# REDS Real Estate Development & Services

## ANNUAL FINANCIAL REPORT

**for the fiscal year from 1 January to 31 December 2009**

**(pursuant to article 4 of Law 3556/2007 and article 2 of Decision 7/448/11.10.2007 of the Capital Market Commission BoD)**

**REDS REAL ESTATE DEVELOPMENT& SERVICES**
**25 ERMOU STR. - 145 64 KIFISSIA**
**Tax ID No.: 094007180 TAX OFFICE: ATHENS FAEE**
**Companies Reg. No. 13564/06/B/86/123 – 340340**

**Contents of Annual Financial Report**



The annual financial statements of the Group and the Company from pages 18 through 72 have been approved at the meeting of the Board of Directors on 24.03.2009.

| THE CHAIRMAN OF THE BoD | THE MANAGING DIRECTOR | THE CEO AND BOD MEMBER | THE CFO |
|---|---|---|---|
| DIMITRIOS KOUTRAS | ANASTASIOS KALLITSANTSIS | IOANNIS MORAITIS | GERASIMOS GEORGOULIS |
| ID Card No. AE 023455 | ID No. Ξ 434814 | ID Card No. AE 574340 | Licence No. OEE 1981 |

# A. Directors' Statements

(pursuant to article 5 par. of Law no. 3556/2007)

The members of the Board of Directors of the Company REDS REAL ESTATE DEVELOPMENT & SERVICES, trading as REDS SA (hereinafter the Company), with registered offices at 25 Ermou str., Kifissia, Attica:

1. Dimitrios Athanasios Koutras, Chairman of the Board of Directors

2. Anastasios Parisis Kallitsantsis, Managing Director

3. Ioannis Michail Moraitis, Chief Executive Officer and Member of the Board of Directors, especially designated by decision of the Company's Board of Directors,

acting in our above capacity, hereby state and confirm that, to the best of our knowledge:

(a) the annual financial statements of the Company and the Group for the fiscal year 01.01-31.12.2009, which have been prepared in accordance with the applicable international accounting standards, fairly represent the assets and liabilities, the equity and the income statement of the Company as well as of the companies included in the consolidation taken as a whole, pursuant to the provisions of paragraphs 3 and 5 of article 5 of Law 3556/2007, and

(b) the annual report of the Company's Board of Directors fairly represents the information required under article 5(6) of Law 3556/2007.

Kifissia, March 24th 2010

| THE CHAIRMAN OF THE BoD | THE MANAGING DIRECTOR | THE CEO AND BOD MEMBER |
|---|---|---|
| DIMITRIOS KOUTRAS | ANASTASIOS KALLITSANTSIS | IOANNIS MORAITIS |
| ID Card No. AE 023455 | ID No. Ξ 434814 | ID Card No. AE 574340 |

# B. Annual Report of the Board of Directors

Annual Report of the Board of Directors of REDS S.A.
On the Consolidated and Corporate Financial Statements
for the fiscal year from 1 January to 31 December 2009

Dear Shareholders,

This annual report of the Board of Directors pertains to the twelve-month period of the fiscal year ended 2009 (01.01-31.12.2009) and provides summary financial information about the financial standing and operations of the Company REDS SA and the REDS Group of Companies, a description of important events which took place during this fiscal year, and the effect that such events had on the annual financial statements, a description of the most important risks and uncertainties looking ahead into 2010, a presentation of major transactions effected between the Company and Group and related persons, as well as a presentation of qualitative information and estimates with regard to the outlook of the Company and Group operations into 2010.

Companies included in the consolidation, except for parent company REDS SA, are those mentioned in note 9 of the attached financial statements.

This Report was prepared pursuant to article 4 of Law 3556/2007 and accompanies the company and consolidated financial statements for the period 01.01-31.12.2009.

## 1. Development of activities and significant events

Going into 2009, the outlook was bleak and the year progressed into a radical aggravation for both international and domestic economies, also severely impacting the real estate market which remained flat in terms of investments, while price reductions were also seen in some cases. Given the estimates for slow growth, both in Greece and in Romania where REDS operates, the company was positioned defensively and made careful placements in the wait for developments.

The most significant developments for the Group and the Company this past year were:

- The Company's Board of Directors decided on 5 May 2009 to increase the Company's share capital by € 23,350,250.89 with a cash contribution and a preferential right for existing shareholders, in a proportion of 9 (nine) new shares for every 20 (twenty) existing shares. This decision pertained to the issue of 17,824,619 new, ordinary, paperless registered shares in total, with the face value of € 1.31, at the offer price of € 1.40 each. On 21 July the Company announced full coverage of such share capital increase by the total amount of € 24,954,466.60, of which € 1,604,215.71 was credited to the account "Reserves from the issue of shares at a premium". Following the above, the Company's share capital currently stands at € 75,239,698.04 divided into 57,434,884 ordinary registered voting paperless shares with the face value of € 1.31 each.

- The procedure to include the Kamba estate, Kantza-Pallini, in the town plan was continued in 2009. In July, the Pallini Municipal Board expressed a positive opinion for the delimitation of the Area of Organised Development for Productive Activities (POAPD). Subsequently, in September, the Executive Committee of the Athens Regulatory Plan and Environmental Protection Organisation also expressed a positive opinion for the delimitation of POAPD and the relevant approval of the Strategic Environmental Impact Assessment Study.

- In September a building licence was obtained to commence construction works under phase A of the Commercial Park (covering about 31,000 m2) in Yialou, Spata, and in December a building licence was obtained for a building of shops and parking lots covering a total area of 5,000 m2 approximately. Works have already commenced and the Commercial Park is anticipated to start operations in 2011. The construction is financed with own funds and a bond loan (National Bank and Bank of Cyprus). The Company has already signed preliminary agreements and lease agreements which cover more than 50% of the areas in the commercial park for lease, and is now in negotiations with prospective lessees for the remaining areas.

- The promotion of sales in the "Ampelia" residential complex was continued. Seven residences were transferred over the year ended, thus achieving a cumulative closing percentage of 79%.

- The Company managed the negotiations for the indirect participation of the parent company ELLAKTOR SA in CITY GATE, a company which constructs a building of offices in Bucharest. These negotiations ensured a put option for ELLAKTOR SA, which was exercised in 2009. The total fees for rendered services were set at € 1.8 million.

- The erection of a residential complex by lake Baneasa, Bucharest, has been temporarily suspended since 2008, due to the economic crisis in Romania. Executed works correspond to the bearing structure up to the basement ceiling. The Company considers the revision of the building licence, aiming at a more flexible exploitation of the complex when the economic conditions in the country permit the resumption of works.

- The excavation works on the plot on Athinon Avenue (Akadimia Platonos) are complete, and the archaeological service approval is anticipated after the meeting of the Central Archaeological Board. Construction works on the building of offices covering a total area of 19,000 m2 will be resumed provided that prospective lessees/ buyers are found.

- The procedure to include the 6,500m2 plot in Elefsina in the town plan was continued. The Company continued archaeological excavations until September; works were then temporarily stopped due to the economic circumstances, given that inclusion in the town plan is not complete. A building which will facilitate stores will be erected in the abovementioned estate, covering a total surface of 9,400 square meters.

- The Association of Companies in which the Company participates with 60% was awarded the project "Concession of 50-year management and operation of the 55,000m2 Shopping Centre in the Olympic Village" on a temporary basis by OLYMPIC VILLAGE SA.

- The Company withdrew from the tenders for the concession projects related to the estates in Alykes, Anavyssos, and Afandos, Rhodes, of HELLENIC TOURISM DEVELOPMENT Co., due to the risks inherent in the relevant institutional framework. The Company acted accordingly in the case of the tender for the long-term concession of management and operation of a building at the terminal station of GEAOSE at the Piraeus port, due to uncertainties in the town planning procedure and the onerous contractual terms of concession.

## 2. Key Financial Figures for 2009.

In 2009 the Group recorded revenues of €4.6 million, down by 76% compared to 2008, and losses before taxes of €2.08 million. Group revenues correspond to its operations in Greece, since operations abroad are currently at a development stage. The two fiscal years are not fully comparable, since at the end of 2008 a sale agreement was signed with MCARTHURGLEN Hellas Ltd for the sale of part of the estate owned by the subsidiary YIALOU COMMERCIAL & TOURIST SA, against €13.7 million. It is also noted that revenues in 2009 which reflect the sale of residences in the Ampelia complex, are reduced by 50% compared to 2008, as a result of the economic crisis facing the housing market.

The key financial figures for 2009 for the Company and its subsidiaries, as well as changes compared to the previous year represent the following key information:

- The parent company REDS REAL ESTATE DEVELOPMENT & SERVICES recorded earnings after taxes of €3.4 million compared to losses after taxes of €2.0 million in the previous year. Increased profitability is mainly due to the posting of €4.5 million under "Income from participations" proposed for distribution upon decision of the Extraordinary General Meeting of the subsidiary LOFOS PALLINI SA on 10 September 2008, and subject to the approval of the Ordinary General Meeting of the subsidiary on 29 June 2009. The Company's turnover for the year ended corresponds to the sale of residences in the "Ampelia" residential complex, and to services provided.

- LOFOS PALLINI SA recorded earnings after taxes of €0.5 million compared to earnings of €1.4 million for the previous year. The company has completed the sales in its residential complex.

- YIALOU COMMERCIAL & TOURIST SA recorded losses after taxes of €0.06 million compared to earnings of €2.3 million in 2008. Such decrease in earnings is due to the fact that part of a real estate property owned by the company was sold in late 2008 to MACARTHURGLEN HELLAS LTD against € 13.9 million.

- The companies KANTZA COMMERCIAL SA and PMS PARKING SYSTEMS SA recorded a zero turnover, and presented total earnings after taxes of €0.3 million compared to losses of €0.4 million in 2008. Profits are attributed to earnings from the collection of expropriation compensations of KANTZA COMMERCIAL & TOURIST SA, pursuant to Joint Ministerial Decisions 1026882/1891/010/2005, and 1026881/1887/010/2005, of € 0.9 million in total.
- The subsidiaries CLH ESTATE S.R.L. and PROFIT CONSTRUCT S.R.L with registered offices in Romania, CORREA HOLDINGS LTD and KARTEREDA HOLDINGS LIMITED with registered offices in Cyprus, recorded total losses after taxes of €1.95 million at sub-group level, compared to €3.7 million for 2008. Losses are mainly due to foreign exchange differences and financial expenses.

- 3G SA, in which the Company participates with 50%, recorded earnings after taxes of €0.07 million in 2009, remaining approximately at the levels of 2008.

The following tables summarise changes in the key figures of the separate and consolidated financial statements of the Company.

| amounts in € | GROUP | | |
|---|---|---|---|
| | 1/1-31/12/2009 | 1/1-31/12/2008 | Change |
| Turnover | 4,562,577 | 19,369,869 | (76.4%) |
| Gross earnings / (loss) | 1,059,326 | 3,669,700 | (71.1%) |
| Earnings/ (losses) before taxes | (2,079,457) | (1,930,131) | 7.7% |
| Profit / (loss) after tax | (2,333,053) | (2,883,033) | (19.1%) |

| amounts in € | COMPANY | | |
|---|---|---|---|
| | 1/1-31/12/2009 | 1/1-31/12/2008 | Change |
| Turnover | 4,987,007 | 6,253,446 | (20.3%) |
| Gross earnings / (loss) | 1,197,919 | 602,354 | 98.9% |
| Earnings/ (losses) before taxes | 3,416,972 | (1,868,323) | 282.9% |
| Earnings / (losses) after taxes | 3,407,268 | (1,961,544) | 273.7% |

## 3. Risks and Uncertainties

Below follows a summary of the key risks and uncertainties facing the Group. These include, but are not limited to, market risk (real estate market price fluctuations), credit risk, liquidity risk, currency risk, and interest rate risk.

Risk management is performed by the financial division and determined within the framework of rules approved by the Board of Directors. The Board of Directors provides instructions and guidelines with regard to general risk management.

*Market Risk*

Market risk lies in the fluctuations in prices. The real estate development industry involves risks which may be associated with factors such as the geographic location of a real estate property, merchantability, type of use depending on future developments, and market trends. All the above can have a direct impact on the commercial value of a property. Furthermore, the economic circumstances prevailing in the local and the international market affects the commercial appreciation or depreciation in value, thus resulting in positive or negative developments for the industry. Volatility creates uncertainty among investors, who may be turn to other forms of investments. The Group focuses on areas which demonstrate demand and merchantability characteristics, based on current data and the prevailing conditions in the real estate market. The Group's policy on investment property held relates to valuation at historic cost rather than at fair value, which results in reduced exposure to the risk of market price fluctuations. The Company makes estimates of the fair value of its portfolio; such estimates are performed by independent chartered estimators and are based on assumptions and estimated performance of real estate, applying the internationally established and accepted estimate models.

*Credit Risk*

Credit risk involves counterparty default; particularly as regards the Group, such risk in relation to receivables is associated with real estate sales. To minimise consequences, the Group enters into transactions with customers-lessees of adequate creditworthiness and, in parallel, obtains sufficient guarantees to avoid incidents of default.

Cash and cash equivalents, and investments, potentially involve credit risk as well. In such cases, the risk may arise from counterparty failure to fulfil their obligations towards the Group. In order to minimize this credit risk, the Group sets limits to the degree of exposure for each financial institution, within the scope of the policies of the Board f Directors. In addition, with respect to deposit products, the Group only performs transactions with accredited financial institutions with high credit ratings.

*Liquidity Risk*

Liquidity risk relates to the Company's and the Group's ability to perform their financial obligations when due. To manage liquidity risk, the Group budgets and monitors its cash flows and acts accordingly so as to have adequate cash available and bank credit lines in place. The Group has significant credit lines in place to cover cash needs that may arise.

*Foreign exchange risk*

This is the risk that an investment expressed in a foreign currency may be impacted by fluctuations in exchange rates. The Group is exposed to the risk of exchange rates from its investments and operations in Romania, since prices are expressed in local currency, while the purchase of the property involved has been financed in euro. The Group assesses currency risk and considers the potential currency risk hedging with derivatives.

*Interest rate risk*

All Group loans have been taken out at floating rates and are expressed in euro. Therefore, interest rate risk is mainly connected to the fluctuations of euro rates with regard to long-term loans. The Group constantly monitors interest rate trends, as well as the duration and nature of subsidiaries' financing needs. Decisions on the term of loans as well as the relation between floating and fixed interest rates are considered by the management on a case by case basis.

In addition to the above, the current financial crisis has resulted in the adjustment of current market values of real estate and, as a result, the Group is faced with the risk of non-achievement of anticipated returns on planned investments. The general slowdown in the financial sector has resulted in the contraction of financing and the significant increase of spreads which is, of course, compensated for by the reduction in base rates (e.g. Euribor). Also, financing is available for a relatively short-term horizon. The aforementioned factors, combined with muted demand, negatively affect the financial performance of projects planned for implementation, but also the general growth plans of the Group.

## 4. Outlook

The outlook for the domestic real estate industry both for the current and the coming years depends on the progress of Greek economy, which has shown no signs of recovery. Therefore, it is imperative that we take a conservative approach to the planning and development of projects to be implemented. The management of REDS will focus on the promotion of existing property, following-up the market and evaluating investment opportunities both in Greece and abroad, making estimates, as the case may be, with regard to the performance of investments and the identification of opportunities that may arise.

**The goals for 2010 in relation to existing projects include:**

- **Commercial- Entertainment- Cultural Centre in Kantza, Pallini.** The approval of the POAPD delimitation is anticipated to be obtained in 2010, after the delay seen due to the change of government. Following this approval and the terms it will include, the file of the town planning study and of the relevant environmental impact will be prepared to obtain the necessary approvals/ opinions by the competent agencies. This procedure is anticipated to be complete upon issue of the Presidential Decree on town planning, expected in 2011.

- **Commercial Park in Yialou, Spata.** The major part of the Commercial Park construction will be implemented in 2010. The Company's goal for the same period is to ensure leases for 85% of the total surface available for lease.

- **Ampelia residential complex in Kantza, Attica.** Sales in the residential complex are expected to continue (79% has been sold).

- **Residential complex on the Kamba Villa plot, in Kantza, Pallini.** The Company will commence trial trenches and, in parallel, will submit an application for licence with the competent authorities, in order to develop a residential complex of approximately 2,300 m2.

- **Building of offices in Akadimia Platonos, Athens.** Following the release of the plot by the competent Central Archaeological Board, the Company will proceed to erection, up to a cold-shell stage, provided that users have been ensured.

- **Residential complex by Lake Baneasa, Bucharest**. The Company will complete all the necessary licence procedures under the new complex plan, so as to be ready to resume construction works when the conditions so permit.

- **Combined-use building complex in the area Splaiul Unirii, Bucharest.** The town planning procedure of the property will continue by reassessing the local real estate market, with the aim of obtaining a licence for a combined-use building and commencement of construction works, provided that a significant number of users have been obtained.

- **Commercial use building in Elefsina. The issue of a Town Planning Presidential Decree is expected in 2010 which will enable the continuation of procedures to obtain a building licence.**

- **Concession contract of PIRAEUS METROPOLITAN CENTRE SA.** The environmental and building licence works for the Exhibition/ Conference and Cruise Shopping Centre will continue.

## 5. Post 31.12.2009 events

There are no significant events after 31 December 2009 up to and including the date on which the financial statements were approved.

## 6. Significant transactions between associated parties

The most significant transactions of the Company with related parties in terms of IAS 24, regard the Company's transactions with the following subsidiaries (affiliates in terms of Article 42[e] of Law 2190/1920), as shown in the following table, and transactions with Company and Group executives:

Results of previous year 2008:

| Intercompany transactions – amounts in € | | | | | |
|---|---|---|---|---|---|
| Company | Sales of goods and services | Income from participating interests | Purchases of goods and services | Receivables | Liabilities |
| ***Parent*** | | | | | |
| ELLAKTOR SA | - | - | 272,766 | - | 122,173 |
| | | | | | |
| ***Subsidiaries*** | | | | | |
| YIALOU COMMERCIAL & TOURIST SA | 956,550 | - | - | 2,120,171 | |
| KANTZA COMMERCIAL SA | 57,054 | - | - | 281,185 | |
| LOFOS PALLINI SA | 105,798 | - | - | 143,821 | |
| 3G SA | - | 75,271 | - | - | |
| P.M.S PARKING SYSTEMS SA | 3,922 | - | - | 9,848 | |
| | | | | | |
| ***OTHER ASSOCIATES*** | | | | | |
| AKTOR S.A. | - | - | 830,196 | 69,000 | 136,684 |
| ELLINIKI TECHNODOMIKI ENERGIAKI | - | - | - | 88,594 | - |
| DIETHNIS ALKI SA | 187,522 | - | - | 396,499 | |
| YIALOU ANAPTYXIAKI SA | 11,706 | - | - | 29,252 | |
| ATTIKI ODOS S.A. | - | - | 27,276 | | 2,333 |
| KANTZA SA | 9,599 | - | - | 33,136 | |
| **TOTAL OF SUBSIDIARIES** | 1,123,324 | 75,271 | - | 2,555,025 | - |
| **TOTAL OF AFFILIATE AND OTHERS** | 208,827 | - | 1,130,238 | 616,481 | 261,190 |

Amounts for year ended 2009:

| Intercompany transactions – amounts in € | | | | | |
|---|---|---|---|---|---|
| Company | Sales of goods and services | Income from participating interests | Purchases of goods and services | Receivables | Liabilities |
| ***Parent*** | | | | | |
| ELLAKTOR SA | - | - | 257,124 | - | 25,884 |
| | | | | | |
| ***Subsidiaries*** | | | | | |
| YIALOU COMMERCIAL & TOURIST SA | 528,246 | | - | - | |
| KANTZA COMMERCIAL SA | 119,819 | | - | 406,890 | |
| LOFOS PALLINI SA | 5,498 | 4,500,000 | - | - | 1,200,000 |
| 3G SA | - | 69,660 | - | - | |
| P.M.S PARKING SYSTEMS SA | 1,922 | | - | 9,848 | |
| | | | | | |
| ***OTHER ASSOCIATES*** | | | | | |
| AKTOR S.A. | | | 8,875 | 69,000 | 147,246 |
| ELLINIKI TECHNODOMIKI ENERGIAKI | - | | - | 88,594 | |
| DIETHNIS ALKI SA | 69,409 | | - | 473,643 | |
| YIALOU ANAPTYXIAKI SA | 15,706 | | - | 41,153 | |
| ELLINIKI TECHNODOMIKI ANEMOS S.A. | - | | 20,000 | - | 23,800 |
| STARTMART LTD | 1,800,000 | | - | - | |
| PIRAEUS METROPOLITAN CENTRE SA | 50,000 | | - | - | |
| ATTIKI ODOS S.A. | - | | 20,533 | - | 1,623 |
| KANTZA SA | 9,599 | | - | 40,276 | |
| **TOTAL OF SUBSIDIARIES** | 655,485 | 4,569,660 | - | 416,738 | 1,200,000 |
| **TOTAL OF AFFILIATE AND OTHERS** | 1,944,714 | - | 306,532 | 712,666 | 198,553 |

With regard to the above transactions, the following points are clarified:

Income from the sales of goods and services reflect the provision of technical consultancy services and real estate management, invoicing of expenses and contracts to subsidiaries and affiliates of REDS SA. During the year, and under the tripartite contract between the companies ELLAKTOR SA, STARTMART Ltd and REDS SA, the Company undertook the Project Management of the "CITY GATE" project in Romania, having taken all necessary actions for the development, construction, completion and operation of two buildings under construction, pursuant to concession contracts by the Municipality of Bucharest. The total fees were set at the amount of €1.8 million.

The purchases of goods and services mainly relate to a property lease and the invoicing of expenses for the parent company ELLAKTOR SA to REDS SA, and a contract of AKTOR SA related to the property of "Akadimia Platonos".

The Company's obligations correspond to the lease contract with the parent company ELLAKTOR SA, the contract with AKTOR SA, and the preliminary agreement for the sale of shares between REDS SA and its subsidiary LOFOS PALLINI SA, with regard to the wholly owned company of the former, KARTEREDA HOLDING Ltd with registered office in Cyprus. The total amount for the pre-agreed sale and purchase was set at the amount of €10,020,000, following an advance payment of €1.2 million. The final contract will be subject to the completion of the "NAIADES RESIDENCE PROJECT" concerning the erection and operation of a residential complex in Romania. The Company CLH ESTATE Srl with registered office in Romania is the project owner, and a wholly-owned subsidiary of KARTEREDA HOLDING Ltd. The project is not expected to be complete within 2010.

The Company's receivables mainly relate to receivables from the provision of technical consultancy and real estate management services, as well as administrative and technical support services to Group companies.

Income from participations corresponds to dividends from the subsidiaries LOFOS PALLINI SA and 3G SA.

In addition:

Group directors' and managers' fees during the period 01.01.-31.12.2009 stood at € 515 thousand.

Loans have not been funded to members of the Administrative Board or to other executive members of the Group (including their families).

Modifications in the transactions between the Company and its associated parties, which could have an essential impact on the financial position and the performance of the Company, did not take place during the fiscal period of 01.01 – 31.12.2009.

All transactions mentioned above have been conducted under the standard terms of the market.

This Annual Report of the Board of Directors for the fiscal year 01.01-31.12.2009 has been posted on the Internet, at www.reds.gr.

**F. Explanatory report of the Board of Directors of REDS SA for fiscal year 2009, in accordance with article 4(7) of Law 3556/2007, as in force.**

1[a]. Share capital structure.

The Company's share capital amounts to EUR 75,239,698.04, divided into 57,434,884 shares at a nominal value of EUR 1.31 each. All shares are ordinary, registered, voting shares, listed for trading on the Athens Exchange, and specifically in the Small- Mid Cap class.

1[b]. There are no limitations in the Articles of Association regarding transferring company shares, except those provided by Law.

1[c]. Significant direct or indirect holdings as of 31.12.2009 within the meaning of Law 3556/2007.

| | SHAREHOLDER | HOLDING |
|---|---|---|
| 1 | ELLAKTOR SA | 55.40% |
| 2 | CHRISTOS P. PANAGIOTOPOULOS | 10.21% |
| 3 | DAMIANCO HOLDINGS Ltd | 7.14% |

1[d]. There are no Company shares, pursuant to provisions in the Articles of Association, granting special control rights.

1[e]. There are no limitations in the Articles of Association regarding voting rights and the deadlines to exercise the right to vote, except those provided by Law.

1[f]. There are no agreements between shareholders, with associated limitations in the transfer of shares or limitations in exercising voting rights that the Company is aware of.

1[g]. There are no regulations on the appointment and replacement of the members of the Board of Directors and on the amendment of the Articles of Association, which are differentiated from the ones stipulated in Codified Law 2190/1920.

1[h] The Board of Directors or certain members of the Board of Directors are not authorised to issue new shares or purchase treasury shares, in accordance with article 16 of Codified Law 2190/1920, save as provided for by Law.

1[i]. There are no significant agreements that have been signed by the Company, which come into force or are amended or are terminated as a result of the change in the Company's control, following a takeover bid.

1[j]. There are no agreements between the Company and members of its Board of Directors or its personnel, which provide for the payment of compensation in the event of resignation or termination of employment without reasonable grounds, or termination of term of office, or employment due to a takeover bid, except as provided by Law.

Kifissia, March 24th 2010

THE BOARD OF DIRECTORS

BoD Chairman

Dimitrios Koutras

# C. Audit Report of an Independent Certified Auditor-Accountant

**To the Shareholders of the Company**

**REDS Real Estate Development & Services**

## Report on the Consolidated and Corporate Financial Statements

We have audited the attached company and consolidated financial statements of REDS SA and its subsidiaries, which comprise the company and consolidated statement of financial position as of 31 December 2009, the company and consolidated profit and loss and comprehensive income statements, 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 Company and Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of these corporate and consolidated financial statements, in accordance with the International Financial Reporting Standards, as adopted by the European Union, and for those safeguards the management thinks necessary to enable the preparation of company and consolidated financial statements free of material misstatements due to fraud or error.

### Auditor's Responsibility

Our responsibility lies in the expression of opinion on these corporate and consolidated financial statements, on the basis of our audit. We conducted our audit in accordance with the International Auditing Standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the corporate and consolidated financial statements are free from any material misstatement.

An audit involves performing procedures to obtain audit evidence with regard to the amounts and disclosures in the company and consolidated financial statements. The procedures selected are based on the auditor's judgment including the assessment of risks of material misstatements in the corporate and consolidated financial statements either due to fraud or to error. In making such risk assessments, the auditor considers the safeguards related to the preparation and fair presentation of the corporate and consolidated financial statements of the company, with the purpose of planning audit procedures appropriate to the circumstances, but not with the purpose of expressing an opinion on the effectiveness of the company's safeguards. An audit also includes the evaluation of the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made by the Management, as well as the evaluation of the overall presentation of the company and consolidated 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 company and consolidated financial statements present fairly, in all material respects, the financial position of the Company REDS SA and of its subsidiaries as of 31 December 2009, and of their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

**Limitation of Scope**

***Without prejudice to our opinion***, we draw your attention to note 30 to the attached company and consolidated financial statements, in which reference is made to the uncertainty about the outcome of the litigation proceedings between the consolidated company LOFOS PALLINI SA and the Municipality of Pallini.

**Report on Other Legal and Regulatory Issues**

We have verified the agreement and reconciliation of the Directors' Report with the attached company and consolidated financial statements, in the context of the provisions of articles 43a, 107 and 37 of Codified Law 2190/1920.

Athens, 26 March 2010

| | |
|---|---|
| The Certified Auditors Accountants ..................... | The Certified Auditor Accountant |
| PriceWaterhouseCoopers | |
| Auditing Firm | |
| 268 Kifissias Ave., 152 32 Halandri ..................... | Marios Psaltis |
| Reg.No. SOEL 113 ............................................ | Reg.No. SOEL 38081 |

# D. Annual Financial Statements

Annual Financial Statements

prepared according to the International Financial Reporting Standards

for the year ended 31 December 2009

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# Statement of Financial Standing

All amounts in EUR

| | Note | THE GROUP 31-Dec-09 | THE GROUP 31-Dec-08 | The Company 31-Dec-09 | The Company 31-Dec-08 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Tangible Assets | 7 | 187,241 | 218,221 | 105,535 | 114,477 |
| Intangible assets | 8 | 5,462 | 21,844 | 2,083 | 14,042 |
| Investment property | 6 | 105,339,028 | 100,094,809 | 16,319,447 | 15,557,331 |
| Investments in subsidiaries | 9 | - | - | 49,500,357 | 39,514,676 |
| Investments in joint ventures | 10 | - | - | 10,770 | 10,770 |
| Deferred tax receivables | 21 | 2,739,771 | 2,566,122 | 1,874,023 | 1,817,310 |
| Financial assets available for sale | 11 | 1,660,000 | 1,364,300 | 1,660,000 | 1,364,300 |
| Other long-term receivables | 14 | 1,758,021 | 3,042,615 | 1,756,222 | 3,042,615 |
| | | **111,689,523** | **107,307,911** | **71,228,437** | **61,435,521** |
| **Current assets** | | | | | |
| Inventories | 13 | 2,191,589 | 4,421,773 | 2,191,589 | 4,421,773 |
| Trade and other receivables | 14 | 6,327,580 | 14,883,586 | 4,947,058 | 7,266,555 |
| Securities | | 25 | 25 | 25 | 25 |
| Cash and cash equivalents | 15 | 20,404,020 | 6,831,118 | 13,484,518 | 1,758,806 |
| | | **28,923,214** | **26,136,501** | **20,623,190** | **13,447,159** |
| **Total Assets** | | **140,612,737** | **133,444,412** | **91,851,627** | **74,882,680** |
| **EQUITY** | | | | | |
| **Equity attributable to shareholders** | | | | | |
| Share capital | 16 | 75,239,698 | 51,889,447 | 75,239,698 | 51,889,447 |
| Share Premium | 16 | 1,434,519 | 95,973 | 1,434,519 | 95,973 |
| Other reserves | 17 | 4,426,670 | 9,200,904 | 1,299,536 | 1,128,687 |
| Profit carried forward | | 47,217,697 | 45,249,364 | 5,046,289 | 1,809,870 |
| **Total Equity** | | **128,318,584** | **106,435,688** | **83,020,042** | **54,923,977** |
| **LIABILITIES** | | | | | |
| **Long term liabilities** | | | | | |
| Long-term Loans | 19 | 3,617,764 | 10,887,703 | - | - |
| Provisions for staff compensation | 22 | 90,256 | 60,600 | 74,296 | 60,600 |
| Deferred tax liabilities | 21 | 286,535 | - | - | - |
| Other long-term liabilities | 18 | 42,976 | 42,976 | 42,976 | 42,976 |
| | | **4,037,531** | **10,991,279** | **117,271** | **103,576** |
| **Short term liabilities** | | | | | |
| Trade and other payables | 18 | 1,172,916 | 1,690,184 | 1,724,374 | 5,743,900 |
| Current income tax liabilities | | 23,767 | - | - | - |
| Short-term Loans | 19 | 6,880,000 | 14,016,034 | 6,880,000 | 14,000,000 |
| Dividends payable | | 9,939 | 11,226 | 9,939 | 11,226 |
| Other short-term provisions | 20 | 170,000 | 300,000 | 100,000 | 100,000 |
| | | **8,256,622** | **16,017,444** | **8,714,313** | **19,855,127** |
| **Total liabilities** | | **12,294,153** | **27,008,723** | **8,831,585** | **19,958,702** |
| **Total equity and liabilities** | | **140,612,737** | **133,444,412** | **91,851,627** | **74,882,680** |

The notes on pages 25 to 69 form an integral part of these financial statements.

# Income statement

All amounts in EUR

| | Note | THE GROUP 01/01-31/12/2009 | THE GROUP 01/01-31/12/2008 | The Company 01/01-31/12/2009 | The Company 01/01-31/12/2008 |
|---|---|---|---|---|---|
| Income from the lease of investment property | | - | - | - | - |
| Result from the measurement of investment property at fair value | | - | - | - | - |
| Result from the sale of investment property | | (250,741) | 3,463,754 | (250,741) | 101,455 |
| Income from the provision of services | | 2,073,331 | 484,536 | 2,497,762 | 1,283,132 |
| Less: Operating expenses | | (763,264) | (278,590) | (1,049,102) | (782,234) |
| Gross results from investments | | 1,059,326 | 3,669,700 | 1,197,919 | 602,354 |
| Operational expenses | 24 | (3,333,019) | (4,005,068) | (2,186,015) | (2,851,051) |
| Other operating income/(expenses) (net) | 27 | 501,769 | (1,301,121) | 69,801 | 375,396 |
| Income from dividends | | - | - | 4,569,660 | 75,271 |
| Financial income/ (expenses) - net | 23 | (307,533) | (293,641) | (234,393) | (70,293) |
| **Earnings/ (losses) before taxes** | | **(2,079,457)** | **(1,930,131)** | **3,416,972** | **(1,868,323)** |
| Income tax | 26 | (253,596) | (952,902) | (9,704) | (93,221) |
| **Earnings / (losses) after taxes** | | **(2,333,053)** | **(2,883,033)** | **3,407,268** | **(1,961,544)** |
| **Earnings/ (losses) per share- basic (in €)** | 28 | **(0.0490)** | **(0.0728)** | **0.0716** | **(0.0495)** |

The notes on pages 25 to 69 form an integral part of these financial statements.

# Statement of comprehensive income

All amounts in EUR

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 01/01-31/12/2009 | 01/01-31/12/2008 | 01/01-31/12/2009 | 01/01-31/12/2008 |
| **Net earnings/ (losses) for the period** | **(2,333,053)** | **(2,883,033)** | **3,407,268** | **(1,961,544)** |
| **Other comprehensive income** | | | | |
| Foreign exchange differences | **(472,848)** | **65,536** | - | - |
| **Other comprehensive income/ (losses) for the period (net after taxes)** | **(472,848)** | 65,536 | - | - |
| **Comprehensive income/ (losses) for the period** | **(2,805,901)** | **(2,817,498)** | **3,407,268** | **(1,961,544)** |
| **Comprehensive income/ (losses) for the period attributable to:** | | | | |
| Parent company equity holders | (2,805,901) | (2,817,498) | 3,407,268 | (1,961,544) |
| Minority interest | - | - | - | - |

The notes on pages 25 to 69 form an integral part of these financial statements.

# Statement of changes in equity

All amounts in EUR

**THE GROUP**

| | Share capital | Inventory account | Other reserves | Results carried forward | Total |
|---|---|---|---|---|---|
| **1 January 2008** | **51,889,448** | **95,973** | **8,991,084** | **50,653,298** | **111,629,802** |
| Net earnings/ (losses) for the period | - | - | - | (2,883,033) | (2,883,033) |
| Foreign exchange differences | - | - | 65,536 | | 65,536 |
| **Total income for the period** | **-** | **-** | **65,536** | **(2,883,033)** | **(2,817,497)** |
| Dividends distributed | - | - | - | (2,376,616) | (2,376,616) |
| Transfer to reserves | - | - | 144,284 | (144,284) | - |
| **31 December 2008** | **51,889,448** | **95,973** | **9,200,905** | **45,249,364** | **106,435,689** |
| **1 January 2009** | **51,889,448** | **95,973** | **9,200,905** | **45,249,364** | **106,435,689** |
| Net earnings/ (losses) for the period | - | - | - | (2,333,053) | (2,333,053) |
| Foreign exchange differences | - | - | (472,848) | - | (472,848) |
| **Total income for the period** | **-** | **-** | **(472,848)** | **(2,333,053)** | **(2,805,901)** |
| Share capital issue | 23,350,251 | 1,604,216 | - | **-** | 24,954,467 |
| Share capital increase expenses after taxes | - | (265,670) | - | - | (265,670) |
| Transfer to reserves | | | 198,614 | (198,614) | - |
| Reserves distributed | **-** | **-** | (4,500,000) | 4,500,000 | - |
| **31 December 2009** | **75,239,699** | **1,434,519** | **4,426,670** | **47,217,697** | **128,318,584** |

**The Company**

| | Share capital | Inventory account | Other reserves | Results carried forward | Total |
|---|---|---|---|---|---|
| **1 January 2008** | **51,889,448** | **95,973** | **1,128,687** | **6,148,030** | **59,262,137** |
| Net earnings/ (losses) for the period | - | - | **-** | (1,961,544) | (1,961,544) |
| **Total income for the period** | **-** | **-** | **-** | **(1,961,544)** | **(1,961,544)** |
| Dividends distributed | - | - | - | (2,376,616) | (2,376,616) |
| Transfer to reserves | - | - | - | - | - |
| **31 December 2008** | **51,889,448** | **95,973** | **1,128,687** | **1,809,870** | **54,923,977** |
| **1 January 2009** | **51,889,448** | **95,973** | **1,128,687** | **1,809,870** | **54,923,977** |
| Net earnings/ (losses) for the period | - | - | **-** | 3,407,268 | 3,407,268 |
| **Total income for the period** | **-** | **-** | **-** | **3,407,268** | **3,407,268** |
| Share capital issue | 23,350,251 | 1,604,216 | - | - | 24,954,467 |
| Share capital increase expenses after taxes | - | (265,670) | - | - | (265,670) |
| Transfer to reserves | | | 170,849 | (170,849) | - |
| **31 December 2009** | **75,239,699** | **1,434,519** | **1,299,536** | **5,046,289** | **83,020,042** |

The notes on pages 25 to 69 form an integral part of these financial statements.

# Cash flow statement

All amounts in EUR

| | Note | THE GROUP 31-Dec-09 | THE GROUP 31-Dec-08 | The Company 31-Dec-09 | The Company 31-Dec-08 |
|---|---|---|---|---|---|
| **Operating Activities** | | | | | |
| Earnings/ (losses) before taxes | | (2,079,457) | (1,930,131) | 3,416,972 | (1,868,323) |
| ***Plus/ less adjustments for:*** | | | | | |
| Depreciation | 6,7,8 | 251,288 | 270,843 | 48,519 | 60,251 |
| Impairment of stock | 13 | 150,000 | - | 150,000 | - |
| Provisions | 22 | 29,656 | 16,199 | 13,696 | 16,199 |
| Foreign exchange differences | | 517,364 | 2,328,715 | - | - |
| Results (income, expenses, earnings & losses) from investments | | (483,911) | (2,513,221) | (4,830,638) | (459,775) |
| Debit interest and related expenses | 23 | 729,490 | 1,260,625 | 463,965 | 345,215 |
| ***Plus/ less adjustments for changes in capital*** | | | | | |
| ***or related to operating activities:*** | | | | | |
| Inventories Reduction / (Increase) | | 2,080,183 | 12,334,120 | 2,080,183 | 1,781,399 |
| Receivables Reduction / (Increase) | | 11,043,455 | (12,113,007) | 3,784,034 | (3,717,745) |
| Liabilities (Reduction)/Increase (Except Bank Liabilities) | | (465,848) | (8,018,851) | 480,474 | (3,864,878) |
| (Decrease)/ Increase of provisions | | - | 150,000 | - | 100,000 |
| ***Less:*** | | | | | |
| Debit interest and related expenses paid | | (787,880) | (791,935) | (463,965) | (345,215) |
| Taxes paid | | (1,185,810) | (1,371,349) | - | (1,210,513) |
| ***Total Cash Inflows/(Outflows) from Operating Activities (a)*** | | **9,798,531** | **(10,377,995)** | **5,143,240** | **(9,163,386)** |
| **Investment activities** | | | | | |
| Acquisition/ sale of subsidiaries, affiliates, joint ventures and other investments | 9 | - | (18,435,000) | (10,000,000) | (18,435,000) |
| Acquisition of tangible and intangible fixed assets and | | | | | |
| Investment property | | (6,469,500) | (11,563,182) | (798,565) | (2,256,654) |
| Income from Sales of Tangible and Intangible Assets | | 11,720 | 1,185,819 | 11,130 | 2,300 |
| Interest received | 23 | 312,733 | 1,110,817 | 101,821 | 386,135 |
| Purchase of financial assets available for sale | 11 | (295,700) | (1,245,300) | (295,700) | (1,245,300) |
| Dividends received | | - | - | 62,694 | 4,575,271 |
| ***Total inflows/(outflows) from investment activities (b)*** | | **(6,440,748)** | **(28,946,846)** | **(10,918,621)** | **(16,973,248)** |
| **Financing activities** | | | | | |
| Proceeds from share capital increase | | 24,954,467 | - | 24,954,467 | - |
| Payments for share capital increase | | (332,087) | - | (332,087) | - |
| Loans taken out | 19 | 2,750,000 | 27,792,819 | - | 14,000,000 |
| Loan repayment | 19 | (17,155,973) | (23,434,156) | (7,120,000) | - |
| Dividends paid | | (1,287) | (2,367,195) | (1,287) | (2,367,195) |
| ***Total inflows/(outflows) from financing activities (c)*** | | **10,215,119** | **1,991,468** | **17,501,092** | **11,632,805** |
| **Net increase/(decrease) in cash and cash equivalents for the period (a) + (b) + (c)** | 15 | 13,572,903 | (37,333,373) | 11,725,712 | (14,503,829) |
| **Cash and Cash Equivalents at the beginning of the period** | 15 | 6,831,118 | 44,164,490 | 1,758,806 | 16,262,635 |
| **Cash and cash equivalents at the end of the period** | | **20,404,020** | **6,831,118** | **13,484,518** | **1,758,806** |

The notes on pages 25 to 69 form an integral part of these financial statements.

# Notes to the financial statements

## 1 General information

The Company and the Group operate in the Real Estate Holding and Management industry. The main activity is the development, sale and operation of privately-owned property or property under operating leases. The Group operates in Greece and Romania.

The Company has been incorporated and established in Greece, and its registered office is located at 25 Ermou str., Nea Kifissia, Attica.

The Company's shares are traded on the Athens exchange in the Real estate holding & Development industry.

The financial statements were approved by the Board of Directors on 24 March 2010, are subject to the approval of the General Meeting, and are available at the company's website: www. reds.gr.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

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

These company and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.) and issued Interpretations by International Financial Reporting Interpretations Committee (IFRIC), as they have been adopted by the European Union and IFRS that have been published from the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets available for sale at fair value through profit and loss valued at fair value.

The preparation of the financial statements under IFRS requires the use of accounting estimations and assumptions by the Management in implementing 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

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

Standards mandatorily effective for the fiscal year ending on 31 December 2009

**IAS 1 (Revised) "Presentation of Financial Statements"**

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements.

**IFRS 8 "Operating Segments"**

This standard supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the financial statements based on this internal component classification.

**IFRS 7 (Amendment) "Financial instruments: Disclosures").**

This amendment requires additional disclosures about the measurement of fair value and liquidity risk. Specifically, the amendment requires disclosures regarding the fair value measurement through a hierarchy of three levels. This amendment applies to additional disclosures, therefore earnings per share are not affected.

**IFRS 2 (Amendment) "Share-based Payment'**

The amendment clarifies the definition of "vesting conditions" by introducing the term "non-vesting conditions" for conditions other than service conditions and performance conditions. The amendment also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. The amendment has no effect on the Group's financial statements.

**IAS 23 (Revised) "Borrowing Costs"**

This standard replaces the previous version of IAS 23. The main difference with the previous edition is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets, which need a substantial period of time to get ready for use or sale. This amendment has no effect on the Group.

**IAS 32 (Amendment) "Financial instruments: Presentation" and IAS 1 (Amendment) "Presentation of Financial Statements"**

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The amendments have no effect on the Group's financial statements.

**IAS 39 (Amendment) "Financial instruments: Recognition and measurement"**

The amendment clarifies that entities no longer have to use hedge accounting for transactions between sectors in their individual financial statements. The amendment does not have an effect on the Group's financial statements.

Interpretations mandatorily effective for the fiscal year ending on 31 December 2009

**IFRIC 13 "Customer Loyalty Programs"**

This interpretation clarifies the treatment of entities that grant loyalty award credits such as "points" and "travel miles" to customers who buy other goods or services. The interpretation does not apply to the Group.

**IFRIC 15 "Agreements for the construction of real estate"**

This interpretation addresses the diversity in accounting for real estate sales. Some financial entities recognise the revenue subject to IAS 18 (i.e. when risks and benefits of real estate ownership are transferred), and others recognize the revenue depending on the real estate completion stage, in line with IAS 11. The interpretation clarifies which standard applies to each case. The interpretation has no effect on the Group's financial statements.

**IFRIC 16 "Hedges of a net investment in a foreign operation"**

This interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and qualifies for hedge accounting in accordance with IAS 39. The interpretation provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The interpretation does not apply to the Group, since no hedge accounting is applied with regard to any investments in foreign operations.

**IFRIC 18 "Transfers of assets from customers"** (applies to transfers received on or after 1st July 2009).

The interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, that the entity must then use either to provide the customer with ongoing access to a supply of goods or services. In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property. The interpretation does not apply to the Group.

Standards mandatorily effective following the fiscal year ending on 31 December 2009

**IFRS 3 (Revised) 'Business Combinations' and IAS 27 (Amended) 'Consolidated and Separate Financial Statements'** (applicable to the annual accounting periods starting on or after 1 July 2009)

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of costs related to acquisition and to recognition of subsequent changes in the fair value of a contingent consideration in the profit or loss. The amended IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by these standards must be applied prospectively and will affect future acquisitions and transactions with minority interests. The Group will apply these changes from their effective date.

**IFRS 9 "Financial Instruments"** (effective for annual accounting periods beginning on or after 1 January 2013)

IFRS 9 is the first step in the project undertaken by IASB (International Accounting Standard Board) to replace IAS 39. IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, revoking recognition of financial instruments, impairment, and hedge accounting. Under IFRS 9, all financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, specific transaction costs. Subsequent measurement of financial assets is done either at amortized cost or at fair value depending on the model used by the financial entity for the management of the financial assets and the contractual cash flows of the financial asset. IFRS 9 forbids reclassifications, except for rare cases where the financial entity's business model changes; in that particular event, the entity must reclassify the affected financial assets prospectively. Under the principles set forth in IFRS 9, all equity investments must be measured at fair value. However, the management may elect to present the realized and unrealized fair value gains and losses from equity investments that are not held for trading in other comprehensive income. Such presentation is done at initial recognition for each separate financial instrument and is irrevocable. Fair value gains and losses are not subsequently transferred to profit and loss, whereas dividend income is still recognized in profit and loss. IFRS 9 dispenses with the exception of measurement at cost for unquoted equity investments and derivatives linked to unquoted equity investments, and guidance is provided to determine when the cost can be representative of fair value. The Group is currently assessing the effect of IFRS 9 on its financial statements. IFRS 9 may not be adopted early by the Group as it has not been adopted by the European Union. Following adoption, the Group will decide whether it will apply IFRS 9 earlier than 1 January 2013.

**IFRS 1 (Amended) "First-time adoption of international financial reporting standards"** (effective for annual accounting periods beginning on or after 1 January 2010)

The amendment provides additional clarifications for first-time adopters of the IFRS relating to the use of deemed cost to oil and gas assets, the determination of whether an arrangement contains a lease, and the decommissioning liabilities included in the cost of tangible assets (property, plant and equipment). This amendment will not have an effect on the financial statements, as the Group has already adopted the IFRS. The amendment has not yet been adopted by the European Union.

**IFRS 2 (Amended) "Share Based Payment"** (effective for annual accounting periods beginning on or after 1 January 2010)

The purpose of the amendment is to clarify the scope of IFRS 2 and the accounting methods governing for fees dependent on share values settled in cash appearing in consolidated or individual financial statements of the financial entity receiving goods or services, where the financial entity has no obligation to settle the share-based payments. The amendment is not expected to have an effect on the Group's financial statements. The amendment has not yet been adopted by the European Union.

**IAS 24 (Amended) "Related Party Disclosures"** (effective for annual accounting periods beginning on or after 1 January 2011)

This amendment reduces the disclosure requirements for transactions between government-related entities and clarifies the definition of "related party." In particular, it abolishes the obligation of public sector related parties to disclose details of all transactions with the public sector and other public sector related parties, it clarifies and simplifies the definition of "related-party" and requires disclosure not only of the relationships, transactions and balances between related parties but also commitments in both individual and consolidated financial statements. The Group will apply these changes from their effective date. The amendment has not yet been adopted by the European Union.

**IAS 32 (Amendment) "Financial instruments:** Presentation" (effective for annual accounting periods beginning on or after 1 February 2010)

The amendment provides clarifications relating to rights issue. More specifically, rights, options and warrants to acquire a fixed number of the financial entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all its existing shareholders of the same class of its own non-derivative equity instruments. The amendment is not expected to have an effect on the Group's financial statements.

**IAS 39 (Amendment) "Financial instruments:** Recognition and Measurement" (effective for annual accounting periods beginning on or after 1 July 2009).

This amendment clarifies the way in which the principles that determine whether a hedged risk or portion of cash flows falls within the scope of hedge accounting should be applied in specific cases. The amendment does not have an effect on the Group's financial statements.

Interpretations mandatorily effective after the fiscal year ending on 31 December 2009

**IFRIC 12 "Service concession arrangements"** (subject to adoption by the EU, effective for periods starting on 30 March 2009)

This interpretation applies to companies that participate in service concession arrangements. This interpretation does not have any impact on the Group's financial.

**IFRIC 17 "Distributions of non-cash assets to owners"** (effective for annual accounting periods beginning on or after 1 July 2009)

This interpretation provides guidance on accounting treatment for the following types of non-reciprocal distributions of assets by a financial entity to its shareholders acting in their capacity as shareholders: a) distributions of non-cash assets, and b) distributions when the owners are given a choice of taking cash in lieu of the non-cash assets. The Group will apply this interpretation from its effective date.

**IFRIC 19 "Extinguishing Financial Liabilities"** (effective for annual accounting periods beginning on or after 1 July 2010)

Interpretation 19 refers to the accounting treatment to be used by a financial entity issuing equity instruments to a creditor in order to fully or partially settle a financial obligation. The interpretation does not apply to the Group. The amendment has not yet been adopted by the European Union.

**IFRIC 14 (Amended) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"** (effective for annual accounting periods beginning on or after 1 January 20011)

The amendments apply to specific cases: where a financial entity is subject to minimum funding requirements (MRF) and makes an early payment of contributions to cover those requirements. The amendments enable such an entity to treat the benefit of this early payment as an asset. The interpretation does not apply to the Group. The amendment has not yet been adopted by the European Union.

Amendments to standards that form part of the IASB's annual improvements project

The following amendments describe the most important changes brought to the IFRS as a result of the IASB annual improvement project published in July 2009. These amendments have not been adopted yet by the European Union. Unless otherwise stipulated, the following amendments will apply to annual accounting periods starting on or after 1 January 2010. In addition, unless otherwise stipulated, these amendments are not expected to have a significant impact on the Group's financial statements.

**IFRS 2 "Share Based Payment"** (effective for annual accounting periods beginning on or after 1 July 2009)

The amendment confirms that the contributions made by a business entity for the establishment of a joint venture and the transactions of joint control are not subject to the scope of IFRS 2.

**IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"**

The amendment clarifies the disclosures required for non-current assets held for sale or discontinued operations.

**IFRS 8 "Operating Segments"**

The amendment clarifies the disclosure of information relating to a segment's assets.

**IAS 1 "Presentation of Financial Statements"**

The amendment clarifies that a possible settlement of a liability through the issue of equity instruments is irrelevant to its classification as current or non-current asset.

**IAS 7 "Cash Flow Statements"**

The amendment requires that only expenditures resulting in a recognized asset in the statement of financial position can be classified as investment activities.

**IAS 17 "Leases"**

The amendment provides clarifications on the classification of a lease of land and buildings as financial or operating leases.

**IAS 18 "Revenue"**

The amendment provides additional guidance for determining whether the financial entity is acting as a principal or as an agent.

**IAS 36 "Impairment of Assets"**

The amendment clarifies that the largest cash-generating unit to which goodwill must be allocated for impairment auditing purposes is an operating segment in accordance with paragraph 5 of IFRS 8 (i.e. before aggregation of segments).

**IAS 38 "Intangible Assets"**

The amendments (a) clarify the requirements, in accordance with IFRS 3 (amended), relating to accounting for intangible assets acquired in a business combination, and (b) describe the measurement methods that are widely used by financial entities to measure the fair value of intangible assets that are acquired in a business combination and are not traded in active markets.

**IAS 39 "Financial instruments: Recognition and measurement"**

The amendments pertain to (a) clarifications on how to deal with penalties/fines resulting from the repayment of loans as derivatives linked to the main contract, (b) the scope of exemption for business combination contracts, and (c) clarifications that the gains or losses from hedge accounting made for the cash flow from a forecasted transaction must be reclassified from equity to profit or loss in the period that the hedged forecast cash flow affects profit or loss.

**IFRIC 9 "Reassessment of Embedded Derivatives"** (effective for annual accounting periods beginning on or after 1 July 2009)

The amendment clarifies that IFRIC 9 will not apply to a possible reassessment, at the date of acquisition, of embedded derivatives in contracts acquired in combinations of entities or businesses under common control.

**IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"** (effective for annual accounting periods beginning on or after 1 July 2009)

The amendment states that, in hedging of a net investment in a foreign operation, appropriate hedging instrument(s) may be held by any financial entity or entities within the group, including the foreign operation itself, if certain conditions are met.

## 2.3 Consolidation

(a) Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. 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 excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the 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 gains on transactions between group companies are eliminated. 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 with the ones adopted by the Group. In the parent company's balance sheet subsidiaries are valued at cost less impairment.

In the event of transactions concerning the increase of the Group's participation stake in subsidiaries which do not fall under IFRS 3, the Group recognizes all consequences resulting from the difference of the fair value 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 "Investments in associates" account also includes the goodwill resulting on acquisition (reduced by any impairment losses).

Following 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 following the acquisition is recognized in reserves. The cumulative changes affect the book value of the investments in associates. 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.

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 accounted for on the basis of proportionate consolidation (except for those which are inactive on the date of first IFRS adoption, which are consolidated using the equity method as described above). The Group adds its share of 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 evidences a reduction in the net liquidation value of current 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 Information by segment

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

## 2.5 Foreign 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*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange differences from non-monetary items that are valued at their fair value are considered as part of their fair value and are thus treated similarly to fair value differences.

*(c) Group Companies*

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) The assets and liabilities are converted using the rates in effect at the balance sheet date,

ii) The income and expenses are converted using the average rates of the period (except if the average rate is not the reasonable 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.

Foreign 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 resulting from the sale.

## 2.6 Investment 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.

From January 1st, the Group applied the amended IAS 40 under which property built or developed for future use as investment property, are recognised initially as investments in property. Investments in property are recognised initially at cost, including the relevant direct acquisition and borrowing costs. Borrowing costs relating to acquisition or construction of investment property are capitalized to the investment cost for the duration of the acquisition or construction and are no longer capitalized when the fixed asset is completed or stops to be constructed. After initial recognition, investments in property are valued at cost, less depreciation and any impairment. Depreciation of investment property is calculated using the straight-line method, based on the useful life estimated at 40 years, save non-renovated listed buildings whose depreciation is estimated at 20 years.

Subsequent expenditure is added to the carrying value of the property only if it is probable that future economic benefits related to such property will flow to the Group and their cost can be reliably measured. The repair and maintenance cost is booked in the results when such is realized.

If an investment in property is modified to an asset for own use, then it is classified in tangible assets. Respectively, investments in property, for which the Group had pre-agreed their sale, are classified as inventories.

## 2.7 Leases

*(a) Group company as Lessee*

Leases through which the lessor effectively undertakes all the risks and rewards of ownership are classified as operating leases. Operating lease expenses are recognised proportionately through profit and loss during the term of lease and include the property restoration cost.

*(b) Group company as Lessor*

The Group leases assets only through operating leases. Operating lease income is recognized in the income statement of each period proportionally during the period of the lease.

## 2.8 Tangible Assets

Fixed assets are reported in the financial statements at acquisition cost minus accumulated depreciation and possible impairment. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The repair and maintenance cost is recorded 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:

| | | |
|---|---|---|
| - Vehicles | 5 - 7 | years |
| - Software | 1 - 3 | years |
| - Furniture, fittings and equipment | 3 - 5 | years |

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

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

Upon the sale of tangible fixed assets, any difference between the proceeds and the depreciable amount is recorded as profit or loss in the results.

Borrowing costs arising for the acquisition, construction or production of a qualifying fixed asset are incorporated in the cost of such asset. An asset qualifies when a significant preparation period is required for the intended use. Borrowing cost is capitalised provided that construction is in progress and is terminated upon essential completion of the asset, or suspended if construction has been interrupted. All other borrowing expenses are posted through profit and loss.

### 2.9 Intangible assets

Intangible assets mainly include software user licences, which are valued at the acquisition cost less depreciation. Depreciation is accounted for using the straight line method during their useful lives which vary from 1 to 3 years.

### 2.10 Impairment of non-financial 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 value of the net sales and the value in use. For the calculation of impairment losses, assets are classified 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

The financial instruments of the Group have been classified to the following categories according to the objective for which each investment was undertaken. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting 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 for maturities greater than 12 months after the balance sheet date. These are classified as 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 non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The purchase and sales of investments are recorded for on the trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at their fair value, plus expenses directly related to the transaction, with the exception of those assets, regarding expenses directly related to the transaction, which are valued at their 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 characterized as impaired. Upon sale or when assets are characterised as impaired, the gains or losses are transferred to the income statement. Impairment losses recognized in results cannot be reversed through profit and loss.

The loans and receivables are recognized at amortized cost by method of effective interest.

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

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If impairment is demonstrated, accumulated loss in equity which is the difference between the cost of acquisition and the fair value shall be carried over to results. Impairment losses of equity instruments recognised in the income statement are not reversed through the income statement.

## 2.12 Inventories

Inventories are valued at the lower of acquisition cost and net realisable value. The cost of end products and semi-finished inventories includes cost of design, materials, average working cost and a proportion 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 value between the cost and net realisable value. The net realizable value is estimated based on the stock's current sales price, within the framework of ordinary business activities, less any possible selling expenses, wherever such a case concurs.

## 2.13 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, except if the discount outcome is not important, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all of the amounts due, according to the original terms of receivables.

Trade receivables comprise of commercial papers and notes payable from customers.

Serious problems that the customer encounters, the possibility of bankruptcy or financial reorganization and the inability of scheduled payments considered to be evidence that the receivable value must be impaired. The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized as an expense in the income statement.

## 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 Borrowings

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

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

## 2.17 Deferred income tax

Deferred income tax is determined using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting or the taxable profit or loss. Deferred tax is valued taking into consideration the tax rates that have been put into effect or are essentially in effect at the balance sheet date.

Deferred tax receivables are recognised to the extent that there will be future taxable gains to use the temporary difference that gives rise to the deferred tax receivables.

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.

Deferred tax is calculated using the new tax rates arising from article 19(1) of Law 3607/25.09.2008.

## 2.18 Employee benefits

*(a) Post-employment benefits*

The employee benefits after their retirement include defined contribution programs and defined benefit programs. The accrued cost of defined contribution programs is recognized as expense during the relevant period.

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 interest rate on long-term Greek treasury bonds is used for discounting purposes.

Actuarial gains and losses arising from adjustments based on historical data which are less or more than 10% of the accumulated liability are posted to the income statement over the average remaining service lives of the employees participating in the plan. 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) Termination benefits*

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

In case of an employment termination where there is an 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 outstanding legal cases are recognized when: there is an obligation (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 Revenue recognition

Revenues mainly derive from the sale and lease of real estate property, the provision of services and construction projects.

Income from operating leases is recognized in 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 recognized 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 and not to the gross income is recorded as income.

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

## 2.21 Dividend allocation

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

### 2.22 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is estimated to be recovered by the Group through a sale transaction rather than through their use.

### 2.23 Comparative information

Comparative amounts have been adjusted, where necessary, to be in line with the changes in the disclosures for the current year.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group is exposed to various financial risks, such as market risks (change to real estate market prices), credit risk, liquidity risk, currency risk and interest rate risk. Financial risks are associated with the following financial instruments: accounts receivable, cash and cash equivalents, accounts payable and other liabilities and debt liabilities. The accounting principles referred to the above financial instruments are presented in Note 2.

Risk management is performed by the financial division and determined within the framework of 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 short-term investment of cash.

*(a) Market Risk*

Market risk is related to the business sectors where the Group operates. The Group is exposed to the risk of change in the value of real estate property and leases. The Group's departments are closely monitoring the trends in the individual markets in which it operates and plan actions for prompt and efficient adaptation to the individual markets' new circumstances.

*i) Foreign exchange risk*

Given that the Group actively operates abroad (Romania), it is exposed to currency risk that the local currency-euro rate involves.

Transactions are made in local currency. If on 31/12/2009, Romanian LEU was appreciated/ depreciated by 5% (2008: 5%) in relation to euro, all other variables being equal, earnings before taxes for the Group would be increased by 174,275 euro (2008: 560,389) and decreased by 192,620 euro (2008: 507,018) respectively, as a result of the exchange losses/ earnings from the conversion of receivables, liabilities and cash of the companies established in Romania from euro to LEU. It is noted that the foreign currency appreciation/ depreciation analysis in relation to euro in the above analysis was determined based on the annual historic volatility to euro.

ii) Cash flow risk and risk from changes in fair value due to changes in interest rates

Group holds as an asset significant accrued instruments comprising of sight deposits and short term bank deposits. The Group is exposed to risk from fluctuations of interest rates, arising from bank loans with floating rates. The Group is exposed to floating interest rates prevailing in the market, which affect both the financial position and the cash flows. Cost of debt may increase as a result of these changes thus creating losses or it can decrease on the occurrence of unexpected events.

Regarding long-term loan liabilities, the Group's Management systematically and constantly monitors interest rate fluctuations and assesses the need to take relevant positions to offset risks, when and if necessary.

Most of the Group's loans have been taken out at floating rates and total borrowing is in Euro. Therefore, the interest rate risk is connected to fluctuations of euro rates.

The Group constantly monitors interest rate trends, as well as the duration and nature of subsidiaries' financing needs. Decisions on loan terms as well as the relation between variable and fixed interest rate are considered separately on a case by case basis.

*(b) Credit Risk*

The Group has developed policies in order to ensure that transactions are conducted with customers of sufficient credit rating.

The Group has procedures which limit its exposure to credit risk from individual credit institutions. In such cases, the risk may arise from counterparty failure to fulfil their obligations towards the Group. In order to minimize this credit risk, the Group sets limits to the degree of exposure for each financial institution, within the scope of the policies of the Board f Directors. In addition, with respect to deposit products, the Group only performs transactions with accredited financial institutions with high credit ratings.

*(d) Liquidity Risk*

To manage the liquidity risk, the Group budgets and monitors its cash flows and acts accordingly so as to have adequate cash available and bank credit lines in place.

Group liquidity is monitored on regular intervals by Management. In the following table, an analysis of Group debt maturities is presented as of 31 December 2009 and 2008 respectively:

**31-Dec-09**
**TERMINATION OF DEBT MATURITY**

| | **Within 1 year** | **1 to 2 years** | **2 to 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|
| Suppliers and other payables | 1,172,916 | - | - | - | **1,172,916** |
| Borrowings | 6,880,000 | 42,976 | 3,617,764 | - | **10,540,740** |

| | 31-Dec-08 TERMINATION OF DEBT MATURITY | | | | |
|---|---|---|---|---|---|
| | **Within 1 year** | **1 to 2 years** | **2 to 5 years** | **Over 5 years** | **Total** |
| Suppliers and other payables | 1,690,184 | - | - | - | **1,690,184** |
| Borrowings | 14,016,034 | 10,930,679 | - | - | **24,946,713** |

The foregoing amounts are represented in contractual, undiscounted cash flows.

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

A reasonable and possible interest rate change by twenty five base points (increase/decrease 0,25%) would lead to the decrease / increase in earnings before taxes for the year 2009, all other variables being equal, by €26 thousand. It is noted that the aforementioned change in losses before taxes is calculated on the loan balances at the end of the year and does not include the positive effect of interest income from cash deposits and cash equivalents.

## 3.2 Fair value estimation

From January 1, 2009 the Group adopted the revised version of IFRS 7 for financial assets accounted for at fair value at the balance sheet date. According to the above review, financial assets and liabilities are classified in the following levels, depending on the method of determining fair value:

- Tier 1: for assets traded in an active market and whose fair value is determined by the market prices (unadjusted) of similar assets.

- Tier 2: for assets whose fair value is determined by factors related to market data, either directly (prices) or indirectly (prices derivatives).

- Tier 3: for assets whose fair value is not determined by observations from the market, but is mainly based on internal estimates.

The only financial assets at fair value held by the Company and the Group are the financial assets available for sale as analysed in Note 11. Such financial assets are measured at tier 3 of fair values as described in IFRS 7. Tier 3 of fair values relates to fair values not based on data which are directly or indirectly available on active markets.

## 3.3 Capital risk management

Capital management is undertaken by the financial management and aims at safeguarding the continuity of operations of Group companies, the achievement of its developing plans along with Groups credit rating,

For the evaluation of Group's credit rating, Group net debt must be evaluated (i.e. total long term and short term liabilities to financial institutions minus cash and cash equivalents).

Net borrowing for the Group as of 31/12/2009 compared to 31/12/2008, is negative and is analysed in the table below:

All amounts in EUR

| Cash management | CONSOLIDATED FIGURES | |
|---|---|---|
| | **31-Dec-09** | **31-Dec-08** |
| Short term bank loans | 6,880,000 | 14,016,034 |
| Long term bank loans | 3,617,764 | 10,887,704 |
| Total loans | 10,497,764 | 24,903,738 |
| Less: Cash and cash equivalents | 20,404,020 | 6,831,118 |
| **Net Borrowing** | **(9,906,256)** | **18,072,620** |
| **Total Equity** | **128,318,584** | **106,435,688** |
| **Total capital** | **118,412,328** | **124,508,308** |
| **Capital Leverage Ratio** | **(0.08366)** | **0.14515** |

This ratio can be defined as the quotient of net debt (i.e. total long term and short term liabilities to financial institutions except non recourse debt) to total capital employed (i.e. total equity plus net debt).

The Group's goals in relation to capital management is to ensure smooth operations for the Group in the future, with an aim of providing satisfactory returns to shareholders and other stakeholders, and maintain optimum capital allocation, thus reducing the cost of capital.

# 4 Critical accounting estimates and judgements of the management

Estimates and judgments are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

## 4.1 Significant accounting estimates and assumptions

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 Company and 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 concerning the future. Assessments and assumptions that involve important risk of causing material adjustments to the assets' and liabilities' book values:

*(a) Estimates for potential impairment to Group investment property*

Investment in property is examined for possible impairment when event or changes in conditions indicate that their book value may not be recoverable. When the recoverable value is less than their carrying value, investment properties are depreciated to the recoverable amount. The Group assesses to its discretion whether the indications for the impairment of an investment in property are substantial and objective.

*(b) Income tax*

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

### 4.2 Critical judgments in applying the entity's accounting policies

*Distinction between investments in property and assets used by the Group.*

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 Group 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 Information by segment

*As of 31 December 2009 and 2008, the Group was mainly operating in 3 business segments:*

- Real estate operation
- Provision of real estate management and development services
- Real estate development and sale

The Chairman, the Managing Director and other executive members of the Board of Directors are the persons responsible for making business decisions. Having determined the operating segments, the above persons review the internal financial reports to evaluate the Company and Group performance and to make decisions regarding fund allocation. The Board of Directors uses various criteria to evaluate Group activities, which vary depending on the nature, the maturity and particularities of each field, with regard to any risks, current cash needs and information about products and markets.

Results per segment for 2009 are as follows:

All amounts in EUR

| **Consolidated information by segment for the period 01/01-31/12/2009** | **Real estate sales** | **Real estate operation** | **Service provision** | **Total** |
|---|---|---|---|---|
| Total gross sales per segment | 2,489,246 | - | 2,670,528 | 5,159,774 |
| Intra-group sales | - | - | (597,197) | (597,197) |
| Net sales | **2,489,246** | **-** | **2,073,331** | **4,562,577** |
| Gross earnings/ (losses) per segment | (250,741) | - | 1,310,067 | 1,059,326 |
| Administration Expenses | | | | (3,333,019) |
| Other operating income/(expenses) - net | | | | 501,769 |
| Operating profit | | | | (1,771,924) |
| Financial income/ (expenses) - net | | | | (307,533) |
| **Earnings/ (losses) before taxes** | | | | (2,079,457) |
| Income tax | | | | (253,596) |
| **Net earnings/ (losses)** | | | | **(2,333,053)** |

Results per segment for 2008 are as follows:

All amounts in EUR

| **Consolidated information by segment for the period 01/01-31/12/2008** | Real estate sales | **Real estate operation** | Service provision | **Total** |
|---|---|---|---|---|
| Total gross sales per segment | 18,885,333 | - | 1,449,836 | 20,335,169 |
| Intra-group sales | - | - | (965,300) | (965,300) |
| Net sales | **18,885,333** | **-** | **484,536** | **19,369,869** |
| Gross earnings/ (losses) per segment | 3,463,754 | - | 205,946 | 3,669,700 |
| Administration Expenses | | | | (4,005,068) |
| Other operating income/(expenses) - net | | | | (1,301,121) |
| Operating profit | | | | (1,636,490) |
| Financial income/ (expenses) - net | | | | (293,641) |
| **Earnings/ (losses) before taxes** | | | | (1,930,131) |
| Income tax | | | | (952,902) |
| **Net earnings/ (losses)** | | | | **(2,883,033)** |

Other information per segment through profit and loss as of 31 December 2009 is:

All amounts in EUR

| | Real estate sales | Real estate operation | Service provision | Non-allocated | Total |
|---|---|---|---|---|---|
| Depreciation of tangible assets | - | 430 | - | 36,908 | **37,338** |
| Depreciation of intangible assets | - | - | - | 16,156 | **16,156** |
| Depreciation of investment property | - | 197,795 | - | - | **197,795** |
| Total | - | 198,225 | - | 53,064 | **251,288** |

Other information per segment through profit and loss as of 31 December 2008 is:

All amounts in EUR

| | Real estate sales | Real estate operation | Service provision | Non-allocated | Total |
|---|---|---|---|---|---|
| Depreciation of tangible assets | - | 260 | 1,726 | 45,699 | **47,685** |
| Depreciation of intangible assets | - | - | - | 18,907 | **18,907** |
| Depreciation of investment property | - | 151,006 | - | 53,245 | **204,252** |
| Total | - | 151,266 | 1,726 | 117,852 | **270,844** |

Inter-segment transfers and transactions are entered into under the normal commercial terms and conditions, similar to those applicable for transactions with unrelated third parties.

Assets and liabilities of segments as of 31 December 2009 are as follows:

All amounts in EUR

| | Real estate sales | Real estate operation | Service provision | Non-allocated | Total |
|---|---|---|---|---|---|
| **Assets** | 5,123,618 | 132,716,287 | (24,498) | 2,797,329 | **140,612,737** |
| **Liabilities** | - | 29,556,136 | (151,026) | (17,110,956) | **12,294,153** |
| **Equity** | 5,123,618 | 103,160,152 | 126,529 | 19,908,286 | **128,318,584** |
| Investments in intangibles, fixed assets and investment property for the year ended | | 6,453,981 | | 15,519 | **6,469,500** |

Assets and liabilities of segments as of 31 December 2008 are as follows:

All amounts in EUR

| | Real estate sales | Real estate operation | Service provision | Non-allocated | Total |
|---|---|---|---|---|---|
| **Assets** | 19,221,527 | 114,148,088 | (166,184) | 240,981 | **133,444,412** |
| **Liabilities** | (4,345,001) | 48,239,456 | (359,168) | (16,526,564) | **27,008,724** |
| **Equity** | 23,566,528 | 65,908,632 | 192,984 | 16,767,545 | **106,435,689** |
| Investments in intangibles, fixed assets and investment property for the year ended | | 11,519,601 | | 43,581 | **11,563,182** |

The Group operates in Greece. Its operations abroad are currently being developed.

Results per geographic region for 2009 are as follows:

All amounts in EUR

| **Consolidated information by segment for the period 01/01-31/12/2009** | Greece | Romania | Total |
|---|---|---|---|
| Sales (gross & net) | 4,562,577 | - | 4,562,577 |
| Gross earnings/ (losses) per segment | 1,059,326 | - | 1,059,326 |
| Administration Expenses | (3,028,068) | (304,951) | (3,333,019) |
| Other operating income/(expenses)- net | 1,132,706 | (630,938) | 501,769 |
| Operating profit | (836,036) | (935,888) | (1,771,924) |
| Financial income/ (expenses) - net | (150,024) | (157,509) | (307,533) |
| **Earnings/ (losses) before taxes** | (986,060) | (1,093,397) | (2,079,457) |
| Income tax | (239,314) | (14,282) | (253,596) |
| **Net earnings/ (losses)** | **(1,225,374)** | **(1,107,679)** | **(2,333,053)** |

Results per geographic region for 2008 are as follows:

All amounts in EUR

| **Consolidated information by segment for the period 01/01-31/12/2008** | Greece | Romania | Total |
|---|---|---|---|
| Sales (gross & net) | 19,369,869 | - | 19,369,869 |
| Gross earnings/ (losses) per segment | 3,669,700 | - | 3,669,700 |
| Administration Expenses | (3,597,536) | (407,532) | (4,005,068) |
| Other operating income/(expenses)- net | 1,003,590 | (2,304,711) | (1,301,121) |
| Operating profit | 1,075,753 | (2,712,243) | (1,636,490) |
| Financial income/ (expenses) - net | 1,034,724 | (1,328,366) | (293,641) |
| **Earnings/ (losses) before taxes** | 2,110,478 | (4,040,609) | (1,930,131) |
| Income tax | (1,277,073) | 324,170 | (952,902) |
| **Net earnings/ (losses)** | **833,405** | **(3,716,438)** | **(2,883,033)** |

Total assets geographically allocated for the year to 31 December 2009 are as follows:

All amounts in EUR

| | Greece | Romania | Total |
|---|---|---|---|
| **Assets** | 118,157,533 | 22,455,205 | **140,612,737** |
| Investments in intangibles, fixed assets and investment property for the year ended | 4,276,403 | 2,193,097 | **6,469,500** |

Total assets geographically allocated for the year to 31 December 2008 are as follows:

All amounts in EUR

| | Greece | Romania | Total |
|---|---|---|---|
| **Assets** | 111,600,077 | 21,844,335 | **133,444,412** |
| Investments in intangibles, fixed assets and investment property for the year ended | 5,356,932 | 6,206,250 | **11,563,182** |

# 6 Investment property

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| **Cost** | **31-Dec-09** | **31-Dec-08** | **31-Dec-09** | **31-Dec-08** |
| **Year start** | **100,952,127** | **102,309,140** | **15,639,200** | **13,426,127** |
| Foreign exchange differences | (1,006,440) | (2,134,578) | - | - |
| Subsidiary acquisition / absorption | - | 1,781,038 | - | - |
| Additions | 6,448,460 | 9,537,940 | 786,446 | 2,213,072 |
| Transfer to reserves | - | (10,541,413) | - | - |
| Sales/Write-offs | - | - | (8,831) | - |
| **Year ended** | **106,394,147** | **100,952,127** | **16,416,815** | **15,639,200** |
| **Accumulated depreciation** | | | | |
| **Year start** | **(857,317)** | **(667,681)** | **(81,869)** | **(66,369)** |
| Foreign exchange differences | (6) | 14,616 | - | - |
| Depreciation for the year | (197,795) | (204,252) | (15,500) | (15,500) |
| Sales/Write-offs | - | - | - | - |
| **Year ended** | **(1,055,118)** | **(857,317)** | **(97,369)** | **(81,869)** |
| **Net Book Value** | **105,339,028** | **100,094,809** | **16,319,447** | **15,557,331** |

- There are no encumbrances on the Company's fixed assets.

- In September 2009, the building licence was issued for building block E71 with regard to the construction works of phase A on the Commercial Park (about 31,000m2), on the Yialou property in Spata, Attica, owned by the 100% subsidiary YIALOU COMMERCIAL & TOURIST SA. In December 2009, the building licence was issued for part of building block E72, with regard to a building of shops and parking lots, covering a total area of about 5,000m2, on the adjacent property of Yialou in Spata, Attica, owned by that company.

- The fair value of the Group's investment property as of 31/12/2009 based on recent estimates of certified estimators stands at 134 million euro. Based on the same estimate, the investment value of said property totals approximately 215 million euro.

# 7 Tangible Assets

All amounts in EUR

THE GROUP

| | Land & Buildings | Vehicles | Mechanical Equipment | Furniture & accessories | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **1-Jan-08** | **67,980** | **7,230** | **50,103** | **492,030** | **617,343** |
| Additions | - | 8,041 | - | 65,627 | 73,668 |
| Sales/Write-offs | (67,980) | (4,765) | - | (1,872) | (74,618) |
| Foreign exchange differences | - | - | - | (5,397) | (5,397) |
| **31-Dec-2008** | **(0)** | **10,506** | **50,103** | **550,388** | **610,996** |
| **1-Jan-09** | **(0)** | **10,506** | **50,103** | **550,388** | **610,996** |
| Additions | - | 9,000 | - | 11,882 | 20,882 |
| Sales/Write-offs | - | - | - | (22,166) | (22,166) |
| Foreign exchange differences | - | - | - | (3,819) | (3,819) |
| **31-Dec-2009** | **(0)** | **19,506** | **50,103** | **536,285** | **605,894** |
| **Accumulated depreciation** | | | | | |
| **1-Jan-08** | **-** | **(2,489)** | **(4,686)** | **(337,939)** | **(345,113)** |
| Depreciation for the year | **-** | (1,010) | - | (46,674) | (47,684) |
| Sales/Write-offs | **-** | 834 | - | - | 834 |
| Foreign exchange differences | - | - | - | (811) | (811) |
| **31-Dec-2008** | **-** | **(2,666)** | **(4,686)** | **(385,424)** | **(392,775)** |
| **1-Jan-09** | **-** | **(2,666)** | **(4,686)** | **(385,424)** | **(392,775)** |
| Depreciation for the year | - | (1,994) | - | (35,344) | (37,338) |
| Sales/Write-offs | - | - | - | 10,447 | 10,447 |
| Foreign exchange differences | - | - | - | 1,013 | 1,013 |
| **31-Dec-2009** | **-** | **(4,659)** | **(4,686)** | **(409,308)** | **(418,653)** |
| **Net book value on 31 December 2008** | **(0)** | **7,841** | **45,417** | **164,964** | **218,221** |
| **Undepreciated value as at 31 December 2009** | **(0)** | **14,847** | **45,417** | **126,977** | **187,241** |

**The Company**

| | Vehicles | Mechanical equipment | Furniture & other equipment | Total |
|---|---|---|---|---|
| **Cost as of 1-Jan-2008** | **7,23** | **103** | **378,182** | **385,515** |
| Additions | 8,041 | - | 35,54 | 43,581 |
| Sales/Write-offs | (4,765) | - | - | (4,765) |
| **31-Dec-2008** | **10,506** | **103** | **413,722** | **424,331** |
| | | | | |
| **1-Jan-09** | **10,506** | **103** | **413,722** | **424,331** |
| Additions | **9,000** | - | 3,119 | 12,119 |
| Sales/Write-offs | - | - | - | - |
| **31-Dec-2009** | **19,506** | **103** | **416,841** | **436,45** |
| | | | | |
| **Accumulated depreciation** | | | | |
| **1-Jan-08** | **(2,489)** | **(103)** | **(276,154)** | **(278,746)** |
| Depreciation for the period | **(1,010)** | - | (30,931) | (31,941) |
| Sales/Write-offs | **834** | - | - | 834 |
| **31-Dec-2008** | **(2,665)** | **(103)** | **(307,085)** | **(309,853)** |
| | | | | |
| **1-Jan-09** | **(2,665)** | **(103)** | **(307,085)** | **(309,853)** |
| Depreciation for the period | (1,994) | - | (19,067) | (21,061) |
| Sales/Write-offs | - | - | - | - |
| **31-Dec-2009** | **(4,659)** | **(103)** | **(326,153)** | **(330,914)** |
| | | | | |
| **Net book value on 31 December 2008** | **7,841** | - | **106,637** | **114,477** |
| **Undepreciated value as at 31 December 2009** | **14,847** | - | **90,688** | **105,535** |

No impairment was recognized regarding tangible assets during 2009 and 2008.

# 8 Intangible assets

All amounts in EUR

| | THE GROUP | THE COMPANY |
|---|---|---|
| | **Software** | **Software** |
| **Cost as of 1-Jan-2008** | 104,442 | 83,914 |
| Additions | 1,837 | - |
| Sales/Write-offs | - | - |
| Foreign exchange differences | (1,693) | * |
| **31-Dec-2008** | **104,585** | **83,914** |
| **1-Jan-09** | **104,585** | **83,914** |
| Additions | 159 | **-** |
| Sales/Write-offs | - | **-** |
| Foreign exchange differences | (665) | **-** |
| **31-Dec-2009** | **104,079** | **83,914** |
| **Accumulated depreciation** | | |
| **1-Jan-08** | **(66,252)** | **(57,063)** |
| Depreciation for the period | (17,250) | (12,809) |
| Sales/Write-offs | - | - |
| Foreign exchange differences | 760 | - |
| **31-Dec-2008** | **(82,741)** | **(69,873)** |
| **1-Jan-09** | **(82,741)** | **(69,873)** |
| Depreciation for the period | (16,156) | (11,959) |
| Sales/Write-offs | - | - |
| Foreign exchange differences | 281 | - |
| **31-Dec-2009** | **(98,616)** | **(81,831)** |
| | | |
| **Net book value on 31 December 2008** | **21,844** | **14,042** |
| **Undepreciated value as at 31 December 2009** | **5,462** | **2,083** |

## 9 Group participation in consolidated entities

The companies of the Group consolidated with the full consolidation method are:

| COMPANY | Participation % | Participation value 2008 | Participation value 2009 | Registered office | Activity |
|---|---|---|---|---|---|
| KANTZA COMMERCIAL SA | 100% | 11,185,288 | 11,185,288 | GREECE | REAL ESTATE DEVELOPMENT COMPANY |
| YIALOU COMMERCIAL & TOURIST SA | 100% | 8,353,110 | 8,353,110 | GREECE | REAL ESTATE DEVELOPMENT COMPANY |
| PMS PROPERTY MANAGEMENT SA | 100% | 86,776 | 86,776 | GREECE | NO ACTIVITY |
| LOFOS PALLINI SA | 100% | 19,872,503 | 19,858,184 | GREECE | REAL ESTATE DEVELOPMENT COMPANY |
| KARTEREDA HOLDINGS LTD | 100% | 16,000 | 10,016,000 | CYPRUS | REAL ESTATE DEVELOPMENT COMPANY |
| CORREA HOLDINGS LTD | 100% | 1,000 | 1,000 | CYPRUS | REAL ESTATE DEVELOPMENT COMPANY |
| CLH ESTATE SRL | 100% indirectly | - | - | ROMANIA | REAL ESTATE DEVELOPMENT COMPANY |
| PROFIT CONSTRUCT SRL | 100% indirectly | - | - | ROMANIA | REAL ESTATE DEVELOPMENT COMPANY |
| **Total** | | **39,514,676** | **49,500,357** | | |

- Upon decision of the Ordinary General Meeting of shareholders of the company PMS PARKING SYSTEMS SA as of 29/06/2009, it was decided to amend its articles of association in relation to the corporate name and objective. The aforementioned amendments were approved by means of decision EM-19241/09-10-2009 of the Athens Prefecture. The new name of the company is P.M.S. PROPERTY MANAGEMENT SERVICES SA.

- By means of decision of the shareholders of KARTEREDA HOLDINGS Ltd as of 10/7/2009, it was decided to increase the company's shareholder by 10,000,000 euro, with the issue of 850 new ordinary shares with the face value of one euro per share. Out of the total amounto of increase, the amount € 9,999,150 was to "Reserves from the issue of shares at a premium".

## 10 Joint Ventures

The company 3G SA is included in the Consolidated Statements of the parent company with 50%, using the proportional consolidation method.

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

All amounts in EUR

| 31-Dec-2009 | 3G SA |
|---|---|
| Assets | 143,912 |
| Liabilities | 28,154 |
| Equity | 115,759 |

| 31-Dec-2008 | 3G SA |
|---|---|
| Assets | 138,873 |
| Liabilities | 29,190 |
| Equity | 109,684 |

## 11 Financial assets available for sale

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| **Listed titles:** | **31-Dec-2009** | **31-Dec-2008** | **31-Dec-2009** | **31-Dec-2008** |
| Shares - Greece | - | - | - | - |
| **Non-listed titles:** | | | | |
| Shares - Greece | 1,660,000 | 1,364,300 | 1,660,000 | 1,364,300 |
| | **1,660,000** | **1,364,300** | **1,660,000** | **1,364,300** |

During the year ended, the Company participated in the share capital increase of ATHENS METROPOLITAN EXPO SA with 233,300 euro, and in the share capital increase of PIRAEUS METROPOLITAN CENTRE SA with 62,400 euro, without any change brought to the participation percentage in the aforementioned companies.

Since these shares are not traded on a regulated market, their fair value may not be reliably determined, and are therefore valued at the acquisition cost.

## 12 Financial Assets per Category

All amounts in EUR

Financial assets per class as of 31 December 2009 are as follows:

**THE GROUP**

| Assets | Loans & receivables | Financial assets for sale | Total |
|---|---|---|---|
| Financial assets | - | 1,660,000 | **1,660,000** |
| Receivables | 3,970,406 | - | **3,970,406** |
| Cash and cash equivalents | 20,404,020 | - | **20,404,020** |
| Total | 24,374,426 | 1,660,000 | **26,034,426** |

| Liabilities | Borrowings |
|---|---|
| Long-term borrowing | 3,617,764 |
| Short-term borrowing | 6,880,000 |
| **Total** | **10,497,764** |

**The Company**

| Assets | Loans & receivables | Financial assets for sale | Total |
|---|---|---|---|
| Financial assets | - | 1,660,000 | **1,660,000** |
| Receivables | 3,935,887 | - | **3,935,887** |
| Cash and cash equivalents | 13,484,518 | - | **13,484,518** |
| Total | 17,420,405 | 1,660,000 | **19,080,405** |

| Liabilities | Borrowings |
|---|---|
| Long-term borrowing | - |
| Short-term borrowing | 6,880,000 |
| **Total** | **6,880,000** |

Financial assets per class as of 31 December 2008 are as follows:

**THE GROUP**

| Assets | Loans & receivables | Financial assets for sale | Total |
|---|---|---|---|
| Financial assets | | 1,364,300 | **1,364,300** |
| Receivables | 13,691,993 | - | **13,691,993** |
| Cash and cash equivalents | 6,831,118 | | **6,831,118** |
| Total | 20,523,111 | 1,364,300 | **21,887,410** |

| Liabilities | Borrowings |
|---|---|
| Long-term borrowing | 10,887,703 |
| Short-term borrowing | 14,016,034 |
| **Total** | **24,903,737** |

**The Company**

| Assets | Loans & receivables | Financial assets for sale | Total |
|---|---|---|---|
| Financial assets | - | 1,364,300 | **1,364,300** |
| Claims | 4,882,642 | | **4,882,642** |
| Cash and cash equivalents | 1,758,806 | | **1,758,806** |
| **Total** | 6,641,448 | 1,364,300 | **8,005,749** |

| Liabilities | Borrowings |
|---|---|
| Long-term borrowing | - |
| Short-term borrowing | 14,000,000 |
| **Total** | **14,000,000** |

## 13 Inventories

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | **31-Dec-09** | **31-Dec-08** | **31-Dec-09** | **31-Dec-08** |
| Finished products | 2,341,589 | - | 2,341,589 | - |
| Semi-finished products | - | 4,421,773 | - | 4,421,773 |
| Less: Difference between acquisition cost and net realisable value | (150,000) | - | (150,000) | - |
| **Total net realisable value** | **2,191,589** | **4,421,773** | **2,191,589** | **4,421,773** |

Inventories mainly relate to residences for sale in the Ampelia complex.

## 14 Receivables

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Customers | 3,240,482 | 13,058,506 | 3,223,222 | 4,266,161 |
| Customers – Related parties | - | - | 416,739 | 2,555,026 |
| | **3,240,482** | **13,058,506** | **3,639,960** | **6,821,187** |
| Income tax prepayment | 1,639,580 | 580,265 | 1,405,425 | 1,370,820 |
| Prepayments for operating leases | - | - | - | - |
| Other receivables | 2,475,616 | 3,653,942 | 945,229 | 1,500,682 |
| Other receivables -Related parties | 729,925 | 633,487 | 712,666 | 616,481 |
| **Total** | **8,085,602** | **17,926,200** | **6,703,280** | **10,309,170** |
| Other long-term receivables | 1,758,021 | 3,042,615 | 1,756,222 | 3,042,615 |
| Total non-current assets | 1,758,021 | 3,042,615 | 1,756,222 | 3,042,615 |
| Total Current Assets | 6,327,580 | 14,883,585 | 4,947,058 | 7,266,555 |
| **Total** | **8,085,602** | **17,926,200** | **6,703,280** | **10,309,170** |

No credit risk concentration exists in relation to trade receivables, since receivables from Group customers mainly correspond to sales subject to notarial deeds.

The maturity analysis of remaining customers as of 31 December 2009 and 31 December 2008 is as follows:

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| **Remaining customer maturity analysis** | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| 0 to 3 months | 427,306 | 10,884,141 | 410,046 | 1,540,163 |
| 3 to 6 months | 93,046 | - | 93,046 | 187,391 |
| 6 months – 1 year | 136,092 | 13,167 | 136,092 | 66,829 |
| 1 - 2 years | 232,377 | 2,116,653 | 232,377 | 2,226,295 |
| 2 - 3 years | 2,099,484 | 42,553 | 2,099,484 | 33,489 |
| Over 3 years | 252,176 | 1,991 | 252,176 | 211,995 |
| **Total** | **3,240,482** | **13,058,506** | **3,223,222** | **4,266,161** |

Group trade and other receivables as of 31.12.2009 stood at €8,085,602 of which €266,189 in Romanian LEI. With regard to the previous year, as of 31.12.2008, out of the amount of €17,926,200, €844,403 was in Romanian LEI.

## 15 Cash and cash equivalents

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Cash on hand | 11,212 | 14,061 | 5,741 | 6,116 |
| Demand Deposits | 19,259,046 | 5,002,465 | 13,478,777 | 1,752,691 |
| Time deposits | 1,133,762 | 632,936 | - | - |
| Cheques receivable on sight accounts | - | 1,181,656 | - | - |
| | **20,404,020** | **6,831,118** | **13,484,518** | **1,758,806** |

Group deposits and cash as of 31.12.2009 were mainly denominated in euro; €4,954 out of the total Group cash is denominated in Romanian LEI. Deposits and cash for the Group as of 31.12.2008 stood at €6,831,118 of which €9,075 was denominated in Romanian LEI.

The following table shows the rates of deposits per credit rating class by Standard & Poor (S&P) as of 31.12.2009.

| Credit Institution Rating (S&P) | Rate of sight and time deposits on 31.12.2009 |
|---|---|
| BBB | 98.3% |
| BBB+ | 0.4% |
| Non-assessed -Various | 1.3% |
| **TOTAL** | **100.0%** |

## 16 Share capital

All amounts in EUR

| | Number Shares | Face value of shares | Common shares | Share premium | Total |
|---|---|---|---|---|---|
| **1 January 2008** | **39,610,265** | **1,31** | **51,889,447** | **95,973** | **51,985,420** |
| **31 December 2008** | **39,610,265** | **1,31** | **51,889,447** | **95,973** | **51,985,420** |
| **1 January 2009** | **39,610,265** | **1,31** | **51,889,447** | **95,973** | **51,985,420** |
| Share Capital Increases | 17,824,619 | **1,31** | 23,350,251 | **1,604,216** | **24,954,467** |
| Share capital increase expenses after taxes | - | | - | (265,670) | **(265,670)** |
| **31 December 2009** | **57,434,884** | **1,31** | **75,239,698** | **1,434,519** | **76,674,217** |

The Company's Board of Directors decided at its meeting on 5 May 2009 to increase the Company's share capital by € 23,350,250.89 with a cash contribution and a preferential right for existing shareholders, in a proportion of 9 (nine) new shares for every 20 (twenty) existing shares. This decision pertained to the issue of 17,824,619 new, ordinary, paperless registered shares in total, with the face value of € 1.31, at the offer price of € 1.40 each. The difference between the face value of new shares and the offer price will be credited to "Reserves from the issue of shares at a premium".

On 21 July 2009 the Company disclosed that the share capital increase of €24,954,466.60 in total had been fully covered with the issue of 17,824,619 new, ordinary, paperless, registered voting shares with the face value of €1.31 at the offer price of €1.40. Following the above, the Company's share capital currently stands at € 75,239,698.04 divided into 57,434,884 ordinary registered voting paperless shares with the face value of € 1.31 each.

On 28 July 2009, the Athens Exchange approved the listing of these 17,824,619 new, ordinary, paperless, registered voting shares on ATHEX. The trading of the new shares started on ATHEX on 31 July 2009.

Total expenses representing the Company's share capital increase up to 31 December 2009, of € 332,087 in total, and net after taxes at € 265,670, were recognised in equity, under Reserves at a premium.

## 17 Reserves

All amounts in EUR

**THE GROUP**

| | Ordinary reserves | Special & extraordinary reserves | Untaxed reserves | Other reserves | Foreign exchange difference reserves | Total |
|---|---|---|---|---|---|---|
| **1 January 2008** | **888,311** | **7,810,563** | **453,540** | **2,159** | **(163,489)** | **8,991,084** |
| Foreign exchange differences | - | - | - | - | 65,536 | 65,536 |
| Transfer from profit and loss | 144,284 | - | - | - | - | 144,284 |
| **31 December 2008** | **1,032,596** | **7,810,563** | **453,540** | **2,159** | **(97,953)** | **9,200,905** |
| **1 January 2009** | **1,032,596** | **7,810,563** | **453,540** | **2,159** | **(97,953)** | **9,200,905** |
| Foreign exchange differences | - | - | - | - | (472,848) | (472,848) |
| Carried forward | - | (4,500,000) | - | - | - | (4,500,000) |
| Transfer from profit and loss | 198,614 | - | - | - | - | 198,614 |
| **31 December 2009** | **1,231,209** | **3,310,563** | **453,540** | **2,159** | **(570,801)** | **4,426,670** |

**The Company**

| | Ordinary reserves | Special & extraordinary reserves | Untaxed reserves | Other reserves | Total |
|---|---|---|---|---|---|
| **1 January 2008** | **443,086** | **232,062** | **453,540** | **-** | **1,128,687** |
| Transfer from profit and loss | - | - | - | - | - |
| **31 December 2008** | **443,086** | **232,062** | **453,540** | **-** | **1,128,687** |
| | **443,086** | **232,062** | **453,540** | | **1,128,687** |
| **1 January 2009** | | | | | |
| | 170,849 | - | - | - | 170,849 |
| Transfer from profit and loss | **613,935** | **232,062** | **453,540** | **-** | **1,299,536** |
| **31 December 2009** | | | | | |

### (a) Legal reserve

The provisions of articles 44 and 45 of Codified Law 2190/1920 regulate the way the legal reserve is formed and used: At least 5% of each year's actual (book) net profit must be withheld to create the legal reserve, until the reserve's accumulated amount rises to no less than 1/3 of the share capital. Following a General Shareholders Meeting decision, the legal reserve may be used to cover losses, and therefore cannot be used for any other purpose.

### (b) Extraordinary reserves

Reserves of this category have been created by virtue of General Shareholders Meeting decisions from previous years, do not have any specific designation and can therefore be used for any purpose, following a General Shareholders Meeting decision.

### (c) Tax-free reserves

These reserves may be capitalised and distributed (with due regard to any applicable restrictions) upon decision of the Ordinary General Meeting of shareholders.

In case distribution is decided, the company will have to pay the relevant taxes.

## 18 Trade and other payables

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Suppliers | 106,206 | 380,775 | 59,547 | 298,924 |
| Accrued interest | - | 58,900 | - | - |
| Accrued expenses | 4,457 | 2,300 | 2,156 | - |
| Insurance organisations and other taxes/ duties | 163,731 | 330,471 | 103,103 | 272,383 |
| Other liabilities | 741,896 | 187,149 | 203,990 | 4,954,379 |
| Liabilities to related parties | 199,603 | 773,564 | 1,398,553 | 261,190 |
| **Total** | **1,215,892** | **1,733,160** | **1,767,350** | **5,786,876** |
| Long-term | 42,976 | 42,976 | 42,976 | 42,976 |
| Short-term | 1,172,916 | 1,690,184 | 1,724,374 | 5,743,900 |
| **Total** | **1,215,892** | **1,733,160** | **1,767,350** | **5,786,876** |

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

Group suppliers and other receivables as of 31.12.2009 stood at € 1,215,892 of which € 121,807 was in Romanian LEI. Total liabilities as of 31.12.2008 stood at € 1,733,160 of which the amount of € 249,038 was in Romanian LEI.

# 19 Borrowings

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| **Long-term borrowing** | **31-Dec-09** | **31-Dec-08** | **31-Dec-09** | **31-Dec-08** |
| **Year start** | **10,887,703** | **20,493,045** | **-** | **-** |
| Loans with banks | 2,750,000 | 10,656,021 | - | - |
| Loan repayment | (4,000,000) | (20,261,362) | - | - |
| Transfer to short-term borrowing | (6,019,939) | - | - | - |
| **Total long-term loans** | **3,617,764** | **10,887,703** | **-** | **-** |
| **Short-term borrowing** | | | | |
| **Year start** | **14,016,034** | **52,030** | **14,000,000** | **-** |
| Loans with banks | - | 17,136,798 | - | 14,000,000 |
| Loan repayment | (13,155,973) | (3,172,794) | (7,120,000) | - |
| Transfer from long-term borrowing | 6,019,939 | | - | - |
| **Total short-term loans** | **6,880,000** | **14,016,034** | **6,880,000** | **14,000,000** |
| **Total loans for the period** | **10,497,764** | **24,903,737** | **6,880,000** | **14,000,000** |

Total borrowing as of 31 December stood at € 10.5 million, of which the amount of € 6.9 corresponds to the parent company, and the amount of € 3.6 million to the affiliate CLH ESTATE SRL. In line with the use and the timetable for the distribution of the funds drawn from its share capital increase, the Company proceeded to the repayment of part of its short-term borrowings, paying the amount of € 4.6 million. Also, by increasing the share capital of the affiliate CLH ESTATE SRL in Romania, it also proceeded to the repayment of €6 million in short-term borrowings, and to the partial repayment of long-term borrowings paying €4 million, i.e. paying €10 million in total for the aforementioned affiliate.

The Company's short-term borrowing had already been decreased by €2.5 million over the first half of 2009.

# 20 Provisions

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | **Provisions for acquisition of minority interest in subsidiary** | **Other provisions** | **Provisions for acquisition of minority interest in subsidiary** | **Other provisions** |
| **1 January 2008** | **18,326,836** | **150,000** | **18,326,836** | **-** |
| Provisions added | - | 150,000 | - | 100,000 |
| Used provisions for fiscal year | (18,326,836) | - | (18,326,836) | - |
| **31 December 2008** | **-** | **300,000** | **-** | **100,000** |
| Provisions added | - | 2,071 | - | - |
| Used provisions for fiscal year | - | (132,071) | - | - |
| **31 December 2009** | **-** | **170,000** | **-** | **100,000** |

Total provision analysis:

The entire "Other provisions" account represents provisions for potential taxes and charges with regard to Company and subsidiaries unaudited years, as detailed in note 30. Over the current year, these provisions were reduced by €130 thousand, as a result of the ordinary tax audit on the subsidiary LOFOS PALLINI SA completed for the years 2004 through 2007.

## 21 Deferred taxation

Deferred tax receivables and liabilities are compensated when there is an applicable legal right to compensate the current tax receivables against the current tax liabilities and when the deferred income taxes involve the same tax authority. Offset amounts are as follows:

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| **Deferred tax liabilities:** | | | | |
| Recoverable after 12 months | 286,535 | - | - | - |
| | **286,535** | **-** | **-** | **-** |
| **Deferred tax receivables:** | | | | |
| Recoverable after 12 months | 2,739,771 | 2,566,122 | 1,874,023 | 1,817,310 |
| | **2,739,771** | **2,566,122** | **1,874,023** | **1,817,310** |
| **Total** | **2,453,236** | **2,566,122** | **1,874,023** | **1,817,310** |

Total change in deferred income tax is presented below:

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| **Balance at beginning of fiscal year** | (2,566,122) | (2,483,408) | (1,817,310) | (1,810,531) |
| Debit/ (credit) through profit and loss | 198,727 | (82,714) | 9,704 | (6,779) |
| Equity debit/(credit) | (66,417) | - | (66,417) | - |
| Foreign exchange differences | (19,424) | - - | - | |
| **Balance at end of fiscal year** | **(2,453,236)** | **(2,566,122)** | **(1,874,023)** | **(1,817,310)** |

Deferred tax for the year has been calculated according to the tax rates under article 19(1) of Law 3607/25.09.2008.

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

Deferred tax liabilities:

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | Other | Total | Other | Total |
| **1 January 2008** | 295,847 | 295,847 | 289,060 | 289,060 |
| Income statement debit/(credit) | 350,553 | 350,553 | 243,809 | 243,809 |
| **31 December 2008** | **646,401** | **646,401** | **532,869** | **532,869** |
| **1 January 2009** | 646,401 | 646,401 | 532,869 | 532,869 |
| Income statement debit/(credit) | 474,197 | 474,197 | 293,627 | 293,627 |
| **31 December 2009** | **1,120,598** | **1,120,598** | **826,496** | **826,496** |

Deferred tax receivables:

All amounts in EUR

| | THE GROUP | | | |
|---|---|---|---|---|
| | Different tax depreciation | Tax losses | Other | Total |
| **1 January 2008** | (384,100) | 233,884 | 2,929,472 | **2,779,256** |
| Income statement debit/(credit) | (66,175) | (13,884) | 513,326 | **433,266** |
| Foreign exchange differences | - | - | - | **-** |
| **31 December 2008** | **(450,275)** | **220,000** | **3,442,798** | **3,212,523** |
| **1 January 2009** | (450,275) | 220,000 | 3,442,798 | **3,212,523** |
| Income statement debit/(credit) | 512,611 | - | (237,140) | **275,471** |
| Equity debit/(credit) | - | - | 66,417 | **66,417** |
| Foreign exchange differences | - | - | 19,424 | **19,424** |
| **31 December 2009** | **62,336** | **220,000** | **3,291,498** | **3,573,834** |

| | The Company | | | |
|---|---|---|---|---|
| | Different tax depreciation | Tax losses | Other | Total |
| **1 January 2008** | **(385,557)** | **-** | **2,485,147** | **2,099,591** |
| Income statement debit/(credit) | (77,382) | 220,000 | 107,971 | 250,588 |
| **31 December 2008** | **(462,939)** | **220,000** | **2,593,118** | **2,350,179** |
| **1 January 2009** | (462,939) | 220,000 | 2,593,118 | 2,350,179 |
| Income statement debit/(credit) | 517,708 | - | (233,785) | 283,922 |
| Equity debit/(credit) | - | - | 66,417 | 66,417 |
| **31 December 2009** | **54,768** | **220,000** | **2,425,750** | **2,700,519** |

## 22 Employee retirement compensation liabilities

The amounts identified in the Balance Sheet, are the following:

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Present value of non-financed liabilities | 101,788 | 92,467 | 85,828 | 92,467 |
| Non-booked actuarial (profits)/losses | (11,532) | (31,867) | (11,532) | (31,867) |
| **Liability in the Balance Sheet** | **90,256** | **60,600** | **74,296** | **60,600** |

The amounts identified in profit and loss, are the following:

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Current employment cost | 14,766 | 24,597 | 13,612 | 24,597 |
| Finance cost | 5,157 | 2,881 | 5,086 | 2,881 |
| Depreciation of non-booked actuarial (earnings)/ losses | 2,727 | 1,172 | 2,727 | 1,172 |
| Net actuarial (earnings)/ losses recognised in the period | 7,006 | (12,452) | (7,729) | (12,452) |
| Past service cost | - | - | - | - |
| Cut-down losses | - | - | - | - |
| **Total included in staff benefits** | **29,656** | **16,199** | **13,696** | **16,199** |

Change to liabilities as presented in the Balance Sheet is as follows:

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Balance at start | 60,600 | 44,401 | 60,600 | 44,401 |
| Total expense charged in the income statement | 29,656 | 16,199 | 13,696 | 16,199 |
| **Balance at the end of fiscal year** | **90,256** | **60,600** | **74,296** | **60,600** |

The main actuarial assumptions used for accounting purposes are:

Discount Rate:

| | |
|---|---|
| - As of 31/12/2009 | 6.10% |
| - As of 31.12.08 | 5.50% |
| - Future salary increases | 4.00% |

## 23 Financial income/ (expenses) - net

All amounts in EUR

| | THE CROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| **Interest expenses** | | | | |
| -Loans with banks & other liabilities | (729,489) | (1,260,625) | (463,965) | (345,215) |
| **Income from interest /securities** | 483,910 | 1,110,817 | 272,998 | 386,135 |
| Net (expenses)/income from interest | (245,579) | (149,807) | (190,967) | 40,920 |
| **Other financial expenses** | | | | |
| -Guarantee letter commissions | (56,935) | (108,106) | (40,168) | (108,018) |
| -Sundry banking costs | (4,152) | (31,402) | (3,259) | (3,194) |
| | (61,086) | (139,508) | (43,426) | (111,212) |
| Net profits/(losses) from foreing exchange differnences on loans in foreing currency | (867) | (4,326) | - | - |
| **Total** | **(307,533)** | **(293,641)** | **(234,393)** | **(70,293)** |

## 24 Expenses per category

All amounts in EUR

**THE GROUP**

| | Note | 31-Dec-09 Cost of goods sold | 31-Dec-09 Administrative expenses | 31-Dec-09 Total | 31-Dec-08 Cost of goods sold | 31-Dec-08 Administrative expenses | 31-Dec-08 Total |
|---|---|---|---|---|---|---|---|
| Employee benefits | 25 | 67,077 | 1,069,077 | 1,136,154 | 416,102 | 1,044,190 | 1,460,293 |
| Inventories used | | 2,575,730 | - | 2,575,730 | 12,479,987 | - | 12,479,987 |
| Depreciation of tangible assets | 7 | - | 37,338 | 37,338 | 1,726 | 45,959 | 47,685 |
| Amortization of intangible assets | 8 | - | 16,156 | 16,156 | - | 18,907 | 18,907 |
| Depreciation of investment property | 6 | - | 197,795 | 197,795 | 15,500 | 188,752 | 204,252 |
| Rental fees & expenses under long-term operating leases | | - | 291,650 | 291,650 | - | - | - |
| Other third party compensation | | 937 | 135,420 | 136,357 | 114,920 | - | 114,920 |
| Third party fees and expenses | | 69,107 | 540,543 | 609,649 | 57,053 | 1,572,939 | 1,629,992 |
| Subcontractor fees (including insurance contributions for subcontractor personnel) | | 539,807 | 107,722 | 647,529 | 2,304,401 | | 2,304,401 |
| Taxes - Duties | | 65,602 | 414,884 | 480,486 | 299,278 | 439,737 | 739,015 |
| Other provision accounts | | 150,000 | - | 150,000 | - | - | - |
| Other charges | | 34,991 | 522,435 | 557,427 | 11,204 | 694,584 | 705,787 |
| **Total** | | **3,503,251** | **3,333,019** | **6,836,271** | **15,700,170** | **4,005,068** | **19,705,238** |

**The Company**

| | Note | 31-Dec-09 Cost of goods sold | 31-Dec-09 Administrative expenses | 31-Dec-09 Total | 31-Dec-08 Cost of goods sold | 31-Dec-08 Administrative expenses | 31-Dec-08 Total |
|---|---|---|---|---|---|---|---|
| Employee benefits | 25 | 221,526 | 898,935 | 1,120,461 | 554,574 | 963,319 | 1,517,893 |
| Inventories used | | 2,575,730 | - | 2,575,730 | 1,927,266 | - | 1,927,266 |
| Depreciation of tangible assets | 7 | - | 21,061 | 21,061 | 1,726 | 30,216 | 31,941 |
| Amortization of intangible assets | 8 | - | 11,959 | 11,959 | - | 12,809 | 12,809 |
| Depreciation of investment property | 6 | - | 15,500 | 15,500 | 15,500 | - | 15,500 |
| Rental fees & expenses under long-term operating leases | | - | 245,633 | 245,633 | - | - | - |
| Other third party compensation | | 1,066 | 36,250 | 37,316 | 114,920 | - | 114,920 |
| Third party fees and expenses | | - | 338,822 | 338,822 | 283,346 | 1,173,649 | 1,456,995 |
| Subcontractor fees (including insurance contributions for subcontractor personnel) | | 728,575 | 393 | 728,967 | 2,237,720 | | 2,237,720 |
| Other provision accounts | | 150,000 | - | 150,000 | - | - | - |
| Taxes - Duties | | 65,602 | 163,600 | 229,202 | 420,033 | 213,288 | 633,321 |
| Other charges | | 46,590 | 453,863 | 500,452 | 96,009 | 457,769 | 553,778 |
| **Total** | | **3,789,088** | **2,186,015** | **5,975,104** | **5,651,093** | **2,851,051** | **8,502,143** |

## 25 Employee benefits

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Wages and salaries | 867,091 | 1,188,741 | 898,167 | 1,265,177 |
| Social security expenses | 223,520 | 195,276 | 192,711 | 178,659 |
| Cost of defined benefit plans | 29,656 | 16,199 | 13,696 | 16,199 |
| Other employee benefits | 15,887 | 60,078 | 15,887 | 57,859 |
| **Total** | **1,136,154** | **1,460,293** | **1,120,461** | **1,517,893** |

## 26 Income tax

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Tax for fiscal year | 42,637 | 1,035,616 | - | 100,000 |
| Deferred tax | 210,960 | (82,714) | 9,704 | (6,779) |
| **Total** | **253,596** | **952,902** | **9,704** | **93,221** |

Tax on earnings before tax of the company is different from the theoretical amount that would arise if we use the weighted average tax rate of the country from which the company originates, as follows:

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| **Accounting profit / (losses) before tax** | (2,079,457) | (1,746,696) | 3,416,972 | (1,868,323) |
| Tax calculated on profits under applicable local tax rates applied in the respective countries | (340,580) | (61,312) | 854,243 | (467,081) |
| **Adjustments** | | | | |
| Income from participations and joint ventures | - | 18,837 | (1,142,415) | 18,837 |
| Untaxed income | 17,435 | 906 | (43,678) | 56,160 |
| Additional taxable income | (89,363) | - | (89,363) | - |
| Expenses not deductable for tax purposes | 128,623 | 322,844 | 189,063 | 4,288 |
| Prior period and other taxes | 5,244 | (56,576) | - | (56,576) |
| Use of prior period tax losses | (83,838) | 18,587 | - | - |
| Expenses rebated for tax purposes (e.g. depreciation of intangibles deleted from IFRS) | 17,891 | (11,684) | - | - |
| Difference between current tax rate and deferred tax rate | (73,329) | 15,170 | 9,704 | (6,779) |
| Tax losses for the year | 671,512 | 706,130 | 232,150 | 544,372 |
| **Taxes** | **253,596** | **952,902** | **9,704** | **93,221** |

A table presenting the analysis of unaudited fiscal years of all companies under consolidation is included in Note 30.

## 27 Other income/ expenses

All amounts in EUR

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Earnings/ (losses) from sale of investment property- tangible assets | - | 1,112,035 | 2,299 | (1,631) |
| Rental fees | 13,887 | 24,869 | 31,912 | 31,912 |
| Earnings/ (losses) from exchange differences | (651,384) | (2,325,499) | - | - |
| Other profits/(losses) | 1,139,266 | (112,528) | 35,590 | 345,115 |
| **Total** | **501,769** | **(1,301,121)** | **69,801** | **375,396** |

The Consolidated Statement for the period, under account "Other operating income/ (expenses)" records gains of €502 thousand. This amount includes revenues from compensation due to expropriations of property owned by KANTZA COMMERCIAL & TOURIST SA, pursuant to the Joint Ministerial Decisions 1026882/1891/010/2005, and 1026881/1887/010/2005, at the amount of € 915 thousand, and expenses of € 651 thousand from foreign exchange differences of companies established in Romania, and consolidated using the total consolidation method.

## 28 Earnings per share

The basic earnings per share are calculated by dividing the profit attributable to shareholders of the parent company by the weighted average of ordinary shares outstanding during the year, excluding treasury ordinary shares held by subsidiaries (treasury shares). Where the number of shares is increased following an issue of bonus shares, the new number of shares is used through comparative information.

The Company holds no convertible securities which operate in the reduction of earnings. For this reason, the adjusted earnings per share are equal to the basic earnings per share.

| | THE GROUP | | The Company | |
|---|---|---|---|---|
| | 31-Dec-09 | 31-Dec-08 | 31-Dec-09 | 31-Dec-08 |
| Earnings/ (losses) attributable to shareholders (amounts in €) | (2,333,053) | (2,883,033) | 3,407,268 | (1,961,544) |
| Weighted average of ordinary shares | 47,619,135 | 39,610,265 | 47,619,135 | 39,610,265 |
| Earnings/ (losses) per share after taxes- basic (in ) | **(0,0490)** | **(0,0728)** | **0,0716** | **(0,0495)** |

## 29 Dividends per share

The company will not distribute dividends for 2009.

## 30 Contingent liabilities

The Group has contingent liabilities towards banks, other guarantees and relevant issues arising out of its ordinary course of business. No material charges from contingent liabilities are expected to arise.

There are no disputes of the Group companies in litigation or in arbitration, nor any pending decisions by judicial or arbitration bodies that may have a significant impact on the financial standing or operation of Group companies, except for the pending litigation between the subsidiary LOFOS PALLINI SA and the Municipality of Pallini before the Council of State and the Administrative Athens Court of First Instance, regarding the payable special contribution under Law 2947/2001, which the Municipality estimates at about € 750,000. No relevant provisions have been formed in relation to this contingent obligation, since the Company's Management believes this litigation will have a favourable outcome.

The income tax statement of the parent company and subsidiaries for the periods detailed have not been audited by the Tax Authorities, leading to the possibility of additional taxes and charges imposed at the time these will be considered and finalised. With regard to unaudited periods, provisions had been formed during previous years of € 300 thousand in total, of which 100 thousand corresponded to the parent company and 200 thousand to the subsidiaries. These provisions were reduced by € 130 thousand during the current year, as the ordinary tax audit on the subsidiary LOFOS PALLINI SA was completed for years 2004 through 2007, and now stand at € 100 thousand for the parent company and €70 thousand for the subsidiaries.

The parent company is currently under the procedure of ordinary tax audit for the years 2006 and 2007. The tax audit results cannot be determined at this stage. A detailed table follows showing the unaudited periods of the consolidated companies:

| **Company** | | |
|---|---|---|
| REDS SA | 4 years | (2006-2009) |
| P.M.S PARKING SYSTEMS SA | 3 years | (2007-2009) |
| LOFOS PALLINI SA | 2 years | (2008-2009) |
| KANTZA COMMERCIAL SA | 11 years | (1999-2009) |
| YIALOU COMMERCIAL & TOURIST SA | 8 years | (2002-2009) |
| 3G SA | 3 years | (2007-2009) |
| KARTEREDA HOLDINGS LTD | 4 years | (2006-2009) |
| CLH ESTATE SRL | 4 years | (2006-2009) |
| CORREA HOLDINGS LTD | 3 years | (2007-2009) |
| PROFIT CONSTRUCT SRL | 4 years | (2006-2009) |

# 31 Company transactions with related parties

All amounts in EUR

| **Sales/ Purchases of goods and services** | **THE GROUP** | | **The Company** | |
|---|---|---|---|---|
| | **1/1-31/12/2009** | **1/1-31/12/2008** | **1/1-31/12/2009** | **1/1-31/12/2008** |
| Sales of goods & services to parent | - | - | - | - |
| Sales of goods & services to subsidiaries | - | - | 655,485 | 1,123,324 |
| Sales of goods & services to other related parties | 2,120,686 | 340,950 | 1,944,714 | 208,827 |
| Purchases of goods & services from parent | 266,391 | 299,677 | 257,124 | 272,766 |
| Purchases of goods & services from subsidiaries | - | - | - | - |
| Purchases of goods & services from other related parties | 93,382 | 1,330,656 | 49,408 | 857,474 |

| **Related party receivables/ obligations** | **THE GROUP** | | **The Company** | |
|---|---|---|---|---|
| | **31-Dec-09** | **31-Dec-08** | **31-Dec-09** | **31-Dec-08** |
| Receivables from parent | - | - | - | - |
| Receivables from subsidiaries | - | - | 416,739 | 2,555,025 |
| Receivables from other related parties | 729,926 | 633,486 | 712,666 | 616,481 |
| Obligations to parent | 26,231 | 137,779 | 25,884 | 122,173 |
| Obligations to subsidiaries | - | - | 1,200,000 | - |
| Obligations to other related parties | 173,372 | 209,631 | 172,669 | 139,017 |

| **Income from dividends** | **THE GROUP** | | **The Company** | |
|---|---|---|---|---|
| | **31-Dec-09** | **31-Dec-08** | **31-Dec-09** | **31-Dec-08** |
| Income from dividends | - | - | 4,569,660 | 75,271 |

| **Manager & Director transactions** | **THE GROUP** | | **The Company** | |
|---|---|---|---|---|
| | **1/1-31/12/2009** | **1/1-31/12/2008** | **1/1-31/12/2009** | **1/1-31/12/2008** |
| Transactions & fees of directors & managers | 514,985 | 716,712 | 422,395 | 675,105 |
| Key management personnel receivables | - | 43,350 | - | - |
| Obligations to management and administration | - | - | - | - |

# 32 Other notes

- The personnel employed as of 31.12.2009 was 29 people for the Group (22 administrative personnel/ office and 7 waged employees), and 17 people for the Company (14 administrative personnel/ office and 3 waged employees). The personnel employed as of 31.12.08 was 78 people for the Group (36 administrative personnel/ office and 42 waged employees), and 70 people for the Company (28 administrative personnel/ office and 42 waged employees), respectively.

- The total fees payable to the Company's legal auditors for the performance of mandatory audit on the annual financial statements stand at € 50,000 for 2009.

## 33 Post balance sheet events

There are no significant events after 31 December 2009 up to and including the date on which the financial statements were approved.

Kifissia, March 24th 2010

| | | | |
|---|---|---|---|
| THE CHAIRMAN OF THE BoD | THE MANAGING DIRECTOR | THE CEO AND BOD MEMBER | THE CFO |
| DIMITRIOS KOUTRAS | ANASTASIOS KALLITSANTSIS | IOANNIS MORAITIS | GERASIMOS GEORGOULIS |
| ID Card No. AE 023455 | ID No. Ξ 434814 | ID Card No. AE 574340 | Licence No. OEE 1981 |

# E. FIGURES & INFORMATION FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

## REDS Real Estate Development & Services

*SA Reg. No : 13564/06/B/86/123*

*Registered office: 25 Ermou str., N. Kifissia 145-64-Athens*

*FIGURES AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2009 TO 31 DECEMBER 2009*

*(Published in accordance with article 135 of Codified Law 2190/1920 on entities preparing their annual financial statements, consolidated or otherwise, according to IAS)*

*The following figures and information arising from the financial statements are intended to provide general information about the financial standing and results of REDS REAL ESTATE DEVELOPMENT AND SERVICES S.A. Therefore, we strongly recommend that before proceeding to any investment or other transaction with the company, readers should visit the company's website, where the financial statements and the certified auditor-accountant audit report are available.*

| | |
|---|---|
| Website | www.reds.gr |
| Competent Prefecture or First Instance Court | Ministry of Development, Division of Companies |
| Composition of the Board of Directors | Dimitrios Koutras, Chairman-Executive Member<br>Anastassios Kallitsantsis, Managing Director-Executive Member<br>Dimitrios Kallitsantsis, Ioannis Moraitis, Loukas Giannakoulis, Executive Members<br>Panagiotis Malamitsis, Leonidas Bobolas, Non-Executive Members<br>Argyrios Milios, Georgios Bekiaris-Independent Non-Executive Members |
| Date of Approval of the Annual Financial Statements (from which summary information was drawn): | 24 March 2010 |
| Certified Auditor-Accountant | Marios Psaltis (Reg. No. SOEL 38081) |
| Auditing Firm | PriceWaterhouseCoopers S.A. |
| Type of auditor's report | Unqualified opinion-limitation of scope |

**STATEMENT OF FINANCIAL STANDING (amounts in €)**

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2009 | 31/12/2008 | 31/12/2009 | 31/12/2008 |
| **ASSETS** | | | | |
| Investment property | 105.339.028 | 100.094.809 | 16.319.447 | 15.557.331 |
| Self-supplied tangible assets | 187.241 | 218.221 | 105.535 | 114.477 |
| Intangible assets | 5.462 | 21.844 | 2.083 | 14.042 |
| Other non-current assets | 4.497.792 | 5.608.737 | 53.141.372 | 44.385.371 |
| Inventories | 2.191.589 | 4.421.773 | 2.191.589 | 4.421.773 |
| Trade receivables | 3.240.482 | 13.058.506 | 3.639.960 | 6.821.187 |
| Other current assets | 23.491.143 | 8.656.222 | 14.791.641 | 2.204.199 |
| Non-current assets held for sale | 1.660.000 | 1.364.300 | 1.660.000 | 1.364.300 |
| **TOTAL ASSETS** | 140.612.737 | 133.444.412 | 91.851.627 | 74.882.680 |
| **EQUITY AND LIABILITIES** | | | | |
| Share Capital | 75.239.698 | 51.889.447 | 75.239.698 | 51.889.447 |
| Other Equity | 53.078.886 | 54.546.241 | 7.780.344 | 3.034.530 |
| Total Equity attributable to parent company equity holders (a) | 128.318.584 | 106.435.688 | 83.020.042 | 54.923.977 |
| Minority interest (b) | - | - | - | - |
| Total Equity (c) = (a) + (b) | 128.318.584 | 106.435.688 | 83.020.042 | 54.923.977 |
| Long-term borrowing | 3.617.764 | 10.887.703 | - | - |
| Provisions/Other long-term liabilities | 419.767 | 103.576 | 117.271 | 103.576 |
| Short-term borrowing | 6.880.000 | 14.016.034 | 6.880.000 | 14.000.000 |
| Other short-term liabilities | 1.376.622 | 2.001.411 | 1.834.313 | 5.855.127 |
| Total liabilities (d) | 12.294.153 | 27.008.724 | 8.831.585 | 19.958.702 |
| **TOTAL EQUITY AND LIABILITIES (c) + (d)** | 140.612.737 | 133.444.412 | 91.851.627 | 74.882.680 |

**STATEMENT OF COMPREHENSIVE INCOME (amounts in €)**

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 1/1-31/12/2009 | 1/1-31/12/2008 | 1/1-31/12/2009 | 1/1-31/12/2008 |
| Income from the lease of investment property | - | - | - | - |
| Result from the measurement of investment property at fair value | - | - | - | - |
| Result from the sale of investment property | (250.741) | 3.463.754 | (250.741) | 101.455 |
| Income from the provision of services | 2.073.331 | 484.536 | 2.497.762 | 1.283.132 |
| Less: Operating expenses | (763.264) | (278.590) | (1.049.102) | (782.234) |
| Gross results from investments | 1.059.326 | 3.669.700 | 1.197.919 | 602.354 |
| Earnings/(losses) before taxes, financing & investing results | (1.771.924) | (1.636.490) | (918.295) | (1.873.301) |
| Earnings/(losses) before taxes | (2.079.457) | (1.930.131) | 3.416.972 | (1.868.323) |
| Earnings/(losses) after taxes (A) | (2.333.053) | (2.883.033) | 3.407.268 | (1.961.544) |
| Attributable to: | | | | |
| *- Parent company equity holders* | (2.333.053) | (2.883.033) | 3.407.268 | (1.961.544) |
| *- Minority interest* | - | - | - | - |
| Other comprehensive income/(losses) after taxes (B) | (472.848) | 65.536 | - | - |
| Total comprehensive income/(losses) after taxes (A) + (B) | (2.805.901) | (2.817.497) | 3.407.268 | (1.961.544) |
| Attributable to: | | | | |
| *- Parent company equity holders* | (2.805.901) | (2.817.497) | 3.407.268 | (1.961.544) |
| *- Minority interest* | - | - | - | - |
| Earnings/(losses) per share after taxes-basic (in) | *(0,0490)* | *(0,0728)* | *0,0716* | *(0,0495)* |
| Earnings/(losses) before taxes, financing & investing results and total depreciation & amortisation | (1.520.636) | (1.365.647) | (869.776) | (1.813.050) |

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

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 1/1-31/12/2009 | 1/1-31/12/2008 | 1/1-31/12/2009 | 1/1-31/12/2008 |
| **Operating Activities** | | | | |
| Earnings/(losses) before taxes | (2.079.457) | (1.930.131) | 3.416.972 | (1.868.323) |
| *Plus/less adjustments for:* | | | | |
| Depreciation | 251.288 | 270.843 | 48.519 | 60.251 |
| Provisions | 29.656 | 16.199 | 13.696 | 16.199 |
| Impairment of stock | 150.000 | - | 150.000 | - |
| Foreign exchange differences | 517.364 | 2.328.715 | - | - |
| Results (income, expenses, earnings and losses) from investing activities | (483.911) | (2.513.221) | (4.830.638) | (459.775) |
| Debit interest and related expenses | 729.490 | 1.260.625 | 463.965 | 345.215 |
| Plus/less adjustments for changes in working capital accounts or related to operating activities: | | | | |
| Increase/(decrease) of inventories | 2.080.183 | 12.334.120 | 2.080.183 | 1.781.399 |
| increase/(decrease) of receivables | 11.043.455 | (12.113.007) | 3.784.034 | (3.717.745) |
| (Decrease)/increase of current liabilities (except banks) | (465.848) | (8.018.851) | 480.474 | (3.864.878) |
| (Decrease)/increase of provisions | - | 150.000 | - | 100.000 |
| *Less:* | | | | |
| Debit interest and related expenses paid | (787.880) | (791.935) | (463.965) | (345.215) |
| Taxes paid | (1.185.810) | (1.371.349) | - | (1.210.513) |
| ***Total inflows/(outflows) from operating activities (a)*** | 9.798.531 | (10.377.995) | 5.143.240 | (9.163.386) |
| **Investing activities** | | | | |
| Acquisition/sale of subsidiaries, affiliates, joint ventures and other investments | - | (18.435.000) | (10.000.000) | (18.435.000) |
| Acquisition of tangible and intangible assets and investment property | (6.469.500) | (11.563.182) | (798.565) | (2.256.654) |
| Income from sales of tangible and intangible assets | 11.720 | 1.185.819 | 11.130 | 2.300 |
| Interest received | 312.733 | 1.110.817 | 101.821 | 386.135 |
| Purchase of financial assets available for sale | (295.700) | (1.245.300) | (295.700) | (1.245.300) |
| Dividends received | - | - | 62.694 | 4.575.271 |
| ***Total inflows/(outflows) from investing activities (b)*** | (6.440.748) | (28.946.846) | (10.918.621) | (16.973.248) |
| **Financing activities** | | | | |
| Income from share capital increase | 24.954.467 | - | 24.954.467 | - |
| Payments for share capital increase | (332.087) | - | (332.087) | - |
| Amounts collected from loans issued/taken out | 2.750.000 | 27.792.819 | - | 14.000.000 |
| Loan repayment | (17.155.973) | (23.434.156) | (7.120.000) | - |
| Dividends paid | (1.287) | (2.367.195) | (1.287) | (2.367.195) |
| ***Total inflows/(outflows) from financing activities (c)*** | 10.215.119 | 1.991.468 | 17.501.092 | 11.632.805 |
| **Net increase/(decrease) in cash and cash equivalents for the year (a) + (b) + (c)** | **13.572.903** | **(37.333.373)** | **11.725.712** | **(14.503.829)** |
| **Cash and cash equivalents at year start** | **6.831.118** | **44.164.490** | **1.758.806** | **16.262.635** |
| **Cash and cash equivalents at year end** | **20.404.020** | **6.831.118** | **13.484.518** | **1.758.806** |

**STATEMENT OF CHANGES IN EQUITY (amounts in €)**

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2009 | 31/12/2008 | 31/12/2009 | 31/12/2008 |
| Total equity at period start *01.01.09 and 01.01.08 respectively) | 106.435.689 | 111.629.802 | 54.923.977 | 59.262.137 |
| Total comprehensive income after taxes (continuing & discontinued operations) | (2.805.901) | (2.817.497) | 3.407.268 | (1.961.544) |
| Share capital increase/(reduction)\ | 24.954.467 | - | 24.954.467 | - |
| Share capital increase expenses after taxes | (265.670) | - | (265.670) | - |
| Dividends distributed | - | (2.376.616) | - | (2.376.616) |
| Total equity at period end (31.12.09 and 31.12.08 respectively) | 128.318.584 | 106.435.689 | 83.020.042 | 54.923.977 |

**ADDITIONAL FIGURES & INFORMATION**

1. The Basic Accounting Principles of the Balance Sheet as of 31.12.2008 have been followed
2. The Group Companies, and the countries where they keep their registered offices, and the participation percentages included in the annual financial report, as these Companies are consolidated using total or proportionate consolidation, are detailed in note 9.
3. REDS S.A. is consolidated in the financial statement of ELLAKTOR S.A. which, as of the date of approval of the annual financial report, held 55.40% of the Company's Share Capital, and is established in Greece.
4. The unaudited periods for the parent company and the Group companies are detailed in note 30 of the annual financial report.
5. No provisions have been formed for the Company and the Group during the period (note 20).
6. There are no encumbrances on the fixed assets of the Company and the Group.
7. There are no disputes of the Group companies in litigation or in arbitration, nor any pending decisions by judicial or arbitration bodies that may have a significant impact on the financial standing or operation of Group companies, except for the pending litigation between the subsidiary LOFOS PALLINI S.A. and the Municipality of Pallini before the Council of State and the Administrative Athens Court of First Instance, regarding the payable special contribution under Law 2947/2001, which the Municipality estimates at about €750 thousand. No relevant provisions have been formed in relation to this contingent obligation, since the Company's Management believes this litigation will have a favourable outcome.
8. As of 31.12.2009, the personnel employed was 29 people for the Group and 17 people for the Company. As for 31.12.2008, the personnel employed was 78 people for the Group and 70 people for the Company, as detailed in Note 32.
9. The Company's Board of Directors decided, at its meeting as of 5 May 2009, to increase the Company's Share Capital by €24,954,466.60 in total, with the issue of 17,824,619 new, ordinary, paperless, registered shares with the face value of €1.31 at the offer price of €1.40 each, in a proportion of 9 new shares for every 20 existing shares. On 21 July 2009, the Company announced that the share capital had been fully covered; on 28 July, the ATHEX Board of Directors approved the listing of new shares on ATHEX, and such shares started trading on 31 July. The Company's Share Capital currently stands at €75,239,698.04 divided into 57,434,884 ordinary registered voting paperless shares with the face value of €1.31 each. The total of expenses from the increase at the amount of €332,087, or €265,670 net after taxes, was recognized as loss under equity, account "Reserves at a premium".
10. The amounts of acquisitions and sales for the Group and the Company for the period 01.01.2009 to 31.12.2009, and balances of receivables and liabilities as of 31.12.2009 arising from transactions with related parties, as defined in IAS ΔΛΠ 24, are as follows:

| | Transactions with related parties | Group amounts in € | Company amounts in € |
|---|---|---|---|
| a) | Income | 2.120.686 | 2.600.199 |
| b) | Expenses | 359.773 | 306.532 |
| c) | Receivables | 729.926 | 1.129.405 |
| d) | Liabilities | 199.603 | 1.398.553 |
| e) | Transactions and fees of directors and managers | 514.985 | 422.395 |
| f) | Receivables from directors and managers | - | - |
| g) | Obligations to directors and managers | - | - |

11. Adjustments have been made to accounts for fiscal year 2008 in the Statement of Financial Standing and more specifically in accounts "Self-supplied tangible assets", "Intangible assets", "Trade receivables" and "Other current assets" to be rendered comparable to those for the period 01.01-31.12.2009.

Kifissia, 24 March 2010

| THE CHAIRMAN OF THE BoD | THE MANAGING DIRECTOR | THE CEO AND BoD MEMBER | THE CFO |
|---|---|---|---|
| DIMITRIOS KOUTRAS | ANASTASIOS KALLILTSANTSIS | IOANNIS MORAITIS | GERASIMOS GEORGOULIS |
| ID Card No. AE 023455 | ID No. Ξ 434814 | ID Card No. AE 574340 | Licence No. OEE 1981 |

**SA Reg. No: 13564/06/b/86/123**

**REGISTERED OFFICE: 25 ERMOU STR. - 145 64 KIFISSIA**

***REPORT ON THE DISTRIBUTION OF CAPITAL DRAWN FROM***

### *1.33.1..1 THE SHARE CAPITAL INCREASE IN CASH FOR THE PERIOD FROM 21.07.2009 to 31.12.2009*

It is disclosed that, pursuant to decision of the Athens Exchange Board of Directors 25/17.07.2009, the net capital drawn from the Company's share capital increase paid in cash with a preferential right to existing shareholders, held according to the decision of the Company's Board of Directors as of 05.05.2009, and decision of the Athens Exchange Board of Directors as of 05.06.2009, amounted to € 24,622,379.46 (€ 24,954,466.60 less issue expenses of € 332,087.14).

This share capital increase resulted in the issue of 17,824,619 new, ordinary, paperless registered shares with the face value of € 1.31 at offer price of € 1.40 each, in the proportion of 9 new shares for every 20 existing shares. The certification of the paid-in share capital was made by the Company's BoD on 21 July 2009. The new shares were listed for trading on 31 July 2009, following a decision of the ATHEX Board of Directors as of 28.07.2009.

In relation to the total capital drawn at the amount of € 24,622,379.46, the Company distributed € 14,620,000.00 over the period 21.07.2009-31.12.2009.

The distribution of drawn capital is as follows:

| DISTRIBUTION TABLE OF CAPITAL DRAWN | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Use and timetable for the distribution of drawn capital for the years 2009-2010, as anticipated in the Prospectus for the Company's share capital increase | | | | | AMENDMENT TO DISTRIBUTION TABLE OF CAPITAL DRAWN (BoD Decision 10.12 2009) | | | | DISTRIBUTION OF CAPITAL TO 31.12 2009 | |
| Amounts in € | | | | | | | | | | |
| Class of use | H2 2009 | H1 2010 | H2 2010 | Total | H2 2009 | H2 2010 | H1 2010 | Total | Total distributed Capital until 31.12.2009 | Undistributed capital as of 31.12.2009 |
| Business Park in Yialou, Attica | 4,000,000,00 | 3,000,000.00 | 3,000,000.00 | **10,000,000.00** | 0,00 | 7,000,000.00 | 3,000,000,00 | **10,000,000.00** | 0.00 | **10,000,000.00** |
| Repayment of parent company loan | 4,500,000.00 | 0.00 | 0.00 | **4500,000.00** | 4,620,000.00 | 0.00 | 2,373.46 | **4,622,379.46** | 4,620,000.00 | **2,379.46** |
| Repayment of affiliate company loan | 10,000,000.00 | 0.00 | 0.00 | **10,000,000.00** | 10,000,000.00 | 0.00 | 0.00 | **10,000,000.00** | 10,000,000.00 | **0.00** |
| **Total capital for distribution** | **18,500,000.00** | **3,000,000.00** | **3,000,000.00** | **24,500,000.00** | **14,620,000.00** | **7,000,000.00** | **3,002,379.46** | **24,622,379.46** | **14,620,000.00** | **10,002,379.46** |

Clarifications:

With regard to the published Prospectus, there has been a change in the amount and time of distribution, which was disclosed to investors and the competent authorities by the Company's Board of Directors by means of announcement as of 14.12.2009.

More specifically, changes were necessary because:

- The budgeted issue expenses for the share capital increase amounted at € 454,466.60 in the Prospectus, while the final expenses stood at € 332,087.14. The difference of € 122,379.46 was allocated for the Company's loan repayment, following a decision of the Board of Directors as of 31.08.2009.

- Following a decision of the Board of Directors as of 10.12.2009, the amount of € 4,0 million representing expenditure for the construction of the Business Park on part of a property onwed by the subsidiary YIALOU COMMERCIAL & TOURIST SA in the area of Yialou, Spata-Attica, will be distributed in the 1st half of 2010, when project commencement is anticipated.

Notes:

- The Company proceeded to the immediate repayment of loan obligations of € 14.62 million in total, of which € 4.62 million were used to repay part of its short-term borrowing, and €10 million to repay loans of the affiliate CLH ESTATE SRL in Romania.
- The remaining amount of €10 million has been placed by the Company in short-term deposits, and is included in its balance sheet as of 31.12.2009 under "Cash and cash equivalents".

Kifissia, March 24th 2010

| THE CHAIRMAN OF THE BoD | THE MANAGING DIRECTOR | THE CEO AND BOD MEMBER | THE CFO |
|---|---|---|---|
| DIMITRIOS KOUTRAS | ANASTASIOS KALLITSANTSIS | IOANNIS MORAITIS | GERASIMOS GEORGOULIS |

**Report of findings from the execution of pre-agreed**

**Procedures on the "Report on the Distribution of Drawn Capital"**

To the Board of Directors of the Company REDS Real Estate Development and Services

According to the order received by the Board of Directors of REDS SA (the Company) we effected the below pre-agreed procedures within the framework of the regulatory framework of the Athens Exchange, as well as the respective legislative framework of the capital market, in relation to the Company's Report on the Distribution of Drawn Capital concerning the share capital increase paid in cash effected in 2009. The Company's Management is responsible for the preparation of the aforementioned Report. We undertook this project in accordance with the International Standard of Related Services 4400, which is effective for "Execution Assignments of Pre-agreed Procedures Related to Financial Information". Our responsibility lies in executing the following pre-agreed procedures and notify to you our findings.

Procedures:

1. We compared the amounts indicated as savings in the attached "Report on the Distribution of Drawn Capital from the Share Capital Increase by Cash Payment for the period 21.07.09-31.12.09", to the respective amounts recognized in the Company and subsidiaries books and records for the period to which they refer.
2. We have checked the Report for completeness and consistency of its contents with the contents of the Prospectus that has been published by the Company to that respect, as well as with the change in the amount and time of distribution compared to the aforementioned prospectus, and finally with the relevant decisions and announcements of the Company's competent bodies.

Findings:

a) The amounts per category of use/ investment shown as savings in the attached "Report on the Distribution of Drawn Capital from the Share Capital Increase by Cash Payment" result from the Company and subsidiaries books and records for the period to which they refer.

b) The content of the Report includes the minimum information provided for by the regulatory framework of the Athens Exchange and by the relevant capital market legislative framework, and is in line with the information presented in the relevant Prospectus, as this was amended by means of decision of the Company's BoD as of 10.12.2009 with regard to the distribution of drawn capital, and the relevant decisions and announcements of the Company's competent bodies.

Given that the project effected does not constitute an audit or a review, pursuant to the International Auditing Standards or the International Standards on Review Works' Assignment, we do not provide any assurances other than as aforementioned. Had we effected additional procedures or performed an audit or a review, we might have been made aware of other matters, apart from those mentioned in the previous paragraph.

This Report is exclusively addressed to the Company's Board of Directors, in the context of compliance with the regulatory framework of the Athens Exchange as well as with the relevant legislative framework of the capital market. Therefore, this Report may not be used for other purposes as it is limited only to the information stated above and does not extend to the Financial Statements prepared by the Company for the year ended on 31.12.2009 for which we have issued a separate audit Report dated 26.03.2010.

Athens, 26 March 2010

| | |
|---|---|
| The Certified Auditors Accountants ..................... | The Certified Auditor Accountant |
| PriceWaterhouseCoopers | |
| Chartered Auditors Accountants S.A. | |
| 268 Kifissias Ave., 152 32 Halandri ..................... | Marios Psaltis |
| Reg.No. SOEL 113 ............................................ | Reg.No. SOEL 38081 |

## F. INFORMATION UNDER 10 of LAW 3401/2005

During 2009, and in 2010 until 24.03.2010, the Company published the following press releases-announcements to the information of investors.

| Subject | Registration date |
|---|---|
| Confirmation – Clarifications on publications | 24/3/2010 |
| Announcement of Change in the use & distribution timetable of drawn capital | 14/12/2009 |
| Financial Statement information in line with IAS | 26/11/2009 |
| Financial Statement information in line with IAS | 26/11/2009 |
| Announcement of other major events | 24/11/2009 |
| Announcement of other major events | 24/9/2009 |
| Financial Statement information in line with IAS | 28/8/2009 |
| Financial Statement information in line with IAS | 28/8/2009 |
| Disclosure of Change in the Percentage of Listed Company Shareholders | 25/8/2009 |
| Announcement of other major events | 12/8/2009 |
| Disclosure of Change in the Percentage of Listed Company Shareholders | 4/8/2009 |
| Disclosure of Change in the Percentage of Listed Company Shareholders | 31/7/2009 |
| Announcement-Disclosure of change in participation percentage | 31/7/2009 |
| DISCLOSURE OF TRANSACTIONS | 31/7/2009 |
| DISCLOSURE OF TRANSACTIONS | 31/7/2009 |
| DISCLOSURE OF TRANSACTIONS | 31/7/2009 |
| DISCLOSURE OF TRANSACTIONS | 31/7/2009 |
| Announcement of regulated information under Law 3556/2007 | 31/7/2009 |
| Announcement under Law 3556/2007 on the Share Capital of REDS SA | 31/7/2009 |
| LISTING OF SHARES FROM SHARE CAPITAL INCREASE PAID IN CASH | 29/7/2009 |
| FULL COVERAGE: SCI PAID IN CASH WITH PREFERENTIAL RIGHT TO EXISTING SHAREHOLDERS/ FULL OR PARTIAL ABOLITION OF RIGHT | 20/7/2009 |
| COVERAGE : SCI PAID IN CASH WITH PREFERENTIAL RIGHT AND SUBSCRIPTION TO EXISTING SHAREHOLDERS | 9/7/2009 |
| Decisions of General Meeting | 26/6/2009 |
| Announcement of other major events | 15/6/2009 |
| Announcement of other major events | 10/6/2009 |
| SCI PAID IN CASH WITH PREFERENTIAL RIGHT TO EXISTING SHAREHOLDERS EX DIVIDEND DATE & PREFERENTIAL RIGHT EXERCISE PERIOD | 9/6/2009 |
| Advance notice of general meeting | 28/5/2009 |
| Financial Statement information in line with IAS | 28/5/2009 |
| Financial Statement information in line with IAS | 28/5/2009 |

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| Announcement of other major events | 21/5/2009 |
| Announcement of shareholder intentions on the company's share capital increase | 18/5/2009 |
| Announcement of share capital increase of REDS SA (proper repetition) | 6/5/2009 |
| Announcement of share capital increase of REDS SA | 5/5/2009 |
| Financial Statement information in line with IAS | 30/3/2009 |
| Financial Statement information in line with IAS | 30/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 26/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 26/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 24/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 24/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 23/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 23/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 20/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 20/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 17/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 17/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 16/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 16/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 13/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 13/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 12/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 12/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 11/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 11/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 9/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 9/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 5/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 5/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 4/3/2009 |
| Announcement of regulated information under Law 3556/2007 | 4/3/2009 |
| Disclosure of change in BoD composition or in executive directors | 3/3/2009 |
| DISCLOSURE OF TRANSACTIONS | 25/2/2009 |
| Announcement of regulated information under Law 3556/2007 | 25/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 18/2/2009 |
| Announcement of regulated information under Law 3556/2007 | 18/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 17/2/2009 |
| Announcement of regulated information under Law 3556/2007 | 17/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 16/2/2009 |
| Announcement of regulated information under Law 3556/2007 | 16/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 13/2/2009 |
| Announcement of regulated information under Law 3556/2007 | 13/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 11/2/2009 |
| Announcement of regulated information under Law 3556/2007 | 11/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 6/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 6/2/2009 |

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| Announcement of regulated information under Law 3556/2007 | 6/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 4/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 4/2/2009 |
| Announcement of regulated information under Law 3556/2007 | 4/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 2/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 2/2/2009 |
| Announcement of regulated information under Law 3556/2007 | 2/2/2009 |
| DISCLOSURE OF TRANSACTIONS | 29/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 29/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 28/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 28/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 28/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 26/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 26/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 20/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 20/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 19/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 19/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 16/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 16/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 15/1/2009 |
| Announcement of other major events | 15/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 13/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 13/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 13/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 13/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 9/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 9/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 8/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 8/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 7/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 7/1/2009 |
| DISCLOSURE OF TRANSACTIONS | 5/1/2009 |
| Announcement of regulated information under Law 3556/2007 | 5/1/2009 |

All the aforementioned documents (press releases- announcements) and all other announcements made by the company are available at www.reds.gr under “Investor Relations”, section “Announcements”.

## G. WEBSITE WHERE THE COMPANY AND CONSOLIDATED STATEMENTS AND SUBSIDIARY FINANCIAL STATEMENTS ARE POSTED

The annual financial statements of the Company on a consolidated and individual basis, the Certified Auditor-Accountant Report, and the Directors' reports are available at www.reds.gr.