TECHNICAL OLYMPIC
GROUP OF COMPANIES

Annual Financial Statements

for the Financial Year 2006

(1st January to 31st December 2006)

It is confirmed that the attached Annual Financial Statements have been approved by the Board of Directors of “TECHNICAL OLYMPIC S.A.” on 28 March 2006 and that have been made public by submitting them to the Capital Market Committee and posting them on the internet, at www.techol.gr. It is noted that the brief financial data published in the press aim at providing the reader with general financial data but they do not give the full picture of the financial status and the results of the Company and the Group, according to the International Accounting Standards. Furthermore, it should be noted that the brief financial data, published in the press, contain a number of abbreviations and reclassification of funds for simplification purposes.

For TECHNICAL OLYMPIC S.A.

The Chairman of the Board of Directors

Konstantinos Steggos

CONTENTS

Certified Auditors/Accountants' Audit Report

To the Shareholders of TECHNICAL OLYMPIC S.A.

Report on the Financial Statements

We have audited the attached Financial statements of "TECHNICAL OLYMPIC S.A." (the "Company") as well as the consolidated financial statements of the company and its subsidiaries (the "Group"), which consist of the company and consolidated balance sheet, dated 31st December 2006; also we have checked the statements of results, changes in equity and cash flows during the financial year that ended on that date, along with a summary of important auditing policies and other clarification notes.

Management Duties with Regard to the Financial Statements

The Company's Management has the duty of drafting and reasonably presenting these Financial Statements according to the International Financial Reporting Standards, as same have been adopted by the European Union. The said duty includes the planning, the application and the maintenance of an internal control system with regard to the drafting and reasonable presentation of the financial statements, without significant inaccuracies due to fraud or error. The said duty also includes the choice and application of appropriate auditing policies and the application of accounting estimates that are reasonable under the circumstances.

Auditor's Duty

Our duty is the expression of an opinion on the said Financial Statements, on the basis of our audit. Our audit was performed in accordance with the Greek Auditing Standards, which follow the International Auditing Standards. The said standards require that we comply with the rules of ethics and we plan and carry out our audit aiming at reasonably ensuring that the financial statements are free from significant inaccuracies. The audit includes procedures for the specification of auditing assumptions, with regard to amounts and information included in the financial statements. The procedures are chosen at the auditor's judgment, taking into consideration a risk estimate of significant inaccuracy in the financial statements, due to fraud or error. To assess that risk, the auditor takes into consideration the internal control system with regard to the drafting and reasonable presentation of the financial statements, with the purpose of planning auditing procedures appropriate for the circumstances and not expressing an opinion on the effectiveness of the internal control system adopted by the Company. The audit also assesses the appropriateness of the auditing policies applied and the validity of estimates made by the Management; it also evaluates the entire presentation of the financial statements. We believe that the audit assumptions that we have gathered are sufficient and appropriate for the substantiation of our opinion.

Opinion

In our opinion, the attached company and consolidated Financial Statements reasonably present, from every significant aspect, the financial status of the Company and the Group as of 31 December 2006, their financial performance and cash flows for the financial year that ended on that date, according to the International Financial Reporting Standards, as same were adopted by the European Union. Without expressing a reservation as to the conclusions of our audit, we note that the parent company has not been audited by tax authorities for the closing financial year, and the subsidiaries have not been tax audited for several financial years since 1998 up to the closing financial year, as mentioned in detail in note No. 6.7.5; as a consequence, additional tax and fines might be imposed at the time of the tax audit. The outcome of the tax audit cannot be predicted at present and therefore the financial statements do not include any prediction regarding this matter.

Reference to Other Legal and Regulatory Issues

The content of the Report by the Board of Directors is consistent with the attached financial statements.

Athens, 29 March 2007

Georgios Paraskevopoulos

Body of Chartered Accountants & Auditors Registration No. 11851

Grant Thornton

Chartered Accountants & Auditors

44 Vasileos Konstantinou Street

116 35 Athens

Body of Chartered Accountants & Auditors Registration No. 127

Report to the Annual Ordinary Shareholder Meeting for the Financial Year from 1 January to 31 December 2006 by the Board of Directors of TECHNICAL OLYMPIC S.A.

Dear Shareholders,

The TECHNICAL OLYMPIC Group has been established as one of the largest and most international group of companies in Greece, with the US subsidiary of the Group, namely Technical Olympic USA (TOUSA), being traded in the New York Stock Exchange (NYSE) and recently included, in the 85th position among the four hundred best large companies, in the list 'Forbes Platinum 400 – the best big companies in America' of the internationally known American Forbes magazine; however, the financial year that ended on 31 December 2006 recorded after-tax losses of EUR217.85 million mainly due to the serious slump that is noted in the homebuilding construction sector in the US, where it is involved, and due to its participation in the Transeastern joint venture.

TOUSA acquired its share of 50% in the Transeastern JV on 1st August 2005, when the joint venture essentially acquired the total of the homebuilding assets and the business of Transeastern Properties Inc., including works in progress, land plots ready for construction and specific land options.

Due to the afore mentioned crisis in the sector, Transeastern JV did not achieve its targets, namely the sale of around 3,500 homes per year and it found itself in the regrettable position of not being able to pay its loans. The lending banks of Transeastern JV turned to our subsidiary, TOUSA, seeking repayment of the joint venture's loans in the context of the completion and carve out guarantee that TOUSA had given.

TOUSA has questioned and continues to question these allegations. Nevertheless, it continues to enter into settlement discussions with of the Transeastern JV lendors' representatives.

There is no confirmation that TOUSA will achieve satisfactory settlements in these negotiations. On 30 November 2006, the Transeastern Joint Venture announced a net loss of $468.0 million, while its liabilities exceeded its assets by $339.6 million.

As a result of this and other factors during the year that ended on 31st December 2006, TOUSA evaluated the possibility of recovering its investment in the Transeastern Joint Venture as minimal and depreciated; accordingly, it wrote off $145.1 million, which are included in the loss from joint ventures. Apart from that, it recorded an anticipated probable loss that will arise from the settlement of the loans amounting to $275 million, and an anticipated depreciation in the value of holdings amounting in total to $13.4 million.

Not taking into consideration the above-anticipated losses, concerning mainly investment activities, the readjusted pre-tax profits, from financial, investment results and amortizations from TOUSA amount to $ 280.26 million, by readjustment of the stated negative pre-tax results from financial and investment activities and amortizations in the amount of 153.2 million.

The subsidiary of the group MOCHLOS S.A., which holds a 7th grade Contracting Enterprises Registry Construction Licence, which is the highest possible, is involved in the construction of important widespread public and private projects with high budgets.

The construction sector is one of the most serious sectors in the Greek economy, and it is closely linked to the country's economic development, participating in the formation of the GNP. Nevertheless, since the completion of the Olympic Games and throughout 2005 and 2006, public works are recorded as slowing down, reaching the lowest level since 1998, and creating, at the same time, serious delays in the projects' tender procedures.

However, a slight, even though marginal recovery has been recorded since 2006, which seems to be continuing in 2007 and onwards.

Despite the difficult circumstances, the company, either as such or through joint ventures in which it participates, or through subsidiaries and branches has managed not only to fulfil, in 2006, previous contractual obligations but also to maintain its important presence in the sector, by signing new contracts for the execution of projects and further extending its activities abroad.

More specifically, the picture of construction activity of the subsidiary MOCHLOS S.A. in the end of 2006 is as follows:

The construction of the following projects was completed: projects at the Kozani Hospital, the ACHEPA ward of the Evangelismos Hospital in Athens, the commercial and entertainment centre for Journalists, known as the first big shopping centre in Athens "THE MALL", the construction of EGNATIA ODOS; In particular: Section of ANTHOCHORI – METSOVO INTERCHANGE, the construction of anti-slip tarmac on the ATHENS-CORINTH highway & Phase B of the Olympic Village, total budget of 166 million euro"

The remaining incomplete projects at the end of 2006 amounted to EUR 230.7 million from which EUR 138.7 million in Greece and EUR 92 million in Romania.

- The most important ongoing projects in Greece and their incomplete sections are the following: The construction of the EGIO tunnel at the KIATO-EGIO section for the ATHENS-PATRAS high speed railroad line (EUR 35 million), construction of right branch at exit of Anilio tunnel up to exit of Malakasa tunnel (EUR 36 million), the construction of Land-fill and Technical projects for the connection line between the N. Ikonio Port and the Railroad Network (EUR 16 million), renovation of the Meliton Hotel (EUR 12 million), renovation of the Sithonia Hotel (EUR 24.7 million), renovation of Village Inn Hotel (EUR 4.3 million) and renovation of winery and other facilities of Porto Karras Estate (EUR 11 million).

- In Romania the projects that are under construction and their incomplete sections are: Upgrade of Iacobeni-Sadova Road Section in Northern Romania, with a non-executed amount of EUR 27.5 million, the construction of which began in 2005 and continued in 2006 and is expected to be completed in 2007, the upgrade of road section CALAFAT - DROBETA TURM – SEVERIN with a non-executed amount of EUR 22.5 million, a project which started in 2006, the expansion project of the Costantza port with a non-executed amount of EUR 18 million and construction project GREEN LAKE RESIDENCES (Phase A) with a non-executed amount of EUR 24 million.

- In Greece, on 20 March 07 we signed a new agreement for the irrigation project in Ioannina, with a budget amounting to EUR 19 million, whereas we are expecting to sign a new agreement for the implementation of a railroad project amounting to EUR 60 million at the Thriasio Pedio.

- In Romania we are expected to sign a new agreement for the second phase of the construction project GREEN LAKE RESIDENCES amounting to EUR 56 million, which will commence in spring 2007. Finally, there are ongoing negotiations for undertaking the TEI LAKE construction project with a budget of EUR 32 million, which is expected to commence in summer 2007.

In the Tourist sector, the Group is active with PORTO KARRAS S.A., which owns the hotel complex with the same name in Sithonia, Chalkidiki and its remaining subsidiaries that manage the complex's various activities (4 hotels, marina, golf course, Casino, winery etc).

The Group is making the following investments amounting to EUR 57.3 million, in the PORTO KARRAS complex, which are subject to development Law 3299/2004, in order for those to receive 35-40% subsidy.

a) The amount of EUR 18.2 million for the renovation of "MELITON" Hotel.

b) The amount of EUR 23.8 million for the renovation of "SITHONIA" Hotel.

c) The amount of EUR 4.3 million for the modernization of "VILLAGE INN" Hotel.

d) The amount of EUR 11 million for the modernization of winery of "KTIMA PORTO KARRAS S.A."

The above investments are expected to be completed, for their most part, within 2007 and 2008. They are expected to give extra boost to the group's activities and contribute to an increase of turnover and profits.

In the energy production sector from renewable sources, there is an approved investment programme amounting to EUR 17.5 million by "MELTEMI KASTRI S.A." in Lakonia.

Moreover for the wind power investments below, we have received the required permits (installation, production, environmental) with the intention of adding them to the 4th Community Support Framework:

a) A total investment of approximately EUR 25 million for the installation and connection line of the Eolic Park (Fagia Achaias)

b) A total investment of approximately EUR 28 million for the installation and connection line of the Eolic Park (Megas Lakkos Magnisias) and

c) A total investment of approximately EUR 28 million for the installation and connection line of the Eolic Park (Piliouras Magnisias)

The above investments have been delayed significantly mainly due to bureaucratic reasons and are expected to be implemented within the next three-years.

Finally, the construction of the Samos and Flisvos marinas have been completed and within 2007 their full operation will commence.

FINANCIAL DATA

The consolidated turnover for 2006 amounted to EUR 2,225.04 million against EUR2,101.84 million for 2005, showing an increase of 5.86%; consolidated after tax loss amounts to EUR217.85 million against profits of 180.89 million for 2005.

In line with the TOUSA practice, the Group evaluated the possibility of recovery of the TOUSA investment in the Transeastern Joint Venture as minimal and entirely depreciated; accordingly it wrote off EUR110.18 million, which are included in the loss from joint ventures. Apart from that, it entered an anticipated loss that will arise from the settlement of the loans amounting to EUR251.70 million, an anticipated depreciation in the value of the reserves (land plots etc) amounting to EUR118.05 million and an anticipated depreciation of value in the holdings amounting in total to EUR10.18 million.

Not taking into consideration the above anticipated losses concerning mainly investment activities, the readjusted pre-tax profit, from financial, investment results and amortizations in the Group amounts to EUR184.6 million, upon readjustment of the recorded negative results before tax, from financial, investment results and amortizations amounting to EUR187.55 million.

At company level, loss after tax amounted to EUR10 million against profits of EUR3 million in 2005. The reversal of the 2005 profits into losses for 2006 is mainly due to the reduction of revenues from the participation of the Company in its subsidiary, TOUSA, as a result of the reduction of the TOUSA share price in the New York Stock Exchange (NYSE). The decline of the TOUSA share price is mainly due to the recession in the U.S. housing market as well as TOUSA'S participation in the Transeastern Joint Venture.

CORPORATE GOVERNANCE

The company has adopted the Corporate Governance Principles, as same are specified in the Greek legislation in force and international practice, aiming at transparency towards investors and ensuring shareholders' interests.

The Board of Directors of the company "TECHNICAL OLYMPIC S.A." consists of eight (8) executive and four (4) non-executive members. From the non-executive members, two (2) fulfil the requirements, according to Law 3016/2002 on Corporate Governance, for "Independent" [members].

The evaluation and improvement of risk management and internal control systems has been assigned to the Department of Internal Control, which, as a necessary prerequisite for Corporate Governance, operates as an independent organizational unit and reports directly to the Board of Directors.

SOCIAL ACCOUNT

The contribution of the TECHNICAL OLYMPIC Group from a technological, infrastructure and socio-economic point of view is significant.

The social responsibility that we have as one of the largest Group of companies in Greece, the USA and Europe, is evident in many ways:

- Incessant strengthening of our corporations with new human resources to whom we ensure the best conditions of hygiene and safety.
- Respect for the environment in all our activities.
- Respect to the individual, for whom we create and offer our projects as heritage.

The company invests in the continuing education and training of the persons on its staff, so that they are in a position to respond to modern corporate needs and developments, aiming at providing quality products and services, that satisfy the market's needs and, at the same time, promote values that serve society and protect the environment.

Alimos, 28 March 2007

The Board of Directors

Balance Sheet

Amounts in € '000	Note:	THE GROUP 31/12/2006	THE GROUP 31/12/2005	THE COMPANY 31/12/2006	THE COMPANY 31/12/2005
ASSETS					
Non-floating Assets					
Tangible fixed assets	**4.2**	323,656	341,470	4,168	4,349
Intangible assets	**4.3**	14,684	14,764	100	154
Investments in subsidiary undertakings	**4.4**	0	0	562,397	929,179
Investments in affiliate undertakings	**4.5**	6,606	6,378	5,159	4,649
Investments in joint ventures	**4.6**	97,964	215,902	0	0
Financial assets available for sale	**4.7**	31,821	37,227	0	0
Investments in real estate	**4.8**	13,273	12,324	2,374	2,374
Other long term receivables	**4.9**	3,836	11,147	15,252	13,500
Deferred tax receivables	**4.10**	137,977	25,234	0	0
Total		**629,817**	**664,446**	**589,450**	**954,205**
Floating assets					
Reserves	**4.11**	1,685,353	1,494,280	0	0
Receivables from construction contracts	**4.12**	27,935	25,306	0	0
Receivables from clients and other commercial receivables	**4.13**	26,075	108,636	486	2,869
Receivables from joint ventures	**4.14**	22,932	57,008	0	0
Other Receivables	**4.15**	85,541	72,720	6,274	6,873
Financial assets at fair value through results	**4.16**	1,079	1,168	481	350
Cash-in-hand and cash equivalents	**4.17**	65,515	52,539	1,161	2,493
Total		**1,914,430**	**1,811,657**	**8,402**	**12,585**
Total assets		**2,544,247**	**2,476,103**	**597,852**	**966,790**
EQUITY AND LIABILITIES					
Equity					
Share capital	**4.18**	132,500	132,500	132,500	132,500
Difference above par	**4.19**	252,127	252,127	252,127	252,127
Reserves from evaluation of property at current values	**4.20**	129,176	130,272	1,463	1,473
Reserves from evaluation of financial assets available for sale	**4.20**	0	0	178,800	402,014
Other reserves	**4.21**	8,928	8,925	7,877	7,877
Results carried forward	**4.22**	38,136	186,687	(72,247)	(59,019)
Foreign exchange (F/E) Differences		(23,614)	21,244	0	0
Equity paid to the parent company shareholders		**537,253**	**731,755**	**500,520**	**736,972**
Third party rights		195,295	286,339	0	0
Total Equity		**732,548**	**1,018,094**	**500,520**	**736,972**
Long Term Liabilities					
Deferred tax liabilities	**4.10**	57,623	60,849	48,782	190,658
Liabilities of personnel benefits due to exit from service	**4.23**	735	527	58	52
Future income from state subsidies	**4.24**	12,232	11,782	0	0
Long term loan liabilities	**4.25**	842,149	701,479	28,000	0
Other provisions	**4.26**	262,994	7,020	0	0
Other long term liabilities	**4.27**	264,146	114,810	12	646
Total		**1,439,879**	**896,467**	**76,852**	**191,356**
Short term liabilities					
Suppliers and similar liabilities	**4.28**	113,660	307,955	698	3,414
Current tax liabilities	**4.29**	5,569	70,236	2,398	6,495
Short term Loan Liabilities	**4.25**	52,318	122,812	4,215	23,324
Liabilities to joint ventures	**4.14**	695	687	0	0
Other short term liabilities	**4.30**	199,578	59,852	13,169	5,229
Total		**371,820**	**561,542**	**20,480**	**38,462**
Total Liabilities		**1,811,699**	**1,458,009**	**97,332**	**229,818**
Total equity and liabilities		**2,544,247**	**2,476,103**	**597,852**	**966,790**

The attached notes form an integral part of these financial statements.

Statement of Results

Amounts in € '000	Note:	THE GROUP 1/1/-31/12/2006	THE GROUP 1/1/-31/12/2005	THE COMPANY 1/1/-31/12/2006	THE COMPANY 1/1/-31/12/2005
Turnover	**4.31**	2,225,046	2,101,846	1,327	1,639
Cost of sales	**4.32**	(1,844,929)	(1,616,469)	(719)	(1,653)
Gross profit		**380,117**	**485,377**	**608**	**(14)**
Administration costs	**4.32**	(169,085)	(120,140)	(1,575)	(1,488)
Disposal expenses	**4.32**	(153,018)	(158,973)	(9)	0
Other income from operations	**4.33**	(273,943)	(9,664)	(2,066)	(5,292)
Other income from operations	**4.34**	6,883	13,263	475	3,453
Operation results (profit / losses) before taxes, financial and investment results		**(209,046)**	**209,863**	**(2,567)**	**(3,341)**
Financial expenses	**4.35**	(4,917)	(4,287)	(2,076)	(3,394)
Financial income	**4.36**	3,444	1,193	848	1,056
Other financial results	**4.37**	92	(1,411)	215	(1,253)
Revenues from dividends	**4.38**	38	0	1,920	3,529
Cash hand value impairment for sale of financial assets	**4.4**	(552)	0	(6,086)	(8,291)
Profit / (losses) from investments	**4.39**	5,035	49,924	310	23,003
Profit / (losses) from joint ventures	**4.40**	(38,753)	37,951	0	0
Ratio of result from affiliate undertakings		13	0	0	0
Profit before taxes		**(244,646)**	**293,233**	**(7,436)**	**11,309**
Income Tax	**4.41**	26,798	(112,334)	(3,152)	(8,270)
Profits for the financial year after taxes		**(217,848)**	**180,899**	**(10,588)**	**3,039**
Minority Rights		(71,100)	35,917		
Net consolidated profits after taxes		**(146,748)**	**144,982**		
Basic profits per share (€ / share)	**4.42**	**(1.11)**	**1.09**	**(0.08)**	**0.02**

The attached notes form an integral part of these financial statements.

Statement of Changes in the Group's Equity

Amounts in € '000	Note:	Share capital	Difference above par	Reserves from evaluation of property at current values	Other reserves	Results carried forward	Foreign exchange (F/E) Differences	Equity paid to the parent company shareholders	Third party rights	Total Equity
Balance on 31/12/2004		**132,500**	**252,127**	**131,671**	**10,474**	**55,139**	**(24,927)**	**556,985**	**168,960**	**725,945**
Adjustment due to change of accounting principles		**0**	**0**	**0**	**0**	**(3,393)**	**(5,723)**	**(9,116)**	**(5,746)**	**(14,862)**
Adjusted balance on financial year Profits Change of equity on 31/12/2004		**132,500**	**252,127**	**131,671**	**10,474**	**51,746**	**(30,650)**	**547,869**	**163,214**	**711,083**
Period Profit		**0**	**0**	**0**	**330**	**144,652**	**0**	**144,982**	**35,917**	**180,899**
Change of equity in the period from 1/1/-31/12/2005										
Foreign exchange (F/E) Differences		0	0	0	0	266	49,289	49,555	20,040	69,595
Share Capital Increase of Subsidiaries		0	0	0	5	6,686	2,605	9,296	41,496	50,792
Revaluation of fixed assets	**4.20**	0	0	0	0	0	0	0	13,811	13,811
Transfer of reserves from evaluation of property at current values to the results carried forward	**4.20**	0	0	(1,866)	0	1,866	0	0	0	0
Deferred taxes from transfer of reserves from evaluation of property at current values	**4.20**	0	0	467	0	(467)	0	0	0	0
Financial year dividends		0	0	0	0	(5,300)	0	(5,300)	(2,427)	(7,727)
Transfer of reserves to evaluation carried forward		0	0	0	(1,884)	1,582	0	(302)	(325)	(627)
Sales of stock of subsidiary		0	0	0	0	(1,141)	0	(1,141)	(259)	(1,400)
Other adjustments		0	0	0	0	1,119	0	1,119	550	1,669
Change in Percentages		0	0	0	0	(14,322)	0	(14,322)	14,322	0
Profit/ (loss) recorded directly in the equity		**0**	**0**	**(1,399)**	**(1,879)**	**(9,711)**	**51,894**	**38,905**	**87,208**	**126,113**
Total recorded profit/ (loss) of the financial year		**0**	**0**	**(1,399)**	**(1,549)**	**134,941**	**51,894**	**183,887**	**123,125**	**307,012**
Balance on 31/12/2005		**132,500**	**252,127**	**130,272**	**8,925**	**186,687**	**21,244**	**731,755**	**286,339**	**1,018,094**

The attached notes form an integral part of these financial statements.

Amounts in € '000	Note:	Share capital	Difference above par	Reserves from evaluation of property at current values	Other reserves	Results carried forward	Foreign exchange (F/E) Differences	Equity paid to the parent company shareholders	Third party rights	Total Equity
Balance on 31/12/2005		**132,500**	**252,127**	**130,272**	**8,925**	**186,687**	**21,244**	**731,755**	**286,339**	**1,018,094**
Adjustment due to change of accounting principles		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Adjusted balance on financial year Profits Change of equity on 31/12/2005		**132,500**	**252,127**	**130,272**	**8,925**	**186,687**	**21,244**	**731,755**	**286,339**	**1,018,094**
Period Loss		**0**	**0**	**0**	**0**	**(146,748)**	**0**	**(146,748)**	**(71,100)**	**(217,848)**
Change in equity from the period of 1/1/-31/12/2006										
Foreign exchange (F/E) Differences		0	0	0	0	0	(44,739)	(44,739)	(21,934)	(66,673)
Share Capital Increase of Subsidiaries		0	0	0	0	0	0	0	2,134	2,134
Purchase of percentage holding in subsidiary		0	0	0	0	0	0	0	(166)	(166)
Capital return of foreign subsidiary		0	0	0	0	0	(72)	(72)	(78)	(150)
Recording of composite financial means		0	0	0	0	0	0	0	0	0
Revaluation of fixed assets		0	0	222	0	0	0	222	238	460
Transfer of reserves from evaluation of property at current values to the results carried forward	**4.20**	0	0	(1,756)	0	1,756	0	0	0	0
Deferred taxes from transfer of reserves from evaluation of property at current values	**4.20**	0	0	438	0	(438)	0	0	0	0
Financial year dividends		0	0	0	0	(2,650)	0	(2,650)	(897)	(3,547)
Capital increase expenses		0	0	0	0	(51)	0	(51)	(34)	(85)
Sales of stock of subsidiary		0	0	0	0	319	(13)	306	1	307
Other adjustments		0	0	0	3	53	0	56	(34)	22
Change in Percentages		0	0	0	0	(792)	(34)	(826)	826	0
Profit/ (loss) recorded directly in the equity		**0**	**0**	**(1,096)**	**3**	**(1,803)**	**(44,858)**	**(47,754)**	**(19,944)**	**(67,698)**
Total recorded profit/ (loss) of the financial year		**0**	**0**	**(1,096)**	**3**	**(148,551)**	**(44,858)**	**(194,502)**	**(91,044)**	**(285,546)**
Balance on 31/12/2006		**132,500**	**252,127**	**129,176**	**8,928**	**38,136**	**(23,614)**	**537,253**	**195,295**	**732,548**

The attached notes form an integral part of these financial statements.

Statement of Changes in the Parent Company's Equity

Amounts in € '000	Note:	Share capital	Difference above par	Reserves from evaluation of property at current values	Reserves from evaluation of financial assets available for sale	Other reserves	Results carried forward	Total Equity
Balance on 31/12/2004		**132,500**	**252,127**	**1,499**	**334,298**	**7,904**	**(55,911)**	**672,417**
Adjustment due to change of accounting principles		**0**	**0**	**0**	**0**	**0**	**0**	**0**
Adjusted balance on financial year Profits Change of equity on 31/12/2004		**132,500**	**252,127**	**1,499**	**334,298**	**7,904**	**(55,911)**	**672,417**
Period Profit		**0**	**0**	**0**	**0**	**(27)**	**3,066**	**3,039**
Change of equity in the period from 1/1/-31/12/2005								
Transfer of fair value reserves to the results carried forward	**4.20**	0	0	(35)	0	0	35	0
Deferred taxes from transfer	**4.20**	0	0	9	0	0	(9)	0
Dividends of the financial year 2004		0	0	0	0	0	(6,200)	(6,200)
Revaluation of financial assets available for sale	**4.20**	0	0	0	117,780	0	0	117,780
Deferred taxes from revaluation of financial assets available for sale	**4.20**	0	0	0	(41,491)	0	0	(41,491)
Transfer of fair value reserves to the results of the financial year	**4.4**	0	0	0	(13,190)	0	0	(13,190)
Deferred taxes from tranfer of reserves to the results	**4.4**	0	0	0	4,617	0	0	4,617
Profit/ (loss) recorded directly in the equity		**0**	**0**	**(26)**	**67,716**	**0**	**(6,174)**	**61,516**
Total recongized profit/ (loss) of the financial year		**0**	**0**	**(26)**	**67,716**	**(27)**	**(3,108)**	**64,555**
Balance on 31/12/2005		**132,500**	**252,127**	**1,473**	**402,014**	**7,877**	**(59,019)**	**736,972**

The attached notes form an integral part of these financial statements.

Amounts in € '000	Note:	Share capital	Difference above par	Reserves from evaluation of property at current values	Reserves from evaluation of financial assets available for sale	Other reserves	Results carried forward	Total Equity
Balance on 31/12/2005		**132,500**	**252,127**	**1,473**	**402,014**	**7,877**	**(59,019)**	**736,972**
Adjustment due to change of accounting principles		**0**	**0**	**0**	**0**	**0**	**0**	**0**
Adjusted balance on financial year Profits Change of equity on 31/12/2005		**132,500**	**252,127**	**1,473**	**402,014**	**7,877**	**(59,019)**	**736,972**
Period Loss		**0**	**0**	**0**	**0**	**0**	**(10,588)**	**(10,588)**
Change of equity in the period from 1/1/-31/12/2006								
Revaluation of financial assets available for sale	**4.20**	0	0	0	(365,033)	0	0	(365,033)
Deferred taxes from revaluation of financial assets available for sale	**4.20**	0	0	0	141,819	0	0	141,819
Fair value reserve amortization	**4.20**	0	0	(13)	0	0	13	0
Deferred taxes from fair value reserve amortization	**4.20**	0	0	3	0	0	(3)	0
Dividends payable		0	0	0	0	0	(2,650)	(2,650)
Profit/ (loss) recorded directly in equity		**0**	**0**	**(10)**	**(223,214)**	**0**	**(2,640)**	**(225,864)**
Total recognized profit/ (loss) of the financial year		**0**	**0**	**(10)**	**(223,214)**	**0**	**(13,228)**	**(236,452)**
Balance on 31/12/2006		**132,500**	**252,127**	**1,463**	**178,800**	**7,877**	**(72,247)**	**500,520**

The attached notes form an integral part of these financial statements.

Statement of Cash Flows

Amounts in € '000	Note:	THE GROUP 1/1/-31/12/2006	THE GROUP 1/1/-31/12/2005	THE COMPANY 1/1/-31/12/2006	THE COMPANY 1/1/-31/12/2005
Cash flows from operating activities					
Profit/ (Losses) for the Financial Year (Before tax)		(244,646)	293,232	(7,436)	11,310
Adjustments to Profits	(ι)	459,936	(29,404)	3,898	(12,146)
		215,290	**263,828**	**(3,538)**	**(836)**
Changes of Operating capital					
(Increase) / reduction of reserves		(315,852)	(383,021)	0	0
(Increase) / reduction of commercial receivables		110,162	(101,771)	1,079	(1,210)
(Increase) / reduction of other receivables		0	(7,202)	(489)	5,608
Increase / (reduction) of liabilities		86,189	25,392	(39)	11,333
		(119,501)	***(466,602)***	***551***	***15,731***
Cash flows from operating activities		**95,789**	**(202,774)**	**(2,987)**	**14,895**
minus: Income tax payments		(153,838)	(54,795)	(1,705)	(3,581)
minus: Interests paid		0	1,391	(44)	(1,391)
Foreign exchange (F/E) differences		(66,673)	58,874	0	
Net cash flows from operating activities		**(124,722)**	**(197,304)**	**(4,736)**	**9,923**
Cash flows from investment activities					
Purchase of tangible fixed assets		(15,989)	(36,013)	(10)	(642)
Purchase of intangible assets		(222)	(674)	0	(181)
Purchase of investments in real estate		0	0	0	0
Purchase of Financial Assets Available for sale		(31,814)	(37,220)	0	0
Change of participation in joint ventures		79,185	(166,796)	0	0
Affiliate undertakings share capital increase		(612)	0	(510)	0
Sales of financial assets at fair value through results		685	369	178	0
Sales of Financial Assets Available for sale		37,220	64,265	0	0
Share capital increase of subsidiaries		1,818	86,177	(9,633)	(22,419)
Dividends received		0	0	1,920	3,529
Loans granted		0	0	(2,110)	(9,390)
Receipts from loans granted		0	0	5,785	4,038
Interest received		0	0	0	143
Sales of tangible fixed assets		2,799	4,684	11	0
Sales of investments in real estate		0	150		0
Sale of stock of subsidiaries		0	26,969	0	24,115
Net cash flows from investment activities		**73,070**	**(58,089)**	**(4,369)**	**(807)**
Cash flows from funding activities					
Loans undertaken		142,388	81,440	30,000	15,441
Loans repayment		(69,918)	(39,488)	(20,566)	(20,765)
Interests received		3,444	0	13	0
Interest Paid		(5,447)	0	0	0
Inflows from state subsidies		0	0	0	0
Lease capital payments		(2,292)	(4,879)	0	0
Dividends paid to parent company shareholders		0	(9,127)	(1,632)	(8,674)
Dividends paid		(3,547)	0	0	0
Net Cash flows from funding activities		**64,628**	**27,946**	**7,815**	**(13,998)**
Net increase / (decrease) in Cash-in-hand and cash equivalents		**12,976**	**(227,447)**	**(1,290)**	**(4,882)**
Cash-in-hand and cash equivalents at the start of the period		52,539	279,986	2,493	6,759
F/E differences in cash-in-hand in end of period		0	0	(42)	616
Cash-in-hand and cash equivalents at end of period		**65,515**	**52,539**	**1,161**	**2,493**

The attached notes form an integral part of these financial statements.

Note (i)

Re-adjustments to profits are analysed as follows:

Amounts in € '000	Note:	THE GROUP 1/1/-31/12/2006	THE GROUP 1/1/-31/12/2005	THE COMPANY 1/1/-31/12/2006	THE COMPANY 1/1/-31/12/2005
Adjustments to Profits for:					
Amortizations of tangible fixed assets	**4.2**	21,325	23,214	177	238
Amortizations of intangible assets	**4.3**	303	279	54	94
Other changes of tangible fixed assets			0		(62)
Income from subsidiary liquidation		0	0	0	
(Profit) / losses of fair value subsidiaries		0	0	6,086	8,291
(Profit) / losses of fair value financial assets at fair value through results		(550)	29	(213)	(128)
(Profit) / losses from sale of financial assets at fair value through results		(45)	(21)	(96)	0
Provisions - Impairments		398,385	939	719	29
Revenues from dividends		0	0	(1,920)	(3,529)
(Profit) / losses from F/E differences		0	0	(714)	0
(Profit) / losses from sale of tangible fixed assets		997	(51)	7	0
Profit / (losses) from sale of investment real estate		0	(88)	0	0
Result from joint ventures		38,753		0	0
Revenues from state subsidies		(1,264)	(496)	0	0
Income from interests		(3,444)	0	(848)	(1,056)
Expenses from interests		5,476	(4,076)	646	3,394
Expenses from sale of Financial assets		0	1,381	0	1,381
Income from share capital increase of subsidiary		0	(35,385)	0	0
Profit from sale of subsidiary shares		0	(14,539)	0	(23,003)
Foreign exchange (F/E) differences		0	(590)	0	2,205
Total		**459,936**	**(29,404)**	**3,898**	**(12,146)**

The attached notes form an integral part of these financial statements.

Notes on the Annual Financial Statements

1. Information on the Group and the Company

1.1 General Information

The company was incorporated in 1965 as a Limited liability Company under the name "Technical Company for Studies and Construction PELOPS Ltd. – K. Galanopoulos and K. Steggos", with registered offices in Patras. In 1967 it was turned to a Société Anonyme under the name "PELOPS S.A. Technical Company". In 1980 it was renamed to "TECHNICAL OLYMPIC S.A. COMPANY". The Company's registered office is in the Municipality of Alimos in Attica (20 Solomou Street, Ano Kalamaki) and it is registered with the S.A. Companies Register (S.A. Companies Registration Number) under No. 6801/02/B/86/08. The term of the Company is set for 57 years, until 22/12/2037.

The initial activities of the Company during the years 1965-1970 were the study and construction of national and suburban roads in the Ilia and Achaia Prefectures as well as the construction of several private construction projects in the Patras area. Since 1971, the Company has been dynamically involved in other fields of construction work, has made extensive investments in machinery and equipment and the construction of every type of project (irrigation, hydraulic and sewage projects, ports, road works, buildings, electromechanical etc). In the following years the Company continued its development making important investments in fixed assets, purchases of shares as well as incorporation of companies with the same or similar objectives in Greece and abroad.

TECHNICAL OLYMPIC S.A. participates in a number of companies that are involved in the construction of public and private projects, the construction of houses and the exploitation of real estate in the USA, tourism and in the sector of hospitality in general (exploitation and management of four hotels, golf installations, exploitation and management of a yachts marine etc), the production of power from renewable sources, the exploitation and development of real estate in Greece and abroad, the assignments for the construction and management of projects (BOOT), such as the Flisvos and Samos marines and it intends to develop further business through the incorporation of a Company investing in real estate.

TECHNICAL OLYMPIC USA Inc. has undertaken the greatest part of the group's business in the USA and it is related to the construction of houses. The company's target group is a large part of the public interested in purchasing their first residence, or a countryside residence, extending its operations through subsidiaries and holdings in joint ventures in metropolitan markets of ten States. Moreover, it offers loan packages financing the purchases and several insurance policies.

In brief, the basic information on the company is as follows:

Composition of the Board of Directors

Konstantinos Steggos (Chairman of the BoD)

Andreas Steggos (Executive Vice-Chairman of the BoD)

George Steggos (Managing Director)

Zoi Steggou (Executive member)

Maria Svoli (Executive member)

Konstantinos Rizopoulos (Executive member)

Nikolaos Stathakis (Executive member)

Ilias Koukoutsis (Executive member)

Stiliani Steggou (Non-executive member)

Marianna Steggou (Non-executive member)

Athanasios Klapadakis (Independent non-executive member)

Alexandros Papaioannou (Independent non-executive member)

Supervising Authority:

MINISTRY OF DEVELOPMENT/GENERAL SECRETERIAT OF COMMERCE/DEPARTMENT FOR S.A. COMPANIES AND CREDIT

Tax Registration Number:

094105288

S.A. Companies Registration Number:

6801/06/B/86/0

Cooperating Banks

NATIONAL BANK OF GREECE

ALPHA BANK

EUROBANK

GENIKI BANK

ATTICA BANK

CITIBANK

CYPRUS BANK

NOVA BANK

BNP PARIBAS

LAIKI BANK

HVB

EGNATIA BANK

Legal Counsels

Stamoulis Georgios

Daoutis Georgios

Drillerakis & Associates Law Office

Auditors

Grant Thornton S.A.

1.2 Business Objective

TECHNICAL OLYMPIC has created a strong axon for the management of holdings in the fields of construction, real estate development, the hotel business, power and exploitation of marines for tourism. In particular the company is doing business in the following:

➢ in the field of constructions by participating in MOCHLOS S.A., which ensures the company's access to the large but also to the smaller technical projects, through the Group company TOXOTIS TECHNICAL S.A. Company.

➢ in the field of real estate constructions, in the sector of investing in real estate, through its participation in the companies TECHNICAL OLYMPIC USA Inc., which is listed on the NYSE, STROFILI TECHNICAL S.A. COMPANY, DEVELOPMENT OF ATHENS SUBURBS S.A., TOURISM DEVELOPMENT IN PORTO KARRAS S.A., in Greece, EUROROM CONSTRUCTII SRL and LAMDA OLYMPIC SRL in Romania.

- financial services through its participation in Technical Olympic USA Inc., which promotes several financing and insurance policies to cover the housing needs of its clients mainly, but of third parties as well.

- in the tourism sector through its participation in the companies PORTO KARRAS S.A., CASINO PORTO KARRAS S.A., MELITON BEACH PORTO KARRAS S.A., VILLAGE INN PORTO KARRAS S.A., GOLF PORTO KARRAS S.A. and PORTO KARRAS MARINE S.A.

- in the production of power from renewable and mild sources through its participation in the company MELTEMI KASTRI A.V.E.T.E. INDUSTRIAL AND COMMERCIAL COMPANY.

- in the management, exploitation and indirectly in the construction of marines through LAMDA TECHNOL FLISVOS HOLDING S.A. and DILOS MARINES S.A.

- in agricultural exploitation and cattle breeding of areas and in the industrial production and trade of agricultural and farming products of any kind as well as in the exportation of same through the company KTIMA PORTO KARRAS S.A.

TECHNICAL OLYMPIC is the key company of the Group, as it follows up and coordinates all the other companies, it specifies and supervises the targets and the projects that they have undertaken to implement, and it ensures the organizational and operational synergy among the different sectors.

2. Framework of Financial Statements Drafting

2.1 Approval of Financial Statements

The plain and consolidated financial statements of TECHNICAL OLYMPIC S.A. (herein the "financial statements") for the financial year ended on 31st December 2006, were approved for publication by decision of the Board of Directors on 28 March 2007 and they are subject to final approval by the Ordinary General Shareholder Meeting.

2.2 Compliance with the IFRS

The financial statements of TECHNICAL OLYMPIC S.A. that cover the period from 1st January up to 31st December 2006 (2006 financial year), have been drafted on the basis of the historical cost and the going concern principle, and they are in accordance with the International Financial Recording Standards (IFRS), which have been issued by the International Accounting Standards Board (IASB), as well as with their interpretations, that have been issued by the Institution for the Interpretation of Standards (I.F.R.I.C.) of the IASB, as adopted by the European Union up to 31st Dec. 2006

In 2003 and 2004, the International Accounting Standards Board (IASB) issued a series of new International Financial Recording Standards (IFRS) and reviewed International Accounting Standards (IAS), in combination to the non-reviewed International Accounting Standards (IAS), which were issued by the Committee of International Accounting Standards, which existed before the International Accounting Standards Board (IASB). The said series of standards is referred to as "IFRS Stable Platform 2005". The group has been implementing the IFRS Stable Platform 2005 since 1st January 2005. Transition date for the group was 1st January 2004.

The financial statements are presented with reference to thousand of EUR.

The auditing principles according to which the annual financial statements were drafted are consistent with those used for the drafting of the interim financial statements dated 30/9/2006 and they have been consistently applied to all the periods presented herein.

2.2.1 Reclassification of Items in the Comparative Balance Sheet

In order to achieve a better comparability between the items of the Balance Sheet of the current and the previous financial year, the company proceeded with a reclassification of the items listed in the Balance Sheet of the financial year 2005. The item reclassifications made are as follows:

Balance Sheet Item	Published Balance	Reclassification	Reclassified Balance
Claims from clients and other commercial receivables	184,171	-75,535	108,636
Claims from joint ventures	5,709	51,299	57,008
Other claims	48,483	24,237	72,720
	238,364	**0**	**238,364**

Balance Sheet Item	Published Balance	Reclassification	Reclassified Balance
Other Provisions	0	-7,019,581	-7,019,581
Other Short-term Liabilities	-4,234.185	-110,575,570	-114,809,755
Vendors and Related Liabilities	-425,550,034	117,595,151	-307,954,883
	-429,784,219	**0**	**-429,784,219**

2.2.2 Amendments to the Published Standards, Effective as of 2006

IAS 19 (Amendment), Benefits to Employees

The specific amendment is compulsory for the financial years starting on or after the 1st January, 2006. This amendment provides the possibility for an alternative approach in the recording of profits and losses. It is possible that additional recording requirements will be set for multi-employer plans, for which there is no sufficient information regarding the application of the accounting method of specific benefits. Also, it adds new notification requirements. As the group has no intention to change the accounting principle applied for the recording of the accounting profits and losses and it does not participate in any multi-employer plan, the enforcement of this amendment is not expected to affect its financial statements.

IFRIC. 10 Interim Financial Reports and Impairment

The present interpretation may have an effect on the financial statements in the case of accounting of an impairment loss in an interim period regarding appreciation or investments in equity instruments available for sale or non-listed securities in holding companies kept at cost, as this impairment cannot be compensated for in the following interim or annual financial statements. Interpretation 10 is applied for the annual accounting periods starting on or after 1st November 2006. The group was not affected by the adoption of the interpretation, as it has not proceeded with impairment losses reversals.

IAS 39 (Amendment), Selection of Fair Value

This amendment limits the classification of financial means as financial means evaluated at fair value through the statement of results of the financial year. The adoption of this amendment is not expected to affect the group.

IFRIC 4, Determination of the Extent that a Contract Includes a Lease

This interpretation sets criteria, in order to evaluate whether a lease is included in an agreement that does not have the legal form of a lease. Every agreement that gives the right to use an asset in exchange for payments shall be considered a lease. The application of IFRS 4 is not expected to change the accounting treatment of any of the effective contracts of the group.

2.2.3 Standards, Amendments and Interpretations Starting as of 2006, which are not related to the Group Activities

The following standards, amendments and interpretations are compulsory for the financial years starting on or after 1st January 2006, but they are not related to the activities of the group:

- IAS 21 (Amendment), Net Investment in Operation Abroad
- IAS 39 (Amendment), Accounting Compensating for Cash Flows for Provisioned Inter-group Transactions.
- IAS 39 and IFRS 4 (Amendment), Insurance Policies,
- IFRS 1 (Amendment), First application of the International Financial Reporting Standards,
- IFRS 6, Search and Evaluation of Mineral Resources,
- IFRS 6, (Amendment), Search and Evaluation of Mineral Resources,
- IFRIC 5, Participation Rights in Release, Rehabilitation and Environmental Rehabilitation Programs,
- IFRIC 6, Obligations Arising from Participation in a Specific Market - Electrical and Electronic Equipment Waste,
- IFRS 7, Applying the Restatement of the Financial Statements in Accordance with IAS 29 "Presentation of Financial Information in Super-inflationary Economies,"
- IFRIC 8, Field of Application of IFRS 2,
- IFRIC 9, Revaluation of Incorporated Derivatives.

The above standards, amendments and interpretations are not expected to affect the financial statements of the company, on the condition that the structure and relevant transactions shall remain unchanged.

2.2.4 Standards, Amendments and Interpretations on Already Existing Standards, Which Have Not Yet Been Put into Effect and Have Not Been Adopted in the Past.

The International Accounting Standards Committee, as well as the Interpretation Committee, have already issued a series of new accounting standards and interpretations, which do not require implementation for the accounting periods starting on or after 1st January 2006.

The assessment of the company in relation to the effect of these new standards and interpretations is as follows:

IAS 1 Presentation of Financial Statements

Due to the issue of the IFRS 7, additional announcements were added to IAS 1 "Presentation of Financial Statements," in order for a business to announce useful information to the users of the financial statements related to the objectives, policies, and management procedures of its funds.

The company shall apply the amendments of the IAS 1, as of 1st January 2007.

IFRS 7 Financial Means: Announcements

IFRS 7 refers to all those risks arising from all the financial means, apart from those that are specifically excluded (e.g., interest in subsidiaries, associated parties and joint ventures, etc.). The purpose of the announcements is to provide a picture regarding the use of the financial means by the group and its exposure to the risks that these may cause. The extent of the announcements by the group depends on the extent of the use of financial means and their exposure to risks. IFRS 7 replaces IAS 30 and the announcement requirements of IAS 32, but the presentation required by IAS 32 remains without any change.

The Group shall apply the IFRS 7 as of 1st January 2007.

IFRS 8 Financial Information by Sector

IFRS 8 maintains the general purpose of IAS 14. It requires that the economic entities the stock or bonds of which are publicly traded, as well as the economic entities that are in the process of issuing stock or bonds, should present financial information by sector or segment. If the explanatory notes of the financial statements include the consolidated financial statements of the parent company within the field of application of IFRS 8, as well as the parent company financial statements, the financial information by sector are required only for the consolidated financial statements.

IFRS 8 applies to the financial years starting on or after 1st January, 2009.

IFRIC 11, IFRS 2 - Transactions in Equity Instruments of the Same Company or Companies of the Same Group

IFRIC 11 provides instructions on whether the benefit agreements that depend on the value of the stock should be accounted for as cash-settled or equity-settled in the financial statements of the group. This is a significant distinction, as there are significant differences in the accounting operations required. For example, payments in cash are evaluated at fair value on each balance sheet date. On the contrary, in payments made with equity instruments the fair value is determined on the date of the benefit and it is accounted for in the period when the relevant service is provided.

This interpretation is applied for the annual accounting periods starting on or after 1st March 2007.

IFRIC 12, Service Concession Agreements

This interpretation is applied for the annual accounting periods starting on or after 1st January 2008. IFRIC 12 provides instructions on the accounting operation of agreements in which:

(i) an entity of the public sector (the "concessor") grants contracts for the provisions of public services to private sector operators (“managers of the concessions”) and

(ii) (ii) the provided services require as a prerequisite the use of infrastructure by the concession manager (private business).

IFRIC 12 is an extensive Interpretation referring to a complex issue.

2.3 Significant Accounting Judgments, Assessments and Hypotheses

The preparation of the financial statements in accordance with the IFRS requires by the administration the formation of judgments, assessments and hypotheses, which affect the published assets and liabilities, as well as the announcement of contingent receivables and payables on the data of drafting of the financial statements and the published amounts of income and expenses during the reporting period.

The actual results may differ from the ones that have been assessed.

The assessments and judgments are revaluated continuously and based on past experience as well as on other factors, including the expectations of future evens, which are considered reasonable based on the given circumstances.

2.3.1 Judgments, Assessments and Hypotheses

More specifically, amounts that are included or affect the financial statements and the relevant announcements must be assessed, requiring the formation of hypotheses related to values or conditions that may not be known with certainty at the time of drafting of the financial statements. A significant accounting assessment is one, which is significant for the picture of the financial status of the group and the results, and requires the hardest, subjective or complex judgments to be made by the management, frequently as a result of the need to formulate assessments related to the effect of hypotheses that are uncertain. The group evaluates such assessments continuously, based on the results of the past and on experience, meetings with experts, trends and other methods, which are considered reasonable under specific conditions, as well as on our provisions regarding the way that these may change in the future. In note 3 "Basic accounting principles," there is reference to the accounting policies selected by the group.

Audit of the Casino Licence Impairment

The company is conducting an audit on an annual basis for any impairment of the value of the Casino licence and, in the meantime, whenever events or conditions render impairment possible. Should there be evidence of impairment, the requirement is to evaluate the value of the licence, which is estimated using the method of discounting the cash flows. By applying this methodology, the company is based on a series of factors, which include the actual operating results, future company plans, economic effects and market data.

Income Taxes

The Company is subject to income tax in Greece. Significant assessments are required to determine the provision for income taxes, as well as to determine provisions for income taxes. There are several transactions and calculations for which the exact determination of the tax is uncertain in the usual course of activities of the business. The group does not account for liabilities for expected tax audit issues, as it considers that the result of the relevant audits cannot be assessed reliably.

Forthcoming Events

The group is involved in legal claims and compensation during the usual course of its works. The management evaluates the relevant cases for settlements that are expected to influence significantly the financial status of the group as of 31st December 2006 and has formed a provision for the potential loss. Nevertheless, the determination of contingent liabilities related to legal claims and receivables is a complex process that comprises judgments related to the possible consequences and the interpretations related to the laws and regulations, and the outcome of these cases may differ from the initial assessments.

Changes in the judgments or interpretations are likely to lead to an increase or reduction of the contingent liabilities of the group in the future.

Audits of Equity Instruments Impairment:

The Group conducts a relevant impairment audit equity instruments of subsidiaries / affiliated companies wherever the relevant indications are present. In order to perform the impairment audit, there is a determination of the value in use of the cash flow production units (which consist of each subsidiary or affiliate). The said determination of value in use requires that an assessment is made of the future cash flows of each cash flow production unit and to select the proper discount rate, based on which the current value of the above future cash flows is to be determined.

Accounting of Income from Construction Contracts

The handling of the income and expenses of a construction contract depends on whether the final result from the performance of the contractual project may be assessed in a reliable way (and is expected to bring profit to the contractor or the result from the performance generates loss). When the result of a contract for a project may be assessed reliably, then the income and expenses of the contract are accounted for during the contract, as income and expense respectively. The Group uses the method of percentage completion in order to determine the suitable amount of income and expense that will be accounted within a specific period. The completion stage is measured based on the contractual cost realised until the date of the balance sheet in relation to the overall estimated construction cost of every project. The accumulative effects of revisions / revaluations of the total budgeted cost of the projects and of the total contractual price (accounting for additional works), are recorded in the financial years during which the relevant revisions arise. The total budgeted cost and the total contract price of the projects result from assessment procedures and these are revaluated and reviewed on every balance sheet date. Thus, the requirement is for significant estimates by the management, regarding the gross result based on which the contract under execution shall be performed each time (estimated cost of execution).

3. Basic Accounting Principles

The accounting principles based on which the financial statements are drafted and which the company is applying systematically are as follows:

3.1 Reporting by Sector

Business sector is defined to be a group of assets and activities that provide products and services, which are subject to different risks and returns than those of other business sectors.

Geographical sector is defined to be a geographical area, in which products and services are provided and which is subject to different risks and returns than other areas. As the primary format for the reporting by sector, the Group has selected the reporting by geographical sector.

The Group presents as business sectors the construction sector, the real estate construction industry, and the hotel industry. From a geographical point of view, the Group presents the U.S.A., the Greek territory as well as the other countries of the Eurozone.

3.2 Consolidation

The consolidated financial statements comprise the financial statements of the parent company (TECHNICAL OLYMPIC S.A.) as well as those of all the subsidiary companies.

Subsidiaries: These are all the companies managed and controlled, directly or indirectly, by the Company, either through holding the majority of the Company's shares or through the latter's dependence on know-how provided to it by the Group. That is, subsidiaries are the businesses over which the control is exercised by the parent company. TECHNICAL OLYMPIC acquires and exercises control through the voting rights. The existence of any voting rights that may be exercised during the time of drafting of the financial statements is taken into account, in order to substantiate whether the parent company exercises control over the subsidiaries. The subsidiaries are fully consolidated (total consolidation) using the buy-out method from the date when control over them is acquired and they stop being consolidated from the date when such a control does not exist.

The buy-out of a subsidiary by the Group is accounted for based on the purchase method. The acquisition cost of a subsidiary is the fair value of the assets provided, stock provided, and liabilities undertaken on the date of the transaction, plus any cost directly associated with the transaction. The individual assets, liabilities and possibly obligations acquired in a business purchase are accounted for during the buy-out at their fair values irrespective of the percentage of participation. The purchase cost beyond the fair value of the individual assets acquired is recorded as goodwill. If the total purchase cost is less than the fair value of the individual assets acquired, the difference is recorded directly in the results.

Cross-company transactions, balances and non-realised profits from transactions between the companies of the Group are eliminated. The non-realised losses, are also eliminated, unless the transaction provides indications of impairment of the transferred asset.

The accounting principles of the subsidiaries have been amended in order to be uniform with those adopted by the Group.

In the individual financial statements, the investments in subsidiaries were evaluated as assets available for sale based on the provisions of the IAS 39 (at fair values).

Affiliates: These are the businesses over which the Group can exercise a significant influence but do not satisfy the conditions to be designated either as subsidiaries or as participation in a joint venture. The assumptions used by the group imply that, the percentage between 20% and 50% of the voting rights of a Company indicates significant influence over such a Company. Investments in affiliates are initially accounted at cost and then evaluated in the consolidated financial statements using the net position method. On each balance sheet date, the cost of participation increases with the ratio of the group in the changes of the net position of the invested business and decreases with the dividends received by the affiliate.

The Group share in the profits or losses of the affiliated companies after the buy-out is accounted for in the results, while the share of the changes in the reserves after the buy-out is accounted for in the reserves. The accumulated changes influence the book value of the investments in affiliated companies. When the Group participation in the losses of an affiliated company is equal to or exceeds its participation in the affiliate, including any other bad debt receivables, the Group does not record further losses, unless it has covered the liabilities, or has made payments on behalf of the affiliate and, in general, payments arising from its shareholder capacity.

Non-realised profits from transactions between the Group and affiliated companies are eliminated by the percentage of participation of the Group in the affiliated companies. Non-realised losses are eliminated, unless the transaction provides indications of impairment of the transferred asset. The accounting principles of the subsidiaries have been amended in order to be uniform to those adopted by the Group.

In the individual financial statements the investments in affiliated companies have been evaluated at fair values pursuant to the IAS 39 as Financial assets available for sale. The results from their evaluation are recorded in the Equity account, while any negative result, i.e. impairment, is recorded in the Results Statement of the financial year.

Joint Ventures: These are contractual agreements, in accordance with which two or more parties undertake an economic activity subject to joint control. Joint control is the contractually distributed allocation of control over a company, that is, of the possibility to run the economic and business policy of a company, so that benefits can be generated from its activities.

The participations of the Group in joint ventures were evaluated at acquisition cost, minus any accumulated impairment losses.

3.2.1 Group Structure

The Group's structure on 31 December 2006 until today is as follows:

Full Consolidation Method	Country of Registration	Equivalent Participation %
TECHNIKI OLIBIAKI S.A.	GREECE	PARENT
MOCHLOS S.A.	GREECE	48.23%
ALVITERRA HELLAS ATEOE	GREECE	74.11%
TECHNICAL OLYMPIC USA INC (Group)	U.S.A	66.96%
TECHNICAL OLYMPIC SERVICES INC	U.S.A	100.00%
PORTO KARRAS S.A.	GREECE	94.82%
MELITON BEACH PORTO KARRAS S.A.	GREECE	92.81%
CASINO PORTO KARRAS S.A.	GREECE	49.77%
MARINA PORTO KARRAS S.A.	GREECE	90.00%
GOLF PORTO KARRAS S.A.	GREECE	90.00%
VILLAGE INN PORTO KARRAS S.A.	GREECE	96.25%
SEAPLANES POSTO KARRAS & LIBERAL ART WORSKHOP S.A.	GREECE	96.93%
KTIMA PORTO KARRAS S.A.	GREECE	94.39%
PORTO KARRAS TOURIST DEVELOPMENT S.A.	GREECE	51.00%
MELTEMI KASTRI A.V.E.T.E	GREECE	75.00%
STROFILI TECHNIKI S.A.	GREECE	99.00%
DILOS MARINAS S.A.	GREECE	67.58%
MARKO MARINAS S.A.	GREECE	DILOS with 84%
SAMOS MARINAS S.A.	GREECE	DILOS with 97%
SKIATHOS MARINAS S.A.	GREECE	DILOS with 88%
EUROROM CONSTRUCT II SRL	ROMANIA	MOCHLOS with100%
TOXOTIS ATE	GREECE	MOCHLOS with100%
AUDLEY HOLDING LTD	CYPRUS	MOCHLOS with100%
Net Position Method		
LAMDA TECHNOL FLISVOS HOLDING S.A.	GREECE	
AGROTOURISTIKI	GREECE	
LAMDA OLYMPIC SRL	ROMANIA	

On 28 September 2006 our company announced the complete dissolution of its UK subsidiary "TECHNICAL OLYMPIC (UK) PLC", with registered office in London, due to lack of activity objective. The said company had been established in England in 1997 and was active in the private housing construction sector, as well as providing consultation services in the same sector.

The after-tax operation result from suspended activities amounted to EUR 309 thousand in losses which includes that period's consolidated results. The results amount of this subsidiary, which is included in the results of the comparative period (1 January to 31 December 2005), is EUR 45 thousand in losses.

3.3 Conversion Of Foreign Currency

The consolidated financial statements are presented in euro, which is the functional currency and the presentation currency of the parent company. The items in the financial statements of the Group's companies are measured on the basis of the currency of the economic environment in which the Group operates each of its companies (functional currency). Transactions in foreign currency are converted to the functional currency using the exchange rates in effect on the transaction dates.

Profits and losses from foreign exchange differences arising from settlement of such transactions during the period and from the conversion of the monetary items denominated in foreign currencies at current exchange rates at the balance sheet date are recorded in the results account. Foreign exchange differences from non-monetary items measured at their fair value are deemed to be part of fair value and are therefore recorded along with the differences in fair value.

The individual financial statements of the companies involved in the consolidation, which initially are presented in a currency other than the presentation currency of the Group, have been converted into euro. Assets and liabilities have been translated into euro at the closing exchange rate on the balance sheet date. Income and expenses have been converted into the presentation currency of the Group at the average exchange rates for each period under consideration. Any differences arising from this procedure have been charged (credited) to the reserve, in net financial position, for conversion of subsidiaries' foreign currency balance sheets.

3.4 Tangible Assets

Land and buildings are shown in the financial statements in readjusted values as determined in a relevant valuation by an independent assessor in fair values on the assessment date, less accumulated depreciation and any impairment losses.

Readjustments are made frequently enough to ensure that the book value of a fixed asset is not substantially different from the value that would be determined by using fair value as at the balance sheet date.

Mechanical equipment and other tangible fixed assets are shown at acquisition cost less accumulated amortizations and any impairment losses. The acquisition cost includes all the expenses directly attributable to the acquisition of the assets. Subsequent expenses are recorded as an increase in the book value of tangible fixed assets or as a separate fixed asset only to the degree that the said expenses increase the future financial rewards anticipated from the use of the fixed asset and their cost can be measured reliably. The cost of repair and maintenance works is recorded in the operating results of the relevant financial years.

Depreciation of other tangible assets (besides land, which is not depreciated) is calculated based on the straight-line method over their estimated useful life as follows:

Buildings	21-50 years
Mechanical Equipment	5-15 years
Vehicles	7-9 years
Other Equipment	4-7 years

The book value of buildings, plant and equipment is tested for impairment when there are indications, i.e. events or changes in circumstances indicate that the book value may not be recoverable. If such an indication exists and the book value is greater than the anticipated recoverable amount, the assets or cash generating units are written down to the recoverable amount. The recoverable value of property, plant and equipment is the net selling price or value-in-use, whichever is higher. To calculate value in use, estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

For assets that do not generate cash inflows from continuing use that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The residual values and useful lives of tangible fixed assets are reassessed at each balance sheet date. When the book value of tangible assets exceeds their recoverable value, the difference (impairment) is recorded initially as a reduction in the fair value reserve (if such exists for the specific asset), which is shown in the equity capital accounts. Each impairment, apart from the reserve formed for the specific asset, is immediately recorded as an expense in the statement of operating results.

Upon sale of tangible fixed assets, any difference between the proceeds and their book value is recorded as profit or loss in the operating results.

Self-constructed tangible assets constitute an addition to the acquisition cost of tangible assets at a value that includes the direct cost of wages of employees involved in the construction (corresponding employer contributions), cost of materials used and other general costs.

3.5 Investments in Properties

Investments in properties are held to earn rent or for capital appreciation or both. Investments in properties are investments referring to all properties (including land, buildings or parts of buildings or both) held by the Group, either to earn rent or to increase their value (capital appreciation) or both.

The Group estimates according to the recording criteria all the expenses it incurs for an investment in properties at the time they are incurred. Such expenses include expenses incurred initially to acquire the property and expenses incurred subsequently to add to or replace part of it. In accordance with the recording criteria, the Group does not include repair expenses in the book value of an investment in properties, as these are expenses that are recorded directly in the Statement of Operating Results.

Investments in properties are recorded initially at their acquisition cost, increased by all expenses relating to the transaction for their acquisition (e.g. notary's fees, real estate agent's fees, transfer taxes). The cost of an investment property is the cash equivalent price. In the event that the payment for the acquisition of an investment property is delayed beyond the usual credit limits, then the difference between the total payments and the cash equivalent amount will be recorded and shown in the statement of operating results, as interest (expenses) for the whole duration of the credit.

The Group has opted to assess investments in properties on the basis of fair value. In accordance with this policy, the fair value of an investment in properties is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value excludes an estimated price inflated or deflated by special terms or circumstances, such as atypical financing, sale and leaseback agreements, special considerations or concessions granted by anyone associated with the sale. A gain (or loss) arising from a change in the fair value of investment property constitutes a result and is recorded in the operating results of the year in which it arises.

The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

3.6 Intangible Assets

Intangible assets acquired by a company are recorded at their acquisition cost. Intangible assets generated internally, excluding development costs, are not capitalised and expenditure is included in the results of the year in which they arise.

Intangible assets include a casino licence as well as software licences.

CASINO Licence: The duration of the licence is unlimited, since it cannot be taken away from the company unless there is a change in the situation through prior passage of a draft bill. Thus amortizations are not calculated, but the licence is examined annually to check for potential loss of value. The accounting value of the licence the day the balance sheet was drafted was EUR 13,958 thousand.

Software: Software licences are recorded in intangible assets and are assessed at acquisition cost less accumulated amortizations. Amortizations are calculated on the basis of the straight-line method over the useful life of such assets, which ranges from three to five years. Software amortizations are included in the items “Cost of Goods Sold” and “Administration Costs” in the statement of results.

Amortizations of intangible assets are included in “Cost of Goods Sold” and “Administration Costs” in the statement of results.

3.7 Impairment of the Value of Assets

Assets that have an indeterminate service life are not amortised and are tested for impairment at least annually and whenever events or circumstances indicate that the book value may not be recoverable.

Assets that are amortised are tested for impairment of their value when indications exist that their book value is not recoverable. An assessment of whether any such indications exist is made on each balance sheet date.

The recoverable value is the higher amount of the net selling price and value-in-use.

Net selling price is deemed to be the amount obtainable from the sale of an asset in the framework of a reciprocal transaction between knowledgeable, willing parties, after deducting all additional direct costs for the sale of the asset, whereas value in use is the present value of estimated future cash flows expected to accrue to the company from the use of an asset and from its sale at the end of its estimated useful life.

When the book value of an asset exceeds its recoverable value, an impairment loss is recorded in the statement of results.

3.8 Financial Means

Financial means is every contract that creates a financial asset in a company and a financial liability or equity holding in another company.

The financial assets and liabilities of the balance sheet comprise cash-in-hand, receivables, participations or subscriptions and short and long-term liabilities. The Company is not making use of any derivative financial products neither for risk compensation (hedging) nor for any profiteering purposes. The accounting principles for registration and evaluation of these assets are referring to the accounting principles that are presented in this Note. The financial products are presented as receivables, liabilities or elements of the net position based on the subject matter and contents of the relevant contracts from which they arise. Interests, dividends, profits and losses arising from the financial products that are designated as receivables or liabilities are accounted for as income or expenses respectively. The distribution of dividends to shareholders is recorded directly in the net position. The financial products are offset, pursuant to the law, when the Company has this right and is intended to offset the net basis (between them) or to recover the asset and offset the liability at the same time.

3.8.1 Categories of Financial Means

The financial means of the Group are classified in the following categories based on the subject matter of the contract and the purpose for which they were acquired.

3.8.1.1 Financial Means Evaluated At Their Fair Value Through The Results Statement Of The Financial Year

This involves financial assets that satisfy any of the following conditions:

- Financial assets held for commercial purposes;

- During the initial recording it is defined by the Group as an asset evaluated at fair value, given that it satisfied the criteria of IAS 39, with the accounting of the changes in the Results (P& L) Statement of the Financial year.

The Company is not making use of any derivative financial products neither for risk compensation (hedging) nor for any profiteering purposes.

3.8.1.2 Loans and Receivables

These comprise non-derivative financial assets with fixed or defined payments, which are not traded in active markets. This category (Loans and Receivables) does not include

- receivables from advance payments for the purchase of goods or services,

- receivables involving tax transactions, which have been imposed legally by the state,

- anything not covered by contract, in order to give the company the right to receive cash or other financial fixed assets.

The Loans and receivables are included in the floating assets, apart from those with expiration longer than 12 months from the date of the balance sheet. The latter are included in the non-floating assets.

The loans and receivables are recorded for in the un-amortized cost, based on the method of actual interest rate.

3.8.1.3 Investments Held to Their Maturity

Includes non-derivative financial assets with fixed or determined payments and specific maturity, which the Group has the intention and possibility to withhold until their maturity. Investments held to maturity are evaluated at the un-amortized cost, based on the method of actual interest rate.

The Group does not hold any investments of this category.

3.8.1.4 Financial Assets Available for Sale

Includes non-derivative financial assets which, are either determined in this category or they cannot be included in any of the above.

The financial means of this category are evaluated at their fair value and the relevant profits or losses are recorded in the reserve of equity until these assets are sold or designated as impaired.

During the sale or when designated as impaired, the profits and losses are carried over to the results. Impairment losses that have been accounted for in the results are not reversed through results.

3.8.2 Initial Accounting And Later Evaluation Of Financial Means

The purchase and sales of investments are recorded for on the date of the transaction, which is the date that the Group is committed to purchase or sell the asset. The investments are initially accounted for at their fair value plus the direct expenses ascribed to the transaction, with the exception of direct expenses ascribed to the transaction for those assets that are evaluated at their fair value with changes in the results. The investments are eliminated when the right to the cash flows from investments expires or is transferred and the Group has essentially transferred all of the risks and rewards that the ownership entails.

The loans and receivables are recorded for in the un-amortized cost, based on the method of actual interest rate.

The realised and non-realised profits or losses arising from the changes in the fair values of the financial assets evaluated at fair value with changes in the results, are recorded for in the results during the period that they arise.

The fair values of the financial assets that are traded in active markets are determined by the current demand prices. For the non-traded assets, the fair values are determined using evaluation techniques like the analysis of recent transactions, comparative assets that are traded and discount of cash flows. The equity instruments not traded in an active market that have been classified in the category Financial means available for sale and the fair value of which cannot be determined in a reliable way are evaluated at their acquisition cost.

On every balance sheet date the Group estimates whether there is objective evidence leading to the conclusion that the financial assets have been subject to impairment. For the stock of companies that have been classified as financial assets available for sale, such an indication can be founded on the significant or extended reduction of fair value in relation to the acquisition cost. If an impairment is substantiated, the accumulated loss to equity, namely the difference between acquisition cost and fair value, is carried over to the results.

3.9 Reserves

On the date of the balance sheet, the reserves are evaluated at the lower value between the cost and the net liquidating value. The acquisition cost is determined by the FIFO method. The net liquidating value is the estimated sale price in the usual course of business of the company, minus any relevant sale costs.

The reserves include goods, which were acquired with a view to their future sale.

The cost of reserves includes all of the costs incurred for the purchase of the reserves. If the reserves are disposed by the Group in different form or used for the production of other products, then the cost of purchase and the conversion cost are added, as well as other expenses that are made in order for the reserves to take their final form and become ready for sale. The cost of the reserves is determined by the FIFO method.

The cost of the reserves does not include finance expenses, apart from the reserves that are related to real estate construction, the cost of which includes loan interest, directly related to these constructions.

3.10 Commercial Receivables

The receivables from clients are recorded initially at their fair value and later they are evaluated at un-amortized cost using the method of effective rate minus every provision for a potential reduction in their value. Every relevant impairment loss, that is, when there is objective evidence that the Group is in no position to collect all of the amounts due pursuant to the contractual terms, is recorded for in the results of the financial year that it arises.

3.11 Cash-In-Hand and Cash Equivalents

The cash-in-hand and cash equivalents include the cash in the bank and at the cashier's office as well as the short-term investments of high liquidity instruments, such as repos and bank deposits.

3.12 Share Capital

Direct expenses that were made for the issue of stock appear following the subtraction of the relevant income tax, in reduction of the issue product. The expenses that are related to the issue of stock for the acquisition of companies are included in the acquisition cost of the company acquired.

During the acquisition of own shares, the price paid, including the relevant expenses, is depicted minus equity (reserve above par).

3.13 Income Tax & Deferred Tax

The charge of the financial year with income taxes consists of the current taxes and deferred taxes, that is, the taxes or tax relieves related to the economic benefits arising in the period but which have already been accounted for or will be accounted for by the tax authorities in other periods. The income tax is recorded in the account of the results of the financial year, apart from the tax that refers to transactions recorded directly to equity, in which case it is recorded directly to equity accordingly.

The current income taxes include the short-term liabilities and/or claims to the fiscal authorities that are related to the taxes payable on the taxable income of the financial year and any additional income taxes involving previous financial years.

The current taxes are calculated in accordance to the tax scales and tax laws applied during the management periods with which they are related, based on the taxable profit for the year. All of the changes in the short-term tax assets or liabilities are accounted for as part of the tax expenses in the results statement of the financial year.

The deferred income tax is determined using the method of obligation in all of the provisional differences on the date of the Balance Sheet, between the tax base and the book value of the assets and liabilities. Deferred income tax is not accounted for when it arises from the initial recording of an asset or liability in transaction, apart from company unification, which when the transaction was made did not affect neither the book nor the tax profit or loss.

The deferred tax liabilities and obligations are evaluated based on the tax scales expected to be applied during the period in which the liability or obligation will be settled, taking into account the tax scales (and tax laws) that are into effect or are essentially in effect until the date of the Balance Sheet.

Deferred tax liabilities are accounted for to the extent that there will be future taxable profit for the use of the provisional difference generated by the deferred tax liability.

Deferred income tax is accounted for the provisional differences arising from investments in subsidiaries and affiliated companies, with the exception where the Group controls reversal of the provisional differences and it is likely that the provisional differences will not be reversed in the foreseeable future.

The changes in the deferred tax liabilities or obligations are accounted for as an income tax element in the statement of results of the financial year, except those arising from specific changes in the assets or liabilities, which are recorded directly in the Group's equity, such as the revaluation of the value of real estate property and which have as a result the relevant change in the deferred tax liabilities or obligations to be debited/credited against the relevant account of the net position.

3.14 Provisions of Personnel Compensation Due to Retirement

3.14.1 Short-term Benefits

The short-term benefits to the employees (apart from the benefits for the termination of the labour relationship) in cash and in kind are recorded for as an expense when they become payable. Any outstanding amount is recorded as a liability, while in the case where the amount already paid exceeds the amount of the benefits, the company records the excess amount as its asset (prepaid expense) only to the extent that the prepayment will lead to the reduction of future payments or to a return.

3.14.2 Benefits After Exit from the Service

The benefits following the termination of employment include pensions and other contributions (lump sum compensation) that the company provides following the end of employment, in exchange for the services of the employees. Thus, they only include specific contribution plans. The payable cost of the specific contribution plans is recorded as an expense in the period that it concerns.

3.14.2.1 Specific Contribution Plans

The Company personnel are mainly covered by the main State Social Security Organization of the private sector (IKA), which grants pensions and healthcare benefits. Every employee is required to contribute part of his/her monthly salary to this fund, while the Company covers part of the overall contribution. During retirement, the pension fund is responsible for the payment of pensions to the employees. Consequently, the Company has no legal or presumed obligation for the payment of future benefits on the basis of this plan.

Based on the specific contributions plan, the obligation of the company (legal or presumed) is limited to the amount it has agreed to contribute to the organization (e.g., fund) managing the contributions and granting the benefits. Thus, the amount of benefits that the employee will receive is determined by the amount that the company will pay (and/or the employee) and by the paid investments of these contributions.

The payable contribution by the company to specific contributions plans is recorded for as a liability, following the subtraction of the contribution paid and as a respective expense.

3.14.2.2 Specific Benefits Plans

The liability that is recorded in the balance sheet for the specific benefits plans represents the current value of the liability for the specific benefit, based on the law 2112/20, and the changes arising from any appropriate profit or loss and the cost of previous service. An independent actuary, using the method of the projected credit unit, calculates the allocation of the specific benefits annually. The rate used for the discount is that of the long-term bonds of the Greek State.

The proportional profits and losses are elements of the liability of the benefit of the company, as well as of the expense, which will be recorded in the results. Those arising from the adjustments based on the historical data and exceeding the margin of 10% of the accumulated liability are recorded in the results within the expected average time of employment of those participating in the plan. The cost of previous service is recorded directly in the results with the exception of the case where the changes of the plan depend on the remaining time of service of the employees. In this case the cost of previous service is recorded in the results using the fixed method within the maturity period.

3.15 Subsidies

The Group records the state subsidies, which overall satisfy the following criteria:

- there is a presumed certainty that the company has complied or will comply with the terms of the subsidy and
- it is likely that the amount of the subsidy will be collected.

Subsidies are recorded at fair value and accounted in a systematic way in the income, based on the principle of correlation of the subsidies with the respective costs that they also subsidise.

Subsidies that are involving assets are included in the long-term liabilities as income of future financial years.

3.16 Provisions

Provisions are recorded when the Group has current legal or presumed liabilities as a result of past events, and their settlement is likely through the outflow of resources and the estimation of the exact amount of the liability may be effected in a reliable way. The provisions are reviewed on the date of drafting of each balance sheet and adjusted in order to reflect the current value of the expenditure expected to be required for the settlement of the liability.

Contingent liabilities are not recorded in the financial statements but they are announced, unless the likelihood of outflow of resources, which incorporate economic benefits is minimal.

Contingent receivables are not recorded in the financial statements but they are announced when the inflow of economic benefits is likely.

3.17 Borrowing

The loans are recorded initially at their fair value reduced by any direct costs for the effect of the transaction. They are later evaluated at the un-amortized cost, using the actual interest rate method. The cost of borrowing is recorded in the results of the financial year in which it is realised.

3.18 Provisions and Contingent Liabilities and Receivables

Provisions are recorded when the Group has current legal or presumed liabilities as a result of past events, and their settlement is likely through the outflow of resources and the estimation of the exact amount of the liability may be effected in a reliable way. The provisions are reviewed on the date of drafting of each balance sheet and adjusted in order to reflect the current value of the expenditure expected to be required for the settlement of the liability.

Contingent liabilities are not recorded in the financial statements but they are announced, unless the likelihood of outflow of resources, which incorporate economic benefits is minimal.

Contingent receivables are not recorded in the financial statements but they are announced when the inflow of economic benefits is likely.

3.19 Accounting Of Income

Income is recorded to the extent that it is likely that the economic benefits will inflow in the Group and the relevant amounts can be measured reliably. The income includes the fair value of unperformed projects, sales of goods and provision of services, free from Value Added Tax, discounts and returns. Cross-company income within the Group is deleted entirely.

The accounting of income is carried out as follows:

3.19.1 Sales Of Property And Construction Of Homes

The income is recorded when the legal title is transferred to the buyer and the following conditions apply:

- the sale has been completed,
- a significant part of the receivable from the client has been collected,
- the income has become payable and
- the payment of the balance due by the client is considered certain.

3.19.2 Supply Of Financial Services

Income from the supply of financial services is recorded when the mortgaged loans and rights from different finance plans are sold to third parties.

3.19.3 Project Construction Contracts

Income from the performance of construction contracts are accounted for in the period during which the project is constructed, based on the method of percentage completion of the project (as described in detail in note 3.21).

3.19.4 Hotel Income

Income from the stay at the hotel is recorded when the service has been provided (for each day of stay separately).

3.19.5 Casino Income

The games are conducted based on the Regulation of Administrative Control and Supervision of Casino Operations. The control and supervision are exercised by the Casino Directorate of the General Secretariat for Tourism of the Ministry of Development, on site, daily and throughout the duration of operation of the Casino, through the groups of its employees authorised for the control.

The management of the entirety of the games is performed using software programs approved by the Casino Supervision and Operations Committee.

The casino is required, on a daily basis, to proceed with the accounting opening of all its gaming tables, and it is entitled, depending on the number of its clients, to operate the entirety or part of these tables.

Following the end of the closing of a table, the cash counted and recorded in the printed form of the closing result, which includes the initial advance payment, the closing of the table with chips, the balance of chips remaining on the table, the additional advance payment, the supplement made and then the banknotes, separately for each denomination, from which the day's result is calculated and recorded in the books.

3.19.6 Mooring of Boats

The income from marina services is recorded during the mooring of boats, based on their actual time of stay. The entry and exit of the boats is recorded and invoiced for the period of stay in accordance with predefined prices arising from executed contracts as well as from the price list for services.

3.19.7 Services Rendered

The income from services rendered is accounted for during the period the services are provided, based on the stage of completion of the service rendered in relation to the total of the services rendered.

3.19.8 Sales of Goods

The income is recorded when the essential risks and benefits arising from the ownership of the goods have been transferred to the buyer.

3.19.9 Dividends

Dividends are recorded as income, upon establishing their collection right.

3.19.10 Income from Interest

Income from interest is recorded based on the time ratio and by applying the actual interest rate method.

When there is impairment of receivables, their book value is reduced at their recoverable amount, which is the current value of the expected cash flows discounted at the initial actual rate. Subsequently, the interest is calculated using the same interest rate on the reduced (new accounting) value.

3.20 Borrowing Cost

The borrowing cost involving the construction period of the homes of the home building industry is capitalised at the building cost of the homes, pursuant to the alternative handling of the IAS 23 "Borrowing Cost."

The borrowing cost that does not involve building of homes for sale is accounted as income in the period when it is realised in accordance with the benchmarking method of the IAS 23 "Borrowing Cost."

3.21 Leasing

3.21.1 Group Company as the Lessee

Financial leasing is the leasing of fixed assets according to which, all risks and benefits related to the ownership of an asset, are transferred to the Group, irrespective of whether the ownership title of the said asset is transferred in the end or not. Such leasing is capitalised upon the start of the lease at their lower value between the fair value of the fixed asset or the current value of the minimum number of rents. Each rent is allocated between the liability and the financial expenses so that a fixed interest rate can be achieved for the remaining financial liability. The respective liabilities from rents, net from financial expenses, are depicted in the liabilities. The part of the financial expense from the leasing is recorded in the results of the financial years of the leasing.

The amortized value of the fixed assets acquired by leasing is distributed –on a systematic and even basis– over the years that these fixed assets are expected to be utilised, pursuant to the fixed amortization method, which is applied for the own fixed assets as well. When there is certainty that the Group will acquire the ownership of these fixed assets upon the end of the leasing, the expected period of use is taken to be the useful life of these fixed assets, while in the opposite case these fixed assets are amortized in the shortest period between useful life of the fixed assets and the duration of their lease.

Leasing agreements where the lessor transfers the right of use of an asset for an agreed period, without however transferring the risks and rewards of ownership of such fixed asset, are classified as operating leasing. The payments made for operating leasing (not including any motives offered by the lessor) are accounted in the results of the financial year at equal amounts during the leasing.

3.21.2 Group Company as the Lessor

When fixed assets are rented by leasing, the current value of the rents is recorded as receivable. The difference between the gross amount of the receivable and the current value of the receivable is recorded as deferred financial income. The income from the lease is recorded in the results of the financial year of the leasing applying the method of net investment, which represents a fixed periodical return.

Fixed assets leased by operating leasing are included in the tangible assets of the balance sheet. They are amortized during their expected useful life on a basis consistent with similar owned tangible assets. The income from the rent (not including any motives offered to the lessees) is recorded by applying using the fixed method of the period of the leasing.

3.22 Construction Contracts

The construction contracts involve the construction of assets or group of associated assets especially for clients, in accordance with the terms provisioned in the relevant contracts and the performance of which usually lasts for a period longer than one financial year.

The expenses concerning each contract are accounted when realised.

Income is recorded as follows:

a) In the case where the result of a project construction contract cannot be evaluated in a reliable way, and mainly in the case where the project is at an early stage:

- the income is recorded only to the extent that the undertaken contractual cost is likely to be recovered and
- the contractual cost is recorded in the results of the financial year in which it was undertaken.

Thus, for these contracts such an income is recorded so that the profit from the specific project is zero.

b) When the result of a contractual project may be assessed reliably, then the income and expenses of the contract are recorded during the term of the contract as income and expense, respectively.

The Group uses the method of percentage completion in order to determine the suitable amount of income and expense that will be accounted within a specific period.

The completion stage is measured based on the contractual cost incurred until the date of the balance sheet in relation to the overall estimated construction cost of every project. The above percentage is applied over the overall (revised) contract price, in order to determine the accumulated expenses of the project based on which the invoiced expenses will be readjusted.

When it is likely that the overall cost of the contract will exceed the total income, then the expected loss is accounted directly in the results of the financial year as expense.

For the estimation of the cost incurred up to the end of the financial year, any expenses related to future works with reference to the contract are excluded and appear as a project in progress. The total of the cost realised and of the profit/ loss recorded for each contract is compared with the progressive invoicing until the end of the financial year.

Where the expenses realised plus net profits (minus losses) that have been recorded exceed the progressive invoicing, the difference appears as receivable from clients of project contracts in the fund "Pertaining to construction contracts." When the progressive invoicing exceeds the expenses realised plus net profits (minus losses) that have been recorded, the balance appears as liability to the clients of project contracts in the fund "Liabilities from construction contracts."

3.23 Biological Assets

The Group, pursuant to the I.A.S. 41, records a biological asset, when and only when:

- it controls the biological asset due to a certain past event.
- it is likely that future benefits related to the asset will flow into the Group.
- the fair value of the asset may be evaluated reliably.

The biological assets are evaluated at the time of their initial recording in the financial statements and on the date of each subsequent Balance sheet, at their fair value reduced by the estimated expenses until their sale (commission to brokers and sellers, contributions to statutory agents and commodity exchanges, transfer taxes and duties).

In the case in which the value of a biological asset cannot be evaluated reliably (e.g., in cases where at the time of the initial accounting of the asset there are no values available in the market and the Group cannot be based on alternative estimations because they appear to be unreliable), this asset is evaluated at its cost minus any accrued amortization and any accrued loss from impairment of its value.

It is noted that, the expenses estimated until the sale do not include the transportation expenses and other respective costs, the payment of which is required, in order for the biological assets to reach a market. The evaluation of the biological assets at their fair value is intended to depict as reliably as possible, the change that came about on the biological assets as a consequence of their transformation.

Agricultural produce, which is the product of harvest from the biological assets, is evaluated at its fair value at the moment of its harvest less the estimated, until the sale, costs and this value is the cost of reserves of the agricultural produce.

The Group did not proceed with the evaluation of its biological assets, which are mainly vineyards, as it estimates that this value would not have any significant effect on its financial statements.

3.24 Distribution of Dividends

The distribution of dividends to shareholders of the parent company is recorded as a liability in the consolidated financial statements on the date on which the distribution is approved by the General meeting of shareholders.

4. Explanatory Notes on the Annual Financial Statements

4.1 Information per Sector

4.1.1 Primary Reporting Sector - Geographical Sectors

The registered office of the Group is Greece. The areas of activity of the Group are the U.S.A. and the other countries of the Eurozone. The geographical sector was selected as primary, given that the most important amount of the overall turnover originates from the subsidiary Company TOUSA, which operates in the USA.

The results from every sector during the period 1/1 - 31/12/2005 and 1/1 - 31/12/2006 are analysed as follows:

Amounts in € '000

Sector results on 31/12/2006	USA	Greece and other Countries of Eurozone	Group
Sales to external clients	2,392,045	124,432	2,516,477
Sales to other sectors	(291,182)	(249)	(291,431)
Net sales	**2,100,863**	**124,183**	**2,225,046**
Operation results (profit / losses) before taxes, financial and investment results	**(202,359)**	**(6,687)**	**(209,046)**
Financial result	(35,448)	(165)	(35,613)
Ratio of result from affiliate undertakings	0	13	13
Profit before taxes	**(237,807)**	**(6,839)**	**(244,646)**
Income Tax	33,296	(6,498)	26,798
Profits for the financial year after taxes	**(204,511)**	**(13,337)**	**(217,848)**

Amounts in € '000

Sector results on 31/12/2005	USA	Greece and other Countries of Eurozone	Group
Sales to external clients	2,019,558	371,524	2,391,082
Sales to other sectors	289,236	0	289,236
Net sales	**1,730,322**	**371,524**	**2,101,846**
Operation results (profit / losses) before taxes, financial and investment results	**241,351**	**(31,488)**	**209,863**
Financial result	36,711	46,659	83,370
Ratio of result from affiliate undertakings			0
Profit before taxes	**278,062**	**15,171**	**293,233**
Income Tax	(101,799)	(10,535)	(112,334)
Profits for the financial year after taxes	**176,263**	**4,636**	**180,899**

The assets and liabilities by sector as of 31.12.05 and 31.12.06 respectively, are analysed as follows:

Amounts in € '000			
Assets and liabilities on 31/12/2006	**USA**	**Greece and other Countries of Eurozone**	**Group**
Sector Assets	2,091,307	1,170,983	3,262,290
Affiliate undertakings assets	0	(718,043)	(718,043)
Total assets	**2,091,307**	**452,940**	**2,544,247**
Sector liabilities	1,626,104	302,842	1,928,946
Affiliate undertakings liabilities	0	(117,248)	(117,248)
Total Liabilities	**1,626,104**	**185,594**	**1,811,698**

Amounts in € '000			
Assets and liabilities on 31/12/2005	**USA**	**Greece and other Countries of Eurozone**	**Group**
Sector Assets	1,981,451	1,690,294	3,671,745
Affiliate undertakings assets	0	1,195,643	1,195,643
Total assets	**1,981,451**	**2,885,937**	**2,476,102**
Sector liabilities	1,248,520	421,804	1,670,324
Affiliate undertakings liabilities	0	212,316	212,316
Total Liabilities	**1,248,520**	**634,120**	**1,458,008**

The amortizations for the financial year 2006 are as follows:

Amounts in € '000	**USA**	**Greece and other Countries of Eurozone**	**Group**
Amortisations	**10,366**	**11,262**	**21,628**

The capital expenses made in Greece and in the other countries of the Eurozone mainly involve the purchase of mechanical equipment for the execution of new projects (upgrade of the road network Lacobeni-Sadova in Romania, technical and infrastructure projects of OSE in Ikonio, etc.) as well as the purchase and installation of new software (S.A.P.) and respectively, the upgrade of the hardware. The respective capital expenses made in the U.S.A. were the result of a series of actions, reorganization buy-outs and participation in joint ventures with a view to expand in new markets as well as the improve the operating & financial results.

4.1.2 Secondary Reporting Sector - Business Sectors

The analysis of the turnover and assets of the Group by business sector is as follows:

31/12/2006

Amounts in thousand €	Construction sector	Hotel Sector	Income from the Casino operation	Home Building /Real Estate	Other	Total
Net sales	69.085	21.459	14.178	2.101.483	18.840	**2.225.045**
Sector Assets	113.219	28.498	20.301	2.091.693	290.537	**2.544.248**

31/12/2005

Amounts in thousand €	Construction sector	Hotel Sector	Income from the Casino operation	Home Building /Real Estate	Other	Total
Net sales	49.729	13.227	14.178	2.018.000	6.712	**2.101.846**
Sector Assets	130.186	72.694	20.301	1.981.705	271.216	**2.476.102**

4.2 Tangible Assets

The plots and buildings were evaluated on the date of transition in the IFRS (01.01.04) at readjusted values, as these were determined based on fair values by an independent appraiser on the date of transition. From the valuation of the plots and buildings at fair values, goodwill resulted in the amount of € 1,404 thousand and € 1,406 thousand respectively, which was recorded in the equity fund "Reserves from valuation of real estate at current values." Respectively, the above equity fund was reduced by deferred taxes that correspond to goodwill in the amount of € 983 thousand. For certain of these assets the readjustment resulted in a loss totalling € 217 thousand, which was recorded in the results carried forward.

More specifically, the evaluation of plots and buildings of the group was performed by an independent professional appraiser on 31.12.2004 by applying the following methods of determination and evaluation:

1) Value of the real estate as the sum of the value of the plot's horizontal properties, which was determined as the average weighted value according to the following methods:

- the comparative method
- the capitalization (revenue) method, and
- the real estate market data

2) Value of the real estate as the sum of the value of the land plot and of the value of the buildings incremented by the gross contractor profit (GCP). The value of the real estate was determined as the average weighted value according to the following methods:

- the comparative method
- the capitalization (revenue) method, and
- the real estate market data

The evaluation of the remaining value for the construction cost of the buildings (replacement cost) is appraised based on real estate market data and data kept by the appraisers for the construction cost of similar buildings, the age as well as the condition of the buildings.

The plots, where only earthworks and retaining walls have been performed, are evaluated separately by the comparative method combined with real estate market data.

The resulting values were properly adjusted in order to depict their fair value 1st January, 2004.

On 31.12.06, the current value of the plots and buildings of the group was evaluated by the company, which revaluated the above methods and there was no significant difference that resulted in relation with their book value.

There are no mortgages or pledges, or any other encumbrances on the fixed assets to secure borrowing.

The tangible fixed assets of the Group are analysed as follows:

Amounts in € '000	Real estate	Buildings	Machinery	Transportation Means	Furniture and other equipment	Fixed assets under construction	Total
Acquisition cost on 1/1/2005	157,300	103,630	60,311	23,189	26,725	8,904	380,059
less: Accrued Amortizations	(323)	(3,985)	(17,807)	(13,932)	(10,190)	0	(46,237)
Purchase cost on 1/1/2005	**156,977**	**99,645**	**42,504**	**9,257**	**16,535**	**8,904**	**333,822**
Additions	7	1,316	6,325	2,590	9,158	16,617	36,013
Sales	0	(32)	(356)	(2,145)	(8,404)	(15)	(10,952)
Transfers	(1,000)	(2,800)	0	0	0	0	(3,800)
Cost in F/E differences	0	865	1,402	1,595	1,832	0	5,694
Amortizations of the financial year	(453)	(3,465)	(9,787)	(6,598)	(2,911)	0	(23,214)
Amortizations of sold - written off	0	153	188	1,515	4,403	0	6,259
F/E differences of amortizations	0	(209)	(621)	(674)	(848)	0	(2,352)
Acquisition cost on 31/12/2005	156,307	102,979	67,682	25,229	29,311	25,506	407,014
less: Accrued Amortizations	(776)	(7,506)	(28,027)	(19,689)	(9,546)	0	(65,544)
Purchase cost on 31/12/2005	**155,531**	**95,473**	**39,655**	**5,540**	**19,765**	**25,506**	**341,470**
Additions	849	1,302	3,294	542	10,001	0	15,989
Sales	(1,063)	0	(1,652)	(957)	(6,179)	0	(9,851)
Transfers	(3,337)	3,065	0	(8,798)	8,840	(6,429)	(6,658)
Cost in F/E differences	0	(732)	(1,664)	(214)	(2,512)	0	(5,122)
Amortizations of the financial year	0	(4,689)	(8,165)	(1,056)	(7,414)	0	(21,325)
Amortizations of sold - written off	(195)	0	1,155	208	4,885	0	6,054
Transfers of Amortizations	0	1,466	0	8,798	(8,840)	0	1,424
F/E differences of amortizations	0	178	573	105	818	0	1,675
Acquisition cost on 31/12/2006	152,756	106,615	67,661	15,802	39,462	19,077	401,372
less: Accrued Amortizations	(971)	(10,551)	(34,464)	(11,634)	(20,097)	0	(77,716)
Purchase cost on 31/12/2006	**151,786**	**96,064**	**33,196**	**4,168**	**19,365**	**19,077**	**323,656**

The tangible fixed assets of the Company are analysed as follows:

Amounts in € '000	Real estate	Buildings	Transportation Means	Furniture and other equipment	Fixed assets in progress	Total
Amounts in € '000	1,698	3,084	1,485	764	199	7,230
Acquisition cost on 1/1/2005	0	(61)	(350)	(654)	0	(1,065)
less: Accrued Amortizations	**1,698**	**3,023**	**1,135**	**110**	**199**	**6,165**
Additions	0	3	3	146	490	642
Transfers	(600)	(1,680)	0	0	0	(2,280)
Amortizations of the financial year	0	(62)	(94)	(82)	0	(238)
F/E differences of amortizations	1,098	1,407	1,488	910	689	5,592
Acquisition cost on 31/12/2005	0	(63)	(444)	(736)	0	(1,243)
less: Accrued Amortizations	**1,098**	**1,344**	**1,044**	**174**	**689**	**4,349**
Additions	0	0	0	1	(5)	(4)
Amortizations of the financial year	0	(26)	(89)	(61)	0	(177)
F/E differences of amortizations	1,098	1,407	1,488	911	684	5,588
Acquisition cost on 31/12/2006	0	(89)	(533)	(797)	0	(1,420)
less: Accrued Amortizations	**1,098**	**1,318**	**955**	**113**	**684**	**4,168**

The assets or fixed assets under construction at the level of the group mainly involve the renovation of the hotel facilities of the PORTO KARRAS complex.

The company includes in the assets under construction costs for the construction of an office building of the parent company located at 22 Solomou Street, Alimos. The construction of the offices has been undertaken by the subsidiary company TOXOTIS ATE based on the Private Agreement date 03.02.04.

The Group and the company have acquired machinery and transportation means through leasing agreements. The book value of these assets is analysed below:

Amounts in € '000	**Machinery & Other Equipment**	**Transportation Means**	**Total**
Acquisition cost on 31/12/2005	24,007	839	24,846
less: Accrued Amortizations	(7,093)	(131)	(7,224)
Purchase cost on 31/12/2005	**16,914**	**708**	**17,622**
Purchases	1,475	68	1,544
Amortizations of Financial year	(2,571)	18	(2,553)
Acquisition cost on 31/12/2006	25,482	908	26,390
less: Accrued Amortizations	(9,664)	(113)	(9,777)
Purchase cost on 31/12/2006	**15,819**	**795**	**16,613**

4.3 Intangible Assets

The intangible assets of the Group involve software programs and industrial property rights (Casino operation licence). The analysis of the intangible assets at the level of the Group is as follows:

Amounts in € '000	**Industrial property rights**	**Computer Software**	**Total**
Acquisition cost την 1/1/2005	15,001	766	15,767
less: Accrued Amortizations	(1,042)	(418)	(1,460)
Book value on 1/1/2005	**13,959**	**348**	**14,307**
Purchases	0	737	737
Sales - Impairments - Write-offs	(1)	0	(1)
Amortizations of the financial year	0	(279)	(279)
Acquisition cost την 31/12/2005	15,000	1,503	16,503
Accrued Amortizations	(1,042)	(697)	(1,739)
Book value on 31/12/2005	**13,958**	**806**	**14,764**
Purchases	0	223	223
Amortizations of the financial year	(23)	(279)	(303)
Acquisition cost την 31/12/2006	15,000	1,726	16,726
Accrued Amortizations	(1,065)	(976)	(2,042)
Book value on 31/12/2006	**13,935**	**750**	**14,684**

The intangible assets of the company are as follows:

Pursuant to decision No. 2096/ 9-12-94 of the Minister of Tourism, a licence was granted for the operation and exploitation of the casino to the concessionaire of the company "PORTO KARRAS CASINO S.A." The as above ministerial decision was published in GG No. 994/30-12-1994 (Issue B). Among the most important terms in the concession of the licence are the following:

➢ It is prohibited to the holder of the licence to transfer the Casino operation outside the facilities of Porto Karras in Chalkidiki.

➢ There is provision for participation of the State in the gross profits of the games (percentage of 20%).

➢ The State undertakes the obligation for a period of twelve (12) years from the start of operation of the business not to grant any other casino licence apart from those provisioned by the stipulations of article 1, par. 1 of Law 2206/1994.

In accordance with the provision of article 43, of Law 3105/2003, until 31.8.2014, there will be no other casino licence granted in the Prefecture of Chalkidiki and at a perimeter of 30 km from the Prefecture's boundaries.

The term of the licence is indefinite, as the Company cannot remove it without a change in status, preceded by the voting of a life-term law and therefore there is no foreseeable limit to the period of time during which this licence is expected to generate cash flows for the Group. Thereby, there are no amortizations estimated but the licence is reviewed annually in order to ascertain whether there is any case of impairment of its value. The term of the licence is also reviewed annually in order to ascertain whether the events and circumstances continue to support the evaluation of indefinite useful term.

Based on the previous accounting principles the Group amortized the licence within a twelve-year period. As this treatment was inconsistent with IAS 38, which was in effect until 31.12.03, upon the date of transition here was no adjustment made for previous financial years and thus, the unamortized balance on 01.01.04 was considered an assumed cost.

The intangible assets of the Company involve, in their entirety, the purchase of software programs and are analysed as follows:

Amounts in € '000	**Computer Software**	**Total**
Acquisition cost την 1/1/2005	10	10
less: Accrued Amortizations	(5)	(5)
Book value on 1/1/2005	**5**	**5**
Purchases	243	243
Sales - Impairments - Write-offs	0	0
Amortizations of the financial year	(94)	(94)
Acquisition cost την 31/12/2005	253	253
Accrued Amortizations	(99)	(99)
Book value on 31/12/2005	**154**	**154**
Amortizations of the financial year	(54)	(54)
Acquisition cost την 31/12/2006	253	253
Accrued Amortizations	(153)	(153)
Book value on 31/12/2006	**100**	**100**

There are no mortgages and pledges, or any other encumbrance on the intangible fixed assets to secure borrowing.

There are no contractual commitments for the acquisition of intangible fixed assets.

4.4 Investments in Subsidiaries

The companies MOCHLOS S.A. and TOUSA were evaluated based on the stock exchange value on the dates of drafting of the financial statements, as companies listed on the Stock Exchange. Their fair value as at 31 December 2006 and 2005, was € 320 million and € 736 million respectively.

The other companies, given that it was not possible to determine their fair value reliably, were evaluated at their acquisition cost. Their book value as at 31 December 2006 and 2005 is EUR 242 million and EUR 193 million respectively. Based on the discount of their future cash flows, an impairment loss resulted for certain subsidiaries and goodwill for certain others.

For all of the companies, there is an audit carried out in order to ascertain any impairment of value.

The analysis of the transactions of the account "Participation in subsidiaries" is as follows:

Amounts in € '000	**31/12/2006**	**31/12/2005**
Start of period	**929,179**	**815,787**
Share Capital Increases (+)	9,571	22,419
Sales (-)	0	(18,516)
Profit from evaluation at fair values recorded in equity	40,164	118,680
Reduction of reserves readjustment due to impairment	(405,197)	(900)
Loss reversal	224	0
Profit / Loss from evaluation at fair values recorded in the results statement	(11,544)	(8,291)
End of period	**562,397**	**929,179**

The loss from participations that is recorded in the results of both financial years presented, mainly originates from the evaluation of the company MOCHLOS S.A. and it is based on its trading value, while the reduction in the reserves is due to the significant drop in the stock price of the subsidiary TOUSA, which is listed on the New York stock exchange.

During the financial year, the participation percentage of the Group in certain subsidiaries was reduced due the non-participation of the Group in the share capital increase of the subsidiaries. The resulting profit or loss from these transactions was recorded in the results of the financial year.

The Group structure, as well as the direct or indirect participation percentages of the parent company in the other companies of the Group, is presented in par. 3.2.1.

The subsidiaries of the company that were consolidated applying the method of total consolidation and which are included in the fund "Investments in affiliates" are as follows:

Amounts in € '000	31/12/2006			31/12/2005		
Name of Subsidiary	**% participation**	**Country**	**Equity**	**% participatio n**	**Country**	**Equity**
MOCHLOS S.A.	48.23%	GREECE	66,063	48.23%	GREECE	63,631
MELTEMI-KASTRI ABETE	75.00%	GREECE	3,062	75.00%	GREECE	3,319
STROFYLI SA	99.00%	GREECE	614	99.00%	GREECE	666
PORTO KARRAS S.A.	94.82%	GREECE	199,238	90.00%	GREECE	157,400
ALVITERRA HELLAS S.A.	74.12%	GREECE	289	50.00%	GREECE	113
DELOS MARINAS S.A.	67.58%	GREECE	4,071	67.58%	GREECE	4,143
PORTO KARRAS ESTATE AGR/KI	94.91%	GREECE	9,877	94.39%	GREECE	8,682
MELITON BEACH PORTO KARRAS	92.94%	GREECE	34,211	92.81%	GREECE	35,525
MARINA PORTO KARRAS SA	90.00%	GREECE	5,284	90.00%	GREECE	6,297
PORTO KARRAS GOLF SA	90.00%	GREECE	7,197	90.00%	GREECE	9,028
PORTO KARRAS VILLAGE INN S.A.	96.57%	GREECE	2,060	96.25%	GREECE	2,058
ERGASTIRI ELEFTHERON SPOUDON TOUR. INV. P.KA	96.93%	GREECE	54	96.93%	GREECE	89
TOURIST DEVELOPMENTS P. KARRAS	51.00%	GREECE	186	51.00%	GREECE	203
PORTO KARRAS CASINO	62.34%	GREECE	30,993	49.77%	GREECE	22,823
TECHNICAL OLYMPIC SERVICES	100.00%	U.S.A	109	100.00%	U.K	210,915
TOUSA	66.96%	U.S.A	465,094	100.00%	U.S.A	2,558
				67.07%	U.S.A	730,373

The Group is controlling the company MOCHLOS S.A. through the possibility to control the majority of the members of the Board of Directors, despite the fact that its participation in the said Companies is less than 50%.

4.5 Investments in Affiliates

The investments in affiliated companies for the Group and the Company are the following:

Amounts in € '000	31/12/2006								
Name of Affiliate Undertaking	**% Partic.**	**Country**	**Equity**	**Non floating assets**	**Floating assets**	**Long Term Liabilities**	**Short term liabilities**	**Income**	**Expenses**
AGROTOURISTIKI SA	31.00%	GREECE	862	1,120	369	0	627	481	1,264
LAMDA TECHNOL FLOISVOS HOL	25.00%	GREECE	16,867	16,815	60	0	8	0	52
LAMDA OLYMPIC SRL	50.00%	ROMANIA	3,324	0	3,486	0	162	1,687	1,661
AUDLEY HOLDING LIMITED	48.00%	CYPRUS	(4)	0	1,000	0	1,004	0	6
ZACOLA VENTURES LIMITED	4.82%	ROMANIA	2		2				
	31/12/2005								
Name of Affiliate Undertaking	**% Part.**	**Country**	**Equity**	**Non floating assets**	**Floating assets**	**Long Term Liabilities**	**Short term liabilities**	**Income**	**Expenses**
AGROTOURISTIKI SA	37.00%	GREECE	1,075	836	745	0	506	270	1,129
LAMDA TECHNOL FLOISVOS HOL	30.00%	GREECE	14,854	14,883	41	60	11	0	33
LAMDA OLYMPIC SRL	50.00%	ROMANIA	3,341	0	4,458	0	1,117	9,474	9,357
ZACOLA VENTURES LIMITED	4.82%	ROMANIA	2		2				

Amounts in € '000	31/12/2006								
Name of Affiliate Undertaking	**% Partic.**	**Country**	**Equity**	**Non floating assets**	**Floating assets**	**Long Term Liabilities**	**Short term liabilities**	**Income**	**Expenses**
AGROTOURISTIKI SA	31.00%	GREECE	862	1,120	369	0	627	481	1,264
LAMDA TECHNOL FLOISVOS HOL	25.00%	GREECE	16,867	16,815	60	0	8	0	52
	31/12/2005								
Name of Affiliate Undertaking	**% Partic.**	**Country**	**Equity**	**Non floating assets**	**Floating assets**	**Long Term Liabilities**	**Short term liabilities**	**Income**	**Expenses**
AGROTOURISTIKI SA	37.00%	GREECE	1,075	836	745	0	506	270	1,129
LAMDA TECHNOL FLOISVOS HOL	30.00%	GREECE	14,854	14,883	41	60	11	0	33

The analysis of the transactions of the account "Investments in Affiliates" is as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Start of financial year	**6,378**	**5,788**	**4,649**	**4,649**
Capital increases	608	0	510	0
Impairment of value	(576)	0	0	0
Ratio of result of affiliate undertakings	13	0	0	0
Foreign exchange (F/E) differences	183	590	0	0
End of financial year	**6,606**	**6,378**	**5,159**	**4,649**

4.6 Investments in Joint Ventures

The investments in joint ventures presented in the consolidated financial statements involve joint ventures of the subsidiaries MOCHLOS S.A. and TOUSA. The group is consolidating the joint ventures using the net position method. The participation percentage of the group in these joint ventures as well as selected financial data of these joint ventures are presented in the table below:

Amounts in € '000					**31/12/2006**				
Name of Joint Venture	**% Participation**	**Country**	**Equity**	**Non floating assets**	**Floating assets**	**Long Term Liabilities**	**Short term liabilities**	**Income**	**Expenses**
J/V MOCHLOS-INTRACOM CONSTRUCTION - GANTZOULAS FOR THE SWIMMING CENTRE	32.50%	GREECE	(1,599)	0	2,079	0	5,360	(1,424)	186
J/V MOCHLOS-INTRAKAT FOR THE PROJECT OLYMPIC TENNIS CENTER OACA	50.00%	GREECE	346	23	7,820	0	8,226	628	557
J/V MOCHLOS SA - ATHINAIKI TECHNIKI SA - INTRAKAT SA FOR THE PROJECT PANTHESSALIC STADIUM OF N. IONIA IN VOLOS	32.50%	GREECE	(54)	15	3,328	0	3,711	330	290
J/V MOCHLOS SA - ATHENS SA FOR THE PROJECT IN DODONI	50.00%	GREECE	0	186	9,460	0	7,091	13,546	13,627
HM Villas at Tremont Ltd.	49.00%	U.S.A.	52	34	17	0	0	3,958	3,934
CP Red Oak Partners, Ltd.	50.00%	U.S.A.	2,287	10,590	2	7,783	522	5,156	5,040
Chantilly Park Condos, LLC	49.00%	U.S.A.	0	569	32	0	601	17,254	12,868
Laurel Highlands, LLC	50.00%	U.S.A.	5,935	9,472	364	3,797	105	4,453	4,508
Reflection Key, LLC	49.00%	U.S.A.	15,865	15,961	10	0	106	0	1,932
Engle Whitestone LLC (Verrado)	49.00%	U.S.A.	1,929	945	1,350	0	366	30,242	25,220
Engle Sierra Verde P4, LLC	49.00%	U.S.A.	1,997	4,028	1,282	0	3,313	18,686	16,415
Engle Sierra Verde P5, LLC	49.00%	U.S.A.	8,506	8,496	561	0	550	7,070	6,233
LH-EH Layton Lakes Estates, LLC	50.00%	U.S.A.	20,421	47,004	292	25,787	1,088	0	0
Engle Sunbelt, LLC	49.00%	U.S.A.	49,946	189,371	17,094	122,460	34,058	388,099	341,071
SC Development Enterprises, LLC	49.90%	U.S.A.	0	50	137	0	188	0	432
Beacon Hill at Mountain's Edge LLC	49.00%	U.S.A.	16,231	15,836	1,750	0	1,355	4,434	4,055
R.R. Houston Development LLC	49.00%	U.S.A.	7,378	12,542	9	4,479	694	3,118	3,379
Engle / Sunbelt, LLC	49.00%	U.S.A.	6,029	7,557	1,038	0	2,566	6,456	6,242
TOUSA / Kolter LLC (Waldrep)	50.00%	U.S.A.	19,778	130,863	3,064	59,226	54,923	0	1,536
TOUSA at Wellington LLC	50.00%	U.S.A.	23,900	55,649	76	31,383	442	0	0
Waterview JV Partners	50.00%	U.S.A.	2,302	6,104	16	3,399	419	0	74
TOUSA-Hearthstone Lake Webster, LLC	5.00%	U.S.A.	10,325	21,119	0	10,324	470	0	0
Newmark/Lennar Central Texas, LP	50.00%	U.S.A.	483	2,816	312	2,400	245	1,932	314

					31/12/2005				
Name of Joint Venture	% Participation	Country	Equity	Non floating assets	Floating assets	Long Term Liabilities	Short term liabilities	Income	Expenses
J/V MOCHLOS-INTRACOM CONSTRUCTION - GANTOULAS FOR THE SWIMMING CENTRE	33,00%	GREECE	3	0	1.723	0	1.719	365	272
J/V MOCHLOS-INTRAKAT FOR THE PROJECT OLYMPIC TENNIS CENTER OACA	50,00%	GREECE	39	16	4.917	0	4.894	1.175	322
J/V MOCHLOS SA - ATHINAIKI TECHNIKI SA - INTRAKAT SA FOR THE PROJECT PANTHESSALIC STADIUM OF N. IONIA IN VOLOS	32,50%	GREECE	(27)	7	1.715	0	1.749	516	754
J/V MOCHLOS SA - ATHENS SA FOR THE PROJECT IN DODONI	50,00%	GREECE	0	139	4.233	0	4.372	0	0
HM Villas at Tremont Ltd.	49,00%	U.S.A.	1.383	1.959	17	641	0	1.693	1.438
CP Red Oak Partners, Ltd.	50,00%	U.S.A.	590	5.921	25	4.459	306	676	693
SR Holdings LP (Stevens Rand)	49,00%	U.S.A.	1.135	4.258	53	2.251	454	362	226
Lorton South Condominius LLC	49,00%	U.S.A.	2.145	14.988	3	0	1.608	0	69
Chantilly Park Condos, LLC	49,00%	U.S.A.	2.098	5.295	3.465	0	1.167	14.801	9.878
Laurel Highlands, LLC	50,00%	U.S.A.	1.657	5.163	33	1.513	369	3.917	3.952
Reflection Key, LLC	49,00%	U.S.A.	1.219	3.720	36	0	626	0	17
Engle Whitestone LLC (Verrado)	49,00%	U.S.A.	2.262	5.437	1.834	0	957	19.217	15.652
Engle Sierra Verde P4, LLC	49,00%	U.S.A.	504	4.341	143	0	1.264	905	620
Engle Sierra Verde P5, LLC	49,00%	U.S.A.	652	3.003	0	0	248	0	33
Cibola Vista Community Development	50,00%	U.S.A.	0	0	0	0	0	0	0
LH-EH Layton Lakes Estates	50,00%	U.S.A.	8.809	17.554	64	0	0	0	0
Engle Sunbelt, LLC	49,00%	U.S.A.	23.744	113.915	6.259	81.619	10.747	130.340	117.831
ARSIC LLC	26,00%	U.S.A.	248	2.258	0	0	0	0	0
SC Development Enterprices	49,90%	U.S.A.	925	897	980	0	449	4.849	3.940
Beacon Hill at Mountains Edge	49,00%	U.S.A.	1.258	4.562	52	0	229	0	107
Houston Development LLC	49,00%	U.S.A.	2.503	8.363	261	3.112	503	2.320	2.392
Engle / Sunbelt, LLC	49,00%	U.S.A.	931	3.846	1.030	0	1.264	7.041	5.816
TOUSA /Kolter LLC (Waldrep)	50,00%	U.S.A.	5.377	55.324	4.246	48.105	711	0	1.458
EH/Transeastern LLC	50,00%	U.S.A.	35.853	361.340	12.549	247.944	64.300	46.601	52.960
TOUSA at Wellington LLC	50,00%	U.S.A.	12.327	24.655	0	0	0	0	0
Waterview JV Partners	50,00%	U.S.A.	1.193	2.386	0	0	0	0	0

Notes

1. Concerns Holdings of MOCHLOS SA in the specific Joint Ventures. The participation percentage of TECHNICAL OLYMPIC in MOCHLOS S.A. is 48.23%.

2. Concerns Holdings of TOUSA in the specific Joint Ventures. The participation percentage of TECHNICAL OLYMPIC in the TECHNICAL OLYMPIC USA, Inc., on 31.12.06, was 66.96 %, while on 31.12.05 it was 67.07%.

In the fund "Investments in joint ventures" of the subsidiary TOUSA up to and including the drafting of the intermediate financial statements of the period ended on 30.09.06 was included its participation in the joint venture Transeastern by a percentage of 50%. Upon the end of its last accounting year the joint venture had a total of liabilities greater than the total of its assets, as a result of which the viability of the company is questioned. For this reason the group proceeded with the impairment of the value of its investment in the above joint venture, due to losses from this joint venture in the amount of € 70.1 million, which also takes into account a total of € 23.8 million as receivables from services rendered and interest in the amount of € 16.3 million.

In relation to the joint ventures described below, there are no commitments for capital expenses.

4.7 Financial Assets Available for Sale

The financial assets available for sale of the Group comprise:

	THE GROUP		
Amounts in € '000	**Loans to real estate clients**	**Other participations**	**Total**
Balance on 1/1/2005	**55,660**	**6**	**55,666**
Additions (+)	37,220	0	37,220
Disposals (-)	(64,265)	0	(64,265)
Other changes	8,606	0	8,606
Balance on 31/12/2005	**37,221**	**6**	**37,227**
Changes during the financial year 2006			
Additions	31,809	5	31,814
Disposals	(33,340)	0	(33,340)
Other changes	(3,880)	0	(3,880)
Balance on 31/12/2006	**31,810**	**11**	**31,821**

The financial assets available on 31.12.06 mainly comprise loans to clients of TOUSA in the amount of € 31,809 thousand ($ 41.893). More specifically, TOUSA is offering financial services in most of the markets where it is active. These include the search for funding for the buyers of homes (Mortgage Finance) provided by “TO FINANCIAL SERVICES” and the supply of land registry services for the ownership titles (TITLE COMPANY).

These services are mainly addressed to the buyers of homes built by TOUSA, as well as to buyers of homes of other companies or home owners who whish to refinance home loans. These loans are sold to private investors within 30 days from their issue and thus their book value does not differ from their fair value.

4.8 Investments in Real Estate

The amounts recorded in the balance sheet concern real estate investments, as follows:

Amounts in thousand €	THE GROUP	THE COMPANY
Book value on 31/12/2005	**12,324**	**2,374**
Transfer from group use	214	0
Goodwill of revaluation	737	0
Book value on 31/12/2006	**13,275**	**2,374**

The income recorded in the financial year results and concerning real estate investments is as follows:

Amounts in thousand €	THE GROUP		THE COMPANY	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Revenues from rents	628	541	51	33

On 31.12.06, the company determined the current value of the Group investments in land and buildings. The company revaluated the above methods that the independent appraiser applied and the differences were recorded in the results of the financial year. The changes in the values of real estate investments as well as the amounts recorded in the results of the financial year are as follows:

Amounts in thousand €	THE GROUP				
	PATRAS PROPERTY	**PYLEA PROPERTY**	**GLYFADA PROPERTY**	**OTHER PROPERTIES**	**TOTAL**
Book value on 31/12/2006	1,920	5,800	3,693	1,124	12,537
Fair value on 31/12/2006	2,051	5,800	3,693	1,731	13,275
(Profit) / Loss	**(131)**	**0**	**0**	**(607)**	**(738)**

Amounts in thousand €	THE COMPANY			
	GLYFADA PROPERTY	**PLOT IN ANDRAVIDA**	**OTHER PLOTS**	**TOTAL**
Book value on 31/12/2006	2,220	141	13	2,374
Fair value on 31/12/2006	2,220	141	13	2,374
(Profit) / Loss	**0**	**0**	**0**	**0**

There are no limitations to the liquidation of investments in real estate or to the return of income or the proceeds from possible disposal thereof.

There are no contractual obligations for the purchase, construction or utilization of real estate investments or for any potential repairs and maintenance made to same.

4.9 Other Long-term Receivables

The analysis of the other long-term receivables of the Group and the Company is presented below:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Guarantees	579	149	0	0
Loans to group companies	0	0	18,900	17,340
Evaluation of loans	0	0	(3,648)	(3,840)
VAT Receivable	1,318	10,669	0	0
Other Long term Receivables	1,939	329	0	0
Total	**3,836**	**11,147**	**15,252**	**13,500**

These are receivables, which will be collected after the end of the next financial year.

The individual financial statements show the receivables from loans to companies of the Group, which concern loans granted to associated parties. During the initial recording, these assets were evaluated at fair value using a market rate for relevant loans, due to the fact that these are interest-free, while all the subsequent changes, based on the actual interest rate method, are recorded as financial income in the Statement of Results of the Financial Year.

An analysis of these loans is given in the table below:

Amounts in € '000							
Loan Granted to:	**Meliton Porto Karras A**	**Meliton Porto Karras B1**	**Meliton Porto Karras B2**	**Golf Porto Karras**	**Marina Porto Karras**	**Samos Marinas**	**Total**
Date granted	29/03/2004	15/11/2005	30/01/2006	29/03/2004	29/03/2004	07/09/2005	
Amount of loan	4,350	4,890	2,110	2,600	1,000	3,950	18,900
Evaluation of loans at current values	-883	-1,321	-570	-528	-203	-143	-3,648
Loan book value	**3,467**	**3,569**	**1,540**	**2,072**	**797**	**3,807**	**15,252**

These loans are interest free, bond loans and convertible to stock. For the evaluation of these loans, at their fair value on the date of granting we used a discount rate of 5.5%, which is considered also the actual interest rate for future evaluation.

4.10 Deferred Tax Receivable and Liability

The deferred tax receivables and liabilities are offset when there is an enforceable legal right for the current tax receivables to be offset against current tax liabilities and when the deferred income taxes concern the same tax (IRS) authority.

The offset amounts for the Group are the following:

THE GROUP				
Amounts in € '000	**31/12/2006**		**31/12/2005**	
	Receivables	**Liabilities**	**Receivables**	**Liabilities**
Tangible Fixed Assets	1,730	(42,671)	157	(42,092)
Intangible assets	6	(12,883)	0	0
Investments in real estate	82,384	0	0	0
Other long term receivables	0	(1,866)	0	0
Reserves	36,902	0	7,629	0
Receivables from construction contracts	15	(1,530)	2,865	0
Receivables from clients and other commercial receivables	59	0	0	0
Reserve capital	15,869	0	4,832	0
Personnel benefits	2,497	0	8,497	0
Short term Loan Liabilities	16	(126)	0	(147)
Fixed assets acquired by leasing	0	(3,175)	76	(4,641)
Recognition of tax losses	3,190	(63)	4,331	(17,122)
Total	**142,668**	**(62,314)**	**28,387**	**(64,002)**
Offsetting	**(4,691)**	**(4,691)**	**(3,153)**	**3,153**
Deferred tax receivable / (liability)	**137,977**	**(57,623)**	**25,234**	**(60,849)**

The respective amounts that are recorded for the company are the following:

THE COMPANY				
Amounts in € '000	**31/12/2006**		**31/12/2005**	
	Receivables	**Liabilities**	**Receivables**	**Liabilities**
Tangible Fixed Assets	0	(510)	0	(543)
Intangible assets	5	0	20	0
Investments in subsidiary undertakings	0	(47,954)	0	(189,773)
Personnel benefits	15	0	13	0
Short term Loan Liabilities	0	(126)	0	(147)
Fixed assets acquired by leasing	0	(212)	0	(228)
Total	**20**	**(48,802)**	**33**	**(190,691)**
Offsetting	**(20)**	**20**	**(33)**	**33**
Deferred tax receivable / (liability)	**0**	**(48,782)**	**0**	**(190,658)**

In accordance to the tax law, certain income is tax-free at the time of acquisition, but also at the time of distribution to the shareholders. The accounting principle of the Group is to record a deferred tax liability for such income at the time of distribution.

The income tax scale that applies to the parent Company and the other companies with registered office in Greece for the year 2006 is equal to 29%. Pursuant to the applicable tax law, the scale based on which the income of Société Anonyme is taxed, is reduced as of the financial year 2007 and fixed at 25%.

The subsidiary TOUSA, with registered office in the USA, is subject to actual income tax at a scale of 37%.

The subsidiary EUROROM, with registered office in Romania, is subject to actual income tax at a scale of 16%.

4.11 Reserves

The analysis of the reserves of the Group is set out as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Goods	182	164	0	0
Advance payments	174,146	185,249	0	0
Products finished and unfinished - Byproducts and Residues	783	2,223	0	0
Raw and auxiliary materials - Consumables - Spare parts and Packaging items	4,776	3,304	0	0
Plots under development	570,778	551,247	0	0
Property under construction	677,640	646,503	0	0
Land with the option to purchase	257,048	105,590	0	0
Total liquidating value	**1,685,353**	**1,494,280**	**0.00**	**0.00**

The real estate under construction originates from the company TOUSA and concerns the buildings under construction on the date of drafting of the financial statements. This fund comprises also advance payments given for the purchase of the land plots, for building of homes as well as value of the plots for which the Group has no ownership title (2006: € 257,048 thousand, 2005: ($ 105,589 thousand). For the latter, the Group has recorded a respective liability (see note 4.27).

There are no commitments regarding the reserves of the company to secure borrowing or other obligations.

4.12 Construction Contracts

The construction contracts concern the construction of assets or group of associated assets especially for clients in accordance with the terms provisioned in the relevant contracts, the implementation of which usually lasts for a period longer than one financial year.

The analysis of the receivables and liabilities of the Group from construction contracts is as follows:

	THE GROUP	
Amounts in thousand €	**31/12/2006**	**31/12/2005**
Conventional income accounted for in the results for the financial year	72,309	40,826
Accrued cost of projects	432,224	441,682
Plus: Profit recorded (cummulatively)	44,610	20,041
less: Loss recorded (cummulatively)	(15,603)	(5,818)

	THE GROUP	
Amounts in thousand €	**31/12/2006**	**31/12/2005**
Receivable from construction contracts (from clients)	27,935	25,306
Liability from construction contracts (from clients)	(1,379)	(3,608)
Total advance payments received	20,139	10,533
Clients' withholdings for good performance	13,511	4,638

4.13 Clients and Other Commercial Receivables

The analysis of receivables from clients and other commercial receivables for the Group and the Company is set out as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Clients	20,484	107,515	221	2,740
Receivable promissory notes	120	22	0	0
Cheques receivable (post-dated)	2,528	1,191	265	2
Receivables from associated undertakings	0	0	0	127
Receivables from the Greek State	26	0	0	0
Receivables from taxes	0	0	0	0
Withheld guarantees	3,688	0	0	0
Total receivables	**26,846**	**108,728**	**486**	**2,869**
Less: Depreciation provision	(771)	(92)		
Total net receivables	**26,075**	**108,636**	**486**	**2,869**

4.14 Receivable from Joint Ventures / Liabilities to Joint Ventures

The Group is participating through the subsidiaries TOUSA and MOCHLOS in several joint ventures that are involved in construction.

Amounts in thousand €	THE GROUP 31/12/2006	THE GROUP 31/12/2005
Receivables from MOCHLOS joint ventures	5,793	5,394
Receivables from TOUSA joint ventures	20,629	51,299
Receivables from TOXOTIS joint ventures	0	315
Total receivables from joint ventures	**26,422**	**57,008**
Less: Depreciation provision	-3,490	0
Total net receivables from joint ventures	**22,932**	**57,008**

Amounts in € '000	THE GROUP 31/12/2006	THE GROUP 31/12/2005
Liabilities to MOCHLOS joint ventures	695	687
Total liabilities to joint ventures	**695**	**687**

4.15 Other Receivables

The other receivables of the Group and the Company are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Receivables against associated undertakings (i)	0	13,954	1,302	349
Receivable expenses of financial year	929	2,410	0	0
Other advance payments	5,648	4,422	253	314
Pre-paid expenses	14,769	24,759	1	0
Sundry debtors	21,829	19,100	2,114	6,123
Receivables from the Greek State	41,283	3,595	13,326	10,809
Advance payments to personnel	25	0	0	0
VAT Receivable	5,074	0	0	0
Withheld client guarantees	1,619	0	0	0
Recording of Subsidy	7,186	5,471	0	0
Total of other receivables	**98,362**	**73,711**	**16,996**	**17,595**
Less: Depreciation provision	(12,821)	(991)	(10,722)	(10,722)
Total net receivables	**85,541**	**72,720**	**6,274**	**6,873**

Most claims, arising against affiliated enterprises, are claims from companies of the Technical Olympic group. Claims and liabilities to affiliates are analysed in par. 6.2.

4.16 Financial Assets Evaluated at their Fair Value through the Results

With regard to high liquidity investments in shares with a short-term investment period.

Amounts in € '000	THE GROUP	THE COMPANY
Balance as of 01.01.05	**1,544**	**222**
Additions	(50)	0
Sales	(297)	0
Fair value readjustments	(29)	128
Balance on 31/12/2005	**1,169**	**350**
Changes during the financial year 2006		
Transfers	50	0
Sales	(484)	(82)
Fair value readjustments	345	213
Balance on 31/12/2006	**1,079**	**481**

Financial assets are part of the portfolio of the parent company and MOCHLOS S.A.

In the current financial year the parent company and its subsidiary MOCHLOS S.A. liquidated part of their portfolios. The results from these transactions are presented in par. 4.39.

4.17 Cash-In-Hand and Cash Equivalents

The cash-in-hand represent cash in the company's cashier and bank accounts available upon demand.

The cash-in-hand and cash equivalents of the Group and the Company are as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Cash-in-hand	1,025	676	4	5
Cash available on deposit (banks)	25,045	9,764	1,136	2,467
Cash equivalents - Repos	22	21	21	21
Deposit accounts pledged	39,423	42,078	0	0
Total cash-in-hand & cash equivalents	**65,515**	**52,539**	**1,161**	**2,493**

4.18 Share Capital

The Company's share capital consists of 132,500,000 ordinary, fully paid shares, with a nominal value of EUR 1.00 each. The total share capital amounts to EUR 132,500,000. TECHNICAL OLYMPIC S.A. shares are listed on the Athens Stock Exchange.

With regard to the company's share capital, there are no special restrictions aside from those dictated by applicable legislation.

4.19 Capital Above Par

The company's above par share capital, which amounts to EUR 252,127,430.99, is the result of the issuance of shares for cash with a value higher than their nominal value.

4.20 Fair Value Reserves

The fair value reserves of the Group and the Company are analysed as follows:

	THE GROUP		THE COMPANY		
Amounts in thousand €	**Evaluation of fixed assets at fair values**	**Total**	**Evaluation of fixed assets at fair values**	**Financial assets available for sale**	**Total**
Gross	**186,457**	**186,457**	**2,052**	**487,197**	**489,249**
Less: Deferred Tax	-46,655	-46,655	-554	-152,898	-153,452
Less: Minority Rights	-8,130	-8,130	0	0	0
Balance as of 1 January, 2005	**131,672**	**131,672**	**1,498**	**334,299**	**335,797**
Fair value increase	0	0	0	118,680	118,680
Less: Deferred Tax	0	0	0	-41,491	-41,491
Impairment of participation value	0	0	0	-900	-900
Transfer of reserves to the results (P&L) due to sale of shares	0	0	0	-13,190	-13,190
Plus: Deferred Tax	0	0	0	4,617	4,617
Less: Fair Value Reserve Depreciation	-1,756	-1,756	-34	0	-34
Plus: Deferred tax from fair value reserve depreciation	439	439	9	0	9
Less: Minority Rights	-83	-83	0	0	0
Balance as of 31 December, 2005	**130,272**	**130,272**	**1,473**	**402,015**	**403,488**
Fair value increase	0	0	0	40,164	40,164
Less: Deferred Tax	0	0	0	0	0
Impairment of participation value	0	0	0	-405,197	-405,197
Plus: Deferred Tax	0	0	0	141,819	141,819
Plus: Deferred Tax	222	222	0	-1	-1
Less: Fair Value Reserve Depreciation	-1,864	-1,864	-13	0	-13
Plus: Deferred tax from fair value reserve depreciation	466	466	3	0	3
Less: Minority Rights	80	80	0	0	0
Balance as of 31 December, 2006	**129,176**	**129,176**	**1,463**	**178,800**	**180,263**

The Group and the Company have recorded the deferred tax liability over the asset revaluation profit at fair value.

Moreover, the Company has recorded the deferred tax liability on goodwill that resulted from the evaluation of the subsidiary company TOUSA at fair value.

4.21 Other Reserves

The Group's remaining reserves are analysed as follows:

Amounts in € '000	THE GROUP			
	Ordinary Reserve	**Extraordinary reserves**	**Special & tax exempt reserves**	**Total**
Balance on 1/1/2005	**4,354**	**7,008**	**(888)**	**10,474**
Formation of ordinary reserves	335	0	0	335
Transfer of part of the reserves to the results carried forward	0	(1,528)	(356)	(1,884)
Formation of other reserves	0	0	0	0
Balance on 31/12/2005	**4,689**	**5,480**	**(1,244)**	**8,925**
Transfer of part of the reserves to the results carried forward	0	0	3	3
Balance on 31/12/2006	**4,689**	**5,480**	**(1,241)**	**8,928**

The Company's remaining reserves are analysed as follows:

Amounts in € '000	THE COMPANY			
	Ordinary Reserve	**Extraordinary reserves**	**Special & tax exempt reserves**	**Total**
Balance on 1/1/2005	**3,845**	**1,095**	**2,964**	**7,904.00**
Formation of ordinary reserves	329	0	0	329.00
Transfer of part of the reserves to the results carried forward	0	0	(356)	-356.00
Balance on 31/12/2005	**4,174**	**1,095**	**2,608**	**7,877.00**
Balance on 31/12/2006	**4,174**	**1,095**	**2,608**	**7,877.00**

Ordinary Reserve: According to Greek trade legislation, all companies are obligated to reserve 5% from the financial year's profits, as ordinary reserve until that amounts to one third of the paid share capital. Distribution of ordinary reserves is prohibited throughout the company's term.

Tax Free and Specially Taxed Reserves: Reserves from tax exempt proceeds and reserves taxed in a special way, regard proceeds from interest and sale of shares of companies that are not listed on the Stock Exchange and which are non-taxable or tax has been withheld at source. Despite any pre-paid tax, these reserves are subject to taxation in the event of distribution. In the present phase, the Group has no intention of distributing these reserves and therefore the relevant deferred tax obligation has not been accounted for.

Tax-free Reserves Subject to Special Legislative Provisions and Other Special Reserves:

Tax-free reserves subject to special legislative provisions refer to non-distributed profits, which are tax exempt pursuant to special provisions of development laws (under the condition that sufficient profits exist for their formulation). These reserves are primarily for investments and are not distributed. The deferred tax obligation has not been accounted for these reserves.

4.22 Profit Balance Carried Forward

Dividend has not been paid to company shareholders for the 2006 financial year.

4.23 Liabilities for Personnel Benefits due to Voluntary Retirement

The Group and the Company record as a liability for personnel benefits due to voluntary retirement, the current value of the legal commitments that have been undertaken for the payment of a lump sum compensation to retiring personnel. The relevant liability has been calculated according to an actuarial study that was carried out by an independent actuary. In particular, the relevant study regarded the examination and calculation of the actuary amounts that are required according to the specifications set out by International Accounting Standards (IAS 19) and which amounts must be recorded in the Balance Sheet and results statement of each enterprise.

The Group and the Company have not officially or unofficially activated any special benefit programme in favour of the employees, which commits to benefits in the event of personnel retirement. The only programme currently in force, is the contractual obligation pursuant to applicable legislation of Law 2112/1920 and 3198/1955 on payment of a lump sum in the event of personnel retirement.

The relevant obligations of the Group and the Company, as well as the amounts that have been recorded in the results statement are as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Balance Sheet Liabilities at start	**527**	**578**	**52**	**22**
Pension benefits	208	(51)	6	30
Total	**735**	**527**	**58**	**52**
Charges at results (P&L)				
Pension benefits (provisions and payments)	**208**	**(51)**	**6**	**30**
Total	**208**	**(51)**	**6**	**30**

The company's and the group's liability is analysed as follows:

Amounts in € '000	THE GROUP 31/12/2006	THE GROUP 31/12/2005	THE COMPANY 31/12/2006	THE COMPANY 31/12/2005
Liabilities				
Current value of non funded liabilities	951	759	56	59
Non recorded book profits / (losses)	(98)	(112)	2	(7)
Non recorded previous service cost	(118)	(120)	0	0
Total	**735**	**527**	**58**	**52**

The amounts that have been recorded in the results statement of the financial year are the following:

Amounts in € '000	THE GROUP 31/12/2006	THE GROUP 31/12/2005	THE COMPANY 31/12/2006	THE COMPANY 31/12/2005
Cost of current employment	160	125	15	5
Financial cost	29	29	2	1
Benefits paid by the employer	(206)	(757)	(15)	0
Cost of reductions/ settlements/ termination of service	179	575	4	0
Reorganization Cost	0	(48)	0	0
Other income/ expenses	37	24	0	24
Recognition of actuary profit/ loss	4	0	0	0
Recognition of previous service cost	5	1	0	0
Total	**208**	**(51)**	**6**	**30**

The primary actuary assumptions that were applied for the above accounting purposes are the following:

Primary actual assumptions	**31/12/2006**	**31/12/2005**
Discount rate	4.20%	4.00%
Future price rises	4.00%	4.00%
Inflation	2.50%	2.50%
Average expected personnel employment time	20	20

Demographic Assumptions:

Mortality rate: We have used the Swiss mortality rate table EVK2000 for men and women.

Sickness: Considering the long-term evaluation period, we have taken into consideration sickness probabilities using the relevant Swiss table EVK2000 for men and women, modified by 50%.

Normal Retirement Ages: We have used the retirement terms of the Social Insurance Fund that each employee is registered to, as those terms have been amended pursuant to recent legislative provisions.

Personnel benefits are presented in the following table:

Amounts in € '000	THE GROUP 31/12/2006	THE GROUP 31/12/2005	THE COMPANY 31/12/2006	THE COMPANY 31/12/2005
Salaries, daily wages & benefits	120.894	149.784	282	284
Social Security expenses	5.360	16.513	46	43
Pension benefits (provisions)	164	701	4	29
Redundancy payments	243	0	15	0
Benefits in stock	6.755	0	0	0
Other benefits to employees	457	436	1	0
Total	**133.873**	**167.434**	**348**	**356**

4.24 Future Income from State Subsidies

Fixed asset subsidies are included in this fund.

Amounts in € '000	THE GROUP Wind Farm Construction Subsidy	Subsidy for the Construction of Samos Marina	Other subsidies	Hotel Renovation	SPA Construction	Total
Book value on 1/1/2005	**1,195**	**2,157**	**5,309**	**1,124**	**5,845**	**12,278**
Amortisation	(144)	0	(231)	(71)	(144)	(446)
Deletion of subsidies	0	0	(50)	0	0	(50)
Book value on 31/12/2005	**1,051**	**2,157**	**5,028**	**1,053**	**9,289**	**11,782**
Recognition of Subsidies	0	0	1,714	0	0	1,714
Amortisation	(144)	0	(589)	(531)	(144)	(1,264)
Book value on 31/12/2006	**907**	**2,157**	**6,153**	**522**	**9,739**	**12,232**

The most important subsidised investment programs undertaken by the Group are:

➢ Subsidy by the Ministry of Economy and Finance to company MELITON BEACH PORTO KARRAS S.A. with investment objective the modernisation of the hotel's 2nd wing. The cost of the investment expenditure according to the approval decision, amounted to EUR 4,500 thousand, whereas the subsidy amounted to EUR 1,125 thousand, the disbursement of which was completed in 2004.

➢ Subsidy by the Ministry of Economy and Finance to company MELITON BEACH PORTO KARRAS S.A. with investment objective the construction of a SPA centre. The cost of the investment expenditure according to the approval decision, amounted to EUR 7.121 thousand, whereas the subsidy amounted to EUR 2,492 thousand; the disbursement has not been completed to date.

➢ Subsidy by the Ministry of Economy and Finance to company GOLF PORTO KARRAS S.A. with investment objective the modernization of the hotel’s golf courses. According to the approval decision, the cost of the investment expenditure amounted to EUR 8,793 thousand and the subsidy amounted to EUR 3,517 thousand the disbursement of which was completed in 2005.

➢ Subsidy by the Ministry of Economy and Finance to company MARINA PORTO KARRAS S.A. with investment objective the modernization of the complex’s marina. The cost of the investment expenditure according to the approval decision amounted to EUR 5,493 thousand and the subsidy amounted to EUR 2,097 thousand. From the said amount, EUR 518 thousand was disbursed in 2004 and EUR 1,579 thousand is still pending.

➤ Subsidy by the Ministry of Economy and Finance to company SAMOS MARINAS S.A. with investment objective the modernization and construction of additional projects of the tourist port at Pithagorio Samos. The cost of the investment according to the approval decision amounts to EUR 6,163 thousand and the subsidy amounted to EUR 2,157 thousand. The competent department has certified the first and second phase of the investment whereas to date the amount of EUR 575 thousand has been disbursed; it is estimated that in 2007 the remaining subsidy amount will be disbursed also.

➤ Subsidy by the Hellenic & Cypriot Education Office to company MELTEMI KASTRI A.V.E.T.E regarding the 5MW Eolic Park of Karistos. The total actual amount of the investment is EUR 5,254 thousand and it was subsidised by 40% by the Hellenic & Cypriot Education Office.

➤ The group's commitments regarding these subsidies are stated in par. 6.7.2.

4.25 Loan Liabilities

The loan liabilities of the Group and the company (long and short-term) are analysed as follows:

Long term loan liabilities	**THE GROUP**		**THE COMPANY**	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Bank loans	810,972	11,572	0	0
Leasing liabilities	1,872	1,252	0	0
Bond loans	29,305	688,655	28,000	0
Total long term loans	**842,149**	**701,479**	**28,000**	**0**

Short term Loan Liabilities	**THE GROUP**		**THE COMPANY**	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Bank loans	49,939	120,778	2,215	23,324
Leasing liabilities	379	2,034	0	0
Bond loans	2,000	0	2,000	0
Total short term loans	**52,318**	**122,812**	**4,215**	**23,324**

The expiry dates of loans taken out by the group (in years) is as follows:

Borrowing on 31/12/2006			
Amounts in € '000	**Bank Bond Loans**	**Leasing liabilities**	**Total**
1 year or less	51,939	379	**52,318**
Between 1 and 5 years	544,675	1,872	**546,547**
Over 5 years	295,601	0	**295,601**
	892,216	**2,251**	**894,467**

Borrowing on 31/12/2005			
Amounts in € '000	**Bank Bond Loans**	**Leasing liabilities**	**Total**
1 year or less	120,778	2,034	**122,812**
Between 1 and 5 years	700,227	1,252	**701,479**
	821,005	**3,286**	**824,291**

The expiry dates of loans taken out by the company (in years) is as follows:

Amounts in € '000	**Bank Bond Loans**	**Leasing liabilities**	**Total**
1 year or less	4,215	0	4,215
Between 1 and 5 years	28,000	0	28,000
	32,215	**0**	**32,215**

Borrowing on 31/12/2005			
Amounts in € '000	**Bank Bond Loans**	**Leasing liabilities**	**Total**
1 year or less	23,324	0	23,324
	23,324	**0**	**23,324**

4.25 Bank Loans

The loan interest rates of the Group companies in Greece is as follows:

Short-term bank loan	Loan interest rates in EURO 8%
ALPHA BANK bond loan	EURIBOR +SPREAD 2.5%
Cyprus bank bond loan	EURIBOR +SPREAD 2%

On 18 December 2006, Technical Olympic issued a bond loan for EUR 10,000 thousand from Cyprus Bank. The funds that were drawn from the loan were used to restructure the company's loans.

The duration of the bond loan was set for 2 years. According to the agreement, Technical Olympic has assigned 5.300.000 shares of its subsidiary TOUSA, as pledge.

Moreover, on 7 February 2006, Technical Olympic S.A. signed a joint bond loan with ALPHA BANK, for the amount of EUR 20,000 thousand and duration of five years. According to the agreement, Technical Olympic has assigned 11.000.000 shares of its subsidiary TOUSA, as pledge.

The loan terms provide for the calculation of the loan's interest rate, repayment terms, payment and prepayment and termination events.

Moreover, the loan terms include financial clauses, which dictate the requirements for maintaining certain financial indexes such as net loan liabilities to EBITDA, net loan liabilities to net position, EBITDA to total net debit interest.

Moreover, until the repayment of the 5 year, EUR 8,700 thousand, bond loan to BNP-PARIBAS bank and GENIKI BANK, the subsidiary Company “MOCHLOS S.A.” has the following obligations: not to to be forfeited from its 7th grade licence, not to change its activities, not to change its fixed assets without informing the bank, not to register encumbrances on fixed assets, not to limit exports and participations.

Finally, the Group’s subsidiary Technical Olympic USA Inc. (TOUSA), which is listed on the NYSE, does not have any bank loan liabilities. It does have contractual financial liabilities amounting to EUR 804,857 thousand (USD 1,060,000 thousand). These agreements include:

a) agreements amounting to EUR 228 million (USD 300 million) in total, 9% interest rate and maturity in 2010.

b) agreements amounting to EUR 190 million (USD 250 million) in total, 8.25% interest rate and maturity in 2011.

c) agreements amounting to EUR 140 million (USD 185 million) in total, 10.375% interest rate and maturity in 2012.

d) agreements amounting to EUR 95 million (USD 125 million) in total, 7.5% interest rate and maturity in 2011, and

e) agreements amounting to EUR 152 million (USD 200 million) in total, 7.5% interest rate and maturity in 2015.

4.25.2 Financial Lease Liabilities

The main clauses of company financial leases, in force on 31 December 2006, are as follows:

Amounts in € '000

COMPANY	CONTRACT DATE	DESCRIPTION OF LEASE	VALUE (in thousand €)	BUY-OUT VALUE (in €)	INTEREST RATE	No. of RENTS	AMOUNT OF RENT (in thousand €)
MOCHLOS S.A.	15/9/2003	Other Mechanical Equipment	2,609	0	EURIBOR	12 Quarterly	217
MOCHLOS S.A.	30/7/2003	Miscellaneous Machinery	2,184	1	EURIBOR	13 Quarterly	178
PORTO KARRAS CASINO S.A.	15/09/2004	System to monitor automatic slot machines	564,394	1	EURIBOR 3-m.	12 Quarterly	51
PORTO KARRAS CASINO S.A.	11/04/2004	52 casino slot machines	559,746	1	EURIBOR 3-m.	12 Quarterly	51
MOCHLOS S.A.	5/9/2006	New Perforating SN. 106	540	0	EURIBOR	20 Quarterly	31
PORTO KARRAS CASINO S.A.	23/12/2004	28 slot machines	286,446	10	EURIBOR 1-m.	12 Quarterly	26
MOCHLOS S.A.	15/6/2003	Hydraulic excavator O & K, Jackhammer O&K H260, cold milling machine type W, a complete drum set 1.0 m	454	1	EURIBOR	20 Quarterly	25
MOCHLOS S.A.	27/4/2005	2 Used helicopter engines Rolls Royce	265	1	AVERAGE EURIBOR MONTH + 2%	12 Quarterly	24
PORTO KARRAS CASINO S.A.	22/01/2003	20 slot machines	222,099	10	EURIBOR 3-m. +2%	12 Quarterly	20
MOCHLOS S.A.	5/11/2003	Asphalt Paving Complex of the Firm MASSENZA S.L.R.	360	0	EURIBOR	20 Quarterly	20
PORTO KARRAS CASINO S.A.	16/07/2004	20 casino slot machines	214,438	1	EURIBOR 3-m.	12 Quarterly	20
MOCHLOS S.A.	25/8/2006	Machinery - Trucks	275	1	EURIBOR	16 Quarterly	19
MOCHLOS S.A.	15/2/2004	Equipment of the SPA from the firm STAS DOYER HYDROTHERAPIE SA.	235	1	EURIBOR	12 Quarterly	18
MOCHLOS S.A.	7/3/2006	Tunnel mold R3.90\23.51 m	175	10	EURIBOR	12 Quarterly	16
MOCHLOS S.A.	27/11/2006	Gunite Concrete Mix Machine SPRITZ CSS-2	218	3	EURIBOR	20 Quarterly	13

Amounts in € '000

COMPANY	CONTRACT DATE	DESCRIPTION OF LEASE	VALUE (in thousand €)	BUY-OUT VALUE (in €)	INTEREST RATE	No. of RENTS	AMOUNT OF RENT (in thousand €)
PORTO KARRAS CASINO S.A.	06/03/2004	10 deck shuffling machines	115,045	10	EURIBOR 1-m. +2%	12 Quarterly	11
PORTO KARRAS CASINO S.A.	15/07/2004	4 chips sorting machines	112,322	10	EURIBOR 1-m. +2%	12 Quarterly	10
MOCHLOS S.A.	14/9/2006	Cold Milling Machine SN. 09.05.0154	150	0	EURIBOR	20 Quarterly	9
MOCHLOS S.A.	11/10/2006	Hydaulic excavator "HYUNDAI R200W-7 SN. N60410764"	115	1	EURIBOR	16 Quarterly	8
MOCHLOS S.A.	27/4/2005	Used helicopter turbine Rolls Royce	70	1	AVERAGE EURIBOR MONTH + 2%	12 Quarterly	6
PORTO KARRAS CASINO S.A.	14/05/2005	6 roulette wheels and 2 electronic roulette boards	55,651	10	EURIBOR 1-m. +2%	12 Quarterly	5
MOCHLOS S.A.	25/12/2003	Template-technical Worsk in Anthochorio	52	0	EURIBOR	12 Quarterly	5
MOCHLOS S.A.	8/9/2005	Used helicopter turbine Rolls Royce	25	1	AVERAGE EURIBOR MONTH + 2%	12 Quarterly	5
MOCHLOS S.A.	9/9/2004	Helicopter avionics system by the firm Motorflug Baden-Baden GmbH	123	1	EURIBOR	36 Monthly	4
PORTO KARRAS CASINO S.A.	31/05/2005	3 chips sorting machines	36,265	10	EURIBOR 1-m. +2%	12 Quarterly	3
MOCHLOS S.A.	3/6/2003	Engine with S/N CAE 840988 by the firm MTU Aero Engines	103	1	EURIBOR	36 Monthly	3
MOCHLOS S.A.	4/9/2003	Used sweeper brand name RAVO 5002 STH	38	1	EURIBOR	12 Quarterly	3
MOCHLOS S.A.	5/2/2005	Used helicopter turbine Rolls Royce	59	1	EURIBOR	20 Quarterly	3
MOCHLOS S.A.	25/5/2006	2 Job Site lifts "Gamma AS"	59	100	EURIBOR	20 Quarterly	3
PORTO KARRAS CASINO S.A.	15/09/2003	IVEGO Truck type 40C11	30,000	1	EURIBOR 3-m.	12 Quarterly	3

4.26 Other Provisions

The provisions included in this fund are analysed as follows:

	THE GROUP				
Amounts in € '000	**Guarantees reserve**	**Insurance and legal reserves**	**Provision for potential liability of Transeastern**	**Other provisions for contingent liabilities**	**Total**
Book value as of 1 January, 2005	**4,743**	**477**	**0**	**0**	**5,220**
Additional provisions	10,172	1,040	0	0	11,212
Using provisions	(9,681)	(538)	0	0	(10,219)
Foreign exchange (F/E) Differences	733	74	0	0	807
Book value as of 31 December, 2005	**5,967**	**1,053**	**0**	**0**	**7,020**
Additional provisions	7,853	8,749	251,708	592	268,902
Using provisions	(7,041)	(5,155)	0	0	(12,196)
Other changes	(622)	(110)	0	0	(732)
Book value as of 31 December 2006	**6,157**	**4,537**	**251,708**	**592**	**262,994**

TOUSA is guarantor and manager of the Transeastern joint venture, which is unable to fulfil its obligations. The expenses that the company will incur cannot be accurately estimated, considering that it is in the negotiation stage with the other party of the joint venture and its lenders. The best estimation is that this amount will range between EUR 209 million (USD 275 million) and EUR 295 (USD 388 million). According to IAS 37, the estimated amount is equal to the average of the above range, which amounts to EUR 252 million (USD 331.5 million).

The company creates a provision regarding the warranty it provides to the buyers of houses for any problem that may arise after the delivery of the house. The amount of the provision is calculated based on the conditions of each market and other qualitative and quantitative factors that govern it.

Moreover, the company creates a provision on the insurance and judicial claims that arise from construction agreements with subcontractors, based on historical data from its activities.

4.27 Other Long-term Liabilities

The other long-term liabilities of the Group and the Company are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Other long term liabilities	25	3,601	12	13
Deferred tax liabilities	0	633	0	633
Self insurance reserves	7,073	4,986	0	0
Options for land purchase	257,048	105,590	0	0
Total long term liabilities	**264,146**	**114,810**	**12**	**646**

The policy of the subsidiary TOUSA, is to purchase option rights for the acquisition of land plots intended for construction. In order to purchase such options, the company must prepay or issue a letter of guarantee for an amount equal to 20% of the value of exercising that right (pre-agreed purchase price of land plots). The company usually offsets this liability with prepayments it receives from customers, however in the event that the option is not exercised it may incur some expenses. During the accounting period that ended on 31 December 2006, the company had in its possession option rights for 42,500 land plots, for which it had paid EUR 174.3 million and had issued letters of guarantee amounting to approximately 195.7 million.

4.28 Suppliers and Other Liabilities

The balance from suppliers and other relevant liabilities of the Group and the Company are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Suppliers	103,251	294,190	337	1,940
Inter-company accounts payable	0	0	187	0
Promissory notes payable	0	305	0	0
Cheques Payable (post-dated)	10,409	13,460	174	1,474
Total Liabilities	**113,660**	**307,955**	**698**	**3,414**

4.29 Current Tax Liabilities

The current tax liabilities of the company and the group are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Income tax on taxable profits	3,439	69,882	1,590	6,495
Income tax of previous financial years	0	0	0	0
Differences in tax audit	2,130	354	808	0
TOTAL	**5,569**	**70,236**	**2,398**	**6,495**

4.30 Other Short-term Liabilities

The other short-term liabilities of the Group and the Company are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Advance payment from clients	50,784	28,668	189	11
Salaries and daily wages payable	24,615	0	16	0
Social security organizations	855	1,072	11	6
Other taxes (except income tax)	15,233	100	390	0
Dividends payable	2,846	3,795	2,767	1,749
Provisions for construction contracts (IAS11)	137	0	0	0
Interest Payable	28,744	1,000	0	0
BoD members remuneration payable	3,868	316	2,661	1,000
Expenses payable	31,184	0	44	106
Liabilities to associated undertakings	1,706	44	6,872	0
Next period income - Subsidies	38,194	3,608	0	0
Other short term Liabilities	1,411	21,249	219	2,357
Total Liabilities	**199,577**	**59,852**	**13,169**	**5,229**

4.31 Turnover

Turnover analysis of the Company and the Group is set in the table below:

	THE GROUP		THE COMPANY	
Amounts in € '000	**39,082**	**38,717**	**39,082**	**38,717**
Construction sector	69,085	49,729	0	0
Home Building /Real Estate	2,101,484	2,018,000	0	0
Financial services	14,178		0	0
Income from the Casino operation	21,459	14,178	0	0
Hotel Sector	18,840	13,227	0	0
Other		6,712	1,327	1,639
Total	**2,225,046**	**2,101,846**	**1,327**	**1,639**

4.32 Expense Analysis per Class

The group's expense analysis per class is as follows:

Amounts in € '000	THE GROUP 31/12/2006 Cost of sales	Administration costs	Disposal expenses	Total
Cost of reserves recorded as expense	1,600,571	5	3	**1,600,579**
Impairment of reserves	123,830	0	0	**123,830**
Cost of Amortizations	9,749	11,878	0	**21,627**
Provisions	(987)	9,177	0	**8,190**
Rents from operating leases	8,380	6,474	8,117	**22,970**
Taxes - Dues	1,180	1,810	35	**3,025**
Personnel remuneration & expenses	22,123	92,323	17,016	**131,462**
Third party fees & expenses	29,785	20,956	184	**50,925**
Financial services expenses	33,332	0	0	**33,332**
Advertising expenses	0	0	16,612	**16,612**
Third party benefits	9,788	988	48	**10,824**
Own production	(2,841)	(1)	0	**(2,842)**
Miscellaneous expenses	10,019	25,475	111,002	**146,496**
Total	**1,844,929**	**169,085**	**153,018**	**2,167,032**

Amounts in € '000	THE GROUP 31/12/2005 Cost of sales	Administration costs	Disposal expenses	Total
Cost of reserves recorded as expense	1,526,160	0	0	**1,526,160**
Cost of Amortizations	14,386	1,401	7,866	**23,653**
Provisions of reserves impairment	828	0	0	**828**
Provisions	71	0	0	**71**
Taxes - Dues	923	22,627	9,149	**32,699**
Personnel remuneration & expenses	35,441	23,998	107,995	**167,434**
Third party fees & expenses	23,711	46,473	18,419	**88,603**
Third party benefits	10,077	10,984	3,694	**24,755**
Own production	(2,221)	0	0	**(2,221)**
Miscellaneous expenses	7,093	14,657	11,850	**33,600**
Total	**1,616,469**	**120,140**	**158,973**	**1,895,582**

The company’s expense analysis per class for the company is as follows:

	THE COMPANY			
	31/12/2006			
Amounts in € '000	**Cost of sales**	**Administration costs**	**Disposal expenses**	**Total**
Cost of Amortizations	8	232	0	**239**
Rents from operating leases	0	0	0	**1**
Taxes - Dues	0	262	0	**262**
Personnel remuneration & expenses	123	222	4	**349**
Third party fees & expenses	442	491	0	**933**
Third party benefits	136	125	1	**261**
Miscellaneous expenses	11	245	5	**260**
Total	**719**	**1,575**	**9**	**2,304**

	THE COMPANY			
	31/12/2005			
Amounts in € '000	**Cost of sales**	**Administration costs**	**Disposal expenses**	**Total**
Cost of Amortizations	240	29	0	**269**
Taxes - Dues	0	24	0	**24**
Personnel remuneration & expenses	214	142	0	**356**
Third party fees & expenses	568	1,053	0	**1,621**
Third party benefits	100	122	0	**222**
Miscellaneous expenses	531	118	0	**649**
Total	**1,653**	**1,488**	**0**	**3,141**

Personnel benefits for the group and the company are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Salaries, daily wages & benefits	118,483	149,784	282	284
Social Security expenses	5,360	16,513	46	43
Pension benefits (provisions)	164	701	4	29
Redundancy payments	243	0	15	0
Benefits in stock	6,755	0	0	0
Other benefits to employees	457	436	1	0
Total	**131,462**	**167,434**	**348**	**356**

4.33 Other Operational Expenses

The other operational expenses are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Provisions for bad debt clients	913	0	715	0
Provisions for contingent liabilities	264,077	0	0	0
Tax fines & increments	183	39	113	0
Other fines & increments	17	17	0	0
Previous financial years expenses	5,543	2,215	1,136	76
Loss from sale & write-off of tangible assets	1,074	213	7	0
Foreign exchange (F/E) differences	0	5,834	0	5,216
Other income from operations	976	1,346	95	0
Other extraordinary losses	1,160	0	0	0
Total	**273,943**	**9,664**	**2,066**	**5,292**

4.34 Other Operational Income

The other operational income is analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Rents from operating leases	865	283	70	0
Rents from leasing of machinery	14	0	0	0
Income from state subsidies	1,814	446	2	0
Profits from sale of tangible fixed assets	252	352	0	0
Foreign exchange (F/E) differences	0	3,533	0	3,370
Income from gratuities	573	0	0	0
Refund of taxes - dues	0	3	0	3
Income from previous financial years	587	230	124	7
Income from services rendered to third parties	295	0	234	0
Other income from operations	2,483	8,416	45	73
Total	**6,883**	**13,263**	**475**	**3,453**

4.35 Financial Expenses

The Company's financial expenses are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Discount of loans granted to associat. Parties	0	0	0	1,895
Interests from leasing	2,118	476	824	0
Other expenses from banks	147	190	0	61
Commissions L/G	2	853	0	141
Cost of finance for personnel benefits	0	29	0	1
Loan interests	30	2,685	2	1,296
Advance payments interests	2,620	54	1,250	0
Total	**4,917**	**4,287**	**2,076**	**3,394**

4.36 Financial Income

The company's financial income is analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Discount of loans granted to associat. Parties	0	0	0	913
Interest adjudicated from litigation	0	681	0	0
Interest from interest-bearing promissory notes of the Greek State	108	10	836	0
Income from bank interest	0	314	0	143
Other	3,336	188	12	0
Total	**3,444**	**1,193**	**848**	**1,056**

4.37 Other Financial Results

The analysis of other financial results of the Group and the Company is as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Expenses from sale of participations	0	(1,381)	0	(1,381)
Expenses from sale of other securities	0	(2)	0	0
Debit F/E differences	(497)	0	(202)	0
Credit F/E differences	1,148	0	915	0
Miscellaneous bank expenses	(559)	1	(498)	0
Profit from evaluation of stock and securities	0	128	0	128
Losses from evaluation of stock and securities	0	(157)	0	0
Total	**92**	**(1,411)**	**215**	**(1,253)**

4.38 Income from Dividends

Income from dividends is analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Dividends from TOUSA	0	0	1,882	2,113
Dividends from MOCHLOS	0	0	0	1,416
Other dividends	38	0	38	0
Total	**38**	**0**	**1,920**	**3,529**

4.39 Results from Investments

The investment results include profits made from sales of part of the portfolio of the parent and subsidiary company MOCHLOS.

Amounts in thousand €	**THE GROUP Profit / (losses) from investments**	**THE COMPANY Profit / (losses) from investments**
Acquisition Value	446	44
Fair value readjustments	38	38
Loan book value as of 31.12.2005	**484**	**82**
Net sale value	729	179
Sale profit	**245**	**97**
Fair value reserve carried over to the financial year results (P&L)	**0**	**0**
Total profit / (loss) from sale of securities to financial year results	**244**	**97**
Profit from Securities Evaluation	**550**	**223**
Losses from Securities Evaluation	**-205**	**-10**
Total profit / (loss) from sale of securities to financial year results	**345**	**213**
Profits from sale of stock option (Tousa)	**4,273**	**0**
Group Profit from participation in S.C. increase	**173**	**0**
Amount recorded in the consolidated financial year results	**5,035**	**310**

4.40 Results from Joint Ventures

The results from the implementation of joint venture projects are analysed as follows:

	THE GROUP	
Amounts in € '000	**31/12/2006**	**31/12/2005**
Profits from joint ventures		
J/V of Tennis Center (MOCHLOS)	35	853
J/V of Dodoni (MOCHLOS)	0	505
J/V of Swimming Center (MOCHLOS)	0	91
J/V of Panthessalic Stadium (MOCHLOS)	13	0
Profits from TOUSA joint ventures	0	36,710
Profits from other joint ventures	0	112
Total (a)	**48**	**38,271**
Losses from joint ventures		
J/V of Panthessalic Stadium (MOCHLOS)	0	-238
J/V of Dodoni (MOCHLOS)	-40	0
J/V of Swimming Center (MOCHLOS)	-491	0
Losses from TOUSA joint ventures	-38,270	0
Losses from other joint ventures	0	-82
Total (b)	**-38,801**	**-320**
Total (a+b)	**-38,753**	**37,951**

4.41 Income Tax

The Group is subject to different income tax scales depending on the country of operations and therefore a certain judgment is required for determining a tax estimate. There are several transactions and calculations for which the final tax estimate is uncertain.

Expenses for income tax for the financial years that ended on 31 December 2006 and 2005 are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Current Tax				
Current Tax	93,366	103,673	2,155	4,890
Differences in Tax Audit	2,316	3,713	1,053	3,502
Other Taxes	0	774	0	0
Deferred Tax				
- deferred tax for financial year	(122,480)	4,174	(56)	(122)
Total	**(26,798)**	**112,334**	**3,152**	**8,270**

Tax expenses from deferred taxation is analysed as follows:

Applicable tax scale/ coefficient	34.67%	35.76%	29.00%	32.00%
Profit before taxes	**(244,646)**	**293,232**	**(7,436)**	**10,937**
Income tax based on the applicable tax scale (1)	**(84,826)**	**104,874**	**(2,156)**	**3,500**
Tax amounts attributed to				
Adjustments for Expenses that are not deductible for tax purposes	52,149	1,286	3,803	1,268
Adjustments for Income that is not taxable	(785)	(14,451)	0	0
Other	21	2,152	0	0
Results of activities by presumed determination of the taxable income	(2,184)	1,180	0	0
Deferred taxes on projects by presumed determination of the taxable income	161	(520)	0	0
Adjustment from income and expenses that are not included in tax statements or are not taxable abroad	1,586	1,209	0	0
Effect from the change of tax coefficient	444	(67)	(53)	0
Unused tax losses	2,284	7,466	0	0
Current Tax by presumed determination	1,532	5,613	0	0
Dividends Tax	505	0	505	0
Differences in Tax Audit	2,315	3,592	1,053	3,502
Total (2)	**58,028**	**7,460**	**5,308**	**4,770**
Total (1+2)	**(26,798)**	**112,334**	**3,152**	**8,270**

The Company has additional tax-deductible losses for which a deferred tax liability has not been recorded, considering that at present their tax evaluation is deemed uncertain. According to legislation, the company is entitled to apply the above losses as a tax benefit within five years from the financial years that the losses were incurred.

4.42 Profit per Share

The company's basic profits per share (expressed in cents per share) are as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Profit/ (losses) after taxes	-146,748	144,982	-10,588	3,039
Weighted number of shares	132,500	132,500	132,500	132,500
Basic profits per share (cents / share)	**-1.11**	**1.09**	**-0.08**	**0.02**

5. Risk Management Factors and Policies

The group's primary financial instruments consist of bank loans, bonds, cash and short-term deposits. The primary objective of these financial instruments is to provide funding to group operations. Also, the group has several other financial instruments such as commercial claims and commercial liabilities, which arise directly from its operations. The group's policy throughout the year was and is not to engage itself with the trading of financial instruments. The primary risks that arise from the group's financial instruments are.

The board of directors examines and approves the principles regarding the management of each one of those risks, which are summarised below.

Moreover, the group monitors the market risk that arises from financial instruments. The primary risks associated with the group's corporate activities are described below.

5.1 Risks Associated with Corporate Activities

5.1.1 Risks Associated with the Transeastern Joint Venture

Following acquisition of 50% the Transeastern joint venture, the subsidiary company TOUSA in signed warranty completion agreements for all the unfinished projects of the joint venture and carve-out warranties for compensation of the lenders in the event of damage, dispute or fraud. Following the inability of the joint venture to cover its liabilities that exceeded its total assets, the lenders turned against TOUSA. The company is examining several alternative scenarios that will cause the least possible negative effect on the company's results, so that it can reach a settlement with the counterparties. The outcome of the settlements cannot be predicted and if a settlement is not reached, then the company's liquidity and capital structure will be affected.

The U.S. housing market has entered a period of recession, which is expected to significantly affect housing demand in the following years. Supply is especially high and to due to the reduced demand, the companies are making price drops in order to increase sales and reduce their stock. In an attempt to cope with the market's declining trend, the company has reduced sale prices and the gross profit margin. If this market trend continues for a long period of time, it may affect negatively the company's financial status and results of the next years.

Because of the declining market trend and the company's expenditure from its participation in the Transeastern joint venture, the company may have to increase the amount of loan funding in order to cover both current and future liabilities. This adverse development is expected to make funding resources scarce and new loan terms stricter.

There is a chance of facing liquidity problems due to restrictions from existing loan agreements that bind the company and it is expected that the company will miss investment opportunities and its future growth will slow down.

5.1.2 Risks Associated with the Company's Ability to Effectively Manage Companies that are Active in Different Sectors

The company participates in a series of different sectors such as construction, land and real estate development, hotel corporations, energy and tourist marina operations, commerce (WINE MAKING – KTIMA PORTO KARRAS) and other activities (e.g. casino management). The effect management of different sectors is a complicated and significant project, which requires special care in making investment decisions and choosing priorities. In the event that the administration of the Group's companies proceed to implement insufficiently founded investment decisions or in the event of ineffective implementation of those, it is expected to affect negatively the activities and the profits of the "TECHNICAL OLYMPIC S.A." Group. The housing construction sector is a dominating part of the Group's turnover and profits. The above activity is exercised by the subsidiary company "TECHNICAL OLYMPIC USA Inc" ("TOUSA") which is listed on the New Your Stock Exchange - NYSE.

5.1.3 Risks arising from Changes in the Conditions Prevailing in the Construction Sectors

The construction activities depend heavily on the progress of the investment programmes for infrastructure projects implemented by the Greek state. Therefore, the outcome of the financial results of subsidiary company "MOCHLOS S.A." and subsequently that of the entire Group is affected in the immediate future by the extent and rate of implementation of projects under the 3rd Community Support Framework, for which European Union Funding has been guaranteed. We cannot rule out the fact that future changes in the procedure of distribution of public or community resources for infrastructure projects will affect negatively the activities and the financial results of the Group.

5.1.4 Risks Arising from Dependency on the Greek State in Executing Public Projects

A significant portion of the Groups revenues comes from projects that are executed on behalf of the Greek State, either entirely by subsidiary "MOCHLOS S.A." but also through our subsidiary "TOXOTIS A.T.E." or in a joint venture form. We note that so far we have not had any essential problems regarding payments from the Greek state, but we cannot rule out that future changes (delays) in the state's payment policy, may affect, in a negative way, the Group's activities and financial results.

5.1.5 Risks Associated with the Proper Execution of Construction Projects

The construction projects undertaken by the Group's companies include explicit clauses regarding their proper and timely execution. Even though the company has extensive experience and know-how on completing complicated and major construction projects, we cannot rule out the possibility that in the future extraordinary expenses may arise from unforeseen events, which may adversely affect the Group's activities and financial results.

5.1.6 Risks Associated with the Execution of Projects by Subcontractors

In several projects, the Group Companies will assign sections of the works to third party companies under a subcontractor agreement. In these cases, the Group will make sure to sign agreements with subcontractors that include the latter's obligation to correct any errors at their own risk; however we cannot rule out the possibility that in certain cases the subcontractors will be unable to fulfil the said obligations which consequently will be carried over to the Group.

The Group's U.S. based subsidiary company (TOUSA) assigns its entire housing construction works to third parties under subcontractor agreements. The work quality of the subcontractors is an important factor for TOUSA, considering that in the event of errors and poor workmanship on the part of the subcontractors it would have an immediate impact on their activities.

5.1.7 Risks Associated with the Applicable Law Governing the Tender, Award, Execution and Supervision of Public and Private Projects

Activities of Group companies in the construction sector depend on legislation that regulates the public projects (tender, awarding, execution, supervision) as well as issues related to the environment, safety, public health, labour and taxation. It is a fact that the Group is large enough and has the infrastructure to respond effectively to any changes to the relevant legislation, but it cannot rule out the possibility of future legislative changes causing, even temporarily, adverse effects on the Group's financial results.

5.1.8 Risks Arising from Injury/Damage to Persons, Equipment and the Environment (insurance coverage)

The Group's activities are at risk from adverse events that may arise at any time, such as, among other, accidents, injuries and damage to individuals (employees and/or third parties),environmental damage, damage to equipment and third party property. All the above quite probably may cause delays or in a worst-case scenario, suspension of the works in the projects involved. However, all the necessary preventative measures are taken in order to avoid such adverse events, while at the same time having signed the recommended insurance agreements. However, we cannot rule out the possibility that the amount of the liabilities of the Group's companies arising from such adverse events may exceed the insurance compensation that same will receive; therefore, a portion of the said liabilities shall be demanded to be covered by the Group's companies.

The housing constructors provide their buyers with 1-2 years' warranty of labour and materials and 5-10 years for essential construction defects. Liabilities from these warranties and defects, in general, are quite usual in the housing construction sector and are usually very expensive.

Usually, the insurance coverage they provide, covers the cost of repairs of design or construction defects. However, in many cases this coverage is not enough to cover all the warranty claims for which the construction companies are liable and are usually very expensive.

Even though the group demands compensation from its subcontractors and the designers for defects that may arise, it cannot always enforce such compensations in the agreements it signs. For that reason, the insurance coverage cost and non-coverage of insurance claims may lead to a negative effect on its operating results.

5.1.9 Risks Associated with Sufficient Capital Required for the Participation in Co-Funded Projects.

The Group's participation in the materialization and operation of co-funded projects requires extended use of equity capital. Given that these projects are on a large scale, they might require significant capital in order to guarantee the Group's participation. Even though the Group has satisfactory capital structure and significant resource for drawing capital, there is a possibility of losing projects due to the lack of required funding instruments.

5.1.10 Risk from Interest Rate Changes.

The performance of co-funded projects depends on the course of the interest rates and therefore an unexpected increase of interest rates may lead to a reduced investment performance.

5.1.11 Risks Associated with Real Estate Price Changes

Changes in real estate prices and leases, directly affects the performance of the Group's investments in land and real estate and their general activity in the real estate sector. Even though, the prices of land and real estate in Greece over time have been climbing, we cannot rule out the possibility that a price drop will occur which will have as a result a negative effect on the Group's investments and activities.

Usually there is a delay between the time the land was acquired and the time that the communities who will buy the houses, are brought in. This time period is different from project to project, but on average we have calculated that it takes about three years. Therefore, there is a risk of housing demand dropping or materials and labour costs increasing resulting in the company being unable to sell the developing or non developing land it has acquired at the expected prices or the expected profit margin or within the expected timeframe.

Moreover, the purchase value of these lands may change significantly due to changing market conditions and their accounting value can rise at such a point that they negatively affect the company's performance.

Due to the above factor, the company might end up being forced to sell the houses or other property at a loss or a less than expected profit margin. Moreover, the company may be forced to reduce the accounting value of its real estate assets, if their value drops, so that they correspond with the generally acceptable accounting principles.

5.1.12 Risks Arising from the Delayed Issuance of the Required Licences for the Commercial Operation of Real Estate.

Given that an organised cadastral service does not exist in Greece and the manner in which the required licences (building, environmental, etc) are issued for the development and exploitation of land and real estate is especially complicated, it is quite probable that there will be a delay in operation of real estate assets in which the Group has invested significant capital, which in turn will adversely affect the Group's investments, activities and financial figures.

5.1.13 Risks Associated with Changes in the U.S. Housing Construction Sector

The housing construction sector has a dominating position in the Group's turnover and profits. The above activity is exercised by our subsidiary company "TECHNICAL OLYMPIC USA Inc" ("TOUSA") which is listed on the New Your Stock Exchange - NYSE. During 2006 the housing construction sector experienced a significant recession compared to the past. The sector's rapid growth in the past years has led to an over-supply of houses especially in the areas of Florida and Arizona that constitute 57% of TOUSA's activities, which significantly affected same's results and therefore the Group's results. If the sector's declining trend continuous this will lead to a further reduction of TOUSA's results compared to the recent past.

5.1.14 Risks Related to Natural Disasters and Weather Conditions in the U.S.A.

Natural disasters and weather conditions play an important role in the completion and timely delivery of ready-for-sale houses in the housing construction sector in which the Group's subsidiary company (TOUSA) is active in the United States. Any delays and disasters due to the outbreak of weather conditions (hurricanes, storms, floods etc) on houses under construction may adversely affect housing demand and therefore reduce TOUSA's income.

5.1.15 Risks Related to the Dependency on Corporate Executives

The administration of the Company as well as the other companies included in the Group, is based on a team of experienced executives, most of which have been working in the Group for several years and have acquired deep knowledge in the their field of expertise. In the current phase the said executives are in synchronised cooperation with the sole objective the Company's progress and development. The Company has the required infrastructure to handle any loss of any executive(s) without significant effects to same's objectives.

5.1.16 Risks Related to the Hotel-Tourist Sector

Any fluctuation of the Hotel-Tourist sector may affect the profitability of subsidiary companies and therefore the Group's results.

5.1.17 Risks Associated with the Transeastern Joint Venture

Following acquisition of 50% to the Transeastern joint venture, the subsidiary company TOUSA signed completion agreements for all the unfinished projects of the joint venture and carve-out warranties for compensation of the lenders in the event of damage, dispute or fraud. Following the inability of the joint venture to cover its liabilities that exceeded its total assets, the lenders turned against TOUSA. The company is examining several alternative scenarios that will cause the least possible negative effect on the company's results, so that it can reach a settlement with the counterparties. The outcome of the settlements cannot be predicted and if a settlement is not reached, then the company's liquidity and capital structure will be affected.

The U.S. housing market has entered a period of recession, which is expected to significantly affect housing demand the following years. Supply is especially high and to due to the reduced demand, the companies are making price drops in order to increase sales and reduce their stock. In an attempt to cope with the market's declining trend, the company has reduced sale prices and the gross profit margin. If this market trend continues for a long period of time, it may affect negatively the company's financial status and results of the next years.

Because of the declining market trend and the company's expenditure from its participation in the Transeastern joint venture, the company may have to increase the amount of loan funding in order to cover both current and future liabilities. This adverse development is expected to make funding resources scarce and new loan terms stricter.

There is a chance of facing liquidity problems due to restrictions from existing loan agreements that bind the company and it is expected that the company will miss investment opportunities and its future growth will slow down.

5.2 Financial Risks

5.2.1 Interest Rate Risk

The Group's interest rate risk is primarily linked with the Group's liabilities arising from long-term loans. On a Group level, the majority of the loans signed have a fixed interest rate. The Group's administration believes that the risk from the fluctuating loan interest rate is not important if we take into consideration the insurance cost against this risk, which is significantly higher. For that reason the Group does not sign agreements based on interest rate exchanges or other financial instruments, in order to be protected against the risk of fluctuating interest rates.

5.2.2 Risk of Payment of Loan Agreements

The Group's U.S. subsidiary (TOUSA) has signed a significant number of loan agreements. TOUSA's ability to repay its loan obligations depends on the future performance of its activities. A number of external factors (financial and corporate conditions, rising or declining trends of the sector and other markets etc) may affect TOUSA's results and in effect its cash flows thus adversely affecting its capability to repay those loans. In order to face the risk of payment of loan agreements, TOUSA is examining cases of restructuring or refinancing its debt as well as selling assets with favourable terms in order to create the required capitals to repay it loan agreements.

5.2.3 Risk from Foreign Exchange Prices

As a result of the Group's significant investments in its U.S. subsidiary (TOUSA), the Group's consolidated balance sheet may be significantly affected by changes in the USD/EUR exchange rate, to the extent that the TOUSA balance sheet data will be converted from USD to EUR. In reality there isn't any exchange rate risk in the sense of frequent capital transfer from the parent company to the subsidiary and vice versa. The U.S. subsidiary Company, TOUSA, uses the local currency (US dollar) for its transactions and therefore it does not expose itself to exchange rate risk.

Capital repatriation from the U.S.A. to Greece is the only transaction that may be affected by $/€ exchange rate changes. Such transactions are sale of TOUSA shares through the New York Stock Exchange (NYSE) the repatriation of sale product as well as dividend payment from TOUSA to the parent company TECHNICAL OLYMPIC. The cost of covering the above-described risk compared to the cost of the risk itself renders the former financially inadvisable and for that reason the Group's administration to date has not signed any agreements covering that risk.

Additionally, the Group is trying to balance the effects arising from its transaction structure of its operations by taking out loans in Greece in United States Dollars, if needed.

5.2.4 Product Price Risk

The Group's risk arising from changes in product prices is minimal, given that it is in the position to carry over any changes to its customers.

5.2.5 Credit Risk

The Group carries out transactions with certified and creditworthy contracting parties. The Group's policy is that any customer wishing to transact with it under credit, must undergo credit checks. Moreover, the commercial requirements are monitored on a continuous basis, which results in minimising bad-debt risk for the Group.

There are no significant credit risks concentrated within the Group.

5.2.6 Liquidity Risk

The Group's objective is to balance the deficit between continuous funding and flexibility through the use of bank loans, financial leases and possible transfer of delayed payments to its suppliers, following to a joint agreement and for a limited period of time.

5.3 Risks Associated with Share Value

5.3.1 Coinciding External Factors

The investors must be informed that the Company's share value is subject to major fluctuations, which are due to external factors –not controlled by the Company– and which are not related to its activities and financial status. Indicatively we mention the following:

- Course of international stock and capital markets
- Psychology of the investors
- The threat of terrorist strikes or conflicts in areas sensitive for global economy and in general the feeling of geopolitical instability
- Political, financial or social changes that might affect Greece
- The course of the Athens Stock Exchange
- Positive or negative publications regarding the Company and the sectors it is active in (e.g. Construction, Hotel)

Moreover, we must take into consideration the fact that the Athens Stock Exchange has lower liquidity compared to other international markets. Therefore, Company shareholders may face some difficulty in selling their joint shares, especially in large quantities.

6. Additional information and explanations

6.1 Transactions with Associated Parties

The cross-company sales / purchases for the period from 1 January to 31 December 2006 and the respective comparative from 1 January to 31 December 2005 are detailed as follows:

Amounts in € '000	THE GROUP		THE COMPANY	
Income	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Subsidiaries	0	0	2,124	2,158
Affiliates	7,744	0	106	0
Joint Ventures	688	0	0	0
Other associated parties	114	5	7	5
Total	**8,546**	**5**	**2,237**	**2,163**
Expenses	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Subsidiaries	0	0	644	1,462
Key management personnel	318	0	0	0
Joint Ventures	443	0	0	0
Other associated parties	378	0	0	0
Total	**1,139**	**0**	**644**	**1,462**

The transactions among associated parties involve the provision of services and invoicing for construction projects.

6.2 Claims / Liabilities of Associated Parties

The analysis of the cross-company claims / liabilities on 31 December 06 as well as for 31 December 05 is as follows:

Amounts in € '000	THE GROUP		THE COMPANY	
Receivables	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Subsidiaries	0	0	20,456	27,378
Affiliates	100	4,002	100	102
Joint Ventures	1,685	5,262	0	0
Other associated parties	2,179	982	48	10
Total	**3,964**	**10,246**	**20,604**	**27,490**
Payables	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Subsidiaries	0	0	8,818	6,109
Management executives renumeration	1,527	3,500	1,045	2,758
Joint Ventures	1,077	3,643	0	0
Other associated parties	326	9	0	0
Total	**2,930**	**7,152**	**9,863**	**8,867**

The loans granted between the associated companies of the Group are detailed in the par. 4.9.

6.3 Benefits of Key Management Executives

The benefits to the members of Management for the periods presented are as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Total compensation	6,565	12,243	210	1,000
Total	**6,565**	**12,243**	**210**	**1,000**

There are no loans granted to members of the BoD or other management executives of the company (and their families).

6.4 Contingent Liabilities

6.4.1 Litigation

Claims by DEUTSCHE BANK TRUST COMPANY against TOUSA S.A.

Pending Trial of Deutsche Bank Trust Company Americas.

On 1st August 2005, TOUSA, through a subsidiary joint venture, purchased the capital of Transeastern Properties, Inc., a company for real estate development and home construction with registered offices in Florida. The purchase was funded partly through three credit shares by Deutsche Bank Trust Company Americas ('DBTCA'), which is performing the duties of administrative agent for all the lenders. TOUSA is not co-debtor to the promissory notes, but TOUSA and TOUSA Homes gave completion and carve-out guarantees in which they were guaranteeing the overall debt in the case of voluntary bankruptcy by any party (as defined in the guarantees) and any damages to the lenders due to specific actions of the borrowers including, without limitation, the acts of fraud, deception or embezzlement.

On 31st October 2006 and 01 November 06, DBTCA confirmed that specific breach events occurred and required that, pursuant to the enforcement of the guarantees, TOUSA should pay all of the obligations of the loan for all three categories of debts, which collectively total the amount of $625 million. In addition, DBTCA claims default interest, lawyer's fees and expenses and other costs in a non-defined amount of cash.

On the 28 November 06, TOUSA and TOUSA Homes filed a petition for the issuance of an acknowledgement decision against DBCTA as the administrative agent for the senior and junior mezzanine loans as the holder of the senior and junior mezzanine loans. TOUSA requests the issuance of an acknowledgement decision ruling that its obligations arising from the completion and carve-out guarantees, which were provided in the context of the senior and junior mezzanine loans, have not been activated.

TOUSA also requests the issuance of an acknowledgment decision that even if its obligations have been activated, the amount of the obligation is limited to the actual damages of the lenders and does not include the total amounts of the loans.

On 29 November 06, DBTCA in its capacity as the administrative agent of all the institutions of the above loans, filed a writ of summons and served notice to the state court of New York for the collection of the damages, which as it claims resulted in the context of the completion and carve-out guarantees. By a petition of complaints that was filed on 04 December 06, DBTCA invokes a series of claims in the context of the completion and carve-out guarantees, which comprise acts of deception, embezzlement and failure to perform the obligations of completion. DBTCA pursues the repayment of the damages on the entire amount of the credit contracts, as well as fees and expenses. There have been no dates set for the hearing.

TOUSA has questioned and continues to question these allegations. However, the Company continues to proceed with settlement discussions with representatives of the current lenders of the joint venture Transeastern as well as with the other member of the joint venture. In the context of these negotiations, TOUSA has proposed a structure in accordance to which, either the joint venture or the successor of some or of its total assets would become a TOUSA subsidiary, wholly owned or by holding majority. The proposal also examines the full repayment of the senior debt totalling €304 million ($400.0) million of the joint venture, through the option of additional borrowing. With regard to these negotiations, TOUSA is evaluating various funding alternatives.

With regard to the charges expected, it has formulated a provision in the amount of € 251.7 millions ($331.5 millions). If the settlement negotiations with the creditors of the joint venture are fruitless, then the Group will be forced to incur the total of the joint venture's obligations that is an amount of € 222.85 million ($ 294 millions) beyond the provision. The outflow of this additional amount is not likely to occur, and this is the reason why it was not included in the provision.

Pertaining to the Litigation of TOUSA Shareholders

Starting in December 2006, several plaintiff shareholders filed lawsuits with the US District Court in the South District of Florida. With these lawsuits, the plaintiffs allege that TOUSA and certain of its current and former executives violated the Securities and Exchange Commission Act of 1934, by not announcing:

- Specific guarantees undertaken by TOUSA in relation to the acquisition of the joint venture Transeastern Properties, Inc.
- The downward conditions in the home buying market in Florida.
- The fact that, as a result of the drop in the market, TOUSA could lose value from its investment in the joint venture.

Also, a lawsuit invokes that the defendants violated the SEC Act of 1933 by omitting significant information related to the funding of the Transeastern Properties buy-out with contribution in-kind, which were connected with the offer of TOUSA common stock in September 2005.

The plaintiffs in each of the above lawsuits demand relief of damages plus fees and expenses, on their behalf as well as on behalf of other would-be buyers of TOUSA common stock and buyers and sellers of TOUSA common stock options. Actions are pending for the consolidation of all the lawsuits in the first filed case, Durgin v. TECHNICAL OLYMPIC USA, Inc., Antonio B. Mon, David J. Keller and Randy L. Kotler. As of today, no primary plaintiff has been defined and no date has been set for the hearing.

Third Party Claims Against TOUSA S.A.

In the context of its usual business activity (construction and marketing of homes) TOUSA SA is involved in legal and other claims. TOUSA is dealing with these cases on the basis of a specific company policy.

The pending legal and arbitration cases of TOUSA, which have been addressed to the Company Legal Services are summarised as follows:

- Customers and suppliers are claiming from TOUSA for breach of agreement a total amount of about € 1,411 thousand ($ 1.858 thousand).
- For construction defects and poor workmanship the customers of TOUSA are claiming an amount totalling about € 5,642 thousand ($ 7,430 thousand).
- Claims of employees against TOUSA for an amount of about € 213 thousand ($ 280 thousand).
- Claims for fraud in the amount of about € 465 thousand ($ 612 thousand).

- Pertaining to contract guarantees of about € 118 thousand ($ 155 thousand).
- Claims by suppliers for delayed payments of about € 186 thousand ($ 245 thousand).
- Claims for negligence of about € 131 thousand ($ 173 thousand).
- Claims for personal accidents of about € 150 thousand ($ 197 thousand).
- Claims for the destruction of third party property of about € 62 thousand ($ 81 thousand).
- Other claims of about € 48 thousand ($ 63) thousand.

To the above pending legal claims, TOUSA is responding by creating three types of reserves (note 0).

- **Guarantees reserve.** Out of every sale there is a percentage withheld to cover the cost of the construction guarantee, which covers the cost for personnel and materials for the repairs.
- **Insurance Reserve.** A percentage is withheld from every sale as Self-Insurance Reserve (SIR) or to cover the deductibles of the insurance policies. Should a serious claim arise, which is covered by the general insurance policies of the company, TOUSA charges these expenditures in the said reserve.
- **Legal reserve.** The Legal reserve covers the claims that are not covered by the insurance reserve. These claims are evaluated in each case.

Construction Claims Pertaining to TECHNICAL OLYMPIC, MOCHLOS, AND TOXOTIS

- There are lawsuits pending before various competent courts in the country, involving claims by employees based on labour legislation (labour accidents, overtime, etc.) totalling an amount of about € 5,120 thousand. The assessments of the Company legal advisors estimate that the likely maximum charge of the Group Companies shall not exceed the amount of € 300 thousand.
- There are lawsuits pending before various competent courts in the country that involve claims pertaining to contracts or subcontracts of affiliated companies or subcontractors of the Group's companies totalling an amount of € 4,454 thousand The assessments of the Company legal advisors estimate that the likely maximum charge of the Group Companies shall not exceed the amount of € 100 thousand.
- There are lawsuits pending before various competent courts in the country involving pertaining to third party car accidents totalling the amount of € 883 thousand. The assessments of the Company legal advisors are that the Group companies shall not be charged since there is insurance coverage of the risk.
- There are lawsuits pending before various competent courts in the country involving other pertaining to third parties or associates totalling the amount of € 2,639 thousand. The assessments of the Company legal advisors estimate that the likely maximum charge of the Group Companies shall not exceed the amount of € 100 thousand.

Claims against TOUSA

➢ The TOUSA subsidiary is in litigation with Deutsche Bank Trust Co., for the liabilities undertaken by guaranteeing the obligations of Transeastern joint venture. The joint venture has loan obligations towards the above bank, resulting in the latter claiming an amount of € 474.56 millions ($ 625 millions).

➢ Lawsuits have been filed against TOUSA by individual investors, claiming that the company failed to notify regarding contingent obligations arising from the undertaking of guarantees in favour of the Transeastern joint venture, the drop in the home buying market in Florida, and its impact on the value of investments in joint ventures.

➢ There are claims and lawsuits against the TOUSA subsidiary arising from its usual activity, but the final outcome of the entirety of these cases is not expected to affect the financial condition and results of the company.

Construction Pertaining to Companies of the PORTO KARRAS Complex

There are lawsuits pending before various courts in the country involving several claims (compensation for moral damages to players of the Porto Karras Casino, lost income, labour claims and intellectual rights of actors and singers) totalling an amount of € 2,355 thousand. The assessments of the Company legal advisors estimate that the likely maximum charge of the Group Companies shall not exceed the amount of € 30 thousand.

Construction Pertaining to SKIATHOS MARINAS

The State is threatening to require the forfeiture of the letters of guarantee of the project for the construction of the marina. The allegations made by the State are totally absurd and this is the reason why the company filed a petition to resolve the difference in an arbitration court, seeking the return of the letters of guarantee and payment of an amount of over € 400,000, which is company expenses for the project that were not paid by the State. The company has terminated the contract due to failure of payment of the subsidy by the State. The assessment is for a positive outcome of the case.

Construction Pertaining to MELTEMI - KASTRI

The Municipality of Niata in Lakonia filed before the Council of the State on 15-11-2004 its Motion against: (1) Joint Ministerial Decision No. 124109/ 16.03.2004 on the approval of environmental terms and 2) decision No. 6581/28.04.2004 of the General Secretary of the Peloponnesus Region, regarding the issuance of a licence for the installation of a wind station for independent electrical power production at the location "Katartia-Tourles" of the Municipality of Niata, to the company "MELTEMI - KASTRI A.V.E.T.E.". We made an intervention, requesting the rejection of the above motion for cancellation.

The case in question is to be discussed before the Council of the State on 02.05.07, due to adjournment from 6 December 2006.

We estimate that:

With regard to the above installation licence, under protocol number 6581/2004 the said motion for cancellation:

- is inadmissible because it has been filed after the applicable deadline out of date
- it is of no subject matter, because a later Decision for the Re-issuance of an Installation Licence for the said project was issued.

With reference to the above approval of environmental terms under protocol no. 124109/2004 it is, also, likely that the said motion for cancellation is deemed inadmissible, as it was filed after the applicable deadline out of date.

In the event that the said motion for cancellation, with respect to the approval of environmental terms is accepted, we will be forced to repeat the relevant procedure anew.

6.5 Contingent Claims

Claims of the TECHNICAL OLYMPIC GROUP from the Greek State

- There are sixty (60) motions to cassation pending before the Council of the State from Group companies or joint ventures in which they participate against decisions of the Administrative Courts of Appeal of Athens, Thessalonica, Ioannina and Patras, which have rejected in whole or in part Group companies pertaining to the performance of public works or provision of services. With these motions it is requested to cancel the decisions with a view to the adjudication to the companies of different amounts in each case. The overall amount of the claims by the companies is estimated to be in the order of twelve million euro, approximately. The outcome of these trials is not certain, due to the nature and variety of the issues under litigation; at any rate, it should be pointed out that until now the companies have been successful in Council of the State proceedings, in cases exceeding 50% of the total of pending cases.
- There are eleven (11) motions for cassation pending before the Council of the State by the Greek State against decisions of the Administrative Courts of Appeal which have ruled in favour of TECHNICAL OLYMPIC S.A. and MOCHLOS S.A. with regard to claims against the State from the performance of public works. Given that: A) Normally, the motion for cassation on the part of the State has suspended until now, the payment of the amounts that had been adjudicated to the companies, and b) Most of the motions for cassation by the State are not accepted apart from a few exceptions, it is estimated that the outcome of those specific cases will not incur economic charges

➢ There are twelve (12) motions for cassation of the companies pending before the Council of the State involving the legality of the procedures for the appointment of contractor. Even if the outcome of these proceedings is not positive for the company, there will be no change to its liabilities.

6.6 Commitments from Construction Contracts

The commitments of the group and the company regarding construction contracts are as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Commitments arising from projects under construction	230,700	118,900		
Good performance guarantees	94,009	87,976	10,069	17,962

6.7 Commitments from Operating Leases

6.7.1 Group Company as Lessor

The company MOCHLOS SA leases a ground floor store at the NEW NATIONAL ROAD PATRAS - ATHENS of a total surface area 280 sq.m. for € 600 per month and a three-year lease term.

The company MOCHLOS S.A. is leasing a property in the area Patriarchiko of Thessalonica consisting of 2380 sq.m. basement and 2380 sq.m. ground floor. The monthly rent has been determined at € 23,500 and it is readjusted annually based on the price index. The duration of the lease is 9 years.

The company MOCHLOS SA is leasing a property that comprises a basement of 294 sq.m., ground floor of 543 sq.m. and a loft of 185 sq.m. The monthly rent is set at 5% of the net turnover (that will be realised in the leased property) and no less than € 7,336.75 per month, which will increase every year by a percentage of 6%.

The Group is leasing a property in the area of Glyfada, at 3 Xanthou & Lazaraki Street that comprises 394.07 sq.m. on the 4th floor, as well as two parking spaces in the basement –P30 and P31– of 29.11 sq.m. each. The monthly rent is set at € 10,250 per month, which will be readjusted every year by a percentage of 5%.

	THE GROUP				THE COMPANY			
Receivables from rents based on agreements	**1 year or less**	**Between 1 and 5 years**	**Over 5 years**	**Total**	**1 year or less**	**Between 1 and 5 years**	**Over 5 years**	**Total**
31/12/2006	*Amounts in thousand €*				*Amounts in thousand €*			
Rents from operating leases	169	672	2,935	3,776	5	16	0	20
Total	**169**	**672**	**2,935**	**3,776**	**5**	**16**	**0**	**20**

	THE COMPANY				THE COMPANY			
Receivables from rents based on agreements	**1 year or less**	**Between 1 and 5 years**	**Over 5 years**	**Total**	**1 year or less**	**Between 1 and 5 years**	**Over 5 years**	**Total**
31/12/2005	*Amounts in thousand €*				*Amounts in thousand €*			
Rents from operating leases	182	0	0	182	17	84	0	101
Income from rent of real estate investements	605	0	0	605	51	255	0	306
Total	**787**	**0**	**0**	**787**	**68**	**339**	**0**	**407**

6.7.2 Commitments for Investment Programs

PORTO KARRAS CASINO SA

The company PORTO KARRAS CASINO SA filed anew on 29 June 06, a proposal to be included in the Developmental Law 3299/2004 for the modernization of the Hotel unit SITHONIA. The overall budget totals € 26,446 thousand involving the renovation of the SITHONIA Hotel, the facilities of which also include the Casino. More specifically, it is contemplated to use the funds as follows:

Description	Amounts in € '000
Building works - Electrical	€ 13,099
Mechanical Equipment	€ 4,053
Hotel Equipment	€ 5988
Transportation Means	€539
Configuration of surrounding area	€ 2,767
Total	€ 26,446

In addition, it filed on 16 October 06 a proposal to be included in the Developmental Law 3299/2004 for the construction of the SPA Centre and supplementary works in the surrounding area of the "SITHONIA Hotel." The overall budget totals € 6,200 thousand.

Finally, in November 2005, a proposal was filed with the KEPA-ANEM for an investment plan to save energy, in order to be included in the provisions of the BUSINESS PROGRAM FOR DEVELOPMENT (EPAN) measure 6.5 The budget of the said investment plan totals the amount of € 3.880 thousand and the overall subsidy will cover a percentage up to 37,81% of the said amount. The proposal for this plan was not approved and it will not be filed anew.

MELITON BEACH PORTO KARRAS SA

The company MELITON BEACH PORTO KARRAS SA filed in August 2005 with the Ministry of Economy and Finance a proposal for an investment project involving the modernization of the Hotel MELITON, wings A & C, located at the PORTO KARRAS complex in Chalkidiki. The budget of the said investment project totals the amount of € 20.150 thousand and the overall subsidy by the state will cover a percentage up to 35% of the said amount. The said investment plan has been approved and the decision is expected.

In addition, in November 2005, a proposal was filed with the KEPA-ANEM for an investment plan to save energy, in order to be included in the provisions of the BUSINESS PROGRAM FOR DEVELOPMENT (EPAN), measure 6.5. The budget of the said investment plan totals the amount of €

4.320 thousand and the overall subsidy will cover a percentage up to 37,52% of the said amount. The proposal for this plan was not approved and it will not be filed anew.

VILLAGE INN PORTO KARRAS

The company VILLAGE INN PORTO KARRAS SA filed anew in July 2006 with the Ministry of Economy and Finance a proposal for an investment project involving the renovation of the Hotel VILLAGE INN, located at the PORTO KARRAS complex in Chalkidiki. The budget of the said investment project totals the amount of € 4,290 thousand and the overall subsidy by the state will cover a percentage up to 40% of the said amount. This proposal was reviewed and approved by decision No. 51324/ΥΠΕ/4/00476/Ε/Ν3299/2004/13-12-06 decision of the Minister and Deputy Minister of Economy and Finance.

In addition, in November of 2005, a proposal was filed with the KEPA-ANEM for an investment plan to save energy, in order to be included in the provisions of the BUSINESS PROGRAM FOR DEVELOPMENT (EPAN), measure 6.5. The budget of the said investment plan totals the amount of € 1,720 thousand and the overall subsidy will cover a percentage up to 38.04% of the said amount. The proposal for this plan was not approved and it will not be filed anew.

6.7.3 Share Capital Increase

During its meeting on 21.03.07, the Company's Board of Directors decided to increase the Company share capital by paying a cash amount of thirty three million one hundred and twenty-five thousand euro (€ 33,125 thousand) in total through the issuance of 33,125,000 new ordinary registered stock, with a nominal value of one euro each and an option of preference in favour of the old shareholders. The old shareholders are entitled to participate in the Share Capital increase at a ratio of one (1) new share for every four (4) old ones. The offer price of the new shares amounts to € 1.05 per share. The difference between the issue price and the nominal price of each share, which will amount to one million six hundred and fifty-six thousand (€ 1,656 thousand) shall be entered, in accordance with the law and the statutes, as a special reserve above par to credit the account "Difference from the issuance of shares above par." The overall amount, which is expected to be collected from the share capital increase, totals the amount of thirty-four million seven hundred eighty-one thousand euro (€ 34,781 thousand).

6.7.4 Procedure for Re-Trading the Subsidiary Share in the Athens Stock Exchange (ASE)

The Board of Directors of the Securities and Exchange Commission during its meeting under no. 450/ 5.10.2006 decided to delete the shares of the subsidiary company "PORTO KARRAS CASINO S.A."

A motion for remedy was imposed against that decision, for which no answer has been received until today. Also, a motion for cassation has been filed before the Administrative Courts of Appeal of Athens.

6.7.5 Tax Un-audited Financial Years

The Group does not have a relevant provision for the tax un-audited financial years.

TECHNICAL OLYMPIC has been tax audited up to the financial year 2005. From the consolidated companies, the companies of MOCHLOS S.A. are tax audited up to and including the financial year 2003, the companies TOXOTIS ATE, STROFYLI S.A., PORTO KARRAS S.A., DEVELOPMENTS OF ATHENS SUBURBS S.A., MELTEMI KASTRI A.V.E.T.E, ALVITERRA HELLAS S.A., and KTIMA PORTO KARRAS S.A. are tax audited up to and including the financial year 2002 by Completion of Affairs based on the Law 259/2004 and PORTO KARRAS CASINO (as well as SITHONIA PORTO KARRAS S.A. merged via absorption) up to and including the financial year 2004.

In summary, the tax un-audited financial years of the Group Companies are set out in the following table.

Registered Name:	Tax Un-audited Financial Years	Registered Name:	Tax Un-audited Financial Years
TECHNICAL OLYMPIC	2006	MARINA	2003-2006
MOCHLOS	2004-2006	TOXOTIS	2003-2006
CASINO	2005-2006	MELTEMI	2003-2006
VILLAGE INN	2003-2006	STROFYLI	2003-2006
GOLF	2003-2006	MARKO	2003-2006
DEVELOPMENT	From the establishment of	DELOS	2003-2006
MELITON	2003-2006	SAMOS	2003-2006
ESTATE	2000-2006	SKIATHOS	2003-2006
PORTO KARRAS	2003-2006	DEVELOPMENT OF ATH. SUBU	2003-2006
CAMPUS	From the establishment of	ALVITERRA	2003-2006

6.7.6 Number of Personnel Employed

The average number of personnel employed in the Group for both financial years presented is as follows:

	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Number of personnel	3,287	3,346	9	8

6.7.7 Events after the Date of the Balance Sheet

Apart from the events already mentioned, there are no events subsequent to the date of the financial statements, which concern the company, and to which reference should be made according to the International Accounting Standards.

ALIMOS, 29 MARCH, 2007

THE CHAIRMAN OF THE BoD
KONSTANTINOS STEGGOS
I.D. No. AB 342754

THE VICE PRESIDENT OF THE BoD
ANDREAS K. STEGGOS
I.D. No. X 055522

THE MANAGING DIRECTOR
GEORGIOS K. STEGGOS
I.D. No. AB 342752

THE FINANCIAL DIRECTOR
KONSTANTINOS RIZOPOULOS
I.D. No. Σ 332143

THE CHIEF ACCOUNTANT
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