated in the Contract dated 28/2/2002. As a result the company is consolidated at 100%.

The company closed its first year on 31.12.2002. Major company financial figures for years 2006-2007, follow :



<b>(in thousand €)</b>	<b>2006</b>	<b>2007</b>
Tangible assets	71,47	68,04
Current Assets	22.076,95	21.917,21
Total Assets	22.148,85	21.985,25
Share Capital	13.318,18	13.318,18
Total Equity Capital	21.310,78	21.889,72
Non-current liabilities	1,71	-
Current Liabilities	836,35	95,53
Turnover	7.097,50	2.990,97
Gross Profit	1,535,34	566,10
Results before taxes	838,44	776,33
Results after taxes	582,60	578,94

#### 3.4. INTRACOMPANY TRANSACTIONS

The following tables present the most significant intra-company transactions for year 2007 and intra-company receivables-liabilities balances as at 31.12.2007.

INTRA- COMPANY TRANSACTIONS 1.1. - 31.12.2007 in €

BUYING COMPANY

Amount in €	ELLINIKI TECNODOMIKI TEB	AKTOR SA	REDS SA	LOFOS PALLINI SA	YIALOU COMMERCIAL SA	YIALOU DEVELOPMENT SA	3G SA	KANTZA COMMERCIAL SA	PMS SA	MOTORWAY SERVICE STATIONS SA	KANTZA SA	ELLINIKI TECNODOMIKI ENERGY	HELLAS GOLD SA	HELECTOR	DIETHNIS ALKI SA	TOMI SA	TOTAL
<b>SELLING COMPANY</b>																	
ELLINIKI TECNODOMIKI TEB			202.016	82	10.349					13.242					599		226.288
AKTOR SA			526.758														526.758
REDS SA				214.876	435.240	11.164		26.121	5.905	5.116	10.044	37.650	5.740		74.121		825.978
LOFOS PALLINI SA			451														451
YIALOU COMMERCIAL SA																	0
YIALOU DEVELOPMENT SA																	0
3G SA										393.227							393.227
KANTZA COMMERCIAL SA																	0
PMS SA																	0
MOTORWAY SERVICE STATIONS SA																	0
KANTZA SA																	0
ELLINIKI TECNODOMIKI ENERGY																	0
HELLAS GOLD SA																	0
HELECTOR																	0
DIETHNIS ALKI SA																	0
TOMI SA			6.708														6.708
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>735.932</b>	<b>214.958</b>	<b>445.589</b>	<b>11.164</b>	<b>0</b>	<b>26.121</b>	<b>5.905</b>	<b>411.585</b>	<b>10.044</b>	<b>37.650</b>	<b>5.740</b>	<b>0</b>	<b>74.720</b>	<b>0</b>	<b>1.979.409</b>

The above transactions mostly concern:

- Transactions between ELLINIKI TECHNODOMIKI TEB and REDS mainly concern leasing of the office premises belonging to the former.
- Transactions between AKTOR and REDS mostly concern property construction contract expenses.
- Transactions between REDS and LOFOS PALLINI mostly concern services contracts expenses (as per article 2.4, above).
- Transactions between REDS and KANTZA COMMERCIAL mostly concern services contracts expenses (as per article 2.4, above).
- Transactions between REDS and YIALOU COMMERCIAL mostly concern services contracts expenses (as per article 2.4, above).

**INTRA- COMPANY TRANSACTIONS BALANCES as at 1.1. - 31.12.2007 in €**

**COMPANY WITH LIABILITY**

Amount in €	ELLINIKI TECNODOMIKI TEB SA	AKTOR SA	ELLINIKI TECNODOMIKI ENERGY SA	REDS SA	YIALOU COMMERCIAL & TOURIST SA	KANTZA COMMERCIAL SA	LOFOS PALINNI SA	3G SA	P.M.S PARKING SYSTEMS SA	DIETHNS ALKI SA	YIALOU DEVELOPMENT SA	MOTORWAY STATIONS SA	TOMI SA	HELLAS GOLD SA	KANTZA SA	TOTAL
<b>COMPANY WITH RECEIVABLE</b>																
ELLINIKI TECNODOMIKI TEB SA				37.110	0		203			1.893		0				39.207
AKTOR SA				40.933												40.933
ELLINIKI TECNODOMIKI ENERGY SA																0
REDS SA		69.000	88.594		1.002.411	216.925	31.464		7.468	178.800	22.113	646		0	25.996	1.643.417
YIALOU COMMERCIAL & TOURIST SA																0
KANTZA COMMERCIAL SA																0
LOFOS PALINNI SA																0
3G SA													153.481			153.481
P.M.S PARKING SYSTEMS SA																0
DIETHNS ALKI SA																0
YIALOU DEVELOPMENT SA																0
MOTORWAY STATIONS SA																0
TOMI SA				0												0
HELLAS GOLD SA																0
KANTZA SA																0
<b>TOTAL</b>	<b>0</b>	<b>69.000</b>	<b>88.594</b>	<b>78.043</b>	<b>1.002.411</b>	<b>216.925</b>	<b>31.667</b>	<b>0</b>	<b>7.468</b>	<b>180.693</b>	<b>22.113</b>	<b>154.127</b>	<b>0</b>	<b>0</b>	<b>25.996</b>	<b>1.877.037</b>

#### 4. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES & SENIOR EXECUTIVES

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According to REDS Articles of Association and Bylaws, the General Meeting is the company's top body. REDS is managed by a Board of Directors, according to the provisions of its Articles of Association and of Law 2190/1920.

According to the Company's Articles, the Board of Directors is the only administrative and management body. Therefore, REDS' senior executives are the BoD members.

##### **Boards of Directors**

The Board of Directors of REDS was elected by the Ordinary General Shareholders Meeting on June 24, 2005 with a term of office expiring on the Ordinary General Shareholders Meeting of 2008, and came to order on the same day; following the replacement of members, at the 05.01.2006 session, the BoD is currently made up of the following members:

<b>Name</b>	<b>Position</b>		<b>Profession</b>
Dimitrios Koutras son of Athanasios	Chairman of the BoD	Executive member	Mineralogist- Engineer
Anastasios Kallitsantsis son of Parissis	Managing Director	Executive member	Civil Engineer
Dimitrios Kallitsantsis son of Parissis	Director	Executive member	Architect - Engineer
Ioannis Moraitis son of Michail	Director	Executive member	Civil Engineer
Konstantinos Mathiopoulos son of Dimitrios	Director	Executive member	Civil Engineer
Loukas Giannakoulis son of Ioannis	Director	Executive member	Architect - Engineer
Leonidas Bobolas son of Georgios	Director	Non-executive member	Civil Engineer
Georgios Bekiaris son of Gerasimou	Director	Independent non executive member	Economist
Argirios Milios on of Athanasios	Director	Independent non executive member	Businessman

Representation and binding of the company in all its relations and transactions is assigned to Managing Director Anastassios Kallitsantsis without limit, and to Director Ioannis Moraitis, with restrictions.

The Board of Directors meets at the REDS headquarters at least once (1) every month, ordinarily and extraordinarily when needed, following an invitation of the Chairman specifying the exact time and place, or following a written request by at least two (2) Directors.

The Board of Directors legally decides on all the issues regarding representation, administration, management, and in general implementation of REDS object, without prejudice to article 3 of Law 3016/2002, as in force. The Board of Directors has extended powers in the performance of its duties, limited only by law and the acts or decisions which fall in the General Meeting's competence. If they so deem necessary, independent members of the BoD may, separately or jointly, submit separate reports than those of the BoD, to the ordinary or extraordinary General Meeting.

According to para. 1, article 19 of the Company's Articles, BoD members and any third party, to which the BoD has assigned competences, may not pursue own interests conflicting with the Company's interests.

BoD members declare that they are not members of any administrative, management or supervisory body of any other companies apart from ELLINIKI TECHNODOMIKI TEB Group companies, except the ones mentioned in Section 4.1 "Participation of BoD Members in the Management of other companies".

There is no stock option plan for REDS Board members.

Brief CVs of REDS BoD members follow:

**Dimitrios Koutras, son of Athanassios, Chairman**

Mineralogist, National Technical University of Athens (Metsovio), (1968)

From 1968-1977 served as Geotechnical Projects director with EDOK-ETER. In 1978, appointed Vice-Chairman and Projects Director of AKTOR, and later Vice-Chairman and General Manager of AKTOR. Now serves as Chairman and General Manager of AKTOR. He is a Member of the Company's Board of Directors since May 2002.

**Anastassios Kallitsantsis, son of Parissis, Managing Director**

Civil Engineer, National Technical University of Athens (Metsovio), (1976)

He has been a founding and active member of several companies in the constructions sector, undertaking the responsibility for the implementation of numerous, private and public, projects. A shareholder of ELLINIKI TECHNODOMIKI AE since 1978, and a Board member and General Manager since 1979. Since 1999, following the partnership agreement between AKTOR and ELLINIKI TECHNODOMIKI, he was appointed Managing Director of ELLINIKI TECHNODOMIKI. In January 2006, he was appointed Chairman of ELLINIKI TECHNODOMIKI TEB. He is also Secretary General of the Board and Executive Committee member of the Hellenic Federation of Enterprises.

**Dimitrios Kallitsantsis, son of Parissis, Director**

Architect - Engineer, Aristotelion University of Thessaloniki, (1975)

Founder and active member of various companies in the construction sector and inc energy sector concessions. In 1979, he was appointed Vice-Chairman of ELLINIKI TECHNODOMIKI, and in 1999, following the partnership agreement between AKTOR and ELLINIKI TECHNODOMIKI, he was appointed Managing Director of AKTOR. Since May 2002, after the spin-off and transfer of the constructions branches of ELLINIKI TECHNODOMIKI and TEB to AKTOR, he has been a Member of the ELLINIKI TECHNODOMIKI Board of Directors.

**Ioannis Moraitis son of Michail, Director**

Civil Engineer, National Technical University of Athens (Metsovio), (1992).

Postgraduate studies in Geodetic Information Systems and Business Administration. Has many years' experience in the construction of private and public building-infrastructure-technical projects. Since 1998, he has served as Projects Director of the ELLINIKI TECHNODOMIKI Group, and since 01/06/2005 he has been appointed General Manager of REDS S.A..

**Konstantinos Mathiopoulos son of Dimitrios, Director**

Civil Engineer , Aristotelion University of Thessaloniki, (1977).

He has been working in ELLINIKI TECHNODOMIKI since 1981, experienced in the supervision and construction of major technical projects (buildings and industrial projects in particular).

**Loukas Giannakoulis, son of Ioannis, Director**

Architect, Aristotelion University of Thessaloniki, (1983)

In charge of planning and supervision of Civil Engineering Projects including outdoor constructions. In 1992, he was appointed Head of Projects for all AKTOR private projects. He has been a member of the Company's Board since 1995, responsible for quality assurance, and on 1999 was appointed AKTOR Managing Director. In 2000, following the partnership agreement between AKTOR and ELLINIKI TECHNODOMIKI and TEB, he was appointed Managing Director of TEB SA. In 2001, he was appointed Managing Director of REDS. He participates in the Boards of ELLINIKI TECHNODOMIKI and AKTOR, as a Member.

**Leonidas Bobolas, son of George, Director**

Civil Engineer, National Technical University of Athens (Metsovio), (1988).

An Engineer and Technical Director of large-scale infrastructure projects from 1988 until 1992. In 1992 he was appointed Deputy Managing Director of AKTOR, and in 1999 was appointed Managing Director of ELLINIKI TECHNODOMIKI. He is also the Managing Director of ATTIKI ODOS, and Chairman of ATTIKES DIADROMES. Since May 2002, after the spin-off and transfer of the constructions branches of ELLINIKI TECHNODOMIKI and TEB to AKTOR, he has been a Member of the AKTOR Board of Directors. Since June 2002, following the merger by absorption of TEB by ELLINIKI TECHNODOMIKI, he was appointed Managing Director of the new ELLINIKI TECHNODOMIKI TEB, until October 2004. In January 2006, he was appointed Managing Director of ELLINIKI TECHNODOMIKI TEB.

**Georgios Bekiaris, son of Gerasimos, Independent – Non Executive Director**

Financial studies, Athens University of Economics and Business Administration

He occupied all the posts of the hierarchy in the Ministry of Finance, until he became General Taxation Director. He participated in many law - preparing and other committees. Has contributed in the application of VAT in Greece, and has participated in the works of EU committees, as an expert. For years he has been a trainer of tax experts and accountants on tax issues, and he is also a member of the Economic Chamber of Greece.

**Argirios Milios son of Athanasios, Independent – Non Executive Director**

He holds a degree in economics, Goethe University, Frankfurt; he has extended professional experience, working abroad since 1980.

All Company BoD members have Greek nationality and citizenship.

The Board members' postal address is: 25 Ermou St., Kifissia.

No member of the Board of Directors has been finally sentenced for a criminal offence or financial crime or is involved in pending court proceedings which relate to bankruptcy, criminal activity or prohibition in the carrying on of:

- a) business activity
- b) stock exchange transactions, and
- c) the profession of investment consultant, senior executive in banks and insurance companies, underwriter, securities company executive, etc.

The members of the Board of Directors are not related, except:

- Messrs Dimitrios and Anastasios Kallitsantsis are brothers, and
- Messrs Leonidas Bobolas and Loukas Giannoulis are indirectly 2nd degree relatives (since the Mr. L. Giannakoulis's wife is Mr. L. Bobolas's sister) by marriage.

According to decision no. 3/347/12.07.2005 of the Hellenic Capital Market Commission BoD (Law 3340/2005) the persons mentioned below are obliged to disclose all their transactions regarding Company shares or derivatives or other financial instruments related to said transactions, within two working days from performance of said transactions. The Company is obliged to notify the disclosure within the following working day to the investment public. The persons under said obligation are:

(a) any person charged with managerial duties, i.e.

- ❖ The BoD Members
- ❖ The General Manager, head of internal audit, head of Shareholder Service and Corporate Announcements departments, the Financial Manager, Accounting supervisor, certified auditor, legal department supervisor.

as well as

(b) any person closely linked to the persons under (a), above, i.e.

- ❖ The husband or wife of a person charged with managerial duties,
- ❖ The dependent descendants of a person charged with managerial duties,
- ❖ The other relatives of the person charged with managerial duties, who, on the date of the relevant transaction, have already been living with that person for at least a year
- ❖ Every legal person, trust or personal company, managed by any person mentioned above (paragraphs a and b), or which is directly or indirectly controlled by such person, or which has been established to the benefit of that person, or with financial interests effectively equivalent to those of that person.

The aforementioned persons shall not be obliged to disclose transactions, if the total amount of the transactions performed by persons under (a), and the transactions performed by persons under (b), does not exceed the amount of 5,000.00 € within one calendar year.



#### 4.1. PARTICIPATION OF BoD MEMBERS IN THE MANAGEMENT OF OTHER COMPANIES

The following table shows Board members participating in the management of other companies and their participating interests in the share capital thereof.

##### PARTICIPATION OF BOARD MEMBERS IN OTHER COMPANIES

MEMBERS OF THE BoD	OTHER COMPANY	POSITION IN BOARD	PARTICIP. %
<b>KOUTRAS DIMITRIOS</b>	AKTOR S.A.	PRESIDENT & GENERAL MANAGER	-
	ELLINIKI TECHNODOMIKI TEB AE	MEMBER	2,64%
	SYROS MARINAS SA	MANAGING DIRECTOR	-
	METROPOLITAN ATHENS PARK SA	VICE-CHAIRMAN	-
	AKTOR CONCESSIONS S.A.	CHAIRMAN	-
	ATTIKA DIODIA S.A.	CHAIRMAN	-
	ATTIKI ODOS S.A.	CHAIRMAN	-
	YIALOU DEVELOPMENT S.A.	MEMBER	-
	YIALOU COMMERCIAL S.A.	MEMBER	-
	DIETHNIS ALKI S.A.	MEMBER	-
	HELLENIC QUARRIES S.A.	CHAIRMAN	-
	HELLENIC LIGNITE S.A.	MANAGING DIRECTOR	-
	HELLAS GOLD S.A.	CHAIRMAN	-
	EAP S.A. (ETAIRIA AERIOU PROASTION S.A.)	CHAIRMAN & MANAGING DIRECTOR	-
	HELECTOR S.A.	MEMBER	-
	THERMAIKES DIADROMES SA	CHAIRMAN	-
	THERMAIKI ODOS SA	MEMBER	-
	KANTZA S.A.	MEMBER	-
	KANTZA COMMERCIAL S.A.	MEMBER	-
	MOREAS SA	CHAIRMAN	-
	EUROPEAN GOLDFIELDS	CHAIRMAN	-
	TECHNODOMI S.A.	MEMBER	-
AKTOR CONSTRUCTION INTERNATIONAL LTD	MEMBER	-	
AKTOR TECHNICAL CONSTRUCTION LLC	MEMBER	-	
MACEDONIA COPPER MINES SA	CHAIRMAN	-	
<b>KALLITSANTIS ANASTASIOS</b>	AKTOR S.A.	MEMBER	-
	ELLINIKI TECHNODOMIKI TEB AE	CHAIRMAN	4,86%
	HE&D RENEWABLES S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	ALSOS DEVELOPMENT COMPANY SA (FORMER HE&D ENERGIAKI & COMMERCIAL RODOU S.A.)	CHAIRMAN & MANAGING DIRECTOR	100%
	PMS PARKING SYSTEMS AE	CHAIRMAN & MANAGING DIRECTOR	-
	AEOLIKA PARKA OF GREECE TRIZINIA S.A.	CHAIRMAN	-
	AEOLIKA PARKA MALEA S.A.	CHAIRMAN	-
	AEOLIKI ZARAKA METAMORFOSSIS S.A.	CHAIRMAN	-
	AEOLIKI KANDILIOU S.A.	CHAIRMAN	-
	AEOLIKI MOLAON LAKONIAS S.A.	VICE-CHAIRMAN	-

	AEOLIKI OLYMPOS EVIA S.A.	CHAIRMAN	-
	AEOLIKI PARNONOS S.A.	CHAIRMAN	-
	ALPHA AEOLIKI MOLAON LAKONIAS S.A.	VICE-CHAIRMAN	-
	ANEMOS ALKYONIS SA	CHAIRMAN	-
	ANEMOS THRAKIS S.A.	CHAIRMAN	-
	AKTOR CONCESSIONS S.A.	CHAIRMAN	-
	YIALOU DEVELOPMENT S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	YIALOU COMMERCIAL & TOURIST S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	DIETHNIS ALKI S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	HELLENIC ENERGY & DEVELOPMENT S.A.	MANAGING DIRECTOR	-
	ELLINIKI TECHNODOMIKI ENERGY S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	ELLINIKI TECHNODOMIKI ENGINEERING CONSULTANTS LTD	ADMINISTRATOR	2,50%
	HELLENIC LIGNITE S.A.	CHAIRMAN	-
	THISVI POWER GEN. PLANT S.A.	CHAIRMAN	-
	HELECTOR S.A.	MEMBER	-
	KANTZA S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	KANTZA COMMERCIAL S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	LOFOS PALLINI S.A.	CHAIRMAN	-
	PELOPONNISIAKOS ANEMOS SA	CHAIRMAN	-
	MOTORWAY SERVICE STATIONS S.A.	MANAGING DIRECTOR	-
	EL. TECH. ANEMOS SA (TETRAPOLIS WIND FARMS SA)	CHAIRMAN & MANAGING DIRECTOR	8,50%
	TECHNODOMIKI INVESTMENTS S.A.	CHAIRMAN	50,00%
	ANEMOS ATALANTIS S.A.	CHAIRMAN	-
	3G SA	MANAGING DIRECTOR	-
	AEOLOS MACEDONIAS SA	CHAIRMAN	-
	VIOTIKOS ANEMOS SA	CHAIRMAN	-
<b>KALLITSANTISIS DIMITRIOS</b>	ELLINIKI TECHNODOMIKI TEB AE	MEMBER	4,83%
	AKTOR S.A.	MANAGING DIRECTOR	-
	E-CONSTRUCTION S.A.	MEMBER	-
	AKTOR CONCESSIONS S.A.	MEMBER	-
	GEFYRA S.A.	MEMBER	-
	HELLENIC ENERGY & DEVELOPMENT S.A.	MEMBER	-
	HELLENIC ENERGY AND DEVELOPMENT S.A. - RENEWABLES	MEMBER	-
	ELLINIKI TECHNODOMIKI ENGINEERING CONSULTANTS LTD	ADMINISTRATOR	2,50%
	TECHNOVAX S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	TECHNODOMIKI INVESTMENTS S.A.	VICE-CHAIRMAN & MANAGING DIRECTOR	50,00%
<b>IOANNIS MORAITIS</b>	3G SA	MEMBER	-
	PMS PARKING SYSTEMS AE	MEMBER	-
	YIALOU DEVELOPMENT S.A.	MEMBER	-
	YIALOU COMMERCIAL & TOURIST S.A.	MEMBER	-
	DIETHNIS ALKI S.A.	MEMBER	-

	KANTZA S.A.	MEMBER	-
	KANTZA COMMERCIAL S.A.	MEMBER	-
	ATHENS METROPOLITAN EXPO SA	MEMBER	-
<b>KONTSTANTINOS MATHIOPOULOS</b>			
	AL AHMADIAH AKTOR LLC	MEMBER	-
	E-CONSTRUCTION S.A.	MEMBER	-
	AKTOR S.A.	MEMBER	-
	EDRAKTOR CONSTRUCTION CO. LTD	MEMBER	-
<b>LOUKAS GIANNAKOULIS</b>			
	ELLINIKI TECHNODOMIKI TEB AE	MEMBER	0,17%
	AKTOR S.A.	MEMBER	-
	AKTOR CONCESSIONS S.A.	MEMBER	-
	ENERGY & WATER RESOURCES DEVELOPMENT - MANAGEMENT S.A.	MANAGING DIRECTOR	-
	HELIDONA S.A.	MEMBER	-
	TECHNODOMI S.A.	CHAIRMAN & MANAGING DIRECTOR	33,33%
	LOFOS PALLINI S.A.	MEMBER	-
	MOTORWAY SERVICE STATIONS S.A.	MEMBER	-
	TOMI S.A.	VICE-CHAIRMAN	-
	ALPAMAYO AE	CHAIRMAN	48,37%
	DIAKOPES AEGEOU S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	ASTRIOS S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	HELLENIC GREENHOUSES	CHAIRMAN	-
<b>LEONIDAS BOBOLAS</b>			
	AKTOR S.A.	MEMBER	-
	ELLINIKI TECHNODOMIKI TEB AE	MANAGING DIRECTOR	13,74%
	AEGEO MOTORWAY S.A.	MANAGING DIRECTOR	-
	ATHENS PARKING STATIONS S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	ENERGY & WATER RESOURCES DEVELOPMENT - MANAGEMENT S.A.	CHAIRMAN	-
	SYROS MARINAS SA	VICE-CHAIRMAN	-
	METROPOLITAN ATHENS PARK SA	CHAIRMAN & MANAGING DIRECTOR	-
	ATTIKES DIADROMES S.A.	CHAIRMAN	-
	HELIDONA S.A.	MANAGING DIRECTOR	-
	AKTOR CONCESSIONS S.A.	VICE-CHAIRMAN & MANAGING DIRECTOR	-
	ATTIKA DIODIA S.A.	MANAGING DIRECTOR	-
	ATTIKI ODOS S.A.	MANAGING DIRECTOR	-
	HELLENIC ENERGY & DEVELOPMENT S.A.	VICE-CHAIRMAN	-
	HELLENIC ENERGY AND DEVELOPMENT S.A. - RENEWABLES	VICE-CHAIRMAN	-
	ENERMEL SA	CHAIRMAN	-
	EAP S.A. (ETAIRIA AERIOU PROASTION S.A.)	MEMBER	-
	HELECTOR S.A.	CHAIRMAN	-
	THERMAIKES DIADROMES SA	MANAGING DIRECTOR	-
	THERMAIKI ODOS SA	MANAGING DIRECTOR	-
	MOREAS SA	MANAGING DIRECTOR	-
	MOTORWAY SERVICE STATIONS S.A.	CHAIRMAN	-

	SMYRNI PARK SA	MEMBER	-
	E-CONSTRUCTION S.A.	CHAIRMAN	-
	HERHOF GMBH	MEMBER	-
	HELLAS PARTICIPATIONS LUXEMBOURG SA	MEMBER	100,00%
	POLISPARK S.A.	CHAIRMAN & MANAGING DIRECTOR	-
	KOUNOU SUSTAINABLE SA	CHAIRMAN & MANAGING DIRECTOR	-
	APION CLEOS MOTORWAY S.A.	MEMBER	-
	APION CLEOS MOTORWAY OPERATION S.A.	MEMBER	-
	TECHNODOMI S.A.	SHAREHOLDER	33,33%
	DIAKOPES AEGEOU S.A.	SHAREHOLDER	25,00%
	ASTRIOS S.A.	SHAREHOLDER	26,68%
<b>GEORGIOS BEKIARIS</b>	ELLINIKI TECHNODOMIKI TEB AE	MEMBER	-
<b>ARGYRIOS MILIOS</b>	ELLINIKI TECHNODOMIKI TEB AE	-	0,15%

#### 4.2. Internal Audit

##### **Stylianos MAKRINOS – Internal Audit Supervisor**

An economist, with longstanding professional experience and activity as an accountant – tax expert in various companies. He joined the company in 1998, and was appointed internal audit supervisor on 15/11/2002.

The Internal Audit Department reports directly to the Company's BoD and is managed by the above senior executive, occupied full-time and exclusively.

The Internal Audit Department is mainly charged with performing effective audits on the operations and procedures of all organization units of the Company and its associates, thus contributing to the company's normal and efficient operation in the frame of its strategy, to meeting the qualitative and quantitative goals, to applying all kinds of operation regulations and procedures, and to conforming to the institutional and legal framework governing the company's operation. More specifically, the Department's activities, inter alia, include:

- To plan of the annual audit programme as well as individual programmes, and perform planned audits for assuring observance of company policies and procedures and its efficient and lawful operation.
- To supervise the application of Internal Operation Regulations and articles of association, as well as observance of legislation governing the operation of both the Company and its associates.
- To control compliance of the Internal Operation Regulations' content with the legislation in force.
- To ensure the correctness of accounting entries and application of established Company accounting principles.
- To control and evaluate the effectiveness of the Company's IT systems, systematically supervise the correct application of regulations regarding collection, processing, managing and safe-keeping of data and information.

- To supervise and control actions, behaviour and effectiveness of top and senior management, according to the Company 's general operation regulations.
- To recognise potential risks and the impact thereof on the efficient operation and implementation of the Company's strategy, and to inform Management.
- To control the Company's organisational and operational condition.
- To offer support for improvement of the Company's operation and efficiency, through close collaboration with Management staff and submission of improvement proposals as a result of audit findings.
- To carry out special research by order of the Management, etc.

#### 4.3. Remuneration and Benefits of Board Members & Supervisory Bodies

Total remuneration (including any conditional or post-dated remuneration) for services that Board Members and the Internal Audit Department Supervisor provided to the Company and its subsidiaries in 2007, amounted to €228.96 thousand.

Apart from the above, Board Member Mr. Ioannis Moraitis and the Internal Audit Department Supervisor are covered by the life and health insurance programme offered by the Company.

Please note that the Company and its subsidiaries have not offered any benefits in kind for all types of services provided by any Board member and the Internal Audit Department Supervisor. Apart from the above, there are no other remunerations and benefits for the Company's Internal Audit Department Supervisor and Board members. Moreover, neither the Board members nor the company's internal audit supervisor enjoy any pension benefits or participate in any pension scheme of the Company or its subsidiaries.

There is no stock option plan for the Company's Board members and Internal Audit Supervisor.

There are no service contracts linking Board members and the internal audit supervisor to any subsidiary, stipulating any benefits upon expiry.

#### 4.4. Corporate Governance

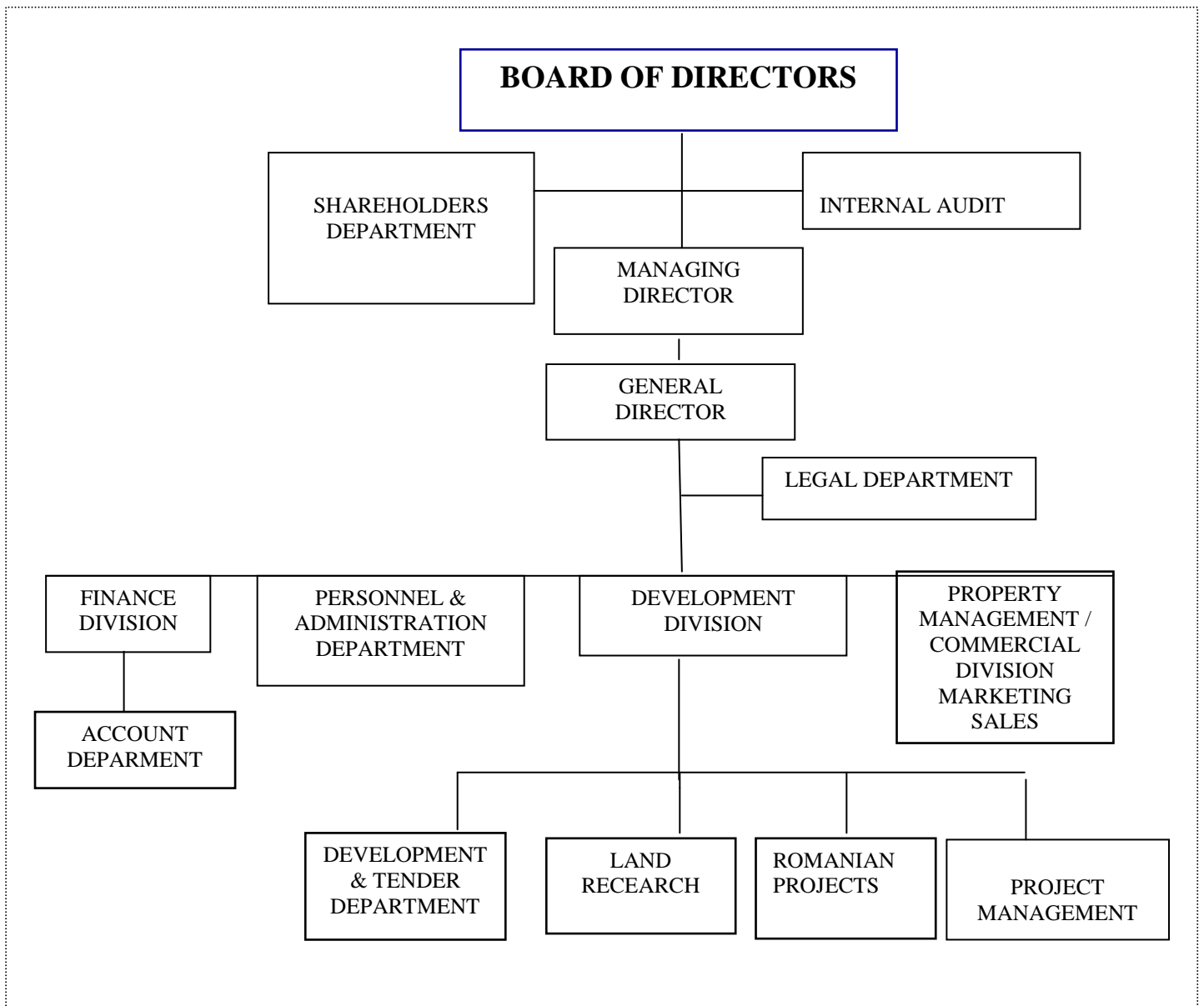
Corporate governance refers to a set of principles which seek to achieve the responsible organisation, operation, management and control of a company, with the long-term goal of maximizing its value and protecting the legal interests of those related to it. The Corporate Governance Principles affect the way in which corporate goals are set and achieved, monitoring and business risk systems are adopted, and the way which ensures transparency and company competitiveness.

REDS conforms to the corporate governance status in Greece, according to the provisions of Law 3016/2002, as in force.

#### 4.5 Corporate Social Responsibility

One of the fundamental principles of REDS Group is to systematically incorporate activities bringing a cultural and social dimension to the Group's business operation. It is generally considered that all modern companies should respond to the increasing social needs and support programmes which are not necessarily related to their core product or services.

#### 4.6 Organisation chart



#### 4.7 Human resources

As at 31.12.2007 the Company employed 45 staff and the Group and 48, while on 31.12.2006 the numbers were 24 and 25, respectively.

The following tables show how permanent staff developed in 2006-2007 and its classification in categories according to their function and educational background:

##### HUMAN RESOURCES DATA - REDS

Category	31.12.2006	31.12.2007
Administrative staff	24	25
Labourers – Technical staff	-	20
<b>Total Company Staff</b>	<b>24</b>	<b>45</b>
<b>Total Group Staff</b>	<b>25</b>	<b>48</b>

	31.12.2006	31.12.2007
University Graduates	9	9
High-School Graduates	16	16
Others		20
<b>Total</b>	<b>25</b>	<b>48</b>

REDS maintains excellent working relationships with its staff which are for the largest part permanent. Please note that there is no agreement between the Company and its staff for a stock option plan.

## 5. SHARE CAPITAL

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### 5.1. Paid-in Share Capital

The share capital of REDS currently amounts to €51,889,447.15, divided into 39,610,265 common unregistered shares with voting right, at par value of €1.31.

Note that:

- there is no capital approved but not yet issued or any obligation to increase capital,
- there are no holdings that represent capital nor are there any convertible, exchangeable instruments or coupons with rights for obtaining warrants and
- the Articles of Association contain no terms on changes in the share capital or amendment of the rights of shareholders that are more restrictive than the provisions laid down by law.

### 5.2. Share Capital Development

The evolution of the Company's share capital from its incorporation to this date is as follows:

The initial capital of the Company was set at 6,000,000 Drachmas divided into 60,000 shares each at a par value of 100 Drachmas (Government Gazette FEK 187/1925).

By virtue of the General Shareholders Meeting decision of 8.3.1925, it was increased by GRD 4,000,000, by issuing 40,000 new shares, each at a par value of GRD 100 (FEK 187/1925).

General Shareholders Meeting of 15.3.1936 approved the increase of the share par value to GRD 400, and the share capital was increase by GRD 4,000,000 by issuing 1,000 new shares, each at a par value of GRD 400 (FEK 226/36).

By virtue of Law 2021/1942, share capital increased by 20%, i.e. GRD 2,800,000 and reached GRD 16,800,000 divided into 42,000 shares, each at a par value of GRD 400.

Applying the provisions of Royal Decree of 14.11.1956 on "re-adjustment of Corporations' Balance Sheets", share capital rose to GRD 47,040,000 and after deducting: a) the debit balance of the "Re-adjustment Difference" account of GRD 20,058,257.67; b) the "Legal Reserve" amount of GRD 7,242.33, for rounding up the par value of the share, then the share capital finally amounted to GRD 26,974,500 divided into 42,000 shares each at a par value of GRD 642.25.

By virtue of General Shareholders Meeting decision dated 29.4.1957, the share capital was decreased by GRD 2,614,500 (return of 62.25 per share) and stood at GRD 24,360,000 divided into 42,000 shares each at a par value of GRD 580 (FEK 305/1957).

By virtue of General Shareholders Meeting dated 19.6.1969, the above share capital was divided into 84,000 shares each at a par value of GRD 290 (FEK 992/1969).

By virtue of Extraordinary General Shareholders Meeting dated 3.8.1972, the share capital increased by GRD 97,440,000 (as a result of capitalising surplus value of plots-vineyards according to the provisions of Law 148/1976) by issuing 336,000 new shares each at a par value of GRD 290 (FEK 1.606/1972).



By virtue of the General Shareholders Meeting decision dated 13.6.1977, the share capital increased by: a) GRD 9,804,596 pursuant to Law 542/1977 b) GRD 2,375,404 by cash payments from shareholders and the issue 42,000 new shares each at a par value of GRD 290 (FEK 2640/11.8.1977).

By virtue of the General Shareholders Meeting decision dated 29.6.1982, the share capital increased by GRD 348,248,000 pursuant to Law 1249/1982 by issuing 1,201,000 new shares each at a par value of GRD 290 (FEK 4082/22.11.82 and FEK 4189/21.12.82).

By virtue of the General Shareholders Meeting decision dated 28.03.1988, the share capital increased by GRD 96,465,600 by issuing 332,640 shares each at a par value of GRD 290 (FEK Issue on SAs and LLCs 790/4.5.88).

By virtue of Extraordinary General Shareholders Meeting decision dated 12.6.1989: a) the par value of every share doubled from GRD 290 to GRD 580, and the share capital of GRD 578,793,600 was divided into 997,920 shares, b) share capital increased by GRD 868,190,400. (GRD 825,350,978 pursuant to decision E 2665/88 and GRD 42,839,422 through capitalisation of part of the share premium reserve), by issuing 1,496,880 new shares each at a par value of GRD 580 (FEK 3419/1989).

By virtue of Extraordinary General Shareholders Meeting decision dated 10.11.1992, the share capital increased by GRD 1,446,984,000 through capitalisation of the surplus value of plots and buildings, Law 2065/92 (GRD 1,427.980,402), and part of the share premium reserve of GRD 819.003.508. To be more exact, 2,494,800 new common unregistered shares were issued, each at a par value of 580 Drachmas (FEK 5313/1992).

The Ordinary General Shareholders Meeting of 27.6.1997 decided to increase the Company's share capital by GRD 7,234,920,000 by issuing 12,474,000 new common unregistered shares, at a par and issue value of GRD 580 each. Upon completion of the above capital increase, the Company's share capital rose to GRD 10,128,888,000, divided into 17,463,600 common unregistered shares at a par value of GRD 580 each.

The First Re-Convened Extraordinary General Shareholders Meeting dated 23.8.1999, re-approved the Ordinary General Shareholders Meeting decision to increase the Company's share capital by GRD 1,519,333,200, by issuing 2,619,540 new common unregistered shares, each at a par value of GRD 580.

The Second Re-Convened Extraordinary General Shareholders Meeting dated 20.03.2000, revoked the decision as of 23.08.1999 to increase the share capital by one billion five hundred and nineteen million three hundred thirty three thousand two hundred (1,519,333,200) Drachmas, due to failure to complete procedures within the official deadlines.

Thus, the Company's share capital remained at ten billion one hundred and twenty eight million eight hundred and eighty eight thousand (10,128,888,000) Drachmas, divided into seventeen million four hundred and sixty three thousand six hundred (17.463.600) unregistered shares, each at a par value of GRD 580.

By virtue of the same above decision of 20.03.2000, the Company's share capital increased by two billion twenty-five million seven hundred and seventy-seven thousand six hundred (2,025,777,600) Drachmas, through cash payment, by issuing 3,492,720 new common unregistered shares, each at a par value of GRD 580.

Thus, the Company's share capital rose to twelve billion one hundred and fifty-four million six hundred and sixty-five thousand six hundred (12,154,665,600) Drachmas, divided into twenty million nine hundred and fifty-six thousand three hundred and twenty (20,956,320) common unregistered shares, each at a par value of GRD 580.

The share premium of 3,562,574,400 Drachmas was credited to the "Share premium reserve" account.

By virtue of decision of the Ordinary General Shareholders Meeting dated 29/06/2001, the company decreased its share capital by GRD 15,193,332 or € 44,587.91, by reducing the par value of its share from GRD 580 to GRD 579.27 or € 1.70, on grounds of denominating the share's par value and the share capital in Euros as well, according to Law 2842/2000, and the rounding up requirement of said law. Thus, the Company's total share capital rose to GRD 12,139,472,268 or € 35,625,744.00 divided into 20,956,320 common unregistered shares.

By virtue of decision of the Second Re-Convened General Shareholders Meeting dated July 23<sup>rd</sup>, 2002, the share capital increased by twenty-eight million five hundred thousand five hundred and ninety-five Euros and twenty-eight Euro cents (28,500,595.20) through cash payment, by issuing sixteen million seven hundred sixty-five thousand fifty-six (16.765.056) new common unregistered shares, each at a par value of € 1.70 and a buying price of € 1.95, corresponding to eight (8) new shares for every ten (10) old ones. Total funds raised by the Company rose to thirty-two million six hundred ninety-one thousand eight hundred fifty-nine Euros and twenty Euro cents (32,691,859.20). The arising difference of €4,191,264 will be credited to the “Share premium account”.

Thus, the Company’s share capital rose to sixty-four million one hundred and twenty-six thousand three hundred and thirty-nine Euros and twenty Euro cents (64,126,339.20 €), divided into thirty-seven million seven hundred twenty-one thousand three hundred and seventy-six (37,721,376) common unregistered shares, each at a par value of € 1.70.

By virtue of a decision of the Extraordinary General Shareholders Meeting dated December 30<sup>th</sup>, 2002, after the partial cover of the increase of July 23<sup>rd</sup> 2002, according to article 13a, paragraph 2, Law 2190/1920, the share capital increased by eighteen million two hundred forty-four thousand two hundred and sixteen Euros and forty Euro cents (18,244,216.40) by cash payment, issuing ten million seven hundred and thirty-one thousand eight hundred and ninety-two (10,731,892) new common unregistered shares, each at a par value of €1.70. The arising difference of €2,682,973 was credited to the “Share premium account”. Thus, the Company’s share capital rose to fifty-three million, eight hundred and sixty-nine thousand, nine hundred and sixty Euros and forty Euro cents (€ 53,869,960.40), divided into thirty-one million six hundred and eighty-eight thousand two hundred and twelve (31,688,212) common unregistered shares, each at a par value of Euros 1.70.

By virtue of the Ordinary General Shareholders Meeting decision dated June 24<sup>th</sup> 2004, the share capital increased by € 13,467,490.10, by issuing 7,922,053 shares each at a par value of € 1.70; the increase amount was raised from the following sources: (a) € 6,693,459.86 from capitalisation of the surplus value from real estate value adjustment and (b) € 6,774,030.24 from capitalisation of the “Share premium account”.

Thus, the Company’s share capital rose to sixty-seven million three hundred and thirty-seven thousand four hundred and fifty Euros and fifty cents (€ 67,337,450.50), divided into thirty-nine million six hundred and ten thousand two hundred and sixty-five (39,610,265) common unregistered shares, each at a par value of € 1.70.

By virtue of a decision of the First Re-Convened General Shareholders Meeting of 5/7/2006, the share capital increased by five million, five hundred and forty five thousand, four hundred and thirty seven euros and ten cents (€5,545,437.10), from capitalisation of part of the “Share premium account”, by increasing the share part value by fourteen euro cents (€0.14) per share, and at the same time decreased by twenty million, nine hundred and ninety three thousand, four hundred and forty euros and forty fine cents (€20,993,440.45), by reducing the share par value by fifty three euro cents (€0.53) per share, in order to (partially) write-off previous years’ losses of equal amount. Further to the above and in conjunction with decision no K2-9679/5-7-2006 of the Ministry of Development, Approving the conversion of the Company’s shares from common unregistered with vote to common registered with vote, the Company’s share capital stands today at fifty one million, eight hundred and eighty nine thousand, four hundred and forty seven euros and fifteen cents (€51,889,447.15), divided into 39,610,265 common registered, dematerialised shares with vote, each at a par value of €1.31.

The Company’s share capital development appears in the following table :

SHARE CAPITAL PROGRESS TABLE									
INCREASE METHOD									
GENERAL MEETING DATE	FEK NO. & DATE	NO. OF SHARES	INCREASE TOTAL	CASH	RESERVES GOODWILL CAPITALISATION	TOTAL SHARE CAPITAL	SHARES PAR VALUE	TOTAL NUMBER OF SHARES	
Start-up capital	214/1918	60.000	6.000.000 GRD	6.000.000 GRD	-	6.000.000 GRD	100 GRD	60.000	
8.3.1925	187/1925	40.000	4.000.000 GRD	4.000.000 GRD	-	10.000.000 GRD	100 GRD	100.000	
15.3.1936	226/1936	Par value increase to 400 GRD		-	-	10.000.000 GRD	400 GRD	25.000	
15.3.1936	226/1936	10.000	4.000.000 GRD	4.000.000 GRD	-	14.000.000 GRD	400 GRD	35.000	
N.2021/1942	-	7.000	2.800.000 GRD	-	2.800.000 GRD	16.800.000 GRD	400 GRD	42.000	
R.D. 14.11.1956	-	-	-	22.478.750 GRD	4.495.750 GRD	26.974.500 GRD	642,25 GRD	42.000	
29.4.1957	305/1957	Par value reduction to 580 GRD		20.300.000 GRD	4.060.000 GRD	24.360.000 GRD	580 GRD	42.000	
19.6.1969	992/1969	Par value reduction to 290 GRD		-	-	24.360.000 GRD	290 GRD	84.000	
3.8.1972	1606/1972	336.000	97.440.000 GRD	-	97.440.000 GRD	121.800.000 GRD	290 GRD	420.000	
13.6.1977	2640/1977	42.000	12.180.000 GRD	2.375.404 GRD	9.804.596 GRD	133.980.000 GRD	290 GRD	462.000	
29.6.1982	4082/82-4189/82	1.201.200	348.348.000	-	348.348.000 GRD	482.328.000 GRD	290 GRD	1.663.200	
28.3.1988	790/1988	332.640	96.465.600	96.465.600 GRD	-	578.793.600 GRD	290 GRD	1.995.840	
12.6.1989	3419/1989	Par value increase to 580 GRD		-	-	578.793.600 GRD	580 GRD	997.920	
12.6.1989	3419/1989	1.496.880	868.190.400 GRD	-	868.190.400 GRD	1.446.984.000 GRD.	580 GRD.	2.494.800	
10.11.1992	5313/1992	2.494.800	1.446.984.000 GRD	-	1.446.984.000 GRD	2.893.968.000 GRD	580 GRD.	4.989.600	
27.6.1997	5385/1997	12.474.000	7.234.920.000 GRD	7.234.920.000 GRD	-	10.128.888.000 GRD	580 GRD.	17.463.600	
20.3.2000	9091/2000	3.492.720	2.025.777.600 GRD	2.025.777.600 GRD	-	12.154.665.600 GRD	580 GRD	20.956.320	
29.06.2001	6916/2001	Share capital decrease by GRD 15,193,332 through par value reduction from GRD 580 to GRD 579.27					12.139.472.268 GRD	579,27 GRD	20.956.320
		Share capital conversion into €					35.625.744,00 €	1,70 €	20.956.320
30.12.2003	179/2003	10.731.892	18.244.216,40 €	18.244.216,40 €	-	53.869.960,40 €	1,70 €	31.688.212	
24.06.2004	8289/2004	7.922.053	13.467.490,10		13.467.490,10	67.337.450,50 €	1,70 €	39.610.265	
05.07.2006	8157/2006	Par value increase	5.545.437,10		5.545.437,10	72.882.887,60	1,84 €	39.610.265	
		Par value reduction	-20.993.440,45 €	SC decrease of 20,993,440,45 € through an equal in amount (partial) write-off of previous years' losses		51.889.447,15	1,31 €	39.610.265	
<b>TOTAL</b>						<b>51.889.447,15 €</b>	<b>1,31 €</b>	<b>39.610.265</b>	

There is no stock option plan for the Company's Board members or staff.

### 5.3. Shareholders

The Company's shareholders (holding 2% or more), according to the shareholder list as at 31.12.2007, are:

<b>SHAREHOLDERS</b>	<b>No. Of Shares</b>	<b>(%)</b>
ELLINIKI TECHNODOMIKI TEB A.E.	20.134.357	50,83%
DIAMANTIS P. DIAMANTIDES	4.102.857	10,36%
CHRISTOS P. PANAYIOTOPOULOS	2.963.900	7,48%
ATHANASSIOS TH. MILIOS	1.089.192	2,75%
ALPHA TRUST NEW ENTERPRISES DOMESTIC EQUITY BOND	1.001.364	2,53%
Free float	10.318.595	26,05%
<b>TOTAL</b>	<b>39.610.265</b>	<b>100,00%</b>

The Company's shareholders (holding 2% or more), according to the shareholder list as at 30.04.2008, are:

<b>SHAREHOLDERS</b>	<b>No. Of Shares</b>	<b>(%)</b>
ELLINIKI TECHNODOMIKI TEB A.E.	20.258.699	51,15%
DIAMANTIS P. DIAMANTIDES	4.102.857	10,36%
CHRISTOS P. PANAYIOTOPOULOS	3.209.472	8,10%
ATHANASSIOS TH. MILIOS	1.086.092	2,74%
ALPHA TRUST NEW ENTERPRISES DOMESTIC EQUITY BOND	1.010.364	2,55%
Free float	9.942.781	25,10%
<b>TOTAL</b>	<b>39.610.265</b>	<b>100,00%</b>

The Company does not hold any Treasury Stock.

### 5.4. Articles of Association

The Company was incorporated in 1918 under the name "A. KAMBAS LIMITED WINE-MAKING, INDUSTRIAL, COMMERCIAL, REAL ESTATE & TOURIST COMPANY". By virtue of a decision of the Second Re-convened General Shareholders Meeting dated 30.07.2001, the company's name changed to "A. KAMBAS LIMITED HOLDINGS AND REAL ESTATE DEVELOPMENT COMPANY" with the trade name "A. KAMBAS REAL ESTATE S.A.". The Company's name change was approved by virtue of decision no. K2-11443/17-8-2001 of the Minister of Development.

At the First Re-Convened General Shareholders Meeting dated 20 February 2003, the Company's name changed again to:

**Name:** “REDS - REAL ESTATE DEVELOPMENT & SERVICES S.A.”

**Trade name:** “REDS S.A.”

This change was approved by decision no. K2-3082/14.03.2003 of the Minister of Development.

The Company has been registered at the Public Companies' Register of the Ministry of Development, reg.no. 13564/06/B/86/123. REDS S.A. is subject to Law 2190 –on Societes Anonymes, and to the respective decisions of the Boards of Directors of the Athens Stock Exchange and the Hellenic Capital Market Commission given that its shares are listed on the Athens Stock Exchange.

The Company's registered office is at the Municipality of Amaroussio, and headquarters at 39 Akakion str & 25 Monemvassias str.

The company's duration is set for fifty (50) years starting 26.09.1968.

The Company's VAT no. is: 094007180 and it submits tax returns to the ATHENS FAEE Tax Office.

Regarding the REDS Board of Directors (BoD), articles 10 and 11 of its Articles, as in force, stipulate the following:

1. The Company, which is listed in the Athens Stock Exchange (ATHEX), is managed by the Board of Directors made up of five (5) to eleven (11) members, executive and non-executive, as defined in and determined by Law 3016/2002, as amended and in force.
2. Board members are elected by the Ordinary General Shareholders Meeting by vote, carried out as determined by the General Meeting, and at absolute majority, and may be re-elected without limitation, as well as be called off at any time.
3. The Board of Directors itself shall decide which members will be executive and which non-executive. The number of non-executive Board members shall not be less than one third (1/3) of the total number of members. Should any fractions occur, they are rounded off to the next whole number.
4. The General Shareholders Meeting shall appoint two of the Board members it elected as independent members, pursuant to article 4 of Law 3016/2002, as in force.
5. Board Members may be shareholders of the Company or third parties. More specifically, during their term of office, independent non-executive Board members, must not hold shares representing more than 0.5% of the Company's share capital, nor have a dependent relationship with the Company or any of its associates, as this relationship is defined in paragraph 1 of article 4 of Law 3016/2002, as in force.
6. Within twenty days from constitution of the Board of Directors, the Company shall, among other duties stipulated by Law and the Articles of Association, submit to the Hellenic Capital Market Commission the General Shareholders Meeting record referring to the election of independent Board members. Likewise, within the same deadline, the Company shall submit to the Hellenic Capital Market Commission the Board of Directors record specifying the status of each Board member as executive or non-executive.
7. Board members serve a three-year term of office, extendable until the first Ordinary General Meeting of the year of expiry, but may not, in any case, exceed four (4) years.
8. Should there, for any reason (death, resignation etc.) be a vacancy in a director's position, in any capacity, prior to expiry of the Board's term of office, the remaining Directors, provided that they are at least three (3), shall, without fail, be obliged to elect a provisional director in the same capacity as the one that resigned, died or for any reason removed from office, until the first General Meeting session, which may approve

such election, or elect an other director for the remaining term of office. In any case, the actions of provisional directors from their election until their approval or rejection by the General Meeting are valid.

9. The Board of Directors record electing a provisional independent member, according to the previous paragraph, shall be submitted, within twenty (20) days, to the Hellenic Capital Market Commission, as per paragraph 3 of article 4 of Law 3016/2002, as replaced by article 26 par. 1 subpar. c' of Law 3091/2002.
10. The Board of Directors shall elect a Chairman, and optionally a Vice-Chairman, among its members. The Board of Directors may appoint one or more executive members as Managing Directors. The Managing Director and the Chairman may be the same person.

When the Chairman is for any reason unable to perform his/her duties, he/she shall be replaced by the elected Managing Director, if any, or any other director appointed to this end by the Board of Directors.

11. According to article 16 of the Company's Articles of Association, the Board of Directors meets at the Company's registered office at least once (1) every month ordinarily or extraordinarily whenever necessary, following an invitation of the Chairman, specifying the exact time and place.
12. Two (2) Board members may request that the Board of Directors be convened, in which case the Chairman shall be obliged to convene the Board of Directors within ten (10) days from such request. Should the Chairman refuse to convene the Board of Directors within the above deadline or should he convene the Board behind time, the members who made the request shall be entitled to convene the meeting within five (5) days from expiry of the ten day deadline, by communicating an invitation to the other Board members. Said invitation shall clearly specify the matters to be discussed in the Board meeting, on penalty of rejection.
13. The Board of Directors shall validly convene at a place other than the registered office, either in Greece or abroad, if all members attend or are represented in this meeting, and no member objects to carrying out the meeting and the making decisions.
14. According to article 17 of the Articles of Association, every Director may only represent one absent Director. No Director shall be represented by any third party not a member of the Board.

According to the Internal Regulation, executive and non-executive REDS Board members have the following duties:

#### ***Duties of Executive Board members***

According to the REDS Internal Regulation, approved by Board of Directors record no 1200/15-11-2002, executive Board members are competent and responsible to implement Board decisions and to constantly supervise the Company's operations.

Executive Board members are remunerated according to the time spent in performing their duties. Such remuneration is approved by the General Shareholders Meeting, upon suggestion of the BoD, and determined according to the provisions of Law 2190/1920. The total amount of remuneration is reported in a separate category in the Company's annual financial statements Appendix.

#### ***Chairman of the Board***

The duties of the President are:

- Scheduling meetings in a way ensuring participation of the majority of BoD members.
- Preparing the agenda in collaboration with the Company's Managing Director.

- Controlling the quality, speed and flow of information between Board members, the Managing Director and General Manager.
- Ensuring that the Company fulfils its obligations vis-à-vis the Internal Regulation, the Law on Corporate Governance, and legislation in general.
- Other duties stipulated in the Internal Regulation.

#### *Vice-Chairman of the Board*

The Vice-Chairman of the Board replaces the Chairman in case of absence, and in such case has all the Chairman's duties and competences or any other task assigned by the BoD.

#### *Managing Director*

The Managing Director caters for implementation of the Board's decisions. He/She is making suggestions to the BoD regarding the Company's development strategy and business plans, and after approval, he/she sees to the implementation, while monitoring the Company's performance.

The Managing Director makes decisions on:

- Business and corporate planning, control, monitoring and revision, as suggested to the BoD, and implementation thereof.
- Conclusion of collaboration or project agreements, up to the amount specified by the Board.
- The Company staff evaluation system and policy.
- Hiring first level managers, as described in article 2.4 of the Regulation, setting their fees and evaluating them. The Managing Director's decision regarding the hiring and fees of 1<sup>st</sup> level Managers, is subject to the BoD's approval.

The Managing Director is responsible for:

- Developing the Company's business and efficiently organising and managing it, accordingly informing the BoD.
- Advising the BoD on matters concerning the Company's Regulation and informing the Board of Directors of the Company's progress, its fees and staff policy in general.
- Performs the duties assigned or awarded by the BoD.

#### ***Duties of Non-Executive members of the Board***

Non-executive members are responsible for supervising the corporate activities by contributing with their knowledge and know-how to the creation of the Company's strategy and the promotion of all corporate issues.

Non-executive Board members are remunerated according to the time spent in performing their duties. Such remuneration is approved by the General Shareholders Meeting, upon suggestion of the BoD, and determined according to the provisions of Law 2190/1920. The total amount of remuneration is reported in a separate category in the Company's annual financial statements Appendix.

Their main duties involve:

- Making independent estimates regarding the Company's strategy.

- If they so deem necessary, they may submit separate reports than those of the BoD, to the ordinary or extraordinary General Meeting.
- Monitor conflicts of interests (shareholders, other stakeholders).

The Company's Articles of Association do not contain any terms deviating from the respective terms of Law 2190/1920.

In case of conclusion of a pledge contract on Company shares, it may be agreed that the voting right will belong to the pledgee. Also in case of usufruct on Company shares the usufructuary and the owner of the shares may agree that the voting right belongs to their owner.

The General Shareholders Meetings are convened by invitation of the Managing Director. The invitation should mention at least the building, date and time of the meeting, as well as clearly specify the items on the agenda; it should be posted on a prominent position at the Company's premises and published in the Government Gazette at least ten full days before the date set for the meeting, and in the daily press at least twenty full days before. In case of a repetitive General Meeting, the invitation should be published in the Government Gazette at least five full days before the date set for the meeting, and in the daily press, at least ten full days before.

Each shareholder is entitled to participate in the Company's General Shareholders Meeting either in person or by proxy. In order for a shareholder to participate in the General Meeting he/ she should deposit the relevant certificate of the Central Securities Depository (CSD) at the Company's Treasury or at the Deposits and Loans Fund or at any Bank in Greece, at least five days before the date set for the meeting. Within the same deadline the proxies should also be deposited with the Company. Shareholders not complying with the above, may only participate if so permitted by the General Meeting.

The General Meeting is convened ordinarily once every accounting year and within six months from the end of the year, at the latest. Ten days before the Ordinary General Meeting, shareholders may collect from the Company the annual financial statements as well as the relevant reports of the BoD and the Auditors.

Regarding the shareholders' rights see Paragraph 7.6 «Shareholders' Rights».

## 5.5. Institutional Framework of the Company's Operation

The REDS Group and its subsidiaries, mainly operate in the area of Real Estate (investments and development).

There is no special statutory framework governing the Company's area of operation; the activities are subject to the provisions on societies anonymes, and the provisions governing professional leases, property tax, sanitation, public contracts, to the extent the Company takes part in tenders for the development-operation of real property, as well as the Civil Code provisions on project performance or services contracts.

There are no commitments or/and restrictions as to the statutory framework of the Group's operations, that commit or restrict any of its activities, other than those provided for in the provisions and legislation in force..

## 5.6. Information regarding the Company's Shares

Company shares are dematerialised, common registered shares, and until 09/04/2007 were traded in the Athens Stock Exchange "Medium & Small Capitalisation" category. By virtue of ATHEX BoD decision dated 03/04/2007, starting on 10/4/2007, the company's shares are traded in the "Large Capitalisation" category. By virtue of ATHEX BoD decision dated 17/04/2008, starting on 2/6/2008, the company's shares will be traded in the



“Medium & Small Capitalisation” category. The Company’s shares have been issued according to the provisions of Law 2190/1920 and the REDS Articles of Association (see “Share Capital” Section).

REDS share ISIN (International Security Identification Number) code is GRS106003007. The Central Securities Depository SA, Mavrokordatou square & 17 Acharnon str, 104 38, Athens, is the body responsible for keeping the relevant dematerialised shares file.

Shares are quoted in euro.

The shares trading unit in ATHEX is one (1) dematerialised common registered share.

### **Shareholder Rights**

The Company has only issued common registered shares. Every Company share incorporates all rights and obligation stipulated by Law and the Company’s Articles of Association. Possession of a company share ipso jure implies acceptance by the holder, of all the terms of Company’s Articles of Association and the General Shareholders Meetings’ legal decisions, even if the shareholders did not participate therein.

Shareholders bear no liability beyond the par value of the shares they hold. Shareholders participate in the Company’s management and profits, pursuant to the Law and the provisions of the Articles of Association. The rights and responsibilities deriving from each share are transferred to any direct or indirect successor of the shareholder.

The Company’s Articles of Association does not include special rights in favour of specific shareholders.

### **Right to Dividend**

Every shareholder registered in the Company’s Shareholders List on the date of approval of the financial statements by the Ordinary General Shareholders Meeting, shall be entitled to dividend.

The minimum dividend distributed annually to the Company’s shareholders, may not be less than 35% of profit before tax, after deducting the legal reserve and the corresponding tax, or 6% of the paid-in share capital, whichever is higher. If the Shareholders Meeting decides by a majority of at least 80% not to distribute any dividend, the undistributed dividend shall be capitalised and for that purpose new shares must issued and distributed to the beneficiary shareholders, free of charge. Dividend shall not be distributed only if the Shareholders Meeting so decides, with a majority of at least 95% of the paid-in share capital.

The Company is entitled to distribute provisional dividend by virtue of a Board decision, provided that it has published a relevant accounting statement, at least 20 days in advance. Provisional dividend may not exceed 50% of said accounting statement’s net profits.

Dividend shall be payable within two (2) months from the date of approval of the financial statements by the General Meeting. The payment location and manner is announced through the press.

Dividend not claimed for a period of five years since they became payable, shall be stricken in favour of the Greek State.

### **Voting Rights**

Every share incorporates one voting right. In order to exercise voting rights, joint shareholders shall nominate a common representative, in writing and notify the Company accordingly, who will represent them in the General Meeting; until such appointment is finalised, the joint shareholders’ rights shall be suspended.

Shareholders shall exercise their rights with respect to the Management of the Company, only through the General Shareholders’ Meetings; outside the Shareholders’ Meeting, they shall only do so as stipulated by law.

Every shareholder has the right to participate in the Company's General Shareholders' Meeting either in person, or by representative authorised even by a plain letter. As regards depositing shares for shareholders to participate in the Company's General Meetings, the provisions of on societies anonymes, the Operation and liquidation Regulation of the Dematerialised Securities System of the Central Securities Depository SA, shall apply as in force. Shareholders not complying with the above, may only participate if so permitted by the General Meeting.

#### **Pre-emption Rights**

Shareholders have a pre-emption rights on any future Company Share Capital Increase, not carried out by contribution in kind, or the issue of convertible bonds, according to their participation in the existing share capital, pursuant to 13, par. 5 of Law 2190/1920, and article 6 par. 8 of the Company's Articles of Association.

#### **Right to liquidation proceeds**

In case of liquidation of the Company, the Shareholders Meeting shall appoint two or three liquidators, having all the rights of the Board of Directors and any other right assigned by the General Meeting. Upon appointment of liquidators, the Board of Directors shall cease to exist. The liquidators shall conclude, without delay, the Company's outstanding affairs, make an inventory of its property and publish the balance sheet in the Press and in the issue of societies anonymes and limited liability companies of the Government Gazette. The liquidation accounts shall be approved by the Shareholders Meeting and upon completion of the liquidation, liquidators shall refund shareholder contributions, and distribute the balance of the Company's liquidated property to the shareholders in proportion to their holding.

#### **Minority interest**

Shareholders representing 5% of the paid-in Share Capital, are among others entitled to:

1. 5 days before the Ordinary General Meeting, request the Board of Directors to a) inform the GM of all amounts paid over the last two years to the BoD members or Managers, b) provide any such specific information requested as shall be useful to actually assess the items on the agenda.
2. Request the decisions on agenda items be made by roll-call.
3. Request the convocation of an Extraordinary General Shareholders Meeting. The Board of Directors shall obliged to convene such Meeting within thirty (30) days as of the date the request was handed to the Chairman of the Board of Directors. The request shall specify the items on the agenda.
4. Request that passing resolutions by the Ordinary or Extraordinary General Meeting, be postponed and that a new General Meeting date be set, not later than 30 days from date of postponement.
5. Request that the Company be audited by the Court of First Instance of the Company's headquarters, pursuant to articles 40, 40e of Law 2190/1920.

Shareholders exercising the abovementioned minority rights shall deposit the relevant Central Security Depository certificates granting them these rights, from the date of submission of the request until the General Meeting date. Moreover, shareholder-applicants making the request under (5) above, must keep their shares granting them the above rights, continuously deposited with the Deposits and Loans Fund, the Bank of Greece or at any other recognized Greek bank, until such time the Court issues a decision, and at any rate for a period not less than 30 days from the submission of their request.

Any shareholder may ask for the annual financial statements and the relevant BoD and Auditors reports, ten (10) days before the Ordinary Shareholders Meeting.

**Shares Tradability**

The Company's shares are freely tradable. The trading unit is one (1) dematerialised common unregistered share.

**Acquisition offers**

There are no binding offers or/and rules of obligatory transfer of shares. In the last and current year, there has been no publicly announced third party offer to purchase or exchange the Company's share capital.

**Dividend Taxation****CORPORATE PROFIT**

According to legislation in force (L.2238/94), all companies listed in the Athens Stock Exchange (except banks), are subject to 25% tax on their taxable earnings, prior to any distribution.

Thus, dividend is distributed out of the already taxed profit of the legal entity, and, therefore, shareholders incur no tax liability on the amount of dividend collected.

The date the Balance Sheet is approved by the General Shareholders Meeting, is considered as the date dividend income is acquired.

**Other Tax Withholding**

According to the Law, the part of the dividend corresponding to the parent company from the profit realised by subsidiaries and the resulting dividend allocation, shall be payable in the following year (except if preliminary dividend is paid), and therefore included in the parent company's profit of the following year. Dividend from parent Company profit partly generated by the allocated profit of Companies in which it participates, if allocated, shall be payable in the year following collection. It is further noted that 5% of the parent Company's profit from dividend shall be taxed at 25%, as such profit has already been taxed at source.

## 6. SHARE STOCK MARKET INFORMATION

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The company's shares have been listed in ATHEX since 1920.

As at 29.12.2007 share price closed at €3.66, while the company's market capitalisation on the same date amounted to €144,973,570. As at 30.04.2008 share price closed at €3.14 with a market capitalisation of €124,376,332.

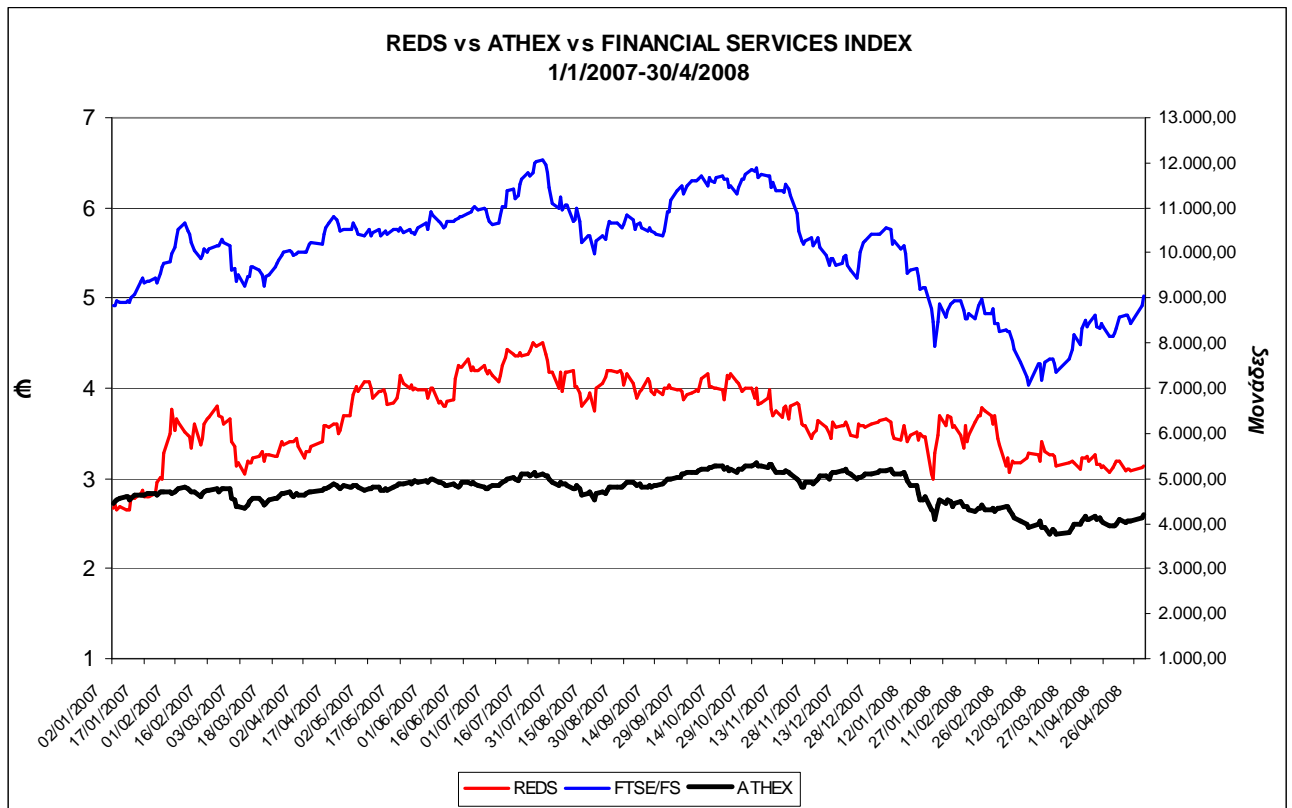
The following table presents summary statistics concerning the share price development in ATHEX for the period 01.01.2007-30.04.2008:

<b>Adjusted Share Price</b>	<b>01.01.2007-30.04.2008 (in €)</b>
Average	3,66
Lowest	2,60
Highest	4,64
Average daily trading volume (shares)	56.547
Net year 2007 dividend per share	0,06
Dividend yield (% on average price)	1,64%

The following table shows the share's closing price on the last session of each month, and the value of total monthly transaction volume

<b>Date</b>	<b>Closing (in €)</b>	<b>Total monthly trading volume (shares)</b>	<b>Total monthly trading value (in €)</b>
31/1/2007	3,58	3.546.821	10.299.744,78
28/2/2007	3,38	2.203.361	7.899.063,84
31/3/2007	3,38	924.647	2.726.070,90
28/4/2007	4,08	1.004.574	3.245.766,60
31/5/2007	4,00	1.307.938	5.051.343,38
30/6/2007	4,14	1.273.319	4.977.915,76
31/7/2007	4,18	1.278.052	5.315.941,74
31/8/2007	4,16	690.221	2.759.673,22
29/9/2007	3,92	4.349.502	5.080.625,46
31/10/2007	4,00	438.028	1.760.671,64
30/11/2007	3,62	463.338	1.697.450,58
29/12/2007	3,66	189.079	675.057,52
31/1/2008	3,50	531.715	1.802.936,82
29/2/2008	3,42	144.854	489.881,84
30/3/2008	3,10	173.282	560.000,46
30/4/2008	3,14	141.762	442.620,96

The following chart shows the development of the Company share price in relation to the Athens Stock Exchange General Index, and the Financial Services FTSE Index where the Company belongs:



## 7. TARGETS AND PROSPECTS

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The Company's investment assets are the largest assets item in the Consolidated Financial Statements, and albeit appearing at cost, according to IAS 40, as at 31.12.2007 they amount to €102 mil.

The company has made a dynamic entry into the Romanian market, with two more projects.

The company's immediate objectives regarding ongoing projects are:

- Achieve the interim objectives of the LSGIE deal for the Kantza, Attica plot.
- Conclude licensing procedures for the Business Park at Yialou, Spata.
- Complete the construction and sale of all houses in the "Ampelia" residential complex in Kantza, Attica
- Conclude licensing procedures and commence construction of the office building in Akadimia Platonos.
- Construct the residential complex at Baneasa lake in Bucharest
- Conclude town planning and licensing procedures for the building complex in Splaiul Unirii, Bucharest
- Complete the purchase of a 6,500 sq.m. plot, after integration in the town plan, in Elefsina.

Apart from the existing projects, REDS also aims at the following, both at home and abroad:

- Develop new residential complexes
- Develop office spaces in new business areas
- Develop shopping malls
- Develop and operate conference centres
- Take part in tenders for the above or other developments

Considering the company's current investment portfolio, its immediate near future targets, the experience of its staff and the possibilities it has to implement large scale projects, as one of the main attributes of the Group in which the company belongs, it is estimated that it will have a dynamic, successful and profitable progress in the years to come.

## 8. BOARD OF DIRECTORS REPORT

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### 1. Course of activities and main events in fiscal year 2007

The real estate market is in a transitional stage with sometimes controversial aspects such as the following:

- The tax system remains quite complex (although it has been attempted to simplify it) and is undergoing continuous changes which lead to uncertainty and a waiting position;
- Declining tendencies in the housing sector;
- Increase of demand in certain sectors, such as A' class office premises.

Throughout 2007, REDS liquidated developments and acquired real estate in Romania. At the same time, it promoted the development of large real estate in Kantza and Yialou, and proceeded to the acquisition of real estate for the development of office areas and a medium scale commercial centre.

The most important events in 2007 were the following:

- In June 2007, the Shopping Malls Escape in Ilion and Veso Mare in Patras were sold against a total consideration of € 40.5 mil., to companies of the HENDERSON investment group. The liquidation of the specific investments was effected before the first indications of decline appeared. The adjustment of the valuations incurred in fiscal year 2003 according to the Hellenic Accounting Standards optimized the tax consequences.
- In June 2007, a pre-contract for the sale of all the shares in the company under the name YIALOU COMMERCIAL & TOURIST SA was concluded with HENDERSON investment group against an assessed consideration of €70 mil., subject to the completion of construction and lease of the "Business Park" to be developed by the Company on part of its property in the area of Yialou. After that, the Company completed the preparation of the required architectural and environmental studies for the issuance of the building permits for the property and, at the same time, it conducted a market research for prospective buyers.
- The process for integration of the property in Kantza in the town plan was continued, although at a slower pace on the part of the various Authorities involved. The target set for 2007 in respect of the approval of boundaries for a Productive Activities Organized Development Area (PAODA) of the tertiary sector was not reached and is expected to be completed in 2008. It is noted that these procedures are a prerequisite for the completion of the agreement with LSGIE regarding the sale of all the shares in KANTZA COMMERCIAL S.A., which owns the property.

- In June 2007 a pre-contract was signed regarding the acquisition of a 6,500 sq.m. plot located at a central area in the Municipality of Elefsina. On the above property a building for commercial use will be constructed, with a total rentable space of 9,400 sq.m. The purchase of the plot of land, after its inclusion in the town plan, is expected to be completed in 2009 and the construction process is scheduled on an 18-month time frame.
- The sale of the residences located in the residential estate of Lofos Edison of the subsidiary LOFOS PALLINI S.A. has been completed.
- The construction works were continued in respect of the residential estate Ampelia in Kantza, consisting of 28 residences allocated in 5 independent buildings, on a 7,780 sq.m. plot of land.
- The purchase process was completed in respect of a plot of land of a total surface of 8,000 sq.m. located at Athinon Avenue (Akadimia Platonos), near the new premises of the ATHEX, where a 19,000 sq.m. building of offices will be constructed with 380 parking spaces.
- The Company holds 11.67% in the share capital of ATHENS METROPOLITAN EXPO S.A., which has undertaken, by virtue of a concession agreement until 31.12.2025, the development and operation of the new Exhibition & Congress Centre (of a total commercial area of 50,000 sq.m.) to be constructed in the area of the Athens International Airport.
- As regards the Romanian market:
  - a plot of land of a total surface of 6,000 sq.m. was acquired through the subsidiary PROFIT CONSTRUCT S.R.L. in Splaiul Unirii in downtown Bucharest, where a mixed use building complex will be constructed,
  - an 8,500 sq.m. plot of land was acquired through the subsidiary CLH ESTATE S.R.L. at lake Baneasa in Bucharest, where a luxury residential estate will be constructed.

Finally, in 2007 the Company participated in tenders through cooperation with other companies for the development of exhibition areas, commercial and congress centres.

## **2. Results for 2007 and Prospects**

The main financial figures for year 2007 and their variance in comparison to the previous year involve the following significant aspects:



- The profit of the parent company REDS REAL ESTATE DEVELOPMENT & SERVICES SA amounted to € 6,279 thousands after tax, compared to € 801 thousands of the previous year. The increase in 2007 profit is mostly attributed to the sale of shopping malls Escape and Veso Mare.
- The profit of LOFOS PALLINI S.A. amounted to € 579 thousands after tax, against € 583 thousands of the previous year. Despite the drop in sales and gross profit margin from 22% in 2006 to 19% in 2007, the profitability remained at the same level due to the increased financial income and the reduced operational expenses.
- In 2007, KANTZA COMMERCIAL S.A., YIALOU COMMERCIAL AND TOURIST S.A. and PMS PARKING SYSTEMS S.A. had zero turnover and reported losses amounting in total to € 87 thousands after tax, against profit of € 326 thousands in 2006. The 2006 profitability was the result of extraordinary income from the expropriation of a plot of land.
- Foreign subsidiaries CLH ESTATE S.R.L. and PROFIT CONSTRUCT S.R.L in Romania, as well as CORREA HOLDINGS LTD and KARTEREDA HOLDINGS LIMITED in Cyprus reported loss amounting to € 2,308 thousands, mostly due to financial costs and exchange differences.
- In 2007, 3G S.A., in which the Company holds 50%, reported profit amounting to €158 thousands in total after tax, against €127 thousands after tax in 2006.

The following tables present in summary the changes in main figures in the Company's simplified and consolidated financial statements.

<b>GROUP</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Turnover	29,863,293	13,577,651	119.9%
Gross profit /(loss)	12,951,265	4,851,414	167.0%
Profit/(loss) before tax	6,860,592	3,864,565	77.5%
Profit/(loss) after tax	4,361,651	2,033,481	114.5%

<b>COMPANY</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Turnover	27,169,250	6,955,713	290.6%
Gross profit /(loss)	12,218,787	2,834,265	331.1%
Profit /(loss) before tax	8,738,220	2,242,934	289.6%
Profit/(loss) after tax	6,278,902	800,838	684.0%

The dividend recommended for 2007 amount to 0.06 € per share and the total to be distributed to the shareholders will amount to 2,376,615.90 €.

The following financial indices were applied for the valuation of the results at a consolidated financial statements level:

- **Return on Capital Employed (ROCE):** The ratio of profit before tax and financial results against capital employed, i.e. the aggregate of equity (owned capital), loans and long-term provisions.
- **Return on Equity (ROE):** The ratio of profit after tax against equity.

These indices were formed as follows, based on the consolidated financial statements of 2006 and 2007:

Index	2007	2006
ROCE	4.5%	2.8%
ROE	3.9%	1.9%

For the valuation of the above indices, it should be taken into consideration that the Company applies the Cost Method for the assessment of its investment properties.

The targets for 2008 with regard to the existing project include the following:

- **A property in Kantza, Attica.** In 2008, the process of delimitation of a tertiary sector PAODA is expected to be completed. The issuance of the relevant building permits is not expected to be finalized before 2010.
- **A property in Yialou, Attica.** In 2008 or in early 2009 and upon issuance of the respective building permit, it is expected that the final contract will be signed with MACARTHURGLEN HELLAS LLC in respect of the sale of part of the property owned by YIALOU COMMERCIAL AND TOURIST S.A., pursuant to the pre-contract signed in 2006. A few months before or after that, it is expected that the relevant permits will be issued in respect of the Business Park on another part of the property, for which a pre-contract of sale has been executed with HENDERSON (see "1. Course of activities and main events in fiscal year 2007").
- **Residential estate Ampelia in Kantza, Attica.** The construction of the 28 residences will be completed in 2008. Although the time-frame had been different, the sales commenced in 2008 instead of 2007, in anticipation of the new statutory regulations regarding 1<sup>st</sup> and 2<sup>nd</sup> residence to enter into effect.

- **Building of offices in Akadimia Platonos.** The process of issuance of the building permit for the construction of a 19,000 sq.m. building will be completed within the first half of 2008 and the project is expected to be completed in 2009.
- **Residential estate in Lake Baneasa of Bucharest.** The issuing of the building permit is expected to be completed immediately. The relevant works will commence within the first half of 2008 and will be completed in approximately 2 years' time.
- **Building estate of mixed use in Splaiul Unirii of Bucharest.** In 2008 a plot of land of 2,016 sq.m. was purchased, adjacent to an existing plot of 6,000 sq.m. (see "4. Events after 31.12.2007"). It is expected that the entire plot will be in the town plan and the building permit will be issued around the end of 2009 or early 2010, and the relevant time-frame of construction is approximately 2.5 years.
- **Building for commercial use in Elefsina.** The purchase of a 6,500 sq.m. plot of land (a pre-contract is in place) is expected to be completed in 2009, after it is included in the town plan, and the time-frame for the construction of the building is estimated at 18 months.
- **Exhibition Centre at the Athens International Airport.** It is expected that the construction of the centre will be completed by the end of 2008.

Apart from the existing projects, REDS has also set the following targets:

- The development of new residential estates and office spaces in Greece and abroad.
- The participation in tenders for the development of exhibition areas, commercial centres, congress centres and office spaces.

### 3. Risks

The major risks involved are the following:

- The lack of a clear statutory frame concerning issues of urban planning and zoning, affecting the development of the Company's real estate, is a factor of delay in the completion of the projects which are already in progress and a source of difficulty in acquiring land with great potential for development.
- The general recession in the financial sector results in the increase of interest rates and more unfavorable terms of financing in general. These developments may result in the increase of borrowing costs.

- The expansion of the activities abroad involves the usual risks of any entity attempting to establish a presence in a foreign market, including the foreign exchange risk.
- The decrease in the prices and merchantability of real estate may affect the financial results of the Company or impede the regular course of the Company's activities.

#### **4. Events after 31.12.2007**

The most significant events after 31.12.2007 include the following:

- In February 2008, the Company acquired an additional building area in Splaiul Unirii at downtown Bucharest through the acquisition of DAMBOVITA ESTATE S.R.L. by the subsidiary company PROFIT CONSTRUCT S.R.L. The total area of the building plot is now 8,016 sq.m.
- The joint venture between REDS S.A. - LAMDA DEVELOPMENT S.A., in which the Company participates by 50%, was awarded contractor in the tender regarding the exploitation of a property owned by Hadjiconsta Foundation located in Chalandri, Attica, of an area of 25,714 sq.m, involving a long-term plan for lease of said property. It is expected that a building for professional use will be constructed on the above property.

Athens, 27 March 2008  
For the Board of Directors

The Chairman of the Board  
Dimitrios Koutras

## 9. EXPLANATORY BOARD OF DIRECTORS REPORT

### OF REDS, REAL ESTATE DEVELOPMENT & SERVICES S.A., ON THE 2007 MANAGEMENT YEAR (PURSUANT TO ARTICLE 11<sup>a</sup> § 1 & 2 OF LAW 3371/2005, AS IN FORCE).

- 1<sup>a</sup>. Share capital structure  
The Company's share capital currently amounts €51,889,447.15, divided into 39,610,265 common registered shares at a par value of €1.31 each. All shares are common, registered with voting right, listed in the securities market of the Athens Stock Exchange, and specifically in the Large Capitalisation category.
- 1<sup>b</sup>. The Articles of Association stipulate no restrictions in the transfer of shares, apart from those stipulated by Law.
- 1<sup>c</sup>. Significant direct or indirect participations as at 31.12.2007, according the provisions of Law 3556/2007.

	SHAREHOLDERS	%
1	Elliniki Technodomiki TEB AE	50,83%
2	Diamantis P. Diamantides	10,36%
3	Christos P. Panayiotopoulos	7,48%

- 1d. There are no shares with special auditing rights
- 1e. The Articles of Association stipulate no restrictions in the voting rights, and voting deadlines, apart from the ones stipulated by Law.
- 1f. There are no agreements between shareholders, that are known to the Company and that entail transfer of shares restrictions or voting rights restrictions.
- 1g. There are no rules regarding the appointment of Board of Directors members, or amendment of the Articles of Association, that deviate from the provisions of Law 2190/1920.
- 1h. The Board of Directors or certain members of the Board of Directors are not competent to issue new shares or purchase own shares as per article 16 of law 2190/1920, except as stipulated by Law.
- 1i. The Company has signed no material agreement entering into effect, amended or expiring in case of change in the Company's control though public offering.
- 1j. The Company has not concluded any agreement with its Board members or staff, stipulating compensation in case of resignation or dismissal without grounded reason, or expiry of office or employment because of public offering, except as stipulated by Law.

Athens, 27 March 2008  
THE BOARD OF DIRECTORS

The Chairman of the Board  
Dimitrios Koutras



**REDS REAL ESTATE DEVELOPMENT & SERVICES SA**

Registered office address: 25 Ermou Str., N. Kifissia - Athens 145 64  
 FIGURES & INFORMATION FOR THE FINANCIAL YEAR 1 JANUARY 2007 - 31 DECEMBER 2007

The following figures and information, drawn from the financial statements, are intended to offer a general overview on the financial condition and results of REDS REAL ESTATE DEVELOPMENT & SERVICES S.A.. Therefore, we recommend readers to visit the Company's website ([www.reds.gr](http://www.reds.gr)) and consult the financial statements as well as the certified auditor's report, when such a report is necessary, prior to making any investment decision or any other transaction with the company.

**COMPANY DETAILS**

Registered office address:	25 Ermou Str., N. Kifissia - Athens 145 64	Approval date of the Annual Financial Statements (from which the summary figures were drawn):	27 March 2008
PUBLIC COMPANIES REG. NO.:	13564/06/B/86/123	Certified Auditor:	Marios Psaltis (SOEL reg no 38081)
Competent Prefecture or First Instance Court:	Ministry of Development, Public Companies Division	Auditing Company:	PriceWaterhouseCoopers Auditors SA
Board of Directors:	Dimitrios Koutras, Chairman - Executive Member Anastassios Kallitsantsis, Managing Director - Executive Member. Dimitrios Kallitsantsis, Loukas Giannacoulis, Konstantinos Mathiopoulos Ioannis Moraitis - Executive Members. Leonidas Bobolas - non-Executive Member. Argyrios Milios, Georgios Bekiaris - Independent non-Executive Members.	Audit Report Type :	Unqualified opinion - matters of emphasis
		Company website address:	<a href="http://www.reds.gr">www.reds.gr</a>

	BALANCE SHEET FIGURES (amounts in €)					INCOME STATEMENT FIGURES (amounts in €)			
	CONSOLIDATED		COMPANY			CONSOLIDATED		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006		1/1-31/12/2007	1/1-31/12/2006	1/1-31/12/2007	1/1-31/12/2006
<b>ASSETS</b>									
Investment property	101.641.460	107.451.874	13.359.758	35.268.810	Turnover	29.863.293	13.577.651	27.169.250	6.955.713
Fixed assets	310.419	255.071	133.619	136.213	Gross profit/(loss)	12.951.265	4.851.414	12.218.787	2.834.265
Advances for long-term Operating Leases	-	9.432.146	-	9.432.146	Profit/(loss) before taxes, financing and investment results	6.728.849	3.787.452	8.613.171	2.558.544
Intended for sale non-current assets	119.414	-	119.000	-	Profit/(loss) before taxes	6.860.592	3.864.565	8.738.220	2.242.934
Other non-current assets	4.325.798	2.470.322	43.070.203	41.514.298	Less taxes	(2.498.941)	(1.831.084)	(2.459.317)	(1.442.096)
Inventories	6.214.480	9.026.078	6.203.172	6.719.997	Profit/(loss) after taxes	4.361.651	2.033.481	6.278.902	800.838
Trade Receivables	3.684.877	7.232.075	3.638.521	4.304.912					
Other current assets	44.164.515	23.353.851	16.262.659	2.435.714	Attributable to:				
<b>TOTAL ASSETS</b>	<b>160.460.962</b>	<b>159.221.417</b>	<b>82.786.934</b>	<b>99.812.090</b>	Company Shareholders	4.361.651	2.033.481	6.278.902	800.838
					Minority Shareholders	-	-	-	-
<b>EQUITY AND LIABILITIES</b>					Profit/(loss) after tax per share - basic (in €)	0,1101	0,0513	0,1585	0,0202
Share Capital	51.889.447	51.889.447	51.889.447	51.889.447	Profit/(loss) before taxes, financing and investment results	7.237.015	4.474.140	8.917.735	3.103.459
Other equity figures	59.740.354	55.938.296	7.372.690	1.489.891	Proposed dividend per share (€)			0,06	0,01
Total Shareholders' Equity (a)	111.629.802	107.827.743	59.262.137	53.379.338					
Minority Interest (b)	-	-	-	-					
Total Equity (c)=(a)+(b)	111.629.802	107.827.743	59.262.137	53.379.338					
Non-current loan liabilities	20.493.045	-	-	-					
Provisions / Other non-current liabilities	18.414.213	22.126.109	18.414.213	22.124.393					
Current loan liabilities	52.030	10.750.000	-	10.750.000					
Other current liabilities	9.871.873	18.517.564	5.110.583	13.558.359					
Total liabilities (d)	48.831.160	51.393.674	23.524.796	46.432.753					
<b>TOTAL EQUITY &amp; LIABILITIES (c) + (d)</b>	<b>160.460.962</b>	<b>159.221.417</b>	<b>82.786.934</b>	<b>99.812.090</b>					

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR**  
(in €)

	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Start of period total equity (01/01/2007 and 01/01/2006, respectively)	107.827.743	105.794.262	53.379.338	52.578.500
Profit/(loss) of the period, after taxes	4.361.651	2.033.481	6.278.902	800.838
SC increase through premium reserves capitalisation	-	5.545.437	-	5.545.437
Share Premium Reserve Capitalisation	-	(5.545.437)	-	(5.545.437)
Previous years' loss write-off	-	20.993.440	-	20.993.440
SC reduction to write-off previous years' losses	-	(20.993.440)	-	(20.993.440)
Dividend allocated	(396.103)	-	(396.103)	-
FX differences	(163.489)	-	-	-
End of period total equity (31/12/2007 and 31/12/06, respectively)	111.629.602	107.827.743	59.262.137	53.379.338

**CASH FLOW STATEMENT FIGURES (amounts in €)**

	CONSOLIDATED		COMPANY	
	1/1-31/12/2007	1/1-31/12/2006	1/1-31/12/2007	1/1-31/12/2006
<b>Operating Activities</b>				
Profit before taxes	6.860.592	3.864.565	8.738.220	2.242.934
<i>Plus/less adjustments for:</i>				
Depreciation	508.166	686.688	304.564	544.915
Provisions	(39.657)	19.213	(37.941)	23.370
FX differences	197.327	-	-	0
Results (income, expenses, profits and loss) from investing activity	1.189.104	(443.165)	2.080.322	(33.155)
Debit interests and related expenses	1.270.327	366.053	385.802	348.764
balances related to operating activities:				
Decrease / (increase) in inventories	2.811.598	3.816.676	516.825	(810.108)
Decrease / (increase) in receivables	10.829.014	4.534.831	8.315.932	260.062
(Decrease) / increase in current liabilities (except banks)	(11.319.570)	2.717.957	(10.981.943)	(833.345)
Less:				
Debit interest and similar paid charges	(1.270.327)	(366.053)	(385.802)	(348.764)
Taxes paid	(3.240.084)	(1.022.152)	(3.356.494)	(542.854)
<b>Total operating activities inflow (outflow) (a)</b>	<b>7.796.489</b>	<b>14.174.613</b>	<b>5.579.485</b>	<b>852.018</b>
<b>Investing Activities</b>				
Acquisition of subsidiaries, affiliates, joint ventures and other investments	(4.544.003)	-	(16.001)	(1.000)
Purchase of tangible and intangible fixed assets	(12.669.200)	(11.442.926)	(527.585)	(10.978.538)
Income from the sale of tangible and intangible fixed assets	19.543.945	2.940	19.543.494	2.940
Available for sale investments purchased	(119.414)	-	(119.000)	-
Interests received	1.402.069	443.165	450.314	20.564
Dividend received	-	-	60.536	12.590
<b>Total investing activities inflow (outflow) (b)</b>	<b>3.613.397</b>	<b>(10.996.821)</b>	<b>19.391.759</b>	<b>(10.943.443)</b>
<b>Financing Activities</b>				
Proceeds from loans	23.545.075	10.750.000	3.000.000	10.750.000
Payments of loans	(13.750.000)	(100.000)	(13.750.000)	-
Dividend payable	(394.297)	-	(394.297)	-
<b>Total financial activities inflow (outflow) (c)</b>	<b>9.400.777</b>	<b>10.650.000</b>	<b>(11.144.297)</b>	<b>10.750.000</b>
<b>Net increase/(decrease) in cash and cash equivalents for the year (a)+(b)+(c)</b>	<b>20.810.664</b>	<b>13.827.793</b>	<b>13.826.946</b>	<b>658.575</b>
<b>Start of year cash and cash equivalents</b>	<b>23.353.826</b>	<b>9.526.034</b>	<b>2.435.689</b>	<b>1.777.114</b>
<b>End of year cash and cash equivalents</b>	<b>44.164.490</b>	<b>23.353.826</b>	<b>16.262.635</b>	<b>2.435.689</b>

**ADDITIONAL FIGURES AND INFORMATION**

1 List of Group companies with their countries of registration and participating interests, included on the consolidated financial statements with full

	Country of registration	Participation %
REDS REAL ESTATE DEVELOPMENT & SERVICES SA	Greece	Parent
LOFOS PALLINI S.A. (see note 9)	Greece	67,00%
YIALOU EMPORIKI & TOURISTIKI S.A.	Greece	100,00%
KANTZA EMPORIKI S.A.	Greece	100,00%
PMS. PARKING SYSTEMS S.A.	Greece	100,00%
KARTEREDA HOLDINGS LIMITED	Cyprus	100,00%
CLH ESTATE S.R.L.	Romania	Indirectly 100,00%
CORREA HOLDINGS LIMITED	Cyprus	100,00%
PROFIT CONSTRUCT S.R.L.	Romania	Indirectly 100,00%

2 List of Group companies with their countries of registration and participating interests, included on the consolidated financial statements with proportional

3G ANAPTIXEOS KATASKEVASTIKON POLEODOMIKON & TOURISTIKON ERGON S.A.	Greece	50,00%
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Athens, 28 March 2008

MANAGING DIRECTOR  
ANASTASSIOS KALLITSANTIS  
ID CARD NO. 2434814

GENERAL DIRECTOR  
& MEMBER OF THE BOARD  
IOANNIS MORAITIS  
ID card no A6574340

FINANCE DIRECTOR  
GEORGE ILIOPOULOS  
OEE License no. 37081

3 REDS SA is consolidated in the financial statements of "ELLINIKI TECHNODOMIKI TEB A.E." which, on 31.12.2007, held 50,83% of its share capital; on 27.03.2008 holds 51,14% of the share capital. "ELLINIKI TECHNODOMIKI TEB AE" is registered in Greece.  
4 The following table presents the unaudited years of the parent company and the Group's companies:  
Company  
REDS S.A. 2 years (2006 -2007)  
PMS. PARKING SYSTEMS S.A. 5 years (2003-2007)  
LOFOS PALLINI S.A. 6 years (2002-2007)  
KANTZA COMMERCIAL S.A. 9 years (1999-2007)  
YIALOU COMMERCIAL & TOURIST S.A. 6 years (2002-2007)  
3G S.A. 5 years (2003-2007)  
5 There are no encumbrances on the Company's or the Group's real property.  
6 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 or operation, 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, as the Company's Management feels that the final outcome will be positive for the Company.  
7 On 31.12.2007 the Group employed 48 people, and the Company 45. On 31.12.2006, the Group employed 25 people and the Company 24.  
8 On 28/07/2005 the company concluded an agreement with "LA SOCIETE GENERAL IMMOBILIERE ESPANGE (LSGIE)", to sell 100% of the shares in subsidiary "KANTZA COMMERCIAL SA", at a total price of €70 mil. The transaction is expected to be completed by the end of 2009, and is subject to the acquisition of the neighbouring property belonging to "KANTZA, REAL ESTATE DEVELOPMENT, MANAGEMENT & OPERATING S.A." and to obtaining all permits and approvals for the entire property in Kantza, Pallini.  
9 The company has recognised a provision to cover the obligation it has against OTE (Greek Telecoms Org.) to acquire 33% of the shares in subsidiary "LOFOS PALLINI S.A." for a minimum price, as stipulated in the relevant contract dated 28/2/2002. The amount of the provision rises to €18.3 mil. and has increased REDS's investment cost in said subsidiary, now consolidated at 100%.  
10 The value of the property belonging to subsidiary "YIALOU EMPORIKI & TOURISTIKI S.A." was re-assessed due to the fact that an area of approx. 133,000 sq.m. was included in the town plan, by virtue of Gov. Gazette 319/D/2005 approving the design for the "Yialou Business Park-City of Spata". The entire property of approx. 173,000 sq.m. belonging to said subsidiary, appears in the Consolidated Financial Statements at a value of €33.2 million, under "Investment property", according to IAS 40, and in April 2007 was reassessed to €41.9 million.  
11 On 20/6/2006 a draft contract was signed for the sale of part of the property belonging to "YIALOU EMPORIKI & TOURISTIKI S.A." at the Gyalou Spata location, for a consideration of €13.4 mil. with MACARTHURGLEN HELLAS Ltd. The final sale contract is subject to the issuing of the building license. The company will not recognise any income until the transaction is finalised.  
12 In February 2007, "CLH ESTATE S.R.L." purchased a plot of approx. 8,500 sq.m. in Baneasa location, Bucharest Romania.  
13 In April 2007, the Company acquired 100% of the Share Capital in "CORREA HOLDINGS LTD", registered in Cyprus. "CORREA HOLDINGS LTD" owns the 100% of the share capital of "PROFIT CONSTRUCT SRL" registered in Romania. The above participations were included for the first time in Parent Company's Consolidated Statements on 30.06.07 with the Full Consolidation method. Pursuing its operations in Romania's real estate market, in February 2008, the Company acquired 100% of "DAMBOVITA REAL ESTATE SRL", through its associate "PROFIT CONSTRUCT SRL", and now owns a plot of 8,016 sq.m. at the Splaiul Unirii location, in downtown Bucharest. A multi-purpose building complex will be constructed on the said plot.  
14 On 12.06.2007 the Company concluded with companies managed by the HENDERSON investment house the following: a) sale agreements of its two shopping centres Veso Mare and Escape Center, for a total consideration of €40.5 million & b) a preliminary sale agreement regarding 100% of the shares in subsidiary YIALOU COMMERCIAL & TOURIST S.A., for an estimated consideration of €70 mil. The deal is expected to become final following completion of construction and start of operations of the "Business Park", that the company will develop on part of its property in the Yialou, Spata location. The company will not recognise any income until the transaction is finalised.  
15 During the year, the company participated in the setting up and share capital increase of "ATHENS METROPOLITAN EXPO SA", with an 11,67% stake, for a consideration of €119 thousand. The newly established company is registered in Greece. "ATHENS METROPOLITAN EXPO S.A." was awarded the concession contract for the development and operation of the new Exhibition and Conference Centre at the Athens International Airport.  
16 Group and Company purchase and sales amounts for 01.01.2007 - 31.12.2007, as well as balances of receivables and liabilities as at 31.12.2007 from transactions with associates, as defined in IAS 24, are:

- a) Sales of goods and services, Group € 340.499 Company € 825.978.
- b) Purchases of goods and services, Group € 745.913, Company € 735.933.
- c) Receivables, Group € 461.889, Company €1,643.417.
- d) Liabilities, Group € 80.140, Company € 78.043.
- e) Transactions and fees of management executives and BoD members, Group € 772.033, Company € 630.497.
- f) Receivables from management executives and BoD members, Group € 49.817, Company € 0.
- g) Liabilities to management executives and BoD members, Group € 4.627, Company € 0.

11. ANNUAL FINANCIAL STATEMENTS ACCORDING TO THE IFRS FOR THE YEAR ENDED 31 DECEMBER  
2007

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# **REDS Real Estate Development & Services SA**

Annual Financial Statements  
prepared according to the International Financial Reporting Standards  
for the year ended 31 December 2007

**REDS REAL ESTATE DEVELOPMENT &  
SERVICES SA**

25 ERMOU STR., N. KIFISSIA - ATHENS 145 64  
VAT no.: 094007180 ATHENS FAEE: TAX OFFICE

PUBLIC COMPANIES REG. NO. 13564/06/B/86/123 – File no 340340

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## **Year 2007 Annual Financial Statements**

It is hereby confirmed that the attached Financial Statements are the ones that were approved by the Board of Directors of REDS SA on 27/3/2008, and were posted on the internet at [www.reds.gr](http://www.reds.gr). Note that the summary figures published in the press aim at providing readers with some general financial data, but do not provide a complete picture of Company and Group financial position and results, according to the International Accounting Standards

Dimitrios Koutras  
Chairman of the Board of Directors  
REDS S.A.

## 5. Course of activities and main events in fiscal year 2007

The real estate market is in a transitional stage with sometimes controversial aspects such as the following:

- The tax system remains quite complex (although it has been attempted to simplify it) and is undergoing continuous changes which lead to uncertainty and a waiting position;
- Declining tendencies in the housing sector;
- Increase of demand in certain sectors, such as A' class office premises.

Throughout 2007, REDS liquidated developments and acquired real estate in Romania. At the same time, it promoted the development of large real estate in Kantza and Yialou, and proceeded to the acquisition of real estate for the development of office areas and a medium scale commercial centre.

The most important events in 2007 were the following:

- In June 2007, the Shopping Malls Escape in Ilion and Veso Mare in Patras were sold against a total consideration of € 40.5 mil., to companies of the HENDERSON investment group. The liquidation of the specific investments was effected before the first indications of decline appeared. The adjustment of the valuations incurred in fiscal year 2003 according to the Hellenic Accounting Standards optimized the tax consequences.
- In June 2007, a pre-contract for the sale of all the shares in the company under the name YIALOU COMMERCIAL & TOURIST SA was concluded with HENDERSON investment group against an assessed consideration of €70 mil., subject to the completion of construction and lease of the "Business Park" to be developed by the Company on part of its property in the area of Yialou. After that, the Company completed the preparation of the required architectural and environmental studies for the issuance of the building permits for the property and, at the same time, it conducted a market research for prospective buyers.
- The process for integration of the property in Kantza in the town plan was continued, although at a slower pace on the part of the various Authorities involved. The target set for 2007 in respect of the approval of boundaries for a Productive Activities Organized Development Area (PAODA) of the tertiary sector was not reached and is expected to be completed in 2008. It is noted that these procedures are a prerequisite for the completion of the agreement with LSGIE regarding the sale of all the shares in KANTZA COMMERCIAL S.A., which owns the property.

- In June 2007 a pre-contract was signed regarding the acquisition of a 6,500 sq.m. plot located at a central area in the Municipality of Elefsina. On the above property a building for commercial use will be constructed, with a total rentable space of 9,400 sq.m. The purchase of the plot of land, after its inclusion in the town plan, is expected to be completed in 2009 and the construction process is scheduled on an 18-month time frame.
- The sale of the residences located in the residential estate of Lofos Edison of the subsidiary LOFOS PALLINI S.A. has been completed.
- The construction works were continued in respect of the residential estate Ampelia in Kantza, consisting of 28 residences allocated in 5 independent buildings, on a 7,780 sq.m. plot of land.
- The purchase process was completed in respect of a plot of land of a total surface of 8,000 sq.m. located at Athinon Avenue (Akadimia Platonos), near the new premises of the ATHEX, where a 19,000 sq.m. building of offices will be constructed with 380 parking spaces.
- The Company holds 11.67% in the share capital of ATHENS METROPOLITAN EXPO S.A., which has undertaken, by virtue of a concession agreement until 31.12.2025, the development and operation of the new Exhibition & Congress Centre (of a total commercial area of 50,000 sq.m.) to be constructed in the area of the Athens International Airport.
- As regards the Romanian market:
  - a plot of land of a total surface of 6,000 sq.m. was acquired through the subsidiary PROFIT CONSTRUCT S.R.L. in Splaiul Unirii in downtown Bucharest, where a mixed use building complex will be constructed,
  - an 8,500 sq.m. plot of land was acquired through the subsidiary CLH ESTATE S.R.L. at lake Baneasa in Bucharest, where a luxury residential estate will be constructed.

Finally, in 2007 the Company participated in tenders through cooperation with other companies for the development of exhibition areas, commercial and congress centres.

## **6. Results for 2007 and Prospects**

The main financial figures for year 2007 and their variance in comparison to the previous year involve the following significant aspects:

- The profit of the parent company REDS REAL ESTATE DEVELOPMENT & SERVICES SA amounted to € 6,279 thousands after tax, compared to € 801 thousands of the previous year. The increase in 2007 profit is mostly attributed to the sale of shopping malls Escape and Veso Mare.
- The profit of LOFOS PALLINI S.A. amounted to € 579 thousands after tax, against € 583 thousands of the previous year. Despite the drop in sales and gross profit margin from 22% in 2006 to 19% in 2007, the profitability remained at the same level due to the increased financial income and the reduced operational expenses.
- In 2007, KANTZA COMMERCIAL S.A., YIALOU COMMERCIAL AND TOURIST S.A. and PMS PARKING SYSTEMS S.A. had zero turnover and reported losses amounting in total to € 87 thousands after tax, against profit of € 326 thousands in 2006. The 2006 profitability was the result of extraordinary income from the expropriation of a plot of land.
- Foreign subsidiaries CLH ESTATE S.R.L. and PROFIT CONSTRUCT S.R.L in Romania, as well as CORREA HOLDINGS LTD and KARTEREDA HOLDINGS LIMITED in Cyprus reported loss amounting to € 2,308 thousands, mostly due to financial costs and exchange differences.
- In 2007, 3G S.A., in which the Company holds 50%, reported profit amounting to €158 thousands in total after tax, against €127 thousands after tax in 2006.

The following tables present in summary the changes in main figures in the Company's simplified and consolidated financial statements.

<b>GROUP</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Turnover	29,863,293	13,577,651	119.9%
Gross profit /(loss)	12,951,265	4,851,414	167.0%
Profit/(loss) before tax	6,860,592	3,864,565	77.5%
Profit/(loss) after tax	4,361,651	2,033,481	114.5%

<b>COMPANY</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Turnover	27,169,250	6,955,713	290.6%
Gross profit /(loss)	12,218,787	2,834,265	331.1%
Profit /(loss) before tax	8,738,220	2,242,934	289.6%
Profit/(loss) after tax	6,278,902	800,838	684.0%

The dividend recommended for 2007 amount to 0.06 € per share and the total to be distributed to the shareholders will amount to 2,376,615.90 €.

The following financial indices were applied for the valuation of the results at a consolidated financial statements level:

- **Return on Capital Employed (ROCE):** The ratio of profit before tax and financial results against capital employed, i.e. the aggregate of equity (owned capital), loans and long-term provisions.
- **Return on Equity (ROE):** The ratio of profit after tax against equity.

These indices were formed as follows, based on the consolidated financial statements of 2006 and 2007:

Index	2007	2006
ROCE	4.5%	2.8%
ROE	3.9%	1.9%

For the valuation of the above indices, it should be taken into consideration that the Company applies the Cost Method for the assessment of its investment properties.

The targets for 2008 with regard to the existing project include the following:

- **A property in Kantza, Attica.** In 2008, the process of delimitation of a tertiary sector PAODA is expected to be completed. The issuance of the relevant building permits is not expected to be finalized before 2010.
- **A property in Yialou, Attica.** In 2008 or in early 2009 and upon issuance of the respective building permit, it is expected that the final contract will be signed with MACARTHURGLEN HELLAS LLC in respect of the sale of part of the property owned by YIALOU COMMERCIAL AND TOURIST S.A., pursuant to the pre-contract signed in 2006. A few months before or after that, it is expected that the relevant permits will be issued in respect of the Business Park on another part of the property, for which a pre-contract of sale has been executed with HENDERSON (see "1. Course of activities and main events in fiscal year 2007").
- **Residential estate Ampelia in Kantza, Attica.** The construction of the 28 residences will be completed in 2008. Although the time-frame had been different, the sales commenced in 2008 instead of 2007, in anticipation of the new statutory regulations regarding 1<sup>st</sup> and 2<sup>nd</sup> residence to enter into effect.



- **Building of offices in Akadimia Platonos.** The process of issuance of the building permit for the construction of a 19,000 sq.m. building will be completed within the first half of 2008 and the project is expected to be completed in 2009.
- **Residential estate in Lake Baneasa of Bucharest.** The issuing of the building permit is expected to be completed immediately. The relevant works will commence within the first half of 2008 and will be completed in approximately 2 years' time.
- **Building estate of mixed use in Splaiul Unirii of Bucharest.** In 2008 a plot of land of 2,016 sq.m. was purchased, adjacent to an existing plot of 6,000 sq.m. (see "4. Events after 31.12.2007"). It is expected that the entire plot will be in the town plan and the building permit will be issued around the end of 2009 or early 2010, and the relevant time-frame of construction is approximately 2.5 years.
- **Building for commercial use in Elefsina.** The purchase of a 6,500 sq.m. plot of land (a pre-contract is in place) is expected to be completed in 2009, after it is included in the town plan, and the time-frame for the construction of the building is estimated at 18 months.
- **Exhibition Centre at the Athens International Airport.** It is expected that the construction of the centre will be completed by the end of 2008.

Apart from the existing projects, REDS has also set the following targets:

- The development of new residential estates and office spaces in Greece and abroad.
- The participation in tenders for the development of exhibition areas, commercial centres, congress centres and office spaces.

## 7. Risks

The major risks involved are the following:

- The lack of a clear statutory frame concerning issues of urban planning and zoning, affecting the development of the Company's real estate, is a factor of delay in the completion of the projects which are already in progress and a source of difficulty in acquiring land with great potential for development.
- The general recession in the financial sector results in the increase of interest rates and more unfavorable terms of financing in general. These developments may result in the increase of borrowing costs.

- The expansion of the activities abroad involves the usual risks of any entity attempting to establish a presence in a foreign market, including the foreign exchange risk.
- The decrease in the prices and merchantability of real estate may affect the financial results of the Company or impede the regular course of the Company's activities.

## **8. Events after 31.12.2007**

The most significant events after 31.12.2007 include the following:

- In February 2008, the Company acquired an additional building area in Splaiul Unirii at downtown Bucharest through the acquisition of DAMBOVITA ESTATE S.R.L. by the subsidiary company PROFIT CONSTRUCT S.R.L. The total area of the building plot is now 8,016 sq.m.
- The joint venture between REDS S.A. - LAMDA DEVELOPMENT S.A., in which the Company participates by 50%, was awarded contractor in the tender regarding the exploitation of a property owned by Hadjiconsta Foundation located in Chalandri, Attica, of an area of 25,714 sq.m, involving a long-term plan for lease of said property. It is expected that a building for professional use will be constructed on the above property.

Athens, 27 March 2008  
For the Board of Directors

The Chairman of the Board  
Dimitrios Koutras

## EXPLANATORY BOARD OF DIRECTORS REPORT

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### OF REDS, REAL ESTATE DEVELOPMENT & SERVICES S.A., ON THE 2007 MANAGEMENT YEAR (PURSUANT TO ARTICLE 11<sup>a</sup> § 1 & 2 OF LAW 3371/2005, AS IN FORCE).

- 1<sup>a</sup>. Share capital structure  
The Company's share capital currently amounts €51,889,447.15, divided into 39,610,265 common registered shares at a par value of €1.31 each. All shares are common, registered with voting right, listed in the securities market of the Athens Stock Exchange, and specifically in the Large Capitalisation category.
- 1<sup>b</sup>. The Articles of Association stipulate no restrictions in the transfer of shares, apart from those stipulated by Law.
- 1<sup>c</sup>. Significant direct or indirect participations as at 31.12.2007, according the provisions of Law 3556/2007.

	SHAREHOLDERS	%
1	Elliniki Technodomiki TEB AE	50,83%
2	Diamantis P. Diamantides	10,36%
3	Christos P. Panayiotopoulos	7,48%

- 1d. There are no shares with special auditing rights
- 1e. The Articles of Association stipulate no restrictions in the voting rights, and voting deadlines, apart from the ones stipulated by Law.
- 1f. There are no agreements between shareholders, that are known to the Company and that entail transfer of shares restrictions or voting rights restrictions.
- 1g. There are no rules regarding the appointment of Board of Directors members, or amendment of the Articles of Association, that deviate from the provisions of Law 2190/1920.
- 1h. The Board of Directors or certain members of the Board of Directors are not competent to issue new shares or purchase own shares as per article 16 of law 2190/1920, except as stipulated by Law.
- 1i. The Company has signed no material agreement entering into effect, amended or expiring in case of change in the Company's control though public offering.
- 1j. The Company has not concluded any agreement with its Board members or staff, stipulating compensation in case of resignation or dismissal without grounded reason, or expiry of office or employment because of public offering, except as stipulated by Law.

Athens, 27 March 2008  
THE BOARD OF DIRECTORS

The Chairman of the Board  
Dimitrios Koutras

**To the Shareholders of  
"REDS Real Estate Development & Services SA"**

**Report on the Financial Statements**

We have audited the accompanying financial statements of REDS Real Estate Development and Services 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 the note 30 of the financial statements, which refers to the uncertainty relating to the un-audited tax years of the Group Companies and the pending legal dispute between the consolidated subsidiary "Lofos Pallini SA" and the municipality of Pallini.

## 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.

Athens , 30 March 2008  
The Certified Auditor - Accountant

PriceWaterHouseCoopers  
Certified Auditors Accountants  
268 Kifisias Ave  
152 32 Halandrii  
SOEL Reg.No 113

Marios Psaltis  
SOEL Reg.No 38081



## BALANCE SHEET

All amounts in Euro.

	Note	<u>THE GROUP</u>		<u>THE COMPANY</u>	
		31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>ASSETS</b>					
<b>Non-current assets</b>					
Tangible assets	7	272.229	217.995	106.768	99.319
Intangible assets	8	38.190	37.077	26.851	36.894
Investments in real property	6	101.641.460	107.451.874	13.359.758	35.268.810
Investments in subsidiaries	9	-	-	39.406.512	39.390.511
Investments in joint ventures	10	-	-	10.770	10.770
Deferred tax assets	20	2.483.408	2.393.294	1.810.531	2.035.989
Long-term available-for-sale financial assets	11	119.414	-	119.000	-
Advances for long-term Operating Leases	13	-	9.432.146	-	9.432.146
Other non-current receivables	13	1.842.390	77.028	1.842.390	77.028
		<b>106.397.091</b>	<b>119.609.413</b>	<b>56.682.581</b>	<b>86.351.468</b>
<b>Current assets</b>					
Inventories	12	6.214.480	9.026.078	6.203.172	6.719.997
Trade debtors and other receivables	13	3.684.877	7.232.075	3.638.521	4.304.912
Available for sale, Investments short term		25	25	25	25
Cash and cash equivalents	14	44.164.490	23.353.827	16.262.635	2.435.689
		<b>54.063.871</b>	<b>39.612.004</b>	<b>26.104.352</b>	<b>13.460.623</b>
<b>Total Assets</b>		<b>160.460.962</b>	<b>159.221.417</b>	<b>82.786.934</b>	<b>99.812.090</b>
<b>EQUITY CAPITAL</b>					
<b>Equity capital attributed to shareholders</b>					
Share capital	15	51.889.447	51.889.447	51.889.447	51.889.447
Share premium reserve	15	95.973	95.973	95.973	95.973
Other reserves	16	8.991.084	6.391.107	1.128.687	814.742
Profit carried forward		50.653.298	49.451.216	6.148.030	579.176
		<b>111.629.802</b>	<b>107.827.743</b>	<b>59.262.137</b>	<b>53.379.338</b>
<b>Total equity</b>		<b>111.629.802</b>	<b>107.827.743</b>	<b>59.262.137</b>	<b>53.379.338</b>
<b>CREDITORS</b>					
<b>Non-current liabilities</b>					
Long-term loans	18	20.493.045	-	-	-
Retirement benefit obligation	21	44.401	84.058	44.401	82.342
Other non-current liabilities	17	42.976	3.715.215	42.976	3.715.215
Other long-term provisions	19	18.326.836	18.326.836	18.326.836	18.326.836
		<b>38.907.258</b>	<b>22.126.109</b>	<b>18.414.213</b>	<b>22.124.393</b>
<b>Current Liabilities</b>					
Suppliers and other liabilities	17	9.709.036	17.356.366	5.108.778	12.418.481
Current tax obligations (Income tax)		161.031	1.161.198	-	1.139.878
Short-term loans	18	52.030	10.750.000	-	10.750.000
Dividend payable		1.805	-	1.805	-
		<b>9.923.903</b>	<b>29.267.564</b>	<b>5.110.583</b>	<b>24.308.359</b>
<b>Total liabilities</b>		<b>48.831.160</b>	<b>51.393.674</b>	<b>23.524.796</b>	<b>46.432.753</b>
<b>Total equity and liabilities</b>		<b>160.460.962</b>	<b>159.221.417</b>	<b>82.786.934</b>	<b>99.812.090</b>

The notes on pages 82 to 111 are an integral part of these financial statements.

## INCOME STATEMENT

All amounts in Euro, except earnings per share.

	Note	<u>THE GROUP</u>		<u>THE COMPANY</u>	
		31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Sales</b>		29.863.293	13.577.651	27.169.250	6.955.713
Cost of sales	24	(16.912.028)	(8.726.237)	(14.950.463)	(4.121.448)
<b>Gross Profit</b>		<b>12.951.265</b>	<b>4.851.414</b>	<b>12.218.787</b>	<b>2.834.265</b>
Administration expenses	24	(3.716.522)	(2.872.095)	(2.484.729)	(1.628.338)
Other operating income / (expenses) (net)	26	(2.505.894)	1.808.133	(1.120.887)	1.352.616
<b>Operating results</b>		<b>6.728.849</b>	<b>3.787.452</b>	<b>8.613.171</b>	<b>2.558.544</b>
Income from dividend		-	-	60.536	12.590
Financial income (expenses) - net	22	131.743	77.112	64.513	(328.200)
<b>Profit before tax</b>		<b>6.860.592</b>	<b>3.864.565</b>	<b>8.738.220</b>	<b>2.242.934</b>
Income tax	25	(2.498.941)	(1.831.084)	(2.459.317)	(1.442.096)
<b>Net profit for the period</b>		<b>4.361.651</b>	<b>2.033.481</b>	<b>6.278.902</b>	<b>800.838</b>
<b>Profit per share - basic (€)</b>	27	0,1101	0,0513	0,1585	0,0202

The notes on pages 82 to 111 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

All amounts in Euro.

	<b>THE GROUP</b>				<b>Total</b>
	<b>Share capital</b>	<b>Share premium reserve</b>	<b>Other reserves</b>	<b>Results carried forward</b>	
<b>1-Jan-06</b>	<b>67.337.451</b>	<b>5.641.410</b>	<b>6.327.916</b>	<b>26.487.485</b>	<b>105.794.262</b>
Share capital issue / increase	5.545.437	(5.545.437)	-	-	-
Share capital issue / (decrease)	(20.993.440)	-	-	20.993.440	-
Net profit for the year	-	-	-	2.033.481	2.033.481
Transfer from / to Reserves	-	-	63.190	(63.190)	-
<b>31-Dec-06</b>	<b>51.889.448</b>	<b>95.973</b>	<b>6.391.107</b>	<b>49.451.216</b>	<b>107.827.743</b>
<b>1-Jan-07</b>	<b>51.889.448</b>	<b>95.973</b>	<b>6.391.107</b>	<b>49.451.216</b>	<b>107.827.743</b>
Net profit for the year	-	-	-	4.361.651	4.361.651
Dividend distributed	-	-	-	(396.103)	(396.103)
Transfer from / to Reserves	-	-	2.763.466	(2.763.466)	-
FX differences	-	-	(163.489)	-	(163.490)
<b>31-Dec-07</b>	<b>51.889.448</b>	<b>95.973</b>	<b>8.991.084</b>	<b>50.653.298</b>	<b>111.629.802</b>

	<b>THE COMPANY</b>				<b>Total</b>
	<b>Share capital</b>	<b>Share premium reserve</b>	<b>Other reserves</b>	<b>Results carried forward</b>	
<b>1-Jan-06</b>	<b>67.337.451</b>	<b>5.641.410</b>	<b>784.259</b>	<b>(21.184.620)</b>	<b>52.578.500</b>
Share capital issue / increase (note 15)	5.545.437	(5.545.437)	-	-	-
Share capital issue / (decrease) (note 15)	(20.993.440)	-	-	20.993.440	-
Net profit for the year	-	-	-	800.838	800.838
Transfer from / to Reserves	-	-	30.483	(30.483)	-
<b>31-Dec-06</b>	<b>51.889.448</b>	<b>95.973</b>	<b>814.742</b>	<b>579.175</b>	<b>53.379.338</b>
<b>1-Jan-07</b>	<b>51.889.448</b>	<b>95.973</b>	<b>814.742</b>	<b>579.175</b>	<b>53.379.338</b>
Net profit for the year	-	-	-	6.278.902	6.278.902
Dividend distributed	-	-	-	(396.103)	(396.103)
Transfer from / to Reserves	-	-	313.945	(313.945)	-
<b>31-Dec-07</b>	<b>51.889.448</b>	<b>95.973</b>	<b>1.128.687</b>	<b>6.148.030</b>	<b>59.262.137</b>

The notes on pages 82 to 111 are an integral part of these financial statements.



## CASH FLOW STATEMENT

All amounts in Euro.

	Note	<u>THE GROUP</u>		<u>THE COMPANY</u>	
		31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b><u>Operating Activities</u></b>					
Profit before tax		6.860.592	3.864.565	8.738.220	2.242.934
<i>Plus/less adjustments for:</i>					
Depreciation	6,7,8	508.166	686.688	304.564	544.915
Provisions	21	(39.657)	19.213	(37.941)	23.370
Foreign exchange differences		197.327	-	-	-
Results (income, expenses, profits and loss) from investing activity		1.189.104	(443.165)	2.080.322	(33.155)
Debit interests and related expenses	22	1.270.327	366.053	385.802	348.764
<i>Plus/less adjustments for differences in working capital balances or in balances related to operating activities:</i>					
Decrease / (increase) in inventories	12	2.811.598	3.816.676	516.825	(810.108)
Decrease / (increase) in receivables		10.829.014	4.534.831	8.315.932	260.062
(Decrease) / increase in liabilities (except banks)		(11.319.570)	2.717.957	(10.981.943)	(833.345)
<i>Less:</i>					
Debit interest and similar paid charges	22	(1.270.327)	(366.053)	(385.802)	(348.764)
Taxes paid		(3.240.084)	(1.022.152)	(3.356.494)	(542.654)
<b>Total inflows / (outflows) from operating activities (a)</b>		<b>7.796.489</b>	<b>14.174.613</b>	<b>5.579.485</b>	<b>852.018</b>
<b><u>Investing Activities</u></b>					
Acquisition /sales of subsidiaries, affiliates, joint ventures and other investments	9	(4.544.003)	-	(16.001)	(1.000)
Purchase of tangible and intangible fixed assets		(12.669.200)	(11.442.926)	(527.585)	(10.978.538)
Income from the sale of tangible and intangible fixed assets		19.543.945	2.940	19.543.494	2.940
Interests received	22	1.402.069	443.165	450.314	20.564
Available for sale investments purchased	11	(119.414)	-	(119.000)	-
Dividend received		-	-	60.536	12.590
<b>Total inflows / (outflows) from investing activities (b)</b>		<b>3.613.397</b>	<b>(10.996.821)</b>	<b>19.391.759</b>	<b>(10.943.444)</b>
<b><u>Financing Activities</u></b>					
Proceeds from loans	18	23.545.075	10.750.000	3.000.000	10.750.000
Repayment of loans	18	(13.750.000)	(100.000)	(13.750.000)	-
Dividend payable		(394.297)	-	(394.297)	-
<b>Total financing activities inflow / (outflow) (c)</b>		<b>9.400.777</b>	<b>10.650.000</b>	<b>(11.144.297)</b>	<b>10.750.000</b>
<b>Net increase/(decrease) in cash and cash equivalents for the year (a)+(b)+(c)</b>	14	<b>20.810.664</b>	<b>13.827.793</b>	<b>13.826.946</b>	<b>658.575</b>
<b>Cash and cash equivalents at beginning of the year</b>	14	<b>23.353.826</b>	<b>9.526.034</b>	<b>2.435.689</b>	<b>1.777.114</b>
<b>Cash and cash equivalents at end of the year</b>		<b>44.164.490</b>	<b>23.353.826</b>	<b>16.262.635</b>	<b>2.435.689</b>

The notes on pages 82 to 111 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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### 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 25 Ermou str., N. Kifissia, Attica.

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

These financial statements have been approved the Company's Board of Directors on March 27, 2008 and are under approval by the General Meeting which will take place on May 23th, 2008. There are also available in the company's website: [www.reds.gr](http://www.reds.gr).

### 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 valid at the time of preparing these statements are adopted by the European Council through the confirmation procedure of the European Union (EU), except from 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

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 2007

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

This standard and amendment introduce further disclosures with a view to improving information provided on financial instruments, and do not impact on the classification and valuation of the Group's financial instruments, nor on the disclosures pertaining to taxation and suppliers and other liabilities. The provisions of this standard have been applied in preparing these financial statements.

##### Mandatory interpretations for year 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. 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 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 for the Group.

- **IFRIC 10 – Interim Financial Statements 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.

#### Mandatory standards 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 Managing Directors / Board of Directors, and reported in the financial statements based on their internal component classification. The Group will apply IFRS 8 from 1 January 2009.

- **IAS 23 – Borrowing Costs**

The revised version of the above standard is effective as of 1st January 2009. The main difference in relation to the previous version concerns the abolition of the option to recognise as expense, the borrowing cost related to assets that take a substantial period of time to get ready for their intended use or be sold. The Group will apply IFRS 23 from 1 January 2009.

#### Mandatory interpretations 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 will not 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 for the Group.

- **IFRIC 13 – Customer Loyalty Programs**

This interpretation is effective as of 1 July 2008 and clarifies the treatment of companies that offer any form of loyalty reward such as “credits” or “travel miles” to customers purchasing their goods or services. This interpretation is not relevant for the Group.

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

This interpretation is effective as of 1 January 2008 and refers to retirement benefits and other long-term defined benefit plans offered to employees. This interpretation clarifies when economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan, must be considered as cash available, how the minimum funding requirements could affect available economic benefits in the form of reductions in future contributions, and when minimum funding requirements would create a liability. Since the Group has no such employee benefit plans, 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) Associates

Associates are companies on which the Group can exercise significant influence but not “control”, which is generally the case when the Group holds a percentage between 20% and 50% of a company's voting rights. Investments in associates are initially recognized at cost and are subsequently valued using the Equity method. The account of Investments in associates also includes the goodwill resulting from the acquisition (reduced by any impairment losses).

After the acquisition, the Group's share in the profits or losses of associates is recognized in the income statement, while the share of changes in reserves is recognized in reserves. The cumulated changes affect the book value of the investments in associated companies. When the Group's share in the losses of an associate is equal or larger than the carrying amount of the investment the Group does not recognize any further losses, unless it has guaranteed for liabilities or made payments on behalf of the associate or those that emerge from ownership.

Unrealized profits from transactions between the Group and its associates are eliminated according to the Group's percentage ownership in the associates. Unrealized losses are eliminated, except if the transaction provides indications of impairment of the transferred asset. The accounting principles of affiliates have been adjusted in order to be in conformity to the ones adopted by the Group. In the parent company's balance sheet, affiliates are valued at cost less impairment.

### (c) 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 shows 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 thus are treated similarly to fair value differences.

##### (c) Group companies

The conversion of the individual financial statements of the companies included in the consolidation (none of which has a currency of a hyperinflationary economy), which have a different operating currency than the presentation currency of the Group is as follows:

- i) The assets and liabilities are converted using the rates in effect at the date of the balance sheet,
- ii) The income and expenses are converted using the average rates of the period (except if the average rate is not the logical approach of the accumulated impact of the rates in effect at the dates of the transactions, in which case income and expenses are converted using the rates in effect at the dates of the transactions) and
- iii) Any differences arising from this process are recorded to an equity reserve and are transferred to the income statement upon sale of these companies.

Exchange differences arising from the conversion of the net investment in a foreign company, as well as of the borrowing characterised as hedging of this investment are recorded to equity. At the sale of a foreign company, accumulated exchange differences are transferred to the income statement of the period as profit or loss from the sale.

## 2.6 Investments in real 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 not refurbished buildings, 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 other repair and maintenance costs are booked in the results of the period they are 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 assess 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.

## 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.

Dividends are accounted for as income when the right to receive payment is established.

## 2.21 Dividend Distribution

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.

Analysis of the Group's Loan Vulnerability to Interest Rate Fluctuations.

A reasonably possible interest rate change of twenty five base points (+/- 0.25%) would result in a decrease / increase in profit before tax for year 2007 of €47 thousand, if all other variables remain unchanged. Note that this change in profit before tax is calculated on the end-of-year loan balances and does not include the positive impact of interest from cash available and equivalents.

#### 3.2 Financial risk factors

The financial division is responsible for the management of capitals, aiming at ensuring business continuation for the Group's companies, meeting its development targets in conjunction with preserving its creditworthiness.

In assessing the Group's creditworthiness, one should evaluate the Group's Net Debt (i.e. total non-current and current liabilities to banks, less available cash and equivalents).

On 31/12/2007 and 31/12/2006, respectively, the Group's Net Debt appears negative (namely the Group has net cash available), broken down in the following table:

All amounts in Euro.

##### **THE GROUP**

	<b>31/12/2007</b>	<b>31/12/2006</b>
Short Term Bank Loans	52.030	10.750.000
Long Term Bank Loans	20.493.045	-
Total Loans	20.545.075	10.750.000
Less: Cash & Cash Equivalents	44.164.490	23.353.827
Net Debt	<b>(23.619.415)</b>	<b>(12.603.827)</b>

In the future, and provided that the Group's Net Debt becomes positive (loans instead of net cash available), the Group intends to monitor its capital structure using ratios such as capital leveraging. This ratio is calculated as the quotient of net debt (i.e., total non-current and current liabilities to banks, less available cash and equivalents) to total capitals (i.e. total equity plus net debt).

#### **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**

Annual financial statements along with the accompanying notes and reports may involve certain judgments and calculations that refer to future events regarding operations, developments, and financial performance of the Group. Despite the fact that such assumptions and calculations are based on the best possible knowledge of the Company's and the Group's management, with regard to current conditions and actions, the actual results may eventually differ from calculations and assumptions taken into consideration in the preparation of the Company's and the Group's annual financial statements.

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 to cover 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's cost of investment to the said subsidiary which is consolidated by 100%.

(b) Participations impairment provision

i) further to (a) above, REDS's company balance sheet as at 01.01.2004 includes 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's 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 calculation 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 calculation 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.

## 5 SEGMENT REPORTING

(a) Primary type of representation - business segments

On 31.12.2007 and 2006, the Group operated in 3 business segments :

- Real estate development and sale
- Real property operation
- Real estate management and technical consultancy services

Results for each segment as at 31 December 2007 :

All amounts in Euro.

<b>Consolidated segment information for 01/01-31/12/2007</b>	<b>Sales of property &amp; Leaserights</b>	<b>Real property operation</b>	<b>Services</b>	<b>Total</b>
Sales (gross & net)	26.872.047	2.444.833	546.413	29.863.293
Gross profit/(loss) per sector	12.166.700	714.974	69.591	12.951.265
Administration expenses				(3.716.522)
Other operating income / (expenses) - net				(2.505.894)
Operating profit				<u>6.728.849</u>
Financial income (expenses) - net				131.743
<b>Profit before tax</b>				<u>6.860.592</u>
Income tax				(2.498.941)
<b>Net Profit</b>				<u><b>4.361.651</b></u>

Results for each segment as at 31 December 2006 :

All amounts in Euro.

<b>Consolidated segment information for 01/01-31/12/2006</b>	<b>Sales of property &amp; Leaserights</b>	<b>Real property operation</b>	<b>Services</b>	<b>Total</b>
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				<u>3.787.452</u>
Financial income (expenses) - net				77.112
<b>Profit before tax</b>				<u>3.864.565</u>
Income tax				(1.831.084)
<b>Net Profit</b>				<u><b>2.033.481</b></u>

Other segment figures included in profit and loss as at 31 December 2007, are

All amounts in Euro.

	<b>Sales of property &amp; Leaserights</b>	<b>Real property operation</b>	<b>Services</b>	<b>Non allocated</b>	<b>Total</b>
Depreciation of tangible fixed assets	2.986	11.489	-	32.296	<b>46.771</b>
Depreciation of intangible fixed assets	-	-	-	14.658	<b>14.658</b>
Depreciation of investments in real property	-	387.449	-	59.287	<b>446.736</b>
<b>Total</b>	<b>2.986</b>	<b>398.938</b>	<b>-</b>	<b>106.241</b>	<b>508.166</b>

Other segment figures included in profit and loss as at 31 December 2006, are

All amounts in Euro.

	<b>Sales of property</b>	<b>Real property operation</b>	<b>Services</b>	<b>Non allocated</b>	<b>Total</b>
Depreciation of tangible fixed assets	6.090	25.895	-	29.345	<b>61.331</b>
Depreciation of intangible fixed assets	175	-	-	3.626	<b>3.802</b>
Depreciation of investments in real property	-	606.055	-	15.500	<b>621.555</b>
<b>Total</b>	<b>6.266</b>	<b>631.950</b>	<b>-</b>	<b>48.472</b>	<b>686.688</b>

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

Segment assets and liabilities as at 31 December 2007:

All amounts in Euro.

	<b>Sales of property &amp; Leaserights</b>	<b>Real property operation</b>	<b>Services</b>	<b>Non allocated</b>	<b>Total</b>
<b>Assets</b>	21.985.253	138.012.560	120.070	343.078	<b>160.460.961</b>
<b>Liabilities</b>	81.210	48.710.389	(133.477)	173.037	<b>48.831.160</b>
<b>Equity Capital</b>	21.904.043	89.302.171	253.547	170.041	<b>111.629.801</b>
Closing year investents in tangible, intangible and investment assets.	-	17.144.266	-	69.822	<b>17.214.088</b>

Segment assets and liabilities as at 31 December 2006:

All amounts in Euro.

	<b>Sales of property</b>	<b>Real property operation</b>	<b>Services</b>	<b>Non allocated</b>	<b>Total</b>
<b>Assets</b>	22.024.525	136.834.764	20.794	341.333	<b>159.221.417</b>
<b>Liabilities</b>	823.753	49.483.489	(198.687)	1.285.119	<b>51.393.674</b>
<b>Equity Capital</b>	21.200.772	87.351.276	219.481	(943.786)	<b>107.827.742</b>
Closing year investents in tangible, intangible and investment assets.	-	11.382.440	-	60.486	<b>11.442.926</b>

(b) Secondary type of representation – geographic segments

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

## 6 INVESTMENTS IN REAL PROPERTY

All amounts in Euro.

Cost	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Start of period</b>	<b>109.270.978</b>	<b>97.888.539</b>	<b>36.681.396</b>	<b>25.763.344</b>
Foreign exchange differences	(325.873)	-	-	-
Subsidiary acquisition / absorption	4.546.117	-	-	-
Additions	12.532.250	11.382.439	459.064	10.918.052
Sales / write-offs	(23.714.332)	-	(23.714.332)	-
<b>End of period</b>	<b>102.309.140</b>	<b>109.270.978</b>	<b>13.426.127</b>	<b>36.681.396</b>
<b>Accumulated depreciation</b>				
<b>Start of period</b>	<b>(1.819.104)</b>	<b>(1.197.548)</b>	<b>(1.412.585)</b>	<b>(926.536)</b>
Period depreciation	(446.736)	(621.555)	(251.943)	(486.049)
Sales / write-offs	1.598.159	-	1.598.159	-
<b>End of period</b>	<b>(667.681)</b>	<b>(1.819.104)</b>	<b>(66.369)</b>	<b>(1.412.586)</b>
<b>Net Book Value</b>	<b>101.641.460</b>	<b>107.451.874</b>	<b>13.359.758</b>	<b>35.268.810</b>

- 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. is included in these Consolidated Financial Statements under "Investments in Real Property", based on IAS 40, to the amount of €33.2 mil., and in April 2007 was reassessed at €41.9 mil.
- In February 2007, "CLH ESTATE S.R.L." purchased a plot of approx. 8,500 sq.m. in Baneassa location, Bucharest, Romania.
- Pursuing its operations in Romania's real estate market, in February 2008, the Company acquired 100% of "Dambovita Real Estate Srl", through its associate "Profit Construct Srl", and now owns a plot of 8,016 sq.m. at the Spaiul Unirii location, in downtown Bucharest. A multi-purpose building complex will be constructed on said plot.
- The decrease in the parent company's investment assets is the result of a sale realised on 12.06.2007, to a company managed by investment house HENDERSON, with which the Company signed a sale agreement for the Veso Mare Shopping Centre in Patras (also see Note 16). Said real property appeared in the Company's Financial Statements, in the "Investment Assets", pursuant to IAS 40.
- The fair value of the Group's investment real property as at 31 December 2007, according to recent assessments without adjustment of the cost of the recent acquired property, amounted to €125 mil.

## 7 TANGIBLE ASSETS

All amounts in Euro.

	<b><u>THE GROUP</u></b>				
	<b>Land &amp; Buildings</b>	<b>Means of transport</b>	<b>Mechanical Equipment</b>	<b>Furniture and fixtures</b>	<b>Total</b>
<b>Cost</b>					
<b>1-Jan-06</b>	<b>67.980</b>	<b>2.465</b>	<b>50.103</b>	<b>498.384</b>	<b>618.932</b>
Additions	-	-	-	21.440	21.440
Sales / write-offs	-	-	-	(21.832)	(21.832)
<b>31-Dec-06</b>	<b>67.980</b>	<b>2.465</b>	<b>50.103</b>	<b>497.992</b>	<b>618.540</b>
<b>1-Jan-07</b>	<b>67.980</b>	<b>2.465</b>	<b>50.103</b>	<b>497.992</b>	<b>618.540</b>
Additions	-	4.765	115.184	-	119.949
Sales / write-offs	-	-	(121.146)	-	(121.146)
<b>31-Dec-07</b>	<b>67.980</b>	<b>7.230</b>	<b>44.140</b>	<b>497.992</b>	<b>617.343</b>
<b>Accumulated depreciation</b>					
<b>1-Jan-06</b>	-	<b>(1.571)</b>	<b>(4.686)</b>	<b>(351.849)</b>	<b>(358.106)</b>
Period depreciation	-	(370)	-	(60.961)	(61.330)
Sales / write-offs	-	-	-	18.892	18.892
<b>31-Dec-06</b>	-	<b>(1.941)</b>	<b>(4.686)</b>	<b>(393.918)</b>	<b>(400.545)</b>
<b>1-Jan-07</b>	-	<b>(1.941)</b>	<b>(4.686)</b>	<b>(393.918)</b>	<b>(400.545)</b>
Period depreciation	-	(548)	<b>(46.222)</b>	-	(46.771)
Sales / write-offs	-	-	102.202	-	102.202
<b>31-Dec-07</b>	-	<b>(2.489)</b>	<b>51.294</b>	<b>(393.918)</b>	<b>(345.113)</b>
<b>Net Book Value as at 31.12.2006</b>	<b>67.980</b>	<b>524</b>	<b>45.417</b>	<b>104.074</b>	<b>217.995</b>
<b>Net Book Value as at 31.12.2007</b>	<b>67.980</b>	<b>4.741</b>	<b>95.434</b>	<b>104.074</b>	<b>272.229</b>



**THE COMPANY**

	Means of transport	Mechanical Equipment	Furniture and fixtures	Total
<b>Cost</b>				
<b>1-Jan-06</b>	<b>2.465</b>	<b>103</b>	<b>430.151</b>	<b>432.719</b>
Additions	-	-	21.440	21.440
Sales / write-offs	-	-	(21.832)	(21.832)
<b>31-Dec-06</b>	<b>2.465</b>	<b>103</b>	<b>429.759</b>	<b>432.327</b>
<b>1-Jan-07</b>	<b>2.465</b>	<b>103</b>	<b>429.759</b>	<b>432.327</b>
Additions	4.765	-	61.056	65.822
Sales / write-offs	-	-	(112.634)	(112.634)
<b>31-Dec-07</b>	<b>7.230</b>	<b>103</b>	<b>378.182</b>	<b>385.515</b>
<b>Accumulated depreciation</b>				
<b>1-Jan-06</b>	<b>(1.571)</b>	<b>(103)</b>	<b>(294.985)</b>	<b>(296.659)</b>
Period depreciation	(370)	-	(54.871)	(55.240)
Sales / write-offs	-	-	18.892	18.892
<b>31-Dec-06</b>	<b>(1.941)</b>	<b>(103)</b>	<b>(330.964)</b>	<b>(333.008)</b>
<b>1-Jan-07</b>	<b>(1.941)</b>	<b>(103)</b>	<b>(330.964)</b>	<b>(333.008)</b>
Period depreciation	(548)	-	(39.330)	(39.878)
Sales / write-offs	-	-	94.140	94.140
<b>31-Dec-07</b>	<b>(2.489)</b>	<b>(103)</b>	<b>(276.155)</b>	<b>(278.746)</b>
<b>Net Book Value as at 31.12.2006</b>	<b>524</b>	<b>-</b>	<b>98.795</b>	<b>99.320</b>
<b>Net Book Value as at 31.12.2007</b>	<b>4.741</b>	<b>-</b>	<b>102.027</b>	<b>106.768</b>

There is no impairment of tangible assets during 2007 and 2006.

## 8 INTANGIBLE ASSETS

All amounts in Euro.

	<u>THE GROUP</u>	<u>THE COMPANY</u>
	Software	Software
<b>Cost</b>		
<b>1-Jan-06</b>	50.905	43.449
Additions	39.046	39.046
<b>31-Dec-06</b>	<b>89.951</b>	<b>82.495</b>
<b>1-Jan-07</b>	<b>89.951</b>	<b>82.495</b>
Additions	15.771	2.700
Sales / write-offs	(1.281)	(1.281)
<b>31-Dec-07</b>	<b>104.442</b>	<b>83.914</b>
<b>Accumulated depreciation</b>		
<b>1-Jan-06</b>	<b>(49.073)</b>	<b>(41.975)</b>
Period depreciation	(3.802)	(3.626)
<b>31-Dec-06</b>	<b>(52.875)</b>	<b>(45.601)</b>
<b>1-Jan-07</b>	<b>(52.875)</b>	<b>(45.601)</b>
Period depreciation	(14.658)	(12.743)
Sales / write-offs	1.281	1.281
<b>31-Dec-07</b>	<b>(66.252)</b>	<b>(57.063)</b>
<b>Net Book Value as at 31.12.2006</b>	<b>37.077</b>	<b>36.894</b>
<b>Net Book Value as at 31.12.2007</b>	<b>38.190</b>	<b>26.851</b>

## 9 GROUP PARTICIPATING INTERESTS IN CONSOLIDATED COMPANIES.

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

<b>COMPANY</b>	<b>particip. %</b>	<b>Participation value</b>	<b>Reg. Office</b>
KANTZA COMMERCIAL S.A.	100%	11.185.288	GREECE
YIALOU COMMERCIAL & TOURIST S.A.	100%	8.353.110	GREECE
PMS. PARKING SYSTEMS S.A.	100%	86.776	GREECE
LOFOS PALLINI S.A.	67%	19.764.339	GREECE
KARTEREDA HOLDINGS LIMITED	100%	16.000	CYPRUS
CORREA HOLDINGS LIMITED	100%	1.000	CYPRUS
CLH ESTATE S.R.L.	100% indirectly	-	ROMANIA
PROFIT CONSTRUCT SRL	100% indirectly	-	ROMANIA
<b>Total</b>		<b>39.406.512</b>	

- In April 2007, the Company acquired 100% of the Share Capital in "CORREA HOLDINGS LTD", registered in Cyprus. Then, "CORREA HOLDINGS LTD", acquired all the shares in "PROFIT CONSTRUCT SRL", registered in Romania. The value of the participation was 4.544.888 euro and the adjusted value of the investment property for "PROFIT CONSTRUCT SRL", at the time of the acquisition was equal to 4.285.948 euro. The above participations were included for the first time in the Parent Company's Consolidated Financial Statements on 30/06/2007 with the Full Consolidation method.
- 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's investment cost in said subsidiary, and as a result, same subsidiary is consolidated at 100%.

## 10 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.

<b>31-Dec-07</b>	<b>3G S.A.</b>
<b>Assets</b>	179.671
<b>Liabilities</b>	66.474
<b>Equity Capital</b>	113.197

<b>31-Dec-06</b>	<b>3G S.A.</b>
<b>Assets</b>	128.221
<b>Liabilities</b>	94.501
<b>Equity Capital</b>	33.720

## 11 AVAILABLE-FOR-SALE INVESTMENTS

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Listed securities:</b>				
Shares-Greece	-	-	-	-
<b>Non-listed securities:</b>				
Shares-Greece	119.414	-	119.000	-
	<u>119.414</u>	<u>-</u>	<u>119.000</u>	<u>-</u>

During the year, the Company participated in the setting up and share capital increase of "ATHENS METROPOLITAN EXPO S.A.", holding an 11.67% stake for a consideration of €119 thousand. Since the later is at the starting stage of operation management believes that the above mentioned consideration is equal to the fair value of this participation.

The newly established company is registered in Greece. "ATHENS METROPOLITAN EXPO S.A." was awarded the concession contract for the development and operation of the new Exhibition and Conference Centre at the Athens International Airport.

## 12 INVENTORIES

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Finished products	11.308	5.083.595	-	2.777.514
Semi-finished products	6.203.172	3.942.483	6.203.172	3.942.483
<b>Total net realisable value</b>	<u>6.214.480</u>	<u>9.026.078</u>	<u>6.203.172</u>	<u>6.719.997</u>

The Company's inventories concern houses under construction.

## 13 RECEIVABLES

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Trade debtors	2.313.408	4.544.542	2.134.299	1.308.417
	<u>2.313.408</u>	<u>4.544.542</u>	<u>2.134.299</u>	<u>1.308.417</u>
Income Tax prepayment	294.339	432.706	260.307	277.550
Advances for operating leases	-	9.822.447	-	9.822.447
Other receivables	2.457.631	1.565.925	1.442.888	944.506
Receivables from associates	461.889	375.629	1.643.417	1.461.166
<b>Total</b>	<u>5.527.267</u>	<u>16.741.249</u>	<u>5.480.911</u>	<u>13.814.086</u>
Receivables from long-term Operating Leases	-	9.432.146	-	9.432.146
Other non-current receivables	1.842.390	77.028	1.842.390	77.028
Total non-current assets	<u>1.842.390</u>	<u>9.509.174</u>	<u>1.842.390</u>	<u>9.509.174</u>
Total Current Assets	<u>3.684.877</u>	<u>7.232.075</u>	<u>3.638.521</u>	<u>4.304.912</u>
<b>Total</b>	<u>5.527.267</u>	<u>16.741.249</u>	<u>5.480.911</u>	<u>13.814.086</u>

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.

The decrease in the parent company's investment property is the result of a sale realised on 12.06.2007, to a company managed by investment house HENDERSON, with which the Company signed a sale agreement for the Veso Mare Shopping Centre in Patras (also see Note 32).

Breakdown of client balances majority on 31 December 2007 and 31 December 2006:

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
<b>Client balances majority breakdown:</b>				
<b>0 - 3 months</b>	2.040.201	2.721.401	2.021.824	1.173.401
<b>3 - 6 months</b>	11.850	33.054	10.850	7.604
<b>6 months - 1 year</b>	120.500	125.093	-	62.593
<b>1 - 2 years</b>	67.447	1.654.494	64.005	54.320
<b>2 - 3 years</b>	62.910	-	27.121	-
<b>More than 3 years</b>	10.500	10.500	10.500	10.500
<b>Total</b>	<b>2.313.408</b>	<b>4.544.542</b>	<b>2.134.299</b>	<b>1.308.417</b>

#### **14 CASH AND CASH EQUIVALENTS**

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Cash available	6.788	5.996	2.327	963
Bank deposits	44.157.703	23.347.831	16.260.308	2.434.726
	<b>44.164.490</b>	<b>23.353.827</b>	<b>16.262.635</b>	<b>2.435.689</b>

The Group's cash available on 31/12/2007 include €885 that concerns a cash balance of "PROFIT CONSTRUCT SRL" that was consolidated during the closing year.

## 15 SHARE CAPITAL

All amounts in Euro.

	Number of shares	Par value	Common shares	Share premium	Total
<b>1-Jan-06</b>	<b>39.610.265</b>	<b>1,70</b>	<b>67.337.451</b>	<b>5.641.410</b>	<b>72.978.861</b>
Share par value increase	-	<b>1,84</b>	5.545.437	(5.545.437)	-
Share par value decrease	-	<b>1,31</b>	(20.993.440)	-	(20.993.440)
<b>31-Dec-06</b>	<b>39.610.265</b>	<b>1,31</b>	<b>51.889.447</b>	<b>95.973</b>	<b>51.985.420</b>
<b>1-Jan-07</b>	<b>39.610.265</b>	<b>1,31</b>	<b>51.889.447</b>	<b>95.973</b>	<b>51.985.420</b>
<b>31-Dec-07</b>	<b>39.610.265</b>	<b>1,31</b>	<b>51.889.447</b>	<b>95.973</b>	<b>51.985.420</b>

## 16 RESERVES

All amounts in Euro.

### THE GROUP

	Legal reserve	Special & extra reserves	Tax-free reserves	Other reserves	FX differences reserve	Total
<b>1-Jan-06</b>	<b>478.245</b>	<b>5.393.972</b>	<b>453.540</b>	<b>2.159</b>	-	<b>6.327.916</b>
Transfer from / to P&L	63.190	-	-	-	-	63.190
<b>31-Dec-06</b>	<b>541.436</b>	<b>5.393.972</b>	<b>453.540</b>	<b>2.159</b>	-	<b>6.391.107</b>
<b>1-Jan-07</b>	<b>541.436</b>	<b>5.393.972</b>	<b>453.540</b>	<b>2.159</b>	-	<b>6.391.107</b>
FX differences	-	-	-	-	(163.489)	(163.489)
Transfer from / to P&L	346.875	2.416.591	-	-	-	2.763.466
<b>31-Dec-07</b>	<b>888.311</b>	<b>7.810.563</b>	<b>453.540</b>	<b>2.159</b>	<b>(163.489)</b>	<b>8.991.084</b>

### THE COMPANY

	Legal reserve	Special & extra reserves	Tax-free reserves	Other reserves	Total
<b>1-Jan-06</b>	<b>98.658</b>	<b>232.062</b>	<b>453.540</b>	-	<b>784.259</b>
Transfer from / to P&L	30.483	-	-	-	30.483
<b>31-Dec-06</b>	<b>129.141</b>	<b>232.062</b>	<b>453.540</b>	-	<b>814.742</b>
<b>1-Jan-07</b>	<b>129.141</b>	<b>232.062</b>	<b>453.540</b>	-	<b>814.742</b>
Transfer from / to P&L	313.945	-	-	-	313.945
<b>31-Dec-07</b>	<b>443.086</b>	<b>232.062</b>	<b>453.540</b>	-	<b>1.128.687</b>

## 17 SUPPLIERS AND OTHER LIABILITIES

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Suppliers	311.970	269.438	295.227	253.381
Interest accrued	141.842	-	-	-
Accrued expenses	74.843	59.764	74.843	59.764
Insurance organisations and other taxes/ duties	303.356	344.308	284.257	322.670
Prepayment for operating leases	-	3.741.931	-	3.741.931
Other liabilities	8.839.862	9.990.408	4.419.385	5.095.767
Liabilities from associates	80.140	6.665.733	78.043	6.660.184
<b>Total</b>	<b>9.752.012</b>	<b>21.071.581</b>	<b>5.151.754</b>	<b>16.133.697</b>
Non-current	42.976	3.715.215	42.976	3.715.215
Current	9.709.036	17.356.366	5.108.778	12.418.481
<b>Total</b>	<b>9.752.012</b>	<b>21.071.581</b>	<b>5.151.754</b>	<b>16.133.697</b>

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

## 18 LOANS

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
<b><u>Long-term loans</u></b>				
Start of period	-	-	-	-
Proceeds from loans	20.493.045	-	-	-
<b>Total long-term loans</b>	<b>20.493.045</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Short-term loans</u></b>				
Start of period	10.750.000	-	10.750.000	-
Proceeds from loans	3.052.030	10.750.000	3.000.000	10.750.000
Repayment of loans	(13.750.000)	-	(13.750.000)	-
<b>Total short-term loans</b>	<b>52.030</b>	<b>10.750.000</b>	<b>-</b>	<b>10.750.000</b>
<b>Total period loans</b>	<b>20.545.075</b>	<b>10.750.000</b>	<b>-</b>	<b>10.750.000</b>

The majority of long-term loans, approx. €15,5 mil, concerns the associates "CLH ESTATE SRL" & "PROFIT CONSTRUCT SRL" registered in Romania, and amount €5 mil concerns the fully-owned subsidiary CORREA HOLDINGS LTD, registered in Cyprus. The long-term loans will mature in 2009 and the average weighted interest rate on 31.12.2007 was 5.63%.

The Parent Company has no loans.

## 19 PROVISIONS

All amounts in Euro.

	<b>Provision for minority purchase in a subsidiary</b>
<b>1-Jan-06</b>	18.326.836
<b>31-Dec-06</b>	<u>18.326.836</u>
<b>1-Jan-07</b>	18.326.836
<b>31-Dec-07</b>	<u>18.326.836</u>

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's investment cost in said subsidiary, and as a result, same subsidiary is consolidated at 100%.

## 20 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.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Deferred tax receivables:</b>				
Recoverable after 12 months	2.483.408	2.378.395	1.810.531	2.035.989
Recoverable within 12 months	-	14.899	-	-
<b>Total</b>	<u>2.483.408</u>	<u>2.393.294</u>	<u>1.810.531</u>	<u>2.035.989</u>

Total change in deferred income tax:

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Start of period balance</b>	(2.393.294)	(2.755.263)	(2.035.989)	(2.283.007)
Income statement debit / (credit)	(108.283)	361.969	225.458	247.018
FX differences	18.169	-	-	-
<b>End of period balance</b>	<u>(2.483.408)</u>	<u>(2.393.294)</u>	<u>(1.810.531)</u>	<u>(2.035.989)</u>

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.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	Other	Total	Other	Total
<b>1-Jan-06</b>	693.022	693.022	693.022	693.022
Income statement debit / (credit)	(153.355)	(153.355)	(153.355)	(153.355)
<b>31-Dec-06</b>	<b>539.668</b>	<b>539.668</b>	<b>539.668</b>	<b>539.668</b>
<b>1-Jan-07</b>	539.668	539.668	539.668	539.668
Income statement debit / (credit)	(243.821)	(243.821)	(250.608)	(250.608)
<b>31-Dec-07</b>	<b>295.847</b>	<b>295.847</b>	<b>289.060</b>	<b>289.060</b>

Deferred tax assets::

All amounts in Euro.

	<u>THE GROUP</u>				
	Receivables provisions	Misc tax depreciation	Tax losses	Other	Total
<b>1-Jan-06</b>	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	-	-	-	-	-
<b>31-Dec-06</b>	<b>429</b>	<b>(221.646)</b>	<b>250.724</b>	<b>2.903.455</b>	<b>2.932.961</b>
<b>1-Jan-07</b>	429	(221.646)	250.724	2.903.455	2.932.961
Income statement (debit) / credit	388.772	(162.454)	(16.840)	(345.014)	(135.537)
(Debit) / credit to equity capital	-	-	-	-	-
FX differences	(18.169)	-	-	-	(18.169)
<b>31-Dec-07</b>	<b>371.032</b>	<b>(384.100)</b>	<b>233.884</b>	<b>2.558.440</b>	<b>2.779.255</b>

	<u>THE COMPANY</u>				
	Receivables provisions	Misc tax depreciation	Tax losses	Other	Total
<b>1-Jan-06</b>	-	(243.723)	-	3.219.752	2.976.029
Income statement (debit) / credit	-	5.993	-	(406.366)	(400.373)
(Debit) / credit to equity capital	-	-	-	-	-
<b>31-Dec-06</b>	-	<b>(237.729)</b>	-	<b>2.813.386</b>	<b>2.575.656</b>
<b>1-Jan-07</b>	-	(237.729)	-	2.813.386	2.575.656
Income statement (debit) / credit	-	(147.827)	-	(328.238)	(476.066)
(Debit) / credit to equity capital	-	-	-	-	-
<b>31-Dec-07</b>	-	<b>(385.557)</b>	-	<b>2.485.147</b>	<b>2.099.591</b>

## 21 EMPLOYEE BENEFITS LIABILITIES DUE TO RETIREMENTS

Amounts recognised in the Balance Sheet, are:  
All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Current value of non-financed liabilities	60.025	65.284	60.025	64.388
Non-entered actuarial profit/(loss)	(15.624)	18.774	(15.624)	17.954
<b>Balance sheet liability</b>	<b>44.401</b>	<b>84.058</b>	<b>44.401</b>	<b>82.342</b>

Amounts recognised in profit and loss, are:

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Current employment cost	13.762	5.244	15.478	5.244
Finance cost	2.769	2.571	2.769	2.333
Depreciation of non-entered actuarial (profit) / losses	(1.982)	-	(1.982)	-
Compensations Paid	(62.384)	(5.968)	(62.384)	(1.574)
Cost of previous service	-	17.366	-	17.366
Losses from cuts	8.179	-	8.179	-
<b>Total included in staff benefits (note 22)</b>	<b>(39.657)</b>	<b>19.213</b>	<b>(37.941)</b>	<b>23.370</b>

Changes in liabilities as appear in the Balance sheet are :

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Start of period balance	84.058	64.845	82.342	58.972
Total charge to profit and loss	(39.657)	19.213	(37.941)	23.370
<b>End of period balance</b>	<b>44.401</b>	<b>84.058</b>	<b>44.401</b>	<b>82.342</b>

Major actuarial assumptions used for accounting purposes:

Discount interest:

- As at 31.12.07	4,80%
- As at 31.12.06	4,30%
- Future salary increases	4,50%

## 22 FINANCIAL INCOME (EXPENSES) - NET

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
<b>Interest expenses</b>				
- Bank loans & other liabilities	(1.270.326)	(366.053)	(385.802)	(348.764)
<b>Income from interest / securities</b>	<b>1.402.069</b>	<b>443.165</b>	<b>450.314</b>	<b>20.564</b>
Net expenses / (income) from interest	131.743	77.112	64.513	(328.200)
<b>Total</b>	<b>131.743</b>	<b>77.112</b>	<b>64.513</b>	<b>(328.200)</b>

## 23 STAFF BENEFITS

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Salaries and wages	972.268	786.044	938.493	746.533
Social insurance expenses	216.535	142.418	210.861	137.941
Cost of defined benefits programs	(37.941)	19.213	(37.941)	23.370
Other staff benefits	15.319	24.922	15.319	24.922
<b>Total</b>	<b>1.166.181</b>	<b>972.598</b>	<b>1.126.732</b>	<b>932.766</b>

## 24 EXPENSES PER CATEGORY

All amounts in Euro.

	<u>THE GROUP</u>					
	31/12/2007			31/12/2006		
	Cost of sales	Administrat ion expenses	Total	Cost of sales	Administrat ion expenses	Total
Staff benefits	295.155	869.310	1.164.465	541.660	430.937	972.598
Reserves Consumption	5.072.288	-	5.072.288	4.576.763	-	4.576.763
Depreciation of tangible fixed assets	11.424	35.282	46.706	19.847	41.484	61.331
Depreciation of intangible fixed assets		14.658	14.658	-	3.802	3.802
Depreciation of investment assets	251.943	194.793	446.736	470.549	151.006	621.555
Rents & long-term operating leases expenses	9.842.148	-	9.842.148	1.762.633	-	1.762.633
Third party fees	699.672	972.202	1.671.874	709.907	817.672	1.527.579
Other	739.399	1.630.276	2.369.675	644.878	1.427.194	2.072.071
<b>Total</b>	<b>16.912.028</b>	<b>3.716.522</b>	<b>20.628.550</b>	<b>8.726.237</b>	<b>2.872.095</b>	<b>11.598.332</b>

	<u>THE COMPANY</u>					
	31/12/2007			31/12/2006		
	Cost of sales	Administrat ion expenses	Total	Cost of sales	Administrat ion expenses	Total
Staff benefits	295.155	831.577	1.126.732	541.660	391.105	932.766
Reserves Consumption	2.777.514	-	2.777.514	-	-	-
Depreciation of tangible fixed assets	11.424	28.455	39.879	19.847	35.394	55.241
Depreciation of intangible fixed assets	-	12.743	12.743	-	3.626	3.626
Depreciation of investment assets	251.943	-	251.943	470.549	15.500	486.049
Rents & long-term operating leases expenses	9.842.148	-	9.842.148	1.762.633	-	1.762.633
Third party fees	699.672	972.202	1.671.874	846.466	817.672	1.664.137
Other	1.072.607	639.752	1.712.360	480.292	365.041	845.333
<b>Total</b>	<b>14.950.463</b>	<b>2.484.729</b>	<b>17.435.192</b>	<b>4.121.447</b>	<b>1.628.338</b>	<b>5.749.785</b>

## 25 INCOME TAX

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Year tax	2.607.224	1.469.114	2.233.859	1.195.077
Deferred taxation	(108.283)	361.969	225.458	247.018
<b>Total</b>	<b>2.498.941</b>	<b>1.831.084</b>	<b>2.459.317</b>	<b>1.442.096</b>

The tax imposed on company's profits before tax is different from the theoretical tax amount calculated based on the average tax rate of each company's country of registration as follows:

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
<b>Accounting Profit/(Loss) bfr Tax</b>	6.860.592	3.864.565	8.738.220	2.242.934
Tax Calculated according to Local Tax rates for Profits in respective Countries	2.127.147	1.056.958	2.184.555	650.451
<b>Adjustments</b>				
Non Taxable Income	68.268	(21.812)	65.277	(21.812)
Non Deductible for tax reasons Expenses	219.175	56.229	209.485	43.421
Previous Years Taxes & Other Taxes	-	1.091.719	-	971.986
Utilization of Previous Years Tax Losses	-	(192.501)	-	-
Tax Deductible Expenses (ie depreciation of intangible assets written off according to IFRS)	84.351	(159.510)	-	(201.949)
<b>Taxes</b>	<b>2.498.941</b>	<b>1.831.083</b>	<b>2.459.317</b>	<b>1.442.096</b>

During the closing year, a €150 thousand provision has been made in the Consolidated Income Statements for tax obligations of the Group's companies.

Note 30 includes a detailed table of the unaudited years of all consolidated companies.

## 26 OTHER INCOME - EXPENSES

All amounts in Euro.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Profit/(loss) from the disposal of investment assets	(2.591.173)	-	(2.591.173)	-
Rents	100.847	181.815	99.504	133.208
Profit/(loss) from FX differences	(1.325.875)	-	-	-
Other Profit/(Loss)	1.310.307	1.626.318	1.370.782	1.219.408
<b>Total</b>	<b>(2.505.894)</b>	<b>1.808.133</b>	<b>(1.120.887)</b>	<b>1.352.616</b>

The "Other operating income / (expenses)" account of the Parent Company's year Income Statement, includes the amount of €1,120 thousand. This amount mainly comes from the disposal of investment assets, also taking into consideration the de-recognition of a €1,681 thousand operating lease down payment collected, and related to the sold investment assets.

In the same account of the year's Consolidated Income Statement, there appears a loss of €2,506 thousand, of which approx. €1,326 thousand has resulted from FX differences of companies registered in Romania, consolidated by full consolidation.

## 27 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 own 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.

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Profit corresponding to shareholders (in €)	4.361.651	2.033.481	6.278.902	800.838
Weighted average number of common shares	39.610.265	39.610.265	39.610.265	39.610.265
<b>Profit/(loss) after tax per share - basic (in €)</b>	<b>0,1101</b>	<b>0,0513</b>	<b>0,1585</b>	<b>0,0202</b>

## 28 DIVIDEND PER SHARE

The Board of Directors has proposed, for year 2007, a total dividend of € 2.376.615,90, namely 0,06 € per share; in 2006, the respective amount was € 396.102,65, namely € 0,01 per share.

The above year 2007 dividend amount is subject to ratification by the Annual General Shareholders Meeting, to be held in May 2008. These financial statements do not include the proposed 2007 dividend.

## 29 COMMITMENTS

All amounts in Euro.

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

	<u>THE GROUP</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>
Up to 1 year	162.936	584.784
1 to - 5 years	885.456	3.294.091
Over 5 years	620.878	22.034.056
<b>Total</b>	<b>1.669.270</b>	<b>25.912.931</b>

The decrease in the parent company's existing obligations is the result of a sale, for the Escape Center, realised on 12.06.2007, to a company managed by investment house HENDERSON.

## 30 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, 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. Therefore the closing year, a €150 thousand provision has been made in the Consolidated Income Statements for tax obligations of the Group's companies.

Company		
REDS S.A.	2 years	(2006-2007)
PMS. PARKING SYSTEMS S.A.	5 years	(2003-2007)
LOFOS PALLINI S.A.	6 years	(2002-2007)
KANTZA COMMERCIAL S.A.	9 years	(1999-2007)
YIALOU COMMERCIAL & TOURIST S.A.	6 years	(2002-2007)
3G S.A.	5 years	(2003-2007)

### 31 RELATED-PARTY TRANSACTIONS

All amounts in Euro.

#### Sales / Purchases of goods and services

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>1/1-31/12/2007</u>	<u>1/1-31/12/2006</u>	<u>1/1-31/12/2007</u>	<u>1/1-31/12/2006</u>
Sales of goods & services to the parent company	-	-	-	-
Sales of goods & services to subsidiaries	-	-	682.142	871.849
Sales of goods & services to other associates	340.449	453.207	143.836	89.464
Purchases of goods & services from the parent company	212.447	197.441	202.016	151.015
Purchases of goods & services from subsidiaries	-	-	451	-
Purchases of goods & services from other associates	533.466	1.322.142	533.466	851.342

#### Receivables / Liabilities of Associates

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Receivables from the parent company	-	-	-	-
Receivables from subsidiaries	-	-	1.258.268	1.134.109
Receivables from other associates	461.889	327.057	385.149	327.057
Liabilities to the parent company	39.207	19.544	37.110	19.544
Liabilities to subsidiaries	-	-	-	-
Liabilities to other associates	40.933	6.638.948	40.933	6.638.948

#### Officers' & Directors' transactions

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>1/1-31/12/2007</u>	<u>1/1-31/12/2006</u>	<u>1/1-31/12/2007</u>	<u>1/1-31/12/2006</u>
Officers' & Directors' transactions & fees	772.033	678.570	630.497	601.835
Receivables from officers and directors	49.817	1.277.289	-	-
Liabilities to officers and directors	4.627	4.376	-	-

### 32 OTHER NOTES

- On 31.12.2007 Group employed 48 people (28 administrative staff and + 20 day labourers) and Company employed 45 people, whereas on 31.12.2006, Group employed 25 staff and Company 24.
- 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 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 EMPORIKI & TOURISTIKI 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.
- On 12.06.2007 the Company concluded with companies managed by the HENDERSON investment house the following: a) sale agreements of its two shopping centres, Veso Mare (Note 6) and Escape Centre (Note 13), for a total consideration of €40.5 million & b) a preliminary sale agreement regarding 100% of the shares in subsidiary "YIALOU COMMERCIAL & TOURIST S.A.", for an estimated consideration of €70 mil. The deal is expected to become final following the completion of construction and start of operations of the "Business Park", that the company will develop on part of its property in the Yialou, Spata location. The company will not recognise any income until the transaction is finalised.
- In June 2007, the Company signed a preliminary purchase agreement for a 6,500 sq.m. plot at a central location in the Municipality of Elefsina. The company intends to develop the site by constructing a commercial use building, with a total rental space surface of 9,400 sq.m., including an underground car park.
- During the year, the Company participated in the setting up and share capital increase of "ATHENS METROPOLITAN EXPO S.A.", holding an 11.67% stake for a consideration of €119 thousand; the newly established company is registered in Greece. "ATHENS METROPOLITAN EXPO S.A." was awarded the concession contract for the development and operation of the new Exhibition and Conference Centre at the Athens International Airport.

### 33 POST BALANCE SHEET EVENTS

Pursuing its operations in Romania's real estate market, in February 2008, the Company acquired 100% of "DAMBOVITA REAL ESTATE SRL", through its associate "PROFIT CONSTRUCT SRL", and now owns a plot of 8,016 sq.m. at the Spaiul Unirii location, in downtown Bucharest. A multi-purpose building complex will be constructed on said plot.

Athens, 27 March 2008

CHAIRMAN OF THE BOARD	MANAGING DIRECTOR	GENERAL DIRECTOR & MEMBER OF THE BOARD	FINANCE DIRECTOR
DIMITRIOS KOUTRAS	ANASTASSIOS KALLITSANTIS	IOANNIS MORAITIS	GEORGE ILIOPOULOS
ID card No 023455	ID card No. Ε434814	ID card No AE574340	OEE License No. 37081

## 12. INFORMATIONS OF ARTICLE 10 OF LAW 3401/2005

During year 2007 as well as in 2008 until April 30, the company published the following press releases announcements to inform investors.

<b>Date</b>	<b>Publications for investors' information</b>
24/4/2008	INVITATION TO THE ORDINARY GENERAL SHAREHOLDERS MEETING
23/4/2008	Announcement
9/4/2008	Announcement
4/4/2008	NOTIFICATION
28/3/2008	Financial Calendar 2008
19/3/2008	Announcement of regulated information Law 3556/2007
18/3/2008	Announcement of regulated information Law 3556/2007
14/3/2008	Announcement of regulated information Law 3556/2007
13/3/2008	Announcement of regulated information Law 3556/2007
12/3/2008	Announcement of regulated information Law 3556/2007
11/3/2008	Announcement of regulated information Law 3556/2007
7/3/2008	Announcement of regulated information Law 3556/2007
14/2/2008	Announcement of other important events
11/2/2008	Announcement of regulated information Law 3556/2007
4/2/2008	Announcement of regulated information Law 3556/2007
30/1/2008	Announcement of regulated information Law 3556/2007
25/1/2008	Announcement of regulated information Law 3556/2007
23/1/2008	Announcement of regulated information Law 3556/2007
17/1/2008	Announcement of regulated information Law 3556/2007
16/1/2008	Announcement of regulated information Law 3556/2007
15/1/2008	Announcement of regulated information Law 3556/2007
14/1/2008	Announcement of regulated information Law 3556/2007
11/1/2008	Announcement of regulated information Law 3556/2007
4/1/2008	Extraordinary General Meeting Decisions
12/12/2007	Announcement
5/12/2007	Announcement
28/9/2007	Announcement of participation to the Athens International Airport Exhibition & Conference Centre
27/9/2007	Announcement in accordance with the provisions of Greek Law 3556/2007
25/9/2007	Company's announcement regarding the share capital amount and the number of shares and their voting rights in accordance with Law 3556/2007
17/9/2007	Announcement of material changes in voting rights, pursuant to Law 3556/2007
13/9/2007	Announcement of material changes in voting rights, pursuant to Law 3556/2007
12/9/2007	Announcement of significant information
29/6/2007	Notice of senior management staff change
26/6/2007	Notification
22/6/2007	Press Release on the Ordinary General Meeting: REDS in growth
22/6/2007	Dividend payment announcement for the year 2006
22/6/2007	Ordinary General Meeting Decisions
13/6/2007	Announcement
7/6/2007	Annual Report 2006
1/6/2007	Announcement
29/5/2007	Announcement
23/5/2007	Notification
17/5/2007	Announcement
17/5/2007	Reply to HCMC Letter



16/5/2007	Intended Corporate Actions Plan, according to the articles 275, par. 9d and 10, as well as article 292 of section 4 of the ATHEX Regulation
8/5/2007	Purchase of land in Bucharest, Romania
3/5/2007	Announcement of significant information
29/3/2007	Announcement for Tax Audit
9/2/2007	Announcement
30/1/2007	Announcement of significant information

All the above documents (Press Releases - Announcements) as well as any other announcement made by the company, are available on the company's website [www.reds.gr](http://www.reds.gr), under the subsections "Announcements" and "Press Releases", in the section "Investors Update".

Moreover, on the company's website [www.reds.gr](http://www.reds.gr) under the "Financial data" section, "Subsidiaries – Financial Statements" subsection, one can find the Annual Financial Statements, the auditors' reports and the Board of Directors' reports of the companies included in the Consolidated Financial Statements of REDS S.A..

### 13. REPORT OF THE BOD ON THE TRANSACTIONS WITH AFFILIATED COMPANIES

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**REPORT OF THE BOARD OF DIRECTORS OF REDS S.A.  
ON THE TRANSACTIONS WITH ASSOCIATES  
AS PER ARTICLE 42e, PARA. 5 OF LAW 2190/1920 FOR  
YEAR FROM 01.01.2007 TILL 31.12.2007**

According to the provisions of article 2, Law 3016/2002 on "Corporate Governance, wages and other provisions", the report of transactions of the Company REDS S.A. with associates, as per article 42e par. 5 of Law 2190/1920 is prepared for the financial year from 01.01.2007 to 31.12.2007.

The Company's transactions with associates mainly arise from the following categories:

- Service provision and invoicing of expenses
- Contracts
- Property leases

The following tables present REDS transactions and balances of receivables-liabilities with its associates for the year 2007 .

INTRA- COMPANY TRANSACTIONS 1.1. - 31.12.2007 in €																	
BUYING COMPANY																	
Amount in €	ELLINIKI TECNODOMIKI TEB	AKTOR SA	REDS SA	LOFOS PALLINI SA	YIALOU COMMERCIAL SA	YIALOU DEVELOPMENT SA	3G SA	KANTZA COMMERCIAL SA	PMS SA	MOTORWAY SERVICE STATIONS SA	KANTZA SA	ELLINIKI TECNODOMIKI ENERGY	HELLAS GOLD SA	HELECTOR	DIETHNIS ALKI SA	TOMI SA	TOTAL
SELLING COMPANY																	
ELLINIKI TECNODOMIKI TEB			202.016	82	10.349					13.242					599		226.288
AKTOR SA			526.758														526.758
REDS SA				214.876	435.240	11.164		26.121	5.905	5.116	10.044	37.650	5.740		74.121		825.978
LOFOS PALLINI SA			451														451
YIALOU COMMERCIAL SA																	0
YIALOU DEVELOPMENT SA																	0
3G SA										393.227							393.227
KANTZA COMMERCIAL SA																	0
PMS SA																	0
MOTORWAY SERVICE STATIONS SA																	0
KANTZA SA																	0
ELLINIKI TECNODOMIKI ENERGY																	0
HELLAS GOLD SA																	0
HELECTOR																	0
DIETHNIS ALKI SA																	0
TOMI SA			6.708														6.708
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>735.932</b>	<b>214.958</b>	<b>445.589</b>	<b>11.164</b>	<b>0</b>	<b>26.121</b>	<b>5.905</b>	<b>411.585</b>	<b>10.044</b>	<b>37.650</b>	<b>5.740</b>	<b>0</b>	<b>74.720</b>	<b>0</b>	<b>1.979.409</b>

INTRA- COMPANY TRANSACTIONS BALANCES as at 1.1. - 31.12.2007 in €																
COMPANY WITH LIABILITY																
Amount in €	ELLINIKI TECNODOMIKI TEB SA	AKTOR SA	ELLINIKI TECNODOMIKI ENERGY SA	REDS SA	YIALOU COMMERCIAL & TOURIST SA	KANTZA COMMERCIAL SA	LOFOS PALINNI SA	3G SA	P.M.S PARKING SYSTEMS SA	DIETHNS ALKI SA	YIALOU DEVELOPMENT SA	MOTORWAY STATIONS SA	TOMI SA	HELLAS GOLD SA	KANTZA SA	TOTAL
<b>COMPANY WITH RECEIVABLE</b>																
ELLINIKI TECNODOMIKI TEB SA				37.110	0		203			1.893		0				39.207
AKTOR SA				40.933												40.933
ELLINIKI TECNODOMIKI ENERGY SA																0
REDS SA		69.000	88.594		1.002.411	216.925	31.464		7.468	178.800	22.113	646		0	25.996	1.643.417
YIALOU COMMERCIAL & TOURIST SA																0
KANTZA COMMERCIAL SA																0
LOFOS PALINNI SA																0
3G SA													153.481			153.481
P.M.S PARKING SYSTEMS SA																0
DIETHNS ALKI SA																0
YIALOU DEVELOPMENT SA																0
MOTORWAY STATIONS SA																0
TOMI SA				0												0
HELLAS GOLD SA																0
KANTZA SA																0
<b>TOTAL</b>	<b>0</b>	<b>69.000</b>	<b>88.594</b>	<b>78.043</b>	<b>1.002.411</b>	<b>216.925</b>	<b>31.667</b>	<b>0</b>	<b>7.468</b>	<b>180.693</b>	<b>22.113</b>	<b>154.127</b>	<b>0</b>	<b>0</b>	<b>25.996</b>	<b>1.877.037</b>

Athens, 27 March 2008

The Board of Directors



**REAL ESTATE DEVELOPMENT & SERVICES S.A.**

**Ermou 25 St. , 145 64 Kifissia  
TEL. 210 - 8184800, FAX.: 210 – 81814801**