

**“TECHNICAL OLYMPIC”  
GROUP OF COMPANIES**



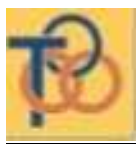
**Annual Financial Statements  
for the year 2007  
(January 1<sup>st</sup> to December 31<sup>st</sup>, 2007)**

It is hereby certified that the attached Annual Financial Statements have been approved by the Board of Directors of “TECHNICAL OLYMPIC SA” on 19 September 2008 and made public by submission thereof to the Capital Market Commission and posting on the Internet, at [www.techol.gr](http://www.techol.gr). The attention of the reader is drawn to the fact that the extracts published in the press aim at providing the public with certain elements of financial information but they do not illustrate a full view of the financial position and the results of operation of the Company and the Group, in accordance with the International Financial Reporting Standards. Furthermore, it is specified that for simplicity's sake, some accounts may have been abridged and rearranged in the summary financial figures published in the press.

Alimos, 19 September 2008

The Chairman of the Board of Directors of TECHNICAL OLYMPIC SA

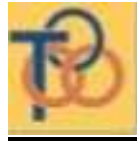
Konstantinos Stengos



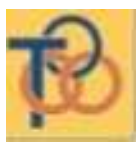
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## BoD MANAGEMENT REPORT

### SECTION A

#### Important Events in 2007

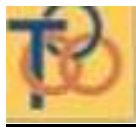
##### Events and developments

During the year ended, the TECHNICAL OLYMPIC GROUP, notwithstanding the fact that it has been established as one of the biggest and most globalized groups of companies in Greece, faced very serious problems, due to the extremely difficult situation created with the American subsidiary of the Group, TOUSA Inc, in the United States of America.

During the year ended the Group's subsidiary, TOUSA Inc., whose shares were listed in the New York Stock Exchange (NYSE), and which was recently included in the 'Forbes Platinum 400 – the best big companies in America' list of the internationally known American magazine, Forbes, rated 85<sup>th</sup> among the four hundred fastest growing companies of America, was stricken off from the NYSE on 11/19/2007. This decision was taken by the NYSE, due to the fact that the company was previously notified by the NYSE Regulation that it had fallen below the limits of the minimum requirements for listing on the NYSE.

In addition, the Group's subsidiary, TOUSA Inc. published on 2 January 2008 Form 8-K, which was submitted to the US Securities and Exchange Commission (SEC), whereby it stated that it failed to pay debit interest on loan contracts of approximately \$23 mil which was due on 1 January 2008. Failure to pay debit interest was repeated again on 15 January 2008 on another loan contract, and was also announced on 16 January 2008. Failure to pay such interest within 30 days from the date, on which it was due, would have resulted in all of the Company's loans for \$ 1,700 mil to become overdue and payable in their entirety. As a result, the management of subsidiary TOUSA Inc. being aware of its inability to pay such interest on loans within 30 days was inevitably forced to opt for procedures for protection from its creditors, as it considered this solution was the most appropriate and to that end on 29 January 2008 TOUSA Inc. applied for protection from its creditors and subjection to Chapter 11 of the US bankruptcy code to the Bankruptcy Court of Southern Florida in Fort Lauderdale. This application was filed based on a restructuring plan of TOUSA Inc., which was prepared in agreement with over 50% of its creditors, and which provides for repayment of part of the loans and other obligations of the company.

The proposed restructuring of the Company was the result of a dramatic downturn in the American housing market, which accelerated during 2007 up to this date due to various factors, which include the serious adverse impact on liquidity in the credit market and mortgage market, low consumer confidence, increased housing reserves and confiscations, and the downward pressure on housing prices. All these factors together had contributed to lower gross sales and higher cancellation percentages. The events that led to such application for subjection to Chapter 11 of the US Bankruptcy Code, the operating conditions of the company under the regime of Chapter 11 of the US Bankruptcy Code, and the reasons for which the company's Board of Directors decided



on 2 January 2008 not to include any longer its subsidiary TOUSA Inc. in the Group's consolidated statements are detailed in Section C below "Major events after the end of the fiscal year".

During the closing year, 2007, the Company made a share capital increase by cash payment, with a pre-emptive right for previous shareholders, which was covered in full with the payment of a total amount of €34,781,250 and the issuing of 33,125,000 new common registered shares, with a par value of €1.00 each and an offer price of €1.05 each. Following the above increase, the Company's share capital stands at €165,625,000 and is divided into 165,625,000 common registered shares with a par value of €1,00 each. The funds raised from the aforementioned increase of the company's share capital were fully used exclusively for the paying out of the company's loan obligations and as working capital, in accordance with the reasoning for the share capital increase, as stated in the Prospectus dated June 28, 2007 for the said share capital increase. All the funds raised were used up by 12/31/2007.

- The Group is active in the tourism industry through PORTO CARRAS S.A. company, which owns the resort of the same name in Sithonia, Halkidiki, and its other subsidiary companies which manage the different activities of the complex (4 hotels, marina, golf course, casino, winery etc.).

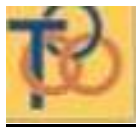
The Group implements the following investments in such resort, which have been included development laws 2601/1998 & 3299/2004 to be subsidized by 30 - 40%:

1. The Ministry of Economy and Finance approved with its 47334/ΥΠΕ/4/00435/E/Law 3299/2004/31.12.2006 decision the submitted in June 2006 investment plan of the company PORTO CARRAS SITHONIA BEACH CLUB SA for the SITHONIA Hotel renovation and upgrading from category 4\* to category 5\*. The total approved outlay for this project is € 23.81 million and the total approved state subsidy is € 9.52 million, i.e. 40 percent of the approved outlay for the project.

2. The Ministry of Economy and Finance approved with its 28620/ΥΠΕ/4/1056/E/N. 3299/2004/30.06.2007 decision the submitted in October 2006 investment plan of the company PORTO CARRAS SITHONIA BEACH CLUB SA, for the establishment of a Thalassotherapy SPA Center and the creation of new uses for the common areas of SITHONIA Hotel. The total approved outlay for this project is € 5.70 million and the total approved state subsidy is € 1.71 million, i.e. 30 percent of the approved outlay for the project.

3. The Private Investment Department of the Ministry of Economy and Finance approved by its Decision No. 74323/ΥΠΕ/1/00487/N. 2601/98/7.11.2003 the company's investment plan PORTO CARRAS MELITON BEACH SA for the establishment of a thalassotherapy spa center in MELITON Hotel. The total approved outlay for this project is € 7.12 million and the eligible state subsidy is € 2.49 million, i.e. 35 percent of the total approved outlay.

4. The Private Investment Department of the Ministry of Economy and Finance approved by its Decision No. 43594/ΥΠΕ/4/00091/N.3299/2004/30.12.2006 the company's investment plan PORTO CARRAS MELITON BEACH SA submitted in August 2005 for the modernization of MELITON Hotel. The total approved outlay for



this project is € 18.22 million and the eligible state subsidy is € 6.38 million, i.e. 35 percent of the total approved outlay.

5. The Planning and Agricultural Structuring Department of the Ministry of Rural Development approved with its 98205/05Γ 1725/675/09.02.2007 decision the submitted investment plan of the company for the establishment of a Winery in order to replace an existing one in the Porto Carras resort. The total approved outlay for this project is € 11.00 million and the eligible state subsidy is € 4,38 million, i.e. 39.77 percent of the total approved outlay. By the end fiscal of year 2007, the competent services had certified the implementation of 40.61% of the project, while in 2008 the implementation of approximately 81% of the overall project has been certified and payment of respective subsidy payment is pending.

6. The Ministry of Economy and Finance approved with its 51324/ΥΠΕ/4/00476/Ε/Ν.3299/2004/13.12.2006 decision the company's investment plan, submitted in July 2006, for the modernization and upgrading, from the 3 star the 5 star category, of the VILLAGE INN Hotel. The total approved outlay for this project is € 4.29 million and the total approved state subsidy is € 1.71 million, i.e. 40 percent of the approved outlay for the project. By the end of 2007 part of the foregoing hotel renovation and upgrading works had been completed.

- In addition and as regards purely tourism operations for the year 2008, guaranteed contracts have been signed (and are currently being implemented) with foreign tour operators from former Soviet Union republics (Russia - Ukraine - Belorussia - Lithuania - Estonia - Latvia), the UK, as well as from countries of Central Europe (Germany - Switzerland - Austria). At the same time contracts have been made with tour operators for allotment and are currently being implemented at approximately the same extent of implementation. Also taking account of synergies that will arise from contractual markets (Greek - Balkans - Conference) where the company has greatly penetrated in the past five years, an integrated multifaceted purchase platform is created which greatly increases the prospects of increase in sales. In addition, for the first time a contract has been made with the largest and most important, worldwide tour operator, TUI GROUP, as well as with THOMSON, which will add even more increased dynamics in attracting customers from throughout Europe.

- On 23 February 2007 Petition No. 379/23.02.2007 was filed before the Athens Administrative Court of Appeals for the repeal of Decision No. 400/5.10.2006 of the Board of Directors of the Capital Market Commission whereby it was decided to remove the shares of PORTO CARRAS SITHONIA BEACH CLUB SA (formerly PORTO CARRAS CASINO SA) from the ATHEX.

- During the 2007 fiscal year, the Company TECHNICAL OLYMPIC SA proceeded to the full impairment of its holding of € 851 thousand in its associated company AGROTOURISTIKI SA.

- In addition, during the closing year, 2007, TECHNICAL OLYMPIC SA parent company decided to reenter the construction sector by undertaking 2 private projects with a total budget of € 12 million. At the same time, the Group continued its construction operations through its subsidiaries MOCHLOS SA and TOXOTIS SA.



Construction company MOCHLOS SA is one of the largest construction companies in the country holding the highest contracting certificate (class 7) of the Register of Contractors (MEEP). This allows it to rise to the challenges of the current business environment both in Greece and abroad in the most dynamic and efficient manner.

- Despite the difficult conditions in the construction market nowadays, MOCHLOS SA, either alone or participating in joint ventures, or even through its subsidiaries implemented in 2007 a quite significant number of works under already concluded contracts, but also maintained its important presence in the sector by taking part in tender procedures for the awarding of new project contracts, expanding at the same time its activities abroad. More specifically the picture of the Company's construction activities at the end of 2007 was as follows:

1. Its subsidiary, MOCHLOS SA entered into in 2007 in new public work projects in Greece for a total value of € 118 mil and which are listed in the following table:

PROJECT	PROJECT OWNER	PROJECT VALUE €	% PARTICIPATION	MOCHLOS PRO RATA PROJECT	CONTRACT DATE
MODERNIZATION AND RENOVATION OF IRRIGATION NETWORK OF ZONES A&B OF IOANNINA DISTRICT	MINISTRY OF AGRICULTURAL DEVELOPMENT	20.663.629,69	100.00%	20.663.629,69	20/3/2007
CONSTRUCTION OF PARKING COMPLEX AT THRIASIO PEDIO (A OPERATING PHASE) (A.D. 540)	ERGOSE SA	59.353.600,97	100.00%	59.353.600,97	23/5/2007
CONSTRUCTION OF THE AIGIO TUNNEL AT THE KIATO-AIGIO PART OF THE ATHENS - PATRAS HIGH SPEED RAILWAY LINE	ERGOSE SA	53.573.027,91	70.00%	37,501,119.03	11/12/2007

2. The projects implemented in Romania on behalf of MOCHLOS SA are:

- improvement of the Road Iacobeni - Sadova in North Romania, with a contract value of €54.6 mil;
- improvement of the Road artery CALAFAT - DROBETA TURM - SEVERIN, with a contract value of €27.3 mil;
- extension of the Costantza Port with a contract value of € 22.8 mil.

As a result, the most important construction works in progress as at 31 December 2007 in Greece, are the following:

1. Construction of the Aigio tunnel at the KIATO – AIGIO part of the high speed railway line between ATHENS – PATRAS, with a contract value of € 37.5 million;
2. Construction of the right branch line from the exit of the Anilio tunnel to the exit of the Malakasi tunnel, with a contract value of € 38.5 million;
3. Earthworks and Technical Works construction for the line connecting the N. Ikonio Port with the railway network, with a contract value of € 31.57 million;
4. Modernization and restoration of the irrigation system for zones A and B of the Ioannina basin, with a contract value of €20.66 million;





5. Construction of the Thriacio Pedio station complex (1<sup>st</sup> operational phase) (ID Card No.540), with a contract value of € 59.35 million.
6. Renovation of the PORTO CARRAS Meliton hotel, with a budget of € 18 million;
7. Renovation of the PORTO CARRAS SITHONIA hotel, with a budget of € 32.6 million;
8. Renovation of the PORTO CARRAS VILLAGE INN hotel, with a budget of € 4.5 million;
9. Renovation of the winery and other facilities of the DOMAINE PORTO CARRAS, with a budget of €11 million.

The unexecuted part of projects underway at the end of 2007 for the Group stood at € 227.06 mil, and at the end of 2006 at € 230.70 mil.



## SECTION B

### Financial Overview

#### Analysis

The financial statements as at 31 December 2007 provide the picture of the Group's progress as well as the main financial figures, as follows:

1. The consolidated turnover for the fiscal year that ended on 31 December 2007 from ongoing activities stood at € 1,755.85 mil as compared to € 2,114.62 mil in 2006.
2. Respectively, the company's turnover stood at € 4.96 mil against € 1.33 mil in 2006, showing a 100% increase.
3. The consolidated gross loss for 2007 from ongoing activities stood at € 405.30 mil against a profit of € 367.08 mil in 2006. Respectively, the Company's gross earnings in 2007 stood at a negative € 1.97 mil against € 0.61 mil in 2006.
4. The consolidated operating results (earnings before interest, taxes, depreciation and amortization - EBITDA) for the 2007 fiscal year from ongoing activities stood at a loss of € 735.87 mil against € 184.97 mil in 2006. Respectively the company's operating results (earnings before interest, taxes, depreciation and amortization - EBITDA) in 2007 stood at a loss of € 0.71 mil against € 2.34 mil in 2006.
5. The consolidated results before taxes in 2007 from ongoing activities stood at a loss of € 937.70 mil against € 242.34 mil in 2006. Respectively, the Company's results before taxes for the year 2007 also stood at a loss of € 173.54 mil against € 7.44 mil in 2006, as a result of bringing the € 171 mil holding of TECHNICAL OLYMPIC SA in TOUSA Inc down to zero.
6. The consolidated net results (after taxes) in 2007 from ongoing activities stood at a loss of € 919.21 mil against € 215.36 mil in 2006, whereas, the Company's net results after taxes in 2007 stood at a loss of € 173.54 mil against € 10.59 mil in 2006.



## Value generating and performance measurement factors

The Group monitors its performance through the analysis of the main business segments. The Group evaluates the results and the performance of segments on a monthly basis identifying in a timely and efficient manner deviation from its goals and taking corrective action accordingly. The Company's performance is measured using internationally used financial performance ratios:

Ø **ROCE (Return on Capital Employed):**

Ø In calculating the ratio, earnings before taxes and financial results are divided by the total capital employed and for the year 2007 this stood at -92.12% on consolidated bases and at -66.16% at company level.

Ø **ROE (Return on Equity):** In calculating this ratio earnings before taxes are divided by Shareholder Equity and for the year 2007 this stood at -884.18% on a consolidated basis and at -67.82% at company level.

## Risk management

### Financial risk factors

The Group is exposed to financial risks, such as changes in exchange rates, interest rates, credit risk, liquidity risk and fair value risk due to changes in the interest rates. The Group's general risk management plan is focused on the timely financial markets forecasting and aims at minimizing their possible negative effect in the financial performance of the Group.

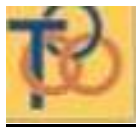
Risk management is performed from the central cash management service, which identifies and estimates the financial risks in cooperation with the operations facing these risks. Before proceeding to the relevant transactions, approval is obtained from officers with the right to bind the Group towards its counterparties. The usual risks to which the Group is exposed are:

### Foreign exchange risk

Foreign exchange risk is the risk involving fluctuations in the value of financial instruments, assets, as well as receivables and liabilities due to changes in rates of foreign exchange. The Group engages in activities internationally hence it is exposed to foreign exchange risk from the fluctuations of the rate of the US dollar to the RON and the euro, as a result of the Group's activities in the Romanian market. This risk results mainly from future commercial transactions and liabilities in RON. In case of major changes in foreign exchange rates, it is possible that the Group's results are seriously affected. The Group, for the time being, has not adopted the use of hedging tools for foreign exchange risk. However, within the framework of responding adequately to the above risk, it is in constant contact with its financial advisors in order to determine on an ongoing basis the best offsetting policy in an environment which changes constantly.

### Credit Risk & Liquidity Risk

The Group is not exposed to credit risk, save the construction sector as a significant part of its income from such sector is generated by sales to the Greek State. Hence such income is in its majority received from



customers with a delay, which ranges between 1 and 2 months in Greece and up to 3 and 4 months abroad. To cover for such delays and secure the necessary liquidity, the Group aims at maintaining sufficient banking limits to prepay accounts signed by banking institutes. Where the foregoing delays in the collection of income become longer, it is possible that the Group's results shall be significantly affected.

Moreover, the Group's Management systematically evaluates exposure to credit risk and for that reason it is constantly in touch with its financial advisors for a more adequate credit risk reduction or elimination policy to be constantly established in an ever changing environment.

#### **Fair value change risk due to changes in interest rates**

Group's operational revenues and cash flows are affected by changes on the prices of interest rates. The main source of the interest rate change risk is loan obligations as well as leasing obligations. The Group has among its assets significant interest bearing items and its policy is almost all of its borrowings to consist of floating interest rate products. It is the Group's policy to maintain its loan balances at the lowest possible levels, ensuring at the same time such funding lines from cooperating banks as can uninterruptedly satisfy the Group's ongoing growth and expansion.

#### **Corporate Government**

The Group has adopted the Principles of Corporate Governance, as these are defined by the current Greek Legislation and international practices. Corporate Governance as a set of rules, principles and control mechanisms, on the basis of which each company in the Group is organized and governed, aims at transparency towards the investing public, as well as ensuring the interests of its shareholders and of all those connected to its operation.

The Board of Directors of TECHNICAL OLYMPIC S.A. comprises eight (8) executive and four (4) non-executive members. From the non-executive members, two (2) of them qualify based on the provisions of law 3016/2002 on Corporate Governance to be called "Independent".

The evaluation and improvement of risk management and internal control systems, as well as verification of compliance with institutionalized policies and procedures, as these are laid down in the Company's Internal Operation Regulations, applicable legislation (mainly stock exchange legislation) and the decisions of the Board of Directors, has been assigned to the Internal Audit Division, which operates as an independent organizational unit and reports directly to the Board of Directors.

#### **Social Reporting**

The Group's contribution at a technological, social infrastructure, and socioeconomic level is important. The Group invests in the continuous training and updating of the people that work for its companies, so that they are able to respond to today's business requirements and developments, in order to provide quality products and services, that satisfy the requirements of the market while promoting values that serve and protect the community



## SECTION C

### Major events after the end of the fiscal year

- On 29 January 2008, the Group's subsidiary, TOUSA Inc, filed an application for protection from its creditors and application of the provisions of Chapter 11 of the US bankruptcy code in the Bankruptcy Court of South Florida, in Fort Lauderdale. This application was filed based on a restructuring plan of TOUSA Inc., which was prepared in agreement with over 50% of its creditors, and which provides for repayment of part of the loans and other obligations of the company. Next are listed the events that lead to such application for subjection to Chapter 11 of the US Bankruptcy Code, the operating conditions of the company under the regime of Chapter 11 of the US Bankruptcy Code, and the reasons for which the company's Board of Directors decided on 2 January 2008 not to include any longer its subsidiary TOUSA Inc. in the Group's consolidated statements:

On 1 August 2005, TOUSA Inc., through a non-consolidated subsidiary joint venture proceeded to the acquisition of TRANSEASTERN PROPERTIES Inc., a land development and residence construction company based in Florida. TOUSA Inc. evaluated at the end of 2006 the possibility of recovering its investment in the joint venture, and established that its investment had been fully impaired as a result of deliveries lower than those anticipated which were due to gross sales lower than anticipated and increased cancellations.

On 31 October 2006 and 1 November 2006, TOUSA Inc. received account receivable letters from the management representative for the lenders of TRANSEASTERN JV, whereby payments were required under certain guarantees. On such dates, DEUTSCHE BANK TRUST Co. confirmed that specific default events had taken place and required in implementation of the guarantees of TOUSA Inc. to pay all its liabilities under the loan of TRANSEASTERN JV, which stood at \$ 625 mil.

Lastly, on 31 July 2007, TOUSA Inc. proceeded to a settlement of the foregoing disputes that regarded TRANSEASTERN JV.

For the purpose of the settlement, TOUSA Inc. took out a loan of \$ 800 mil. Funding from only interest paying loans for a given period on a first and second priority collateral were used in the final closing of the overall and mutually accepted settlement with all TRANSEASTERN joint venturers, including senior lenders, mezzanine lenders, the joint venturers and land banks.

This overall settlement ended any court dispute with the creditors of TRANSEASTERN JV.

As a result of the foregoing loaning, TOUSA Inc. ought to pay on 1 January 2008 debit interest of approximately \$23 mil based on its contractual obligations. However, TOUSA Inc. announced on 2 January 2008 using Form 8-K, filed with the US Securities and Exchange Commission (SEC) that it had failed to pay interest on its loans. Failure to pay debit interest was repeated again on 15 January 2008 on another loan contract, and was also announced on 16 January 2008.

In the foregoing announcement, TOUSA Inc., indicated that failure to pay such interest within 30 days from the date on which it ought to make such payment would result in all of the company's loans becoming overdue and payable in their entirety. Their overall sum at such time stood at about \$ 1,700 mil.



The company, being aware of its inability to pay such loan interest within 30 days, hence its loans becoming overdue, had to choose among one of the following solutions: either the company's Management would decide the immediate liquidation of its assets (bankruptcy) or it would proceed to file an application for protection from its creditors and its subjection to Chapter 11 of the US Bankruptcy code. The management of such subsidiary considered the application for protection and subjection of the company to Chapter 11 of the US Bankruptcy code to be the most suitable solution and to that end filed on 29 January 2008 such application.

The company now being subject to Chapter 11 of the US Bankruptcy code operates as a debtor and debtor-manager under the jurisdiction of the Bankruptcy Court and in accordance with applicable provisions of the US Bankruptcy code and the orders of the Bankruptcy Court. Hence it is exposed to the risks and uncertainties that relate to the provisions of Chapter 11, which include but are not limited to:

- limited ability to raise funds such as through the sale of assets;
- limited ability to apply and implement business plans and strategies;
- possibility of receiving the required approval from the Bankruptcy Court for transactions not usual for the company's business, which may limit its ability to respond at regular intervals to certain events or take certain opportunities

Due to subjection of the Company to Chapter 11 of the US bankruptcy code and its full supervision by the competent Bankruptcy Court (no decision may be made unless approved by the Court), it is impossible for the subsidiary to implement its financial and business policy, including but not limited to:

- limitation in the payment of dividends and reacquisition by the Company of its share capital;
- payment limitation;
- limitation in the issue of new shares in order to raise new funds;
- limited additional funding of its operations, acquisition strategies, investments or joint ventures or other fund needs or participation in other profitable business activities;
- prohibition of the transfer of funds from TOUSA Inc. to any related party, including the parent Company.

Further, TOUSA Inc. is also subject to limitations due to contractual settlements. In more detail, the plan for its restructuring, which has been prepared with the consent of its creditors and provides for the pay off of part of the Company's loans and other liabilities, lead to contractual settlements for the company's liabilities which require maintaining certain financial budgets and protective clauses which, among others, limit its ability to take certain actions, even if the management finds such actions to be to the company's best interest. Besides everything else, these limit the company's ability to:

- create debts;
- take lawful rights and carry out sale/ leaseback transactions, with the exception of model residences, which are subject to certain limitations;
- issue loan guarantees;
- correct or amend the company's documents;



- take on or create receivables.

Following the above, and all the detailed information on the subsidiary TOUSA Inc. posted at [www.tousa.com](http://www.tousa.com) where its annual financial statements have been posted, the Management of the parent company believes that on 2 January 2008 it lost the ability to guide the financial and business activities of its subsidiary to benefit from them. In addition, the management of the parent company estimates that under the current conditions and based on the reasons listed above, regardless of the development of the activities of TOUSA Inc., it does not anticipate to recover the investment from its subsidiary. Also, as was announced to that respect on 17 January 2008, the parent company is not bound by guarantees with regard to its subsidiary TOUSA Inc. on 31 December 2007.

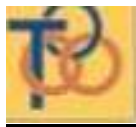
- The ATHEX decided on 26 March 2008, following a motion to that respect of the Capital Market Commission to suspend the trading of the Company's shares due to failure to publish the 2007 Annual Consolidated Financial Statements, as announced by the Company on 24 March 2008. Such suspension of the trading of the Company's shares continues to this date.

TECHNICAL OLYMPIC SA was initially included among the defendants in a class action filed with a US Federal Court of Justice but not notified to it. The defendants included Banking Organizations, its subsidiary TECHNICAL OLYMPIC USA (TOUSA Inc.), which was subjected to the protective provisions of Chapter 11 of the US Bankruptcy Code, as well as members of their Boards of Directors. The plaintiffs appear to be non-listed buyers of shares of TOUSA Inc. who claim that under US legislation they are entitled to claims for the period between 1 August 2005 and 19 March 2007 due to guarantees, which as they argue, TOUSA Inc. and the other parties involved gave them for TRANSEASTERN JV. In a later action filed on 19 September 2008 replacing the old one, TECHNICAL OLYMPIC and the members of the Stengos family as Directors of TOUSA Inc. who were included in the first action, are no longer included among the defendants, hence leading to a definite end to any claims against the Company and its BoD.

On 02/15/2008 and 02/29/2008, TECHNICAL OLYMPIC SA granted the amounts of € 1,700,000.00 and € 3,960,000.00 to its subsidiary companies PORTO CARRAS VILLAGE INN S.A. and PORTO CARRAS DOMAIN S.A. in the form of convertible bond loans, as decided by the Ordinary General Meetings of its companies on 06/29/2006 and 06/30/2005 respectively.

- As regards the Group's construction operations:

1. It is expected in the months to come to obtain approval from the Project Owner, the construction joint venture of the Company's subsidiary MOCHLOS SA with AKTOR SA (where MOCHLOS SA shall participate with 30%), to undertake the execution of the project "RENOVATION OF THE INFRASTRUCTURE -



SUPERSTRUCTURE OF ISAP LINES AND REINFORCEMENT OF THE TUNNEL BETWEEN THE OMONIA AND MONASTIRAKI STATIONS” with a budgeted contract value for our company of € 39.32 mil.

2. On 5 August 2008, tender procedures were held in Romania for the following public works: “6R5 Design and Build of DN12 Bixad - Sindominic” and “6R6 Design and Build of DN 12 Sindominic - Tiplita”, where the subsidiary MOCHLOS SA participated in a joint venture with S.C. ROMSTRADE S.R.L by 49% & 75% respectively. In such tender procedures the joint ventures were found temporary bidders with an offered budget of € 47.2 mil and € 54.3 mil respectively, and the competent committee is expected to continue the procedure to indicate the contractor.

3. On September, 15<sup>th</sup> September the subsidiary MOCHLOS SA in joint venture with DANYA CEBUS (a subsidiary of the Group AFRICA ISRAEL), each one participating by 50%, took part in the international call for tenders in Romania for the project entitled “Design and Build of Cernavoda - Medgidia highway”, with an offered budget of about € 178 mil based on the results of the tender procedure and the foregoing joint venture ranked second and the final results are anticipated.

- The Extraordinary General Meeting of the Shareholders of MARCO MARINAS SA held on 6 December 2007 decided to dissolve the Company and place it in liquidation. Such decision was registered with the Societes Anonymes Register of the Societes Anonymes and Trade Directorate of the South Sector of the Prefecture of Athens on 17/1/2008 (Ref. No. 20392/07). In the above company TECHNICAL OLYMPIC SA had as at 5/12/2007 a holding of 67.58% in the share capital.

- On 8 September 2008 was held the 2<sup>nd</sup> repeated Ordinary General Meeting of the Shareholders of TECHNICAL OLYMPIC SA (the initial was held on 30/6/2008, the suspended one was held on 30/7/2008 and the first repeated one was held on 19/8/2008), at which shareholders representing 85,948,977 shares, namely 51.89% of the company's paid up capital, were present or represented. Based on the above quorum the following decisions were adopted, among others:

- To found a branch or an establishment of any other form found to be more suitable by the BoD , aiming at developing and investigating the market for the purpose of expanding the company's operations to the Russian market.
- To grant within two years stock option for the purchase in whole or in part of up to sixteen million five hundred (16,500,000) shares, namely 9.965% of the overall number of existing Company shares (165,625,000), to the members of the BoD and the Company's executives, as well as to Directors and executives of associated companies. It was decided to implement the above stock option either by share capital increase or by the purchase of treasury shares to be acquired in accordance with the provisions of Article 16 of Codified Law 2190/1920. The offer price per share to exercise such so granted stock option to acquire up to a total of 16,500,000 shares was set: a) for the implementation of the plan by share capital increase to the then applicable face value of the Company's shares; and b) for the implementation of the plan through the purchase of treasury shares, to one third (1/3) of the





average trading value during the last month before the offer, rounded up to the second decimal and based on the other details to be established by the Company's BoD.

- For the Company to acquire through the ASE, up to 16,500,000 treasury shares in the context of the stock option granted to the Company's Directors and executives, as well as to the Directors and executives of its associated companies. To take the respective acquisition actions, and the applicable procedure shall be implemented in accordance with the provisions of Article 16 of Codified Law 2190/20, as is in force, as modified by the recent provisions of Law 3604/07. The maximum and minimum acquisition prices per share were set to € 1.20 and € 0.10 respectively, and the deadline for the acquisition of such shares was set to 31/12/2009.
- To preliminary approve the fees of the members of the BoD for 2008 standing at € 1,500,000, to approve BoD fees already paid and preliminarily approved for 2007 standing at € 1,400,000 as well as to reapprove fees already preliminarily approved in previous fiscal years, standing in total at € 2,350,000.
- The remaining items on the agenda were approved (corporate Financial Statements for 2007, release of the BoD members and the Certified Auditor from liabilities in respect of the Financial Statements, etc.), with the exceptions of issues that regards the consolidated Financial Statements for 2007 and the release of the BoD members and the Certified Auditor from liabilities in respect of the foregoing consolidated Financial Statements, in respect of which the BoD shall lawfully convene a new General Meeting to debate and decide on them.

- On 20/2/2008 the shares of MELTEMI KASTRI SA were transferred in their entirety to MELTEMI KASTRI CYPRUS LTD for a total consideration of € 3,330,000. MELTEMI KASTRI CYPRUS LTD transferred on 8/8/2008 the shares of MELTEMI KASTRI SA to PILSBY LTD for an overall consideration of € 3,000,000, and in the respective agreement provision is also made for an additional consideration of €2,625,000, provided doubts on the validity of administrative permits regarding the Lakonia Eolic Park are lifted.

- The BoD of TECHNICAL OLYMPIC SA decided on 7/7/2008 to sell 4,307,194 ordinary nominal shares of LAMDA TechnOL Flisvos at a price of € 6,583,333.08. Such shares were transferred on 11/7/2008.

- The BoD of PORTO CARRAS SA decided on 7/7/2008 to sell 861,439 ordinary nominal shares of LAMDA TECHNOL FLISVOS at a price of € 1,316,666.92. Such shares were transferred on 11/7/2008.

- The Board of Directors of MOCHLOS SA decided on 7.1.2008 to interrupt the operation of all the (ready made concrete production and marketing) industrial units in Patras and Igoumenitsa due to the extremely adverse conditions created, very intense competition and the persistent for a number of years negative results from the operation of such segment.



- Further by decision of the Board of Directors of MOCHLOS SA, the company's Home Building operations in the USA in the framework of US based company TECHNICAL OLYMPIC USA (TOUSA Inc.) of the TECHNICAL OLYMPIC Group were interrupted.

- On 24 July 2008, the 2<sup>nd</sup> Repeated General Meeting of the Shareholders of MOCHLOS SA was held (the initial General Meeting having been held on June, 5<sup>th</sup> and the 1<sup>st</sup> repeated one on June 24<sup>th</sup>), at which it was decided:

- To start the procedures for the splitting of the construction segment (namely the public and private works segment) to then contribute it to STROFYLI SA, a subsidiary of the Group of TECHNICAL OLYMPIC SA, in accordance with the provisions of Articles 1-5 of Law 2166/1993 and Codified Law 2190/1920.
- To grant within two years option rights to purchase in whole or in part of up to seven million (7,000,000) shares, namely 9.535% of the overall number of existing Company shares (73,410,192), to the members of the BoD and the Company's executives, as well as to Directors and executives of associated companies. It was decided to implement the above stock option either by share capital increase or by the purchase of treasury shares to be acquired in accordance with the provisions of Article 16 of Codified Law 2190/1920. The offer price per share to exercise such so granted stock option to acquire up to a total of 7,000,000 shares was set to: a) for the implementation of the plan by share capital increase to the then applicable face value of the Company's shares; and b) for the implementation of the plan through the purchase of treasury shares, to one third (1/3) of the average trading value during the last month before the offer, rounded up to the second decimal and based on the other details to be established by the Company's BoD.
- For the Company to acquire through the ASE, up to 7,000,000 treasury shares in the context of the stock option granted to the Company's Directors and executives, as well as to the Directors and executives of its associated companies. To take the respective acquisition actions, and the applicable procedure shall be implemented in accordance with the provisions of Article 16 of Codified Law 2190/20, as is in force, as modified by the recent provisions of Law 3604/07. The maximum and minimum acquisition prices per share were set to € 1.00 and € 0.05 respectively, and the deadline for the acquisition of such shares was set to 31/12/2009.

- By unanimous decision of the Board of Directors of MOCHLOS SA on 30 July 2008 and a decision to that respect taken at the 2<sup>nd</sup> Repeated General Meeting of the company regarding the commencement of the procedures for the splitting of the Company's construction segment (namely of the public and private works segment) and its contribution thereafter to STROFYLI SA, a subsidiary of the TECHNICAL OLYMPIC SA Group, in accordance with the provisions of Articles 1-5 of Law 2166/1993 and Codified Law 2190/1920, which the General Meeting found to be to the best interest of the Company and the Group in the context of the restructuring and rationalization of its structure and operation, 31 July 2008 was decided upon and set as the



date for the preparation of the Accounting Statement provided for regarding the splitting of the Company's Construction Segment, under the provisions of Articles 1-5 of Law 2166/1993 and Codified Law 2190/1920.

- The BoD of PORTO CARRAS SITHONIA BEACH CLUB SA decided on 31 July 2008 to appoint the foregoing date as the date of preparation of the accounting statement in respect of the hotel, tourism and residential development segments to be split in accordance with the provisions of Articles 1-5 of Law 2166/1993 and Codified Law 2190/1920 and their contribution to MOCHLOS SA on 31 July 2008.

- In implementing a relevant decision taken by the Ordinary General Meeting of the Shareholders of PORTO CARRAS SITHONIA BEACH CLUB SA, stock options were offered to the BoD Chairman for a total of 3,270,000 shares at an offer price equal to the face value of shares of ninety cents (€ 0.90), namely € 2,943,000 and next payment of the foregoing amount on 1 July 2008 by the BoD was certified, hence the Company's share capital stood at € 32,373,000, being divided into 35,970,000 ordinary nominal shares at a face value of € 0.90 each.

- In implementing a relevant decision taken by the Ordinary General Meeting of the Shareholders of PORTO CARRAS CLUB SA, stock options were offered to the BoD Chairman for a total of 1,324,000 shares at an offer price equal to the face value of shares of three euros (€ 3.00), namely € 3,972,000 and next payment of the foregoing amount on 7 August 2008 by the BoD was certified, hence the Company's share capital stood at € 43,692,000, being divided into 14,564,000 ordinary nominal shares at a face value of € 3.00 each.

Besides the above events, there have been no events past the date of the financial statements which regard the Group or the Company and which need to be reported under the International Financial Reporting Standards.



## SECTION D

### Outlook for the new year

Further operation of the PORTO CARRAS complex, the strengthening of the construction segment operations, mainly through the Group's subsidiaries that engage in this sector, and the general restructuring of investments in Greece and abroad are the goals for 2008.

### Dividend policy, Appropriation of net profit

No dividend will be distributed to the company shareholders for 2007, due to accrued losses.

Alimos, 19 September 2008

#### The Attesters

KONSTANTINOS A.  
STENGOS

GEORGIOS K.  
STENGOS

KONSTANTINOS P.  
RIZOPOULOS

Chairman of the Board of  
Directors

Managing Director

Member of the Board of  
Directors & Financial  
Director of the Group



**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS  
OF TECHNICAL OLYMPIC S.A., TO THE ORDINARY GENERAL MEETING OF THE  
COMPANY'S SHAREHOLDERS CONCERNING THE ISSUES OF ARTICLE 11A (1) OF  
LAW 3371/2005**

This explanatory report of the Directors to the Ordinary General Meeting of the Company's shareholders contains information about the issues of paragraph 1, article 11(a), of Law 3371/2005.

**Structure of the Company's share capital**

During 2007, the company performed an increase of its share capital by cash payment and with a pre-emptive right for previous shareholders, as decided by the BoD of the company at its meeting on 06/27/2007, based on the authority granted to it from the Repetitive General Meeting of the Shareholders on 07/14/2005, which was held from 07/16/2007 to 07/30/2007, and this increase was fully covered with the inflow of a total amount of €34,781,250, and the issue of 33,125,000 new common registered shares, with a par value of €1.00 each and an offer price of €1.05 each, resulting in a share issue premium of €1,656,250. Following the above increase, the company's share capital is now €165,625,000 divided among 165,625,000 common registered shares, with a par value of €1.00 each.

All shares are nominal and listed on the Equities Market of the Athens Stock Exchange by ATHEX decision dated on 26/3/2008 following a motion to that respect of the Capital Market Commission, whereby it was decided to suspend the trading of the Company's shares due to failure to publish the 2007 annual consolidated Financial Statements as was announced by the Company on 24/3/2008. Such suspension of the trading of the Company's shares continues to this date.

Each common share grants the right to one vote at the General Meeting.

Each share grants all the rights and obligations set by the Law and the Company's Articles of Association. The liability of shareholders is limited to the nominal value of the shares they hold.

**Restrictions to the transfer of Company shares**

The transfer of Company shares is subject to the provisions of the Law and no restrictions apply to the transfer of shares under the Company's Articles of Association.

**Significant direct or indirect holding within the meaning of Presidential Decree 51/1992.**

On 31/12/2007, the following shareholders held more than 5% of the total voting rights in the Company:

SHAREHOLDER	% HOLDING
KONSTANTINOS STENGOS	34.31%



### **Shares granting special rights to audit**

There are no Company shares that grant special audit rights.

### **Restrictions to the right to vote**

No restrictions to voting rights are imposed under the Company's Articles of Association.

### **Company shareholder agreements**

The Company is not aware of nor is there in the Company's Articles of Association any provision allowing for shareholder agreements which might entail restrictions on the transfer of shares or restrictions to the exercise of voting rights.

### **Rules concerning the appointment and replacement of members of the BoD and rules concerning the modification of the articles of association that differ from the provisions of Codified Law 2190/1920, as it applies today**

The rules provided for in the Company's Articles of Association on the appointment and replacement of Directors, and the modification of provisions of the Articles of Association are no different from those provided for in Codified Law 2190/1920, as it applies today.

### **Authority of the BoD or some of its members for the issue of new shares or the purchase of own shares of the Company according to article 16 of Codified Law 2190/20, as it applies today**

A) In accordance with the provisions of Article 13 (1) (b) and (c) of Codified Law 2190/1920 and in conjunction with the provisions of Article 6 of its Articles of Association, the Company's BoD is entitled following a decision taken to that respect by the General Meeting which is subject to the disclosure formalities of Article 7b of Codified Law 2190/1920 to increase the Company's share capital by issuing new shares by decision made by a majority of at least two thirds (2/3) of its members. In that case, the share capital may be increased up to the amount of the paid up capital as at the date on which the BoD was granted such power by the General Meeting. Such power of the BoD may be renewed by the General Meeting for a time period not over 5 years for each such renewal.

B) In accordance with the provisions of Article 13 (9) of Codified Law 2190/1920, by decision of the General Meeting made by increased quorum and majority in accordance with the provisions of Articles 29 (3) and (4) and 31 (2) of Codified Law 2190/1920, a program may be setup for the offer of shares to members of the BoD and personnel of the Company as well as of its associated companies in the form of stock options, in accordance with the specific terms of such decision, a summary of which is subject to the disclosure formalities under Article 7b of Codified Law 2190/1920. The decision of the General Meeting establishes in particular the maximum number of shares that may be issued, which may not be above 1/10 of existing shares, as well as the



price and the terms of offer of shares to beneficiaries. The BoD establishes by its decision all other related details not otherwise established by the General Meeting, issues stock option certificates and in December each year issues shares to the beneficiaries that have exercised the stock option, increasing the Company's capital accordingly. Further, it certifies the capital increase in accordance with Article 11 of Codified Law 2190/1920.

After all, in accordance with the provisions of Article 16 (5) - (13) of Codified Law 2190/1920, companies listed on the Athens Exchange may by decision of the General Meeting of their Shareholders acquire treasury shares through the Athens Exchange for up to 10% of the total number of shares.

**Important agreements enforced, modified or terminated in case of change of Company control following a public proposal**

No Company agreements are in place which is enforced, modified or terminate in case of change of control of the Company following a public proposal.

**Important Agreements with Board of Directors members or Company staff**

No agreements made by the Company with members of the BoD or personnel are in place, which provide for compensation in case of resignation or dismissal on other than serious grounds, or termination of office or employment due to a public proposal.



## INDEPENDENT AUDITOR'S REVIEW 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 2007; 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's responsibility for 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. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes the selection and implementation of appropriate accounting policies, as well as accounting assessments which are appropriate to the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have performed the audit in accordance with the Greek Auditing Standards, in line with the International Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures are selected at the auditor's discretion and include an assessment of the risk of inaccuracies in the financial statements, due to fraud or error. To assess this risk, the auditor takes into account the internal audit system in relation to the preparation and fair presentation of financial statements, with the aim to plan audit procedures appropriate to the circumstances and not express an opinion on the effectiveness of the Company's internal audit system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the attached consolidated Financial Statements fairly present, in all material aspects, the financial standing of the Company and the Group as of December 31<sup>st</sup>, 2007, as well as their financial





performance and cash flow for the period ended on that date, according to the International Financial Reporting Standards, as adopted by the European Union.

Notwithstanding the conclusions of our audit, we draw your attention to note 9 listed in the Appendix to the financial statements, which makes reference to the subjection of the subsidiary TOUSA Inc. to the provisions of Chapter 11 of the US Bankruptcy Code, loss of its control and the effect this has on the financial statements for the next fiscal year.

**Report on other legal and regulatory issues.**

The Report of the Board of Directors includes the information provided for under Articles 43a (3) and 107 (3) of Codified Law 2190/20 , as well as under Article 11a of Law 3371/2005 and its content is consistent with the attached Financial Statements.

Athens, 22 September 2008

Certified Public Accountant -Auditor

GEORGIOS PARASKEVOPOULOS

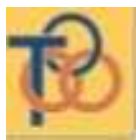
Charter of Certified Auditors Reg. No. 11851



Ορκωτοί Ελεγκτές Σύμβουλοι Επιχειρήσεων

Βασ. Κωνσταντίνου 44, 116 35, Αθήνα

A.M.ΣΟΕΛ 127



## A. Balance Sheet as at 31 December 2007

Amounts in € '000	note	GROUP		COMPANY	
		31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Ownused Fixed Assets	6.1	333,465	322,543	4,290	4,168
Intangible Assets	6.2	14,441	14,684	61	100
Investments in Subsidiaries	6.3	0	0	258,868	562,397
Investments in Associates	6.4	6,206	6,606	4,891	5,159
Investments in Joint Ventures	6.5	6,126	97,964	0	0
Financial assets available for sale	6.6	10,190	31,821	0	0
Investments in real estate	6.7	15,059	13,273	3,934	2,374
Other long-term receivables	6.8	1,517	3,836	16,024	15,252
Deferred tax receivables	6.9	0	137,977	0	0
<b>Total</b>		<b>387,003</b>	<b>628,704</b>	<b>288,068</b>	<b>589,450</b>
<b>Current Assets</b>					
Inventories	6.10	812,394	1,595,947	0	0
Receivables from construction contracts	6.11	31,501	27,935	1	0
Trade receivables and other commercial receivables	6.12	37,479	26,075	3,315	486
Receivables from Joint Ventures	6.13	1,565	22,932	0	0
Other Receivables	6.14	243,019	85,177	303	6,274
Financial assets at fair value through results	6.15	202	1,079	0	481
Cash and cash equivalent	6.16	76,935	64,006	482	1,161
<b>Total</b>		<b>1,203,095</b>	<b>1,823,151</b>	<b>4,101</b>	<b>8,402</b>
Non Current Assets available for sale	6.45	4,170	92,393	0	0
<b>TOTAL ASSETS</b>		<b>1,594,269</b>	<b>2,544,247</b>	<b>292,169</b>	<b>597,852</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders Equity</b>					
Share Capital	6.17	165,625	132,500	165,625	132,500
Share Premium	6.18	253,784	252,127	253,784	252,127
Reserves from asset valuations in current values	6.19	127,778	129,176	1,453	1,463
Reserves from financial asset valuations available for sale	6.19	0	0	73,253	178,800
Other Reserves	6.20	8,958	8,928	7,877	7,877
Retained Earnings	6.21	(691,218)	38,136	(246,181)	(72,247)
Foreign Exchange Differences	6.22	(14,204)	(23,614)	85	0
<b>Equity Attributable to Parent Company Shareholders</b>		<b>(149,278)</b>	<b>537,253</b>	<b>255,896</b>	<b>500,520</b>
Third Party Rights		43,472	195,295	0	0
<b>Total Equity</b>		<b>(105,806)</b>	<b>732,548</b>	<b>255,896</b>	<b>500,520</b>
<b>Long-term Liabilities</b>					
Deferred tax liabilities	6.9	46,873	57,623	24,067	48,782
Liabilities for employee retirement benefits	6.23	684	735	69	58
Future income from state grants	6.24	33,633	12,232	0	0
Long-term loans	6.25	10,365	842,149	0	28,000
Other Provisions	6.26	7,040	262,441	0	0
Other long-term Liabilities	6.27	37,267	235,365	12	12
<b>Total long-term Liabilities</b>		<b>135,863</b>	<b>1,410,546</b>	<b>24,148</b>	<b>76,852</b>
<b>Short-term Liabilities</b>					
Trade creditors and similar Liabilities	6.28	83,229	108,359	3,806	698
Current tax Liabilities	6.29	9,078	5,569	386	2,398
Short-term loans	6.25	1,208,403	52,318	5,703	4,215
Liabilities to Joint Ventures	6.13	567	695	0	0
Other short-term Liabilities	6.30	262,290	197,930	2,230	13,169
<b>Total short-term Liabilities</b>		<b>1,563,567</b>	<b>364,871</b>	<b>12,125</b>	<b>20,480</b>
<b>Total Liabilities</b>		<b>1,699,430</b>	<b>1,775,417</b>	<b>36,273</b>	<b>97,332</b>
Liabilities referred to the non current assets available for sale	6.45	645	36,282	0	0
<b>TOTAL SHAREHOLDERS EQUITY &amp; LIABILITIES</b>		<b>1,594,269</b>	<b>2,544,247</b>	<b>292,169</b>	<b>597,852</b>

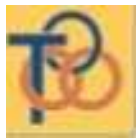
The attached notes are an integral part of these financial statements.



## B. Profit/ Loss Statement

<i>Amounts in € '000</i>		GROUP		COMPANY	
		1/1/- 31/12/2007	1/1/- 31/12/2006	1/1/- 31/12/2007	1/1/- 31/12/2006
Continued operations	note				
Turnover (Sales)	6.31	1,755,852	2,225,046	4,963	1,327
Cost of Sales	6.32	(2,161,154)	(1,844,929)	(2,998)	(719)
<b>Gross profit/(loss) from continued operations</b>		<b>(405,302)</b>	<b>380,117</b>	<b>1,965</b>	<b>608</b>
Administrative Expenses	6.32	(148,839)	(169,085)	(2,857)	(1,575)
Selling Expenses	6.32	(135,386)	(153,018)	(77)	(9)
Other Operating Expenses	6.33	(79,911)	(273,943)	(158)	(2,066)
Other Operating Income	6.34	10,612	6,883	194	475
<b>Operating Profits / (Losses)</b>		<b>(758,826)</b>	<b>(209,046)</b>	<b>(932)</b>	<b>(2,567)</b>
Financial Expenses	6.35	(33,150)	(4,917)	(1,385)	(2,076)
Financial Income	6.36	1,292	3,444	887	848
Other Financial Results	6.37	(925)	92	(275)	215
Income from Dividends	6.38	513	38	19	1,920
Impairment of current assets from financial results available for sale		0	(552)	(173,669)	(6,086)
Profits / (losses) from investments	6.39	3,047	5,035	258	310
Profit / (losses) from the real estate valuation	6.40	2,607	0	1,560	0
Profits / (losses) from joint ventures	6.41	(152,994)	(38,753)	0	0
Pro rata results from affiliated companies	6.42	734	13	0	0
<b>Profit / (Loss) before Income Tax from continued operations</b>		<b>(937,702)</b>	<b>(244,646)</b>	<b>(173,536)</b>	<b>(7,436)</b>
Income Tax	6.43	18,496	26,798	(5)	(3,152)
<b>Profit / (Loss) after Income Tax from continued operations</b>		<b>(919,206)</b>	<b>(217,848)</b>	<b>(173,541)</b>	<b>(10,588)</b>
<b>Discontinued operations</b>					
Results from discontinued operations	6.45	(16,312)	(2,486)	0	0
<b>Profit/ (losses) after tax</b>		<b>(935,518)</b>	<b>(220,334)</b>	<b>(173,541)</b>	<b>(10,588)</b>
<b>Attributable to:</b>					
Minority interest		(156,567)	(71,100)		
Shareholders of the Parent		(778,951)	(149,234)		
<b>Basic Profit / (Loss) per share (€ / share)</b>	6.44	<b>(5.4118)</b>	<b>(1.1263)</b>	<b>(1.2057)</b>	<b>(0.0799)</b>
<b>Basic Profit / (Loss) per share (€ / share) from continued operations</b>	6.44	<b>(5.2985)</b>	<b>(1.1075)</b>	<b>(1.2057)</b>	<b>(0.0799)</b>
<b>Basic Profit / (Loss) per share (€ / share) from continued disoperations</b>	6.44	<b>(0.1133)</b>	<b>(0.0188)</b>	<b>0.0000</b>	<b>0.0000</b>

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



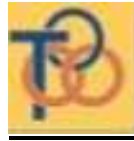
## B.1 Profit/ Loss statement analysis for the fiscal year

<i>Amounts in € '000</i>		GROUP		COMPANY	
Continued operations	note	1/1/- 31/12/2007	1/1/- 31/12/2006	1/1/- 31/12/2007	1/1/- 31/12/2006
EBITDA	(A)	(735,868)	(187,418)	(707)	(2,336)
EBIT		(758,826)	(209,046)	(932)	(2,567)
Profit / (Loss) after Income Tax from continued operations		(919,206)	(217,848)	(173,541)	(10,588)
Profit/ (losses) after tax		(935,518)	(220,334)	(173,541)	(10,588)

(A) Calculation of the Account: EBITDA

<i>Amounts in € '000</i>		GROUP		COMPANY	
Continued operations		1/1/- 31/12/2007	1/1/- 31/12/2006	1/1/- 31/12/2007	1/1/- 31/12/2006
Earnings before tax		(937,702)	(244,646)	(173,536)	(7,436)
Plus: Financial Results		32,783	1,381	772	1,013
Plus: Investment results		146,094	34,219	171,832	3,856
Plus: Depreciation		22,957	21,628	224	231
EBITDA		(735,868)	(187,418)	(707)	(2,336)

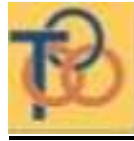
The attached notes are an integral part of these financial statements.



## C.1. Statement of changes in the Group's equity for the period that ended on 31 December 2006

<i>Amounts in € '000</i>	note	Share Capital	Share Premium	Reserves from asset valuations in current values	Other Reserves	Retained Earnings	Foreign Exchange Differences	Equity Attributable to Parent Company Shareholders	Third Party Rights	Total Equity
Balance as of 31/12/2005		132,500	252,127	130,272	8,925	186,687	21,244	731,755	286,339	1,018,094
Adaptation because change of accounting principles		0	0	0	0	0	0	0	0	0
Restated Balance as of 31/12/2005		132,500	252,127	130,272	8,925	186,687	21,244	731,755	286,339	1,018,094
Losses of the period		0	0	0	0	(146,748)	0	(146,748)	(71,100)	(217,848)
<b>Equity Changes for period 1/1 - 31/12/2006</b>										
Foreign Exchange Differences		0	0	0	0	0	(44,739)	(44,739)	(21,934)	(66,673)
Increase in subsidiary share capital		0	0	0	0	0	0	0	2,134	2,134
Sale of subsidiary participation		0	0	0	0	0	0	0	(166)	(166)
Capital return of foreign subsidiary		0	0	0	0	0	(72)	(72)	(78)	(150)
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		0	0	(1,756)	0	1,756	0	0	0	0
Deferred taxes from transfer of reserves from evaluation of property at current values		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 are an integral part of these financial statements.

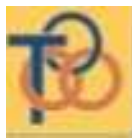


## C.2. Statement of changes in the Group's equity for the period that ended on 31 December 2007

<i>Amounts in € .000 € '000</i>	note	Share Capital	Share Premium	Reserves from asset valuations in current values	Other Reserves	Retained Earnings	Foreign Exchange Differences	Equity Attributable to Parent Company Shareholders	Third Party Rights	Total Equity
Balance as of 31/12/2006		132,500	252,127	129,176	8,928	38,136	(23,614)	537,253	195,295	732,548
Adaptation because change of accounting principles		0	0	0	0	(698)	0	(698)	(345)	(1,043)
Restated Balance as of 31/12/2006		132,500	252,127	129,176	8,928	37,438	(23,614)	536,555	194,950	731,505
Losses of the period		0	0	0	0	(778,951)	0	(778,951)	(156,567)	(935,518)
<b>Equity Changes for period 1/1/-31/12/2007</b>										
Foreign Exchange Differences		0	0	0	0	0	10,173	10,173	4,919	15,092
Increase in share capital of the Parent		33,125	1,657	0	0	0	0	34,782	0	34,782
Decrease in share capital of subsidiaries		0	0	0	0	5	0	5	(5)	0
Transfer in minority interests		0	0	0	0	24	0	24	(24)	0
Transfer of Retained Earnings to New Ordinary Reserve		0	0	0	50	(50)	0	0	0	0
Reconciliation of Taxes Held to a reserve account		0	0	0	(15)	0	0	(15)	(1)	(16)
Transfer of marked to market valuation of real state to retained earnings due to sale		0	0	(292)	0	292	0	0	0	0
Deferred Taxation from the transfer of marked to market valuation of real state to retained earnings due to sale		0	0	71	0	(71)	0	0	0	0
Depreciation of Reserves from marked to market valuation of real state to retained earnings		0	0	(1,766)	0	1,766	0	0	0	0
Deferred Taxation from the depreciation of marked to market valuation of real state to retained earnings due to sale		0	0	452	0	(452)	0	0	0	0
Transfer of reserves from evaluation of property at current values		0	0	180	0	0	0	180	193	373
Deferred Taxation from the transfer of marked to market valuation of real state		0	0	(45)	0	0	0	(45)	(48)	(93)
Capital increase expenses		0	0	0	0	(589)	0	(589)	(23)	(612)
Deferred taxation of capital increase expenses		0	0	0	0	147	0	147	6	153
Adaptation accounts		0	0	0	0	769	(769)	0	0	0
Fair value of preferred shares rights and other rights of a foreign subsidiary	(i)	0	0	0	0	48,527	0	48,527	0	48,527
Other adjustments		0	0	3	(5)	2	0	0	0	0
Change in Percentages		0	0	0	0	(76)	6	(70)	71	1
<b>Profit/ (loss) recorded directly in the equity</b>		<b>33,125</b>	<b>1,657</b>	<b>(1,398)</b>	<b>30</b>	<b>50,294</b>	<b>9,410</b>	<b>93,118</b>	<b>5,089</b>	<b>98,207</b>
<b>Total recorded profit/ (loss) of the financial year</b>		<b>33,125</b>	<b>1,657</b>	<b>(1,398)</b>	<b>30</b>	<b>(728,657)</b>	<b>9,410</b>	<b>(685,833)</b>	<b>(151,479)</b>	<b>(837,311)</b>
Balance on 31/12/2007		165,625	253,784	127,778	8,958	(691,219)	(14,204)	(149,278)	43,471	(105,806)

(i) See note 6.27

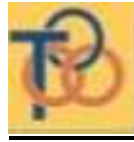
The attached notes are an integral part of these financial statements.



## D.1 Statement of changes in the parent company's equity for the period that ended on 31 December 2006

<i>Amounts in€ '000</i>	Share Capital	Share Premium	Reserves from asset valuations in current values	Reserves from financial asset valuations available for sale	Other Reserves	Retained Earnings	Total Equity
Balance as of 31/12/2005	132,500	252,127	1,473	402,014	7,877	(59,019)	736,972
Adaptation because change of accounting principles	0	0	0	0	0	0	0
Restated Balance as of 31/12/2005	132,500	252,127	1,473	402,014	7,877	(59,019)	736,972
Losses of period	0	0	0	0	0	(10,588)	(10,588)
<b>Equity Changes for period 1/1-31/12/2006</b>							
Revaluation of financial assets available for sale	0	0	0	(365,033)	0	0	(365,033)
Deferred taxes from revaluation of financial assets available for sale	0	0	0	141,819	0	0	141,819
Reserve Depreciation at fair value	0	0	(13)	0	0	13	0
Deferred taxation of reserve depreciation at fair value	0	0	3	0	0	(3)	0
Dividend payable	0	0	0	0	0	(2,650)	(2,650)
<b>Total recognized Profit / Loss to Own Equity</b>	0	0	(10)	(223,214)	0	(2,640)	(225,864)
<b>Total recognized Profit / Loss of period</b>	0	0	(10)	(223,214)	0	(13,228)	(236,452)
<b>Balance as of 31/12/2006</b>	<b>132,500</b>	<b>252,127</b>	<b>1,463</b>	<b>178,800</b>	<b>7,877</b>	<b>(72,247)</b>	<b>500,520</b>

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

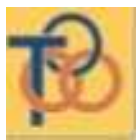


## D.2. Statement of changes in the parent company's equity for the period that ended on 31 December 2007

Amounts in € '000	Share Capital	Share Premium	Reserves from asset valuations in current values	Reserves from financial asset valuations available for sale	Other Reserves	Retained Earnings	Foreign Exchange Differences	Total Equity
Balance as of 31/12/2006	132,500	252,127	1,463	178,800	7,877	(72,247)	0	500,520
Adaptation because change of accounting principles	0	0	0	0	0	0	0	0
Restated Balance as of 31/12/2006	132,500	252,127	1,463	178,800	7,877	(72,247)	0	500,520
Losses of period	0	0	0	0	0	(173,541)	0	(173,541)
<b>Equity Changes for period 1/1/-31/12/2007</b>								
Foreign Exchange Differences	0	0	0	0	0	0	85	85
Increase in share capital	33,125	1,657	0	0	0	0	0	34,782
Revaluation of financial assets available for sale	0	0	0	(134,382)	0	0	0	(134,382)
Deferred taxes from revaluation of financial assets available for sale	0	0	0	24,586	0	0	0	24,586
Reverse from revaluation of financial assets available for sale	0	0	0	4,249	0	0	0	4,249
Fair value reserve amortization	0	0	(13)	0	0	13	0	0
Deferred taxes from fair value reserve amortization	0	0	3	0	0	(3)	0	0
Capital increase expenses	0	0	0	0	0	(538)	0	(538)
Deffered taxation of capital increase expenses	0	0	0	0	0	134	0	134
<b>Profit/ (loss) recorded directly in the equity</b>	<b>33,125</b>	<b>1,657</b>	<b>(10)</b>	<b>(105,547)</b>	<b>0</b>	<b>(393)</b>	<b>85</b>	<b>(71,083)</b>
<b>Total recorded profit/ (loss) of the financial year</b>	<b>33,125</b>	<b>1,657</b>	<b>(10)</b>	<b>(105,547)</b>	<b>0</b>	<b>(173,934)</b>	<b>85</b>	<b>(244,624)</b>
<b>Balance on 31/12/2007</b>	<b>165,625</b>	<b>253,784</b>	<b>1,453</b>	<b>73,253</b>	<b>7,877</b>	<b>(246,181)</b>	<b>85</b>	<b>255,896</b>

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

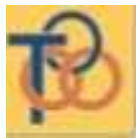




## E. Cash flow statement for the fiscal year that ended on 31 December 2007

Amounts in € .000	note	THE GROUP		THE COMPANY	
		1/1/-31/12/2007	1/1/-31/12/2006	1/1/-31/12/2007	1/1/-31/12/2006
<b>Cash flows from operating activities</b>					
Period Profit / (Losses) (before tax) from continued operations		(937,702)	(244,646)	(173,536)	(7,436)
Adjustments to profits	(i)	960,004	466,561	172,892	3,902
		<b>22,302</b>	<b>221,915</b>	<b>(644)</b>	<b>(3,534)</b>
<b>Change in working capital</b>					
(Increase) / Decrease of inventories		(9,723)	(315,852)	0	0
(Increase) / Decrease of trade receivables		(20,685)	103,537	(2,981)	1,075
(Increase) / Decrease of other receivables		(29,688)	0	4,577	(489)
(Increase) / Decrease of liabilities		(159,762)	86,189	(5,562)	(39)
Retirement benefits outflow		(128)	0	0	0
		<b>(219,986)</b>	<b>(126,126)</b>	<b>(3,967)</b>	<b>547</b>
<b>Cash flows from operating activities</b>		<b>(197,685)</b>	<b>95,789</b>	<b>(4,611)</b>	<b>(2,987)</b>
minus: Income tax payments		(15,592)	(153,838)	(421)	(1,705)
minus: Interests paid		0	0	0	(44)
Foreign exchange (F/E) differences		(41,392)	(66,673)	85	0
Operating cash flow from discontinued operations		(12,649)	1,742	0	0
<b>Net Cash flows from operating activities</b>		<b>(267,318)</b>	<b>(122,980)</b>	<b>(4,947)</b>	<b>(4,736)</b>
<b>Cash flows from investing activities</b>					
Purchase of tangible fixed assets		(39,284)	(15,989)	(430)	(10)
Purchase of intangible assets		(61)	(222)	(17)	0
Purchase of Financial Assets Available for sale		(10,179)	(31,814)	0	0
Purchase of financial instruments at fair value through results		0	0	0	0
Change of participation in joint ventures		0	79,185	0	0
Affiliate undertakings share capital increase		(2)	(612)	(2)	(510)
Sales of financial assets at fair value through results		1,169	685	743	178
Sales of Financial Assets Available for sale		28,458	33,761	0	0
Share capital increase of subsidiaries		(20,220)	1,818	0	(9,633)
Dividends received		513	0	19	1,920
Loans granted		0	0	0	(2,110)
Receipts from loans granted		0	0	0	5,785
Sales of tangible fixed assets		3,741	2,799	0	11
Sales of investments in real estate		935	0	0	0
Purchases of investments in real estate		(65)	0	0	0
Investing cash flow from discontinued operations		(12)	(16)	0	0
<b>Net Cash flows from investing activities</b>		<b>(35,005)</b>	<b>69,595</b>	<b>313</b>	<b>(4,369)</b>
<b>Cash flows from financing activities</b>					
Increase in share capital		34,781	0	34,781	0
Share Capital Increase Expenses		(589)	0	(538)	0
Proceeds from issued / granted loans		439,272	142,388	7,169	30,000
Loan repayment		(113,000)	(69,918)	(33,681)	(20,566)
Interest received		1,290	3,444	19	13
Interest paid		(82,947)	(5,447)	(1,393)	0
Payments from leasing liabilities		(2,518)	(2,292)	0	0
Dividends paid to parent company's shareholders		(2,370)	(3,547)	(2,368)	(1,632)
Inflows from State subsidies		1,508	0	0	0
Financing cash flow from discontinued operations		38,351	(578)	0	0
<b>Net Cash flows from financing activities</b>		<b>313,777</b>	<b>64,050</b>	<b>3,989</b>	<b>7,815</b>
<b>Net increase / (decrease) in Cash-in-hand and cash equivalents</b>		<b>11,454</b>	<b>10,665</b>	<b>(645)</b>	<b>(1,290)</b>
Cash and cash equivalents at beginning of period		63,204	52,539	1,161	2,493
Foreign exchange differences cash equivalents at end of period		(35)	0	(34)	(42)
<b>Cash and cash equivalents at end of period</b>		<b>74,624</b>	<b>63,204</b>	<b>482</b>	<b>1,161</b>

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



## E.1 Note (i) on the cash flow statement

The adjustments of profits are analyzed as follows:

<i>Amounts in€ '000</i>	THE GROUP		THE COMPANY	
	1/1/-31/12/2007	1/1/-31/12/2006	1/1/-31/12/2007	1/1/-31/12/2006
<b><u>Adjustments to Profits for:</u></b>				
Amortizations of tangible fixed assets	22,659	21,325	168	177
Amortizations of intangible assets	298	303	56	54
(Profit) / losses of subsidiaries fair value	50	0	0	6,086
(Profit) / losses of fair value financial assets at fair value through results	154	(550)	0	(213)
(Profit) / losses from sale of financial assets at fair value through results	(392)	(45)	(258)	(96)
Provisions - Impairments	753,486	398,385	173,807	719
Revenues from dividends	(42)	0	(19)	(1,920)
(Profit) / losses from F/E differences	(86)	0	192	(714)
(Profit) / losses from sale of tangible fixed assets	(38)	997	0	7
Profit / (losses) from sale of investment real estate	(27)	0	0	0
Retirement benefits change	3,023	6,625	8	4
Profits / (losses) from evaluation of financial assets	(2,607)	0	(1,560)	0
Result from joint ventures	152,995	38,753	0	0
Revenues from state subsidies	(862)	(1,264)	0	0
Income from interests	(1,292)	(3,444)	(887)	(848)
Expenses from interests	32,684	5,476	1,385	646
<b>Total</b>	<b>960,004</b>	<b>466,561</b>	<b>172,892</b>	<b>3,902</b>

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



## 1. ANNOTATIONS ON THE ANNUAL FINANCIAL STATEMENTS

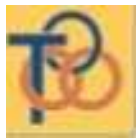
### Information on the Company

#### Background information

TECHNICAL OLYMPIC SA was established in 1965 as a Private Limited Company under the name “Pelops Studies & Constructions Technical Company Private Limited Company – K. Galanopoulos and K. Stengos” with its registered offices in Patras. In 1967, it changed its legal form to a societe anonyme under the name “PELOPS S.A.”. In 1980 it changed its name to “TECHNICAL OLYMPIC S.A.”. The registered offices of the company are at the Attica Alimos Municipality (20 Solomou St., Ano Kalamaki) and it is registered in the Societe Anonyme Register (S.A. Reg.) with the number 6801/02/B/86/8. The duration of the company has been set to 57 years, i.e. until 12/22/2037.

The initial activities of the Company during the years 1965-1970 were the study and construction of national and local roads in the Ileia and Achaia prefectures and the construction of various private construction works in the area of Patras. Since 1971, the company made a dynamic entry into other categories of construction works, it made substantial investments in mechanical equipment and it constructed works of any kind (irrigation, hydraulic, sewage, harbor facilities, road construction, buildings, electromechanical e.t.c.). Over the years that followed, the Company continued its development policy by making significant investments in fixed asset equipment, buying out of shares, and establishing companies with the same or similar scope of operations in Greece and abroad.

TECHNICAL OLYMPIC S.A. participates in a series of companies which are active in the construction of public and private works, residences, tourism and in general in the hospitality and entertainment sector (operation and management of four hotels, golf facilities, operation and management of a yacht marina, e.t.c.), in energy production from renewable energy sources, Real Estate in Greece and abroad, Build Own Operate and Transfer (BOOT) works, such as the Samos marina. In summary, the basic information about the company is as follows:



## Composition of the Board of Directors

Konstantinos Stengos (BoD Chairman)  
Andreas Stengos (BoD Executive Vice-Chairman)  
Georgios Stengos (Managing Director)  
Zoe Stengou (Executive member)  
Maria Svoli (Executive member)  
Konstantinos Rizopoulos (Executive member)  
Nicolaos Stathakis (Executive member)  
Elias Koukoutsis (Executive member)  
Styliani Stengou (Non-executive member)  
Marianna Stengou (Non-executive member)  
Athanasios Klapadakis (Independent, non-executive member)  
Alexandros Papaioannou (Independent non-executive member)

## Cooperating Banks

NATIONAL BANK OF GREECE  
MARFIN EGNATIA BANK  
ALPHA BANK  
BANK OF CYPRUS  
BNP PARIBAS  
GENIKI BANK  
EUROBANK  
MILENIUM BANK  
ATTICA BANK  
CITIBANK  
EMPORIKI BANK  
PIRAEUS BANK

## Supervising Authority

MINISTRY OF DEVELOPMENT/DEPARTMENT OF COMMERCE/  
DEPARTMENT OF SOCIETE ANONYMES & CREDIT INSTITUTIONS

## Tax Registration Number

094105288

## S.A. Reg. No.

6801/06/B/86/08

## Legal Counsels

Stamoulis Georgios  
Drilerakis & Associates Law Office

## Auditors

Grant Thornton S.A.

## Activities

TECHNICAL OLYMPIC has created a strong system for the management of participations in the areas of constructions, land development, hotel businesses, energy, and operation of tourist marinas. More specifically, the company is active in the following sectors:

- Ø in the construction sector, either directly or by participating in the MOCHLOS S.A., which allows the company to have access to the big technical works, as well as to smaller ones, through the TOXOTIS technical S.A. company of the Group.
- Ø in the real estate construction area of the real estate investment sector, through its participation in the STROFYLI TECHNICAL S.A., ATHENS SUBURBS DEVELOPMENT S.A., PORTO CARRAS TOURIST DEVELOPMENT S.A. in Greece, EUROROM CONSTRUCTII SRL and LAMDA OLYMPIC SRL in Romania.



- Ø in the tourism sector, through the participation in the PORTO CARRAS S.A., PORTO CARRAS SITHONIA BEACH CLUB S.A., PORTO CARRAS MELITON BEACH S.A., PORTO CARRAS VILLAGE CLUB S.A., PORTO CARRAS GOLF S.A. and PORTO CARRAS MARINA S.A..
- Ø management, operation and indirectly construction of marinas through DELOS MARINAS SA.
- Ø from the agricultural and animal husbandry exploitation of land to the industrial production and marketing of agricultural and animal products, along with their exporting of these products through the PORTO CARRAS DOMAINE S.A..
- Ø TECHNICAL OLYMPIC is the neuralgic center of the Group, monitoring and coordinating all the companies, determining and overseeing the goals and the works undertaken by them, and securing the organizational and operational synergy of the different sectors.



## 2. FRAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated and corporate financial statements have been prepared in accordance with the International Accounting Standards. Moreover, financial statements have been drawn based on the acquisition value principle, as amended by the adjustment of specific assets and liabilities to current value and the going concern principle and comply with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the interpretations thereof, as issued by the International Financial Reporting Interpretations Committee (IFRIC) of IASB.

All revised or newly issued standards and interpretations that apply to the Group and are in force as at 31 December 2007 were considered in preparing the financial statements for this fiscal year, to the extent that they were applicable.

The preparation of financial statements under the International Financial Reporting Standards (IFRSs) requires the use of accounting estimates. It also requires assumptions of the Management in implementing the Group's accounting policies. Those cases where a higher level of assumptions and complexity is involved or cases where assumptions and estimates are important to the consolidated financial statements are given in Note 2.2.

### 2.1. New standards, interpretations and replacement of existing standards

#### 2.1.1. The following amendments and interpretations of the International Financial Reporting Standards are applicable to the Company for fiscal periods as on or after 1 January 2007:

- IFRS 7 - Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures

IFRS 7 adds certain new disclosures to improve information on financial instruments. It includes qualitative and quantitative disclosures on risk exposures from the use of financial instruments, specific disclosures regarding credit risks and an analysis of alternative scenarios for market risks. The amendment to IAS 1 introduces disclosures on the Group's financial operations. The Group estimated the effect of IFRS 7 and of the amendment to IAS 1 and reached the conclusion that the main additional disclosures regard the analysis of alternative scenarios for market risks and complementary capital disclosures imposed by the amended IAS 1. The Group has applied IFRS 7 and the amended IAS 1 since 1 January 2007.

- IFRS 8, Operating Segments (in force for annual periods starting on or after 1 January 2009).



IFRS 8 replaces IAS 14, requires the disclosure of specific descriptive and financial information regarding its operating segments and increases the obligations on the already existing disclosures. The Group shall not proceed to the premature implementation of the standard and is looking into the changes required thereunder to its financial statements.

- IFRIC 10 Interim Financial Reporting and Impairment (in force for annual periods starting on or after 1 November 2006).

Under IFRIC 10 an entity may not reverse an impairment loss recognized in a previous interim period in later periods. The Group has been applying IFRIC 10 since 1 January 2007, without however anticipating that it shall affect the financial statements.

- IAS 23 - Borrowing Costs (the revised version of this standard shall apply as of 1 January 2009). The main difference with the previous version regards the removal of the option to recognize in expenses borrowing costs relating to assets that take a substantial period of time to get ready for use or sale. The Group shall implement IAS 23 as of 1 January 2009.

**2.1.2. The following interpretations of already issued accounting standards are mandatory in the preparation of the Group's financial statements for the accounting periods that start after 1 March 2006 or later but do not significantly affect the Company's financial results.**

IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (in force since 1 May 2006).

This interpretation provides instructions on how to apply the provisions of IAS 29 to a reference period where the company establishes that its operating currency is in a hyperinflationary economy where such economy was not hyperinflationary in the previous period. Given that none of the Group's companies operate in a hyperinflationary economy, IFRIC 7 does not relate to the Company's operations.

- IFRIC 8, Scope of IFRS 2 (in force for annual periods that start on or after 1 May 2006).

Under IFRIC 8 transactions need to be identified that relate to the issue of equity instruments where the identifiable consideration given is less than the fair value of the equity instrument issued. IFRS 2 therefore applies. The Group has implemented IFRIC 8 since 1 January 2007, and it is not expected to have a significant effect on the financial statements.



- IFRIC 9, Reassessment of Embedded Derivatives (in force for annual periods that start on or after 1 June 2006).

An entity when it first becomes a party to a hybrid contract, to assess whether any embedded derivatives contained in the contract are required to be separated from the host contract and accounted for as if they were stand-alone derivatives. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The interpretation shall not affect the group's financial statements.

- IFRIC 11 – IFRS 2: Group and Treasury Share Transactions (in force as of 1 March 2007)

IFRIC 11 - IFRS 2 clarifies the situation where a parent company grants rights to its equity instruments to employees of its subsidiary. It also clarifies whether certain types of transactions should be accounted for as an equity-settled or cash-settled transactions. The interpretation shall not affect the group's financial statements.

- IFRIC 12 – Service Concession Arrangements (in force since 1 January 2008).

IFRIC 12 refers to companies that are parties to concession arrangements. The interpretation is not relevant to the Group's operations.

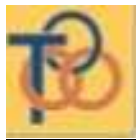
- IFRIC 13 - Customer Loyalty Programs (in force since 1 July 2008.)

IFRIC 13 addresses accounting by entities that grant loyalty award credits such as "points" or "travel miles" to customers who buy goods or services. The interpretation is not relevant to the Group's operations.

- IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (in force as of 1 January 2008).

IFRIC 14 refers to benefits after retirement or other long-term employee defined benefit assets. The interpretation establishes when financial benefits in the form of refunds from the program or reductions in future contributions must be recognized as assets, how a minimum funding requirement would may affect defined benefit assets in the form of reductions in future contributions and generate defined liabilities. Provided that at this stage the Group has no such defined benefit asset plans in place for its employees, the interpretation is not applicable to the Group.





2.1.3. Up the financial statements' approval date, new Standards, Interpretations and Amendments to current Standards, which are mandatory for accounting years beginning on or after January 1<sup>st</sup>, 2008, have been issued. The Company's estimation as to the effect of the implementation of the said new standards and interpretations are given below.

#### **IAS 1 Presentation of Financial Statements - Amended**

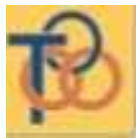
Under the amendment to this standard it is required to present in the changes in equity statement only transactions with shareholders. A new comprehensive income statement is included and dividends to shareholders shall only be reported in the change in equity statement or in the notes on the financial statements. The Group is currently assessing the effect of the implementation of the amendment to the standard on the financial statements. IAS 1 applies to the periods starting on or after 1 January, 2009.

#### **IFRS 2 Provisions that depend on the value of shares "terms of exercise and cancellations" – Amended**

The amendment to the standard clarifies two issues: The definition of the "vesting condition", introducing "not vesting conditions" for terms that do not constitute serving conditions or performance conditions. Moreover, it is specified that all cancellations, either by the entity or by the contracting parties, must receive the same accounting treatment. IFRS 2 applies to periods starting on or after 1 January 2009. The changes in this standard are not expected to affect the Group, as in some of the companies it has been decided to grant stock options to members of the BoD and key executives.

#### **IFRS 3 Business Combinations and IAS 27 – Consolidated and Separate Financial Statements**

IFRS 3 shall apply to business combinations occurring during these periods and its scope of implementation has been amended to include business combinations under common control and combinations without consideration (dual listed shares). IFRS 3 and IAS 27, among others, require greater use of the fair value through the income statement and the fostering of the reporting entity's financial statement. Moreover, these standards introduce the following requirements: (1) recalculation of the participating interest should be made when control is re-acquired or lost, (2) the impact of all transactions between controlled and not controlled parties must be promptly recognized in equity, when control has not been lost, and (3) emphasis is put on the type of the consideration given to the seller rather than the amount of the acquisition cost. More specifically, items such as costs directly related to acquisition, changes in the value of the potential price, share-based payments and reimbursement of existing contracts shall be accounted for separately by business combinations and shall often affect the income statement as well. The amendments to IFRS 3 and IAS 27 shall apply to years beginning on or after July 1<sup>st</sup>, 2009. The changes in the above standard are not expected to have a significant effect on the Group.



### **IFRS 8 Operating Segments**

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 periods starting on or after 1 January 2009. The changes in the above standard are not expected to have a significant effect on the Group.

### **IAS 23 Borrowing Costs (amendment)**

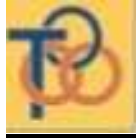
Under the amendment to IAS 23 Borrowing Costs, the previously basic method of recognizing borrowing costs as an expense has been removed. On the contrary, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as this is defined in IAS 23, must form part of the cost of that asset. . The amended version of IAS 23 is mandatory for annual periods which start on or after 1 January 2009. The amendment to the above standard is not expected to affect the Group.

### **IAS 31 and IAS 1 Financial Instruments available by the holder (“puttable” instruments)**

The amendment to IAS 32 requires that certain puttable financial instruments and obligations arising on liquidation be classified as equity instruments, provided that they meet certain criteria. The amendment to IAS 1 requires disclosure of information regarding “puttable” instruments classified as equity. The amendment to IFRS 32 applies to years beginning on or after January 1<sup>st</sup>, 2009.

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

This interpretation is applied for the annual accounting periods starting on or after 1<sup>st</sup> March 2007. IFRIC 11 provides certain guidelines in case where there are share-based remuneration agreements which depend on the value of the shares, if in the financial statements of the company they are treated as payment in cash or as payment via treasury shares. 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. The interpretation at hand has not yet been adopted by the European Union.



### **IFRIC 12 Service Concession Arrangements**

This interpretation is applied for the annual accounting periods starting on or after 1 January 2008. IFRIC 12 applies to companies that participate in service concession arrangements where (i) a state entity (the “granting entity” ) grants contracts to offer public services at private companies (the “grants administrators” ) and (ii) these services offered required the use of the infrastructure by the grants administrator (the private entity). Hence, it does not cover contracts for the sale between private entities. IFRIC 12 is an extensive Interpretation referring to a complex issue.

### **IFRIC 13 Customer Loyalty Programs**

An interpretation has been issued relating to the application of the provisions of IAS 18 on income recognition. IFRIC 13 Customer Loyalty Programs establishes that when entities grant loyalty award credits (e.g.'points) to customers as part of a sale, and customers can redeem award credits in the future to receive goods or services free of charge or at a discount, point 13 of IAS 18 must apply. It is required that loyalty award credits shall be accounted for as a separate component of the sale transaction and an entity shall allocate some of the proceeds of the initial sale or the liability recognized to the award credits. The entity shall recognise the deferred portion of the proceeds as revenue only when it has fulfilled its obligations that relate to award credits, either by supplying the awards itself or by engaging (and paying) a third party to do so. The implementation of IFRIC 13 is mandatory for periods that start on or after 1 July 2008.

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

This interpretation is applied for the annual accounting periods starting on or after 1 January 2008. The interpretation at hand has not yet been adopted by the European Union.

### **IFRIC 15 Agreements for the Construction of Real Estate**

The IFR Interpretation Committee has issued IFRIC 15 Agreements on the Construction of Real Estate. This version of the interpretation results from the need to standardize accounting practice across jurisdictions for the recognition of revenue by real estate developers for sales of units, such as apartments or houses, 'off plan' (that is, before construction is complete). Until now there were significant differences in the way of accounting for such sales by real estate constructors, with some of them recognizing revenue only after delivery of the entire unit to the buyer and some others recognizing revenue based on the progress of the construction in accordance with IAS 11 Construction Contracts. This interpretation will make it harder for someone to argue that this type of contracts falls in the scope of IAS 11. It stresses that a characteristic of construction contracts



is that the buyer is able to specify the major structural elements of the design of the real estate before construction begins and once construction is in progress. Hence it seems possible that this interpretation shall require changes in revenue recognition policies for some real estate constructors. IFRIC 15 applies to annual periods starting on or after 1 January 2009, while it may be implemented earlier.

### **IFRIC 16 Hedges of a Net Investment in a Foreign Operation**

The IFR Interpretation Committee has issued IFRIC 16 Hedges of a Net Investment on a Foreign Operation. The Interpretation treats certain issues pertaining to the accounting treatment of hedges of foreign currency exposure of a net investment in a foreign operation (such as the subsidiaries or affiliates whose operations are carried out in a currency other than the functional currency of the reporting company). The main issues addressed are:

- the type of risk that can describe this form of hedge; and
- which entity within a group can hold a hedging instrument.

As regards the first issue, IFRIC 16 concludes that conversion risks relating to foreign exchange differences between the functional currency of a foreign company and the presentation currency of the reporting company do not fall in the scope of hedging. This conclusion is based on the viewpoint that foreign currency exchange only for presentation purposes does not represent financial risk. The financial risk regards exposure of the functional currency between the parent company or the investor and the foreign business activity.

As regards the second issue, IFRIC 16 establishes that a hedging instrument may be held by any subsidiary or parent company in the Group regardless of the business's functional currency. IFRIC 16 applies to annual periods starting on or after 1 October 2008, while it may be implemented earlier. However, due to the difficulty that companies would face in preparing adequate information from the commencement of the hedging relation, no retrospective application of this interpretation is required.

## **2.2. Significant Accounting Judgments, Assessments and Hypotheses**

The preparation of the financial statements in accordance with the IFRSs requires by the administration the formation of judgments, assessments and hypotheses, which affect the published assets and liabilities on the date of drafting of the financial statements. The assessments and judgments are based on past experience as well as on other factors, including the expectations of future events, which are considered reasonable based on the given circumstances which are constantly reassessed based on available information.

### **Ø Judgments**

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.

#### **Ø 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.

#### **Ø 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.

#### **Ø Income tax**

The Group is subject to income tax from various tax authorities. For the deposition of the income tax forecast material estimations are required. There are numerous transactions and calculations for which the exact tax deposition is uncertain according to the standard course of the company's activities. The Management of the Group recognizes obligations for anticipated tax audit issues, based on estimations for the additional tax obligations amount that probably exists. When the final result from the taxes of these issues differs from the initially recorded amount that was in the financial statements, these differences will affect income tax and the provisions on deferred taxation in the period during which these amounts have been set.

#### **Ø Provisions**



**Doubtful accounts** appear at the amounts that may be recovered. Estimates of the amounts that are expected to be recovered are the result of analysis and from the experience of the Group with regard to the possibility of doubtful accounts. As soon as a certain account is in risk greater than the usual credit risk (e.g. low customer solvency, dispute regarding the existence or the amount of the claim, etc.) then the account is analyzed and recorded if conditions call for the claim to be non collectible.

#### **Ø Forthcoming Events**

The group is involved in legal claims and compensation during the usual course of its works. The Management judges that any settlements would not significantly affect the Group's financial standing as at 31 December 2007. 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. 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. 1 January 2004 was the transition date for the Group.

#### **Ø 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. Segment reporting**

Business sector shall mean a group of assets and activities that provide products and services that are subject to different risks and yields from those of other business sectors.

Geographical area shall mean a geographical area where products and services are provided and which is subject to various risks and yields different from those of other areas. As the primary format for the reporting by sector, the Group has selected the reporting by geographical sector.

The Group presents as basic segments the construction sector, the real estate construction industry, and the hotel industry. Geographically the Group presents the segments of America and the Eurozone.

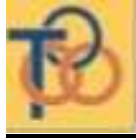
The Group, estimating that the risks that may arise from its operation result mainly from the geographic distribution of activities it has established the geographic segment as primary information segment.

#### **3.2. Consolidation - investments in associated companies and joint ventures**

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.

**Affiliates:** 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).

**Associated:** 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.

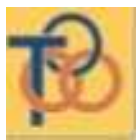
The Group share in the profits or losses of the affiliated companies after the buy-out is accounted for in the results, while the share of the changes in the reserves after the buy-out is accounted for in the reserves. The accumulated changes influence the book value of the investments in affiliated 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.

### 3.3. Group Structure

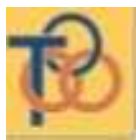
Group structure as at 31/12/2007 is:

Full consolidation method	Country	Equivalent participation %
TECHNICAL OLYMPIC S.A.	GREECE	PARENT
MOCHLOS S.A.	GREECE	48.23%
ALVITERRA HELLAS SA	GREECE	74.11%
TECHNICAL OLYMPIC USA INC (Group)	USA	66.94%
TECHNICAL OLYMPIC SERVICES INC	USA	100.00%
PORTO CARRAS S.A.	GREECE	94.82%
PORTO CARRAS MELITON BEACH SA	GREECE	92.94%
PORTO CARRAS SITHONIA BEACH CLUB SA	GREECE	62.34%
PORTO CARRAS MARINA SA	GREECE	90.00%
PORTO CARRAS GOLF SA	GREECE	90.00%
PORTO CARRAS VILLAGE CLUB SA	GREECE	96.57%
PORTO CARRAS HYDROPLANES SA	GREECE	96.93%
KTIMA PORTO CARRAS	GREECE	94.91%
PORTO CARRAS TOURISTIKES ANAPTIKSEIS SA	GREECE	51.00%
MELTEMI KASTRI SA	GREECE	75.04%
STROFILI TECHNICAL SA	GREECE	99.00%
DILOS MARINES SA	GREECE	67.58%
MARKO MARINES SA	GREECE	DILOS with 84%
SAMOS MARINES SA	GREECE	DILOS with 97%
SKIATHOS MARINES SA	GREECE	DILOS with 88%
EUROROM CONSTRUCT II SRL	ROMANIA	MOCHLOS with 100%
TOXOTIS SA	GREECE	MOCHLOS with 100%
ANAPTIKSEIS ATHINAIKON PROASTION SA	GREECE	TOXOTIS with 99%
Net Equity Method	Country	Equivalent participation %
LAMDA TECHNOL FLISVOS HOLDING SA	GREECE	29.74%
AGROTOURISTIKI	GREECE	30.98%
LAMDA OLYMPIC SRL	ROMANIA	EUROROM with 50%

Changes were introduced in the Group Structure in 2008. Changes are analyzed and explained in Note 10.

### 3.4. 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.

### 3.5. 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 cost of acquisition includes all directly attributable expenses involved in their acquisition. 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
Automobiles	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.

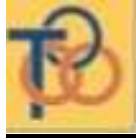
Self-constructed tangible assets constitute an addition to the acquisition cost of tangible assets at a value that includes the direct cost of wages of employees involved in the construction (corresponding employer contributions), cost of materials used and other general costs.

### **3.6. Investment property**

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.

### **3.7. 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 13,935 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.

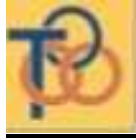
### **3.8. 3.7 Impairment of the Value of Assets**

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.

### **3.9. Financial instruments**

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.

#### **3.9.1. 3.8.1 Categories of Financial Means**

The Group's financial instruments are classified under the following categories on the basis of the substance of the contract and the purpose for which they have been acquired.

##### **3.9.1.1. 3.8.1.1 Financial Means Evaluated At Their Fair Value Through The Results Statement Of The Financial Year**

These are financial assets that meet any one 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.

##### **3.9.1.2. 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.

#### **3.9.1.3. 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.

#### **3.9.1.4. 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 recognized in profit or loss shall not be reversed through the latter.

#### **3.9.2. 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. As regards non traded assets, their fair value is established using measurement techniques such as the analysis of recent transactions, comparable assets traded and cash flow prepayment. 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. As regards shares of companies classified as available for sale financial assets, such evidence shall be significant or extended decrease in their fair value as compared to the cost of acquisition. If impairment is demonstrated, accumulated loss in equity which is the difference between the cost of acquisition and the fair value shall be recognized in loss or profit.

### **3.10. Inventory**

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.

### **3.11. Trade 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.



### **3.12. 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.

### **3.13. 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).

### **3.14. 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.

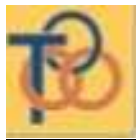
Current taxes are established based on tax rates and tax legislation that are in force during the management periods to which they relate, based on the taxable profit for the year. All of the changes in the short-term tax assets or liabilities are accounted for as part of the tax expenses in the results 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. No deferred income tax shall be recognized if it results from the initial recognition of an asset or liability in a transaction, with the exception of business consolidation which when carried out did not affect the accounting or taxable 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.

### **3.15. Provisions of Personnel Compensation Due to Retirement**

#### **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.

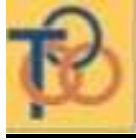
#### **Retirement benefits**

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 accrued cost of defined contribution termination plans is recognized as expense during the relevant period.

#### **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.

### **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. The present value of the defined benefit obligation is determined by an independent actuarial using the Projected Unit Credit Method. To discount them, the interest rate of long-term Greek Government bonds is used.

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 that case the cost of past service is recognized in profit loss using the fixed method in the maturity period.

### **3.16. 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.

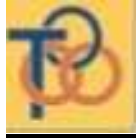
Subsidies are recorded at fair value and accounted in a systematic way in the income, based on the principle of correlation of the subsidies with the respective costs that they also subsidise.

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

### **3.17. 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.

Possible liabilities shall not be recognized in the financial statements but they shall be disclosed, unless the possibility of outflow of resources that incorporate financial benefits is minimum.



Possible liabilities shall not be recognized in the financial statements, but they shall be disclosed provided there is possibility for financial benefit inflow.

### **3.18. Loans**

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.

### **3.19. 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.

Possible liabilities shall not be recognized in the financial statements but they shall be disclosed, unless the possibility of outflow of resources that incorporate financial benefits is minimum.

Possible liabilities shall not be recognized in the financial statements, but they shall be disclosed provided there is possibility for financial benefit inflow.

### **3.20. Revenue recognition**

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.

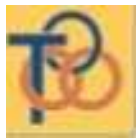
Revenue is recognized as follows:

#### **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.

#### **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.

### **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 3.23).

### **Hotel revenues**

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

### **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.

### **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.

### **Services Rendered**

Provision of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.



### **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.

### **Dividends**

Dividend income shall be recognized when the right to collect it is substantiated.

### **Interest income**

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

When a receivable is impaired, the Group reduces the accounting value to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues accreting the discount as interest income. Thereafter, interests are calculated by using the same rate on the impaired value (new accounting value).

### **3.21. 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."

### **3.22. Leases**

#### **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 to attain a fixed interest rate in the remaining financial liability. The respective costs from rents, net of financial expenses shall be reported under liabilities. The part of a financial expense that pertains to financial leases shall be recognized in profit or loss during the term of the lease.

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.

### **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.

### **3.23. 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:

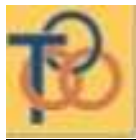
a) In the case where the result of a project construction contract cannot be evaluated in a reliable way, and mainly in the case where the project is at an early stage:

- 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."

### **3.24. 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.



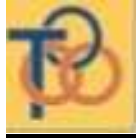
Agricultural produce, which is the product of harvest from the biological assets, is evaluated at its fair value at the moment of its harvest less the estimated, until the sale, costs and this value is the cost of reserves of the agricultural produce.

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.

### **3.25. Dividend distribution**

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. RISK MANAGEMENT**

### **4.1. 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, 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.

### **4.2. Risks arising from Changes in the Conditions Prevailing in the Construction Sectors**

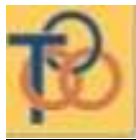
The construction activities depend heavily on the progress of the investment programmes for infrastructure projects implemented by the Greek and Romanian states. Therefore, the outcome of the financial results of subsidiary company "MOCHLOS S.A." and subsequently that of the entire Group is affected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

### **4.3. Risks Arising from Dependency on the Greek and Romanian States in Executing Public Projects**

A significant portion of the Groups revenues comes from projects that are executed on behalf of the Greek and Romanian States, either entirely by subsidiary "MOCHLOS S.A." but also through our subsidiary "TOXOTIS A.T.E." or in a joint venture form. It is pointed out that to this date there are some problems as regards payments from the Greek and Romanian States, without significantly affecting the Group's operations and financial results, but it cannot be ruled out that further future changes in the payment policy of the state shall have a significant effect.

### **4.4. 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.

#### **4.5. 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, although it is very low, the possibility that in certain cases the subcontractors will be unable to fulfill the said obligations which consequently will be carried over to the Group.

#### **4.6. 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.

#### **4.7. 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. 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 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.



#### **4.8. 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.

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.

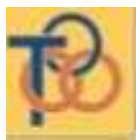
Due to the above factor, the company might end up being forced to sell the houses or other property at a loss or a less than expected profit margin. Moreover, the company may be forced to reduce the accounting value of its real estate assets, if their value drops, so that they correspond with the generally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

#### **4.9. 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 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.

#### **4.10. 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. INFORMATION PER SEGMENT

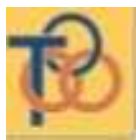
### 5.1. Primary Reporting Sector - Geographical Sectors

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 - 31/12/2006 and 1/1 - 31/12/2007 are analysed as follows:

*Amounts in € '000*

#### Segment Results as of 31/12/2007

	THE GROUP		
	USA	GREECE AND OTHER EUROPEAN COUNTRIES	TOTAL
Total Gross Sales per Sector	1,824,188	215,913	2,040,101
Internal revenues	(222,015)	(62,234)	(284,249)
<b>Net sales</b>	<b>1,602,173</b>	<b>153,679</b>	<b>1,755,852</b>
Sales Cost	(2,026,127)	(135,028)	(2,161,154)
<b>Gross profit / (loss)</b>	<b>(423,954)</b>	<b>18,651</b>	<b>(405,302)</b>
Other income / expenses	(334,075)	(19,449)	(353,523)
<b>Operating Profit / (losses)</b>	<b>(758,028)</b>	<b>(798)</b>	<b>(758,826)</b>
Financial Results	(25,485)	(6,784)	(32,269)
Results from investments	2,759	2,895	5,654
Results from Joint-Ventures executed	(152,501)	(494)	(152,994)
Income share of affiliated companies	0	734	734
<b>Operating Profit / (losses) before taxes</b>	<b>(933,254)</b>	<b>(4,447)</b>	<b>(937,701)</b>
Income tax	24,285	(5,789)	18,496
<b>Operating Profit / (losses) after taxes</b>	<b>(908,969)</b>	<b>(10,236)</b>	<b>(919,205)</b>
Results from discontinued operations	(14,546)	(1,766)	(16,312)
<b>Profit / (losses) after tax</b>	<b>(923,515)</b>	<b>(12,002)</b>	<b>(935,517)</b>



*Amounts in € '000*

**Segment Results as of 31/12/2006**

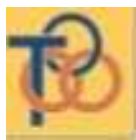
	THE GROUP		
	USA	GREECE AND OTHER EUROPEAN COUNTRIES	TOTAL
Total Gross Sales per Sector	2,286,377	119,677	2,406,054
Internal revenues	(291,182)	(250)	(291,431)
<b>Net sales</b>	<b>1,995,195</b>	<b>119,427</b>	<b>2,114,622</b>
Sales Cost	(1,644,920)	(102,620)	(1,747,541)
<b>Gross profit / (loss)</b>	<b>350,275</b>	<b>16,807</b>	<b>367,081</b>
Other income / expenses	(552,127)	(21,552)	(573,680)
<b>Operating Profit / (losses)</b>	<b>(201,853)</b>	<b>(4,746)</b>	<b>(206,598)</b>
Financial Results	2,816	(4,165)	(1,348)
Results from investments	0	4,352	4,352
Results from Joint-Ventures executed	(38,270)	(483)	(38,753)
Income share of affiliated companies	0	13	13
<b>Operating Profit / (losses) before taxes</b>	<b>(237,307)</b>	<b>(5,029)</b>	<b>(242,335)</b>
Income tax	33,472	(6,499)	26,973
<b>Operating Profit / (losses) after taxes</b>	<b>(203,835)</b>	<b>(11,527)</b>	<b>(215,362)</b>
Results from discontinued operations	(676)	(1,811)	(2,487)
<b>Profit / (losses) after tax</b>	<b>(204,511)</b>	<b>(13,338)</b>	<b>(217,849)</b>

The allocation of consolidated assets and liabilities per geographic sector are as follows:

*Amounts in € '000*

**Assets and liabilities as of 31/12/2007**

	THE GROUP		
	USA	GREECE AND OTHER EUROPEAN COUNTRIES	TOTAL
Non current assets	35,540	726,432	761,972
Current assets	1,058,613	185,434	1,244,047
Intercompany eliminations	0	(411,750)	(411,750)
<b>Consolidated Assets</b>	<b>1,094,153</b>	<b>500,116</b>	<b>1,594,269</b>
Long term liabilities	37,242	147,256	184,498
Short term liabilities	1,452,440	146,766	1,599,206
Intercompany eliminations	0	(83,629)	(83,629)
<b>Consolidated liabilities</b>	<b>1,489,682</b>	<b>210,393</b>	<b>1,700,075</b>
<b>Own Equity</b>	<b>(576,240)</b>	<b>470,434</b>	<b>(105,806)</b>



*Amounts in € '000*

Assets and liabilities as of 31/12/2006

	THE GROUP		
	USA	GREECE AND OTHER EUROPEAN COUNTRIES	TOTAL
Non current assets	294,776	1,012,914	1,307,690
Current assets	1,796,531	158,069	1,954,600
Intercompany eliminations	0	(718,043)	(718,043)
<b>Consolidated Assets</b>	<b>2,091,307</b>	<b>452,940</b>	<b>2,544,247</b>
Long term liabilities	1,082,712	171,413	1,254,125
Short term liabilities	543,392	131,429	674,820
Intercompany eliminations	0	(117,248)	(117,248)
<b>Consolidated liabilities</b>	<b>1,626,104</b>	<b>185,594</b>	<b>1,811,698</b>
<b>Own Equity</b>	<b>284,502</b>	<b>448,047</b>	<b>732,549</b>

Also depreciation information per sector is given below:

*Amounts in € '000*

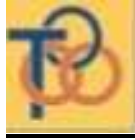
Assets and liabilities as of 31/12/2007

	THE GROUP		
	USA	GREECE AND OTHER EUROPEAN COUNTRIES	TOTAL
Depreciation of tangible assets	10,765	12,078	22,843
Depreciation of intangible assets	0	346	346
Discontinued operations	0	(232)	(232)
<b>Total depreciation of the period</b>	<b>10,765</b>	<b>12,192</b>	<b>22,957</b>

*Amounts in € '000*

Assets and liabilities as of 31/12/2006

	THE GROUP		
	USA	GREECE AND OTHER EUROPEAN COUNTRIES	TOTAL
Depreciation of tangible assets	10,366	11,262	21,627
Depreciation of intangible assets	0	0	0
Discontinued operations	(990)	(331)	(1,321)
<b>Total depreciation of the period</b>	<b>9,376</b>	<b>10,931</b>	<b>20,307</b>



## 5.2. Secondary Reporting Sector - Business Sectors

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

<i>Amounts in € '000</i>	31/12/2007		31/12/2006	
	Net sales	Consolidated assets	Net sales	Consolidated assets
Home Building / Real Estate	1,601,808	1,093,654	1,995,815	2,091,693
Construction sector	108,417	142,762	78,447	130,524
Hospitality sector	20,903	19,153	20,481	22,178
Cazino operation	16,861	22,221	15,157	26,620
Marina management	1,018	13,812	858	14,649
Other	6,844	302,666	3,865	258,583
<b>Total</b>	<b>1,755,852</b>	<b>1,594,269</b>	<b>2,114,622</b>	<b>2,544,247</b>



## 6. EXPLANATORY ANNOTATIONS ON THE ANNUAL FINANCIAL STATEMENTS

### 6.1. Tangible assets used by the Company

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.

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.

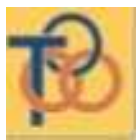
The plots, where only earthworks and retaining walls have been performed, are evaluated separately by the comparative method combined with real estate market data.

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

On 31.12.07, 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.

The tangible fixed assets used by the Group are analysed as follows:





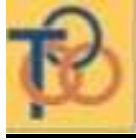
Amounts in € '000	THE GROUP						Total
	Land Plots	Buildings	Mechanical Equipment	Means of Transport	Furniture and Other Equipment	Assets under construction	
Acquisition Cost (or Adjusted Value) on 1/1/2006	156,307	102,979	67,682	25,229	29,311	25,506	407,014
minus: Accumulated Amortizations	(776)	(7,506)	(28,027)	(19,689)	(9,546)	0	(65,544)
<b>Book Value on 1/1/2006</b>	<b>155,531</b>	<b>95,473</b>	<b>39,655</b>	<b>5,540</b>	<b>19,765</b>	<b>25,506</b>	<b>341,470</b>
Additions	849	1,302	3,452	542	10,001	0	16,146
Sales-Annulments	(1,063)	0	(1,652)	(957)	(6,179)	0	(9,851)
Carried Forward	(3,337)	3,511	0	(8,844)	8,851	(6,446)	(6,264)
Exchange differences costs	0	(732)	(1,664)	(214)	(2,512)	0	(5,122)
Fixed assets available for sale	0	(323)	(13)	0	(778)	0	(1,113)
Increases from Readjustment	0	0	0	0	0	0	0
Amortizations for the Financial Year	0	(4,689)	(8,300)	(1,056)	(7,414)	0	(21,459)
Amortizations for Items Sold - Written Off	(195)	0	1,155	208	4,885	0	6,054
Depreciation transfer	0	1,020	0	8,822	(8,835)	0	1,007
Exchange differences depreciation	0	178	573	105	818	0	1,675
Acquisition Cost on 31/12/2006	152,756	106,738	67,805	15,756	38,695	19,060	400,810
minus: Accumulated Amortizations	(971)	(10,997)	(34,599)	(11,609)	(20,092)	0	(78,268)
<b>Book Value on 31/12/2006</b>	<b>151,786</b>	<b>95,741</b>	<b>33,206</b>	<b>4,147</b>	<b>18,603</b>	<b>19,060</b>	<b>322,543</b>
Additions	20	1,164	5,139	318	15,600	17,055	39,295
Sales-Annulments	(8)	(1,980)	(1,102)	(1,579)	(3,899)	(275)	(8,844)
Carried Forward	5,229	25,007	1,363	0	1,191	(32,789)	0
Exchange differences costs	0	(1,196)	(1,558)	(183)	(2,192)	0	(5,129)
Increases from Readjustment	4	369	0	0	0	0	373
Amortizations for the Financial Year	(574)	(4,414)	(8,548)	(1,066)	(8,282)	0	(22,885)
Amortizations for Items Sold - Written Off	0	721	975	1,356	2,088	0	5,140
Depreciation transfer	(373)	373	0	0	0	0	0
Exchange differences depreciation	0	408	1,192	62	1,311	0	2,972
Acquisition Cost on 31/12/2007	158,001	130,102	71,646	14,311	49,395	3,050	426,506
minus: Accumulated Amortizations	(1,917)	(13,909)	(40,981)	(11,258)	(24,976)	0	(93,041)
<b>Book Value on 31/12/2007</b>	<b>156,084</b>	<b>116,193</b>	<b>30,665</b>	<b>3,053</b>	<b>24,419</b>	<b>3,050</b>	<b>333,465</b>

The assets or fixed assets under construction at the level of the group mainly involve the renovation of the facilities of the PORTO KARRAS complex. They mainly regard investments pertaining to the renovation of SITHONIA hotel, the creation of the SPA SITHONIA hotel, the renovation and modernization of the winery in the PORTO CARRAS complex, the renovation of VILLAGE INN hotel, the creation of the SPA at MELITON hotel and the renovation of wings A & C in MELITON hotel.

The above investments are being implemented in the context of approved investment plans and more specifically the following: a) Subjection to the provisions of Law 3299/2004 (Decision N. 47334/ΥΠΕ/4/00435/N. 3299/2104/30-12-2006) on the renovation of SITHONIA hotel. The approved budget stands at € 23.81 mil and the overall subsidy shall cover 40% of such sum. The renovation is underway and its largest part has been completed.

b) Subjection to the provisions of Law 3299/2004 (Decision 28620/ΥΠΕ/4/1056/E/E/N. 3299/2004/16/10/2006) on the creation of a SPA at SITHONIA hotel in Chalkidiki. The approved budget stands at € 5.70 mil and the overall subsidy shall cover 30% of such sum.

c) Subjection to the provisions of Law 3299/2004 (Decision 98205/05C 1725/675/09-02-2007) on the establishment of a Winery in replacement of the existing one at the PORTOC CARRAS complex. The total



approved outlay for this project is € 11.00 million and the eligible state subsidy is € 4,38 million, i.e. 39.77 percent of the total approved outlay. By the end of the 2007 fiscal year, the competent services had certified the implementation of 40.61% of the project, while in 2008 the implementation of approximately 81% of the overall project has been certified and payment of respective subsidy payment is pending.

d) Subjection to the provisions of Law 3299/2004 (Decisions 51324/ΥΠΕ/4/00476/Ε/Ν.3299/2004/13.12.2006) on the modernization and upgrading of VILLAGE INN hotel from 3\* to 5\*. The total approved outlay for this project is € 4.29 million and the total approved state subsidy is € 1.71 million, i.e. 40 percent of the approved outlay for the project. By the end of 2007 part of the foregoing hotel renovation and upgrading works had been completed.

e) Subjection to the provisions of Law 2601/1998 (Decision 74323/ΥΠΕ/1/00487/Ν.2601/98/7-11-2003) for the creation of a SPA at MELITON BEACH hotel, located in the Porto Carras complex in Sithonia. The total approved outlay for this project is € 7.12 million and the eligible state subsidy is € 2.49 million, i.e. 35 percent of the total approved outlay. This project has been completed as physical part.

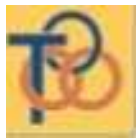
f) Subjection to the provisions of Law 3299/2004 (Decision 43594/ΥΠΕ/4/00091/Ν.3299/2004/30-12-2006) on the modernization of MELITON BEACH hotel, located in the PORTO CARRAS complex in Sithonia. The total approved outlay for this project is € 18.22 million and the eligible state subsidy is € 6.38 million, i.e. 35 percent of the total approved outlay. By the end of 2007 over 50% of the overall project had been completed.



The tangible fixed assets used by the Company are analysed as follows:

<i>Amounts in € '000</i>	THE COMPANY						Total
	Land Plots	Buildings	Mechanical Equipment	Means of Transport	Furniture and Other Equipment	Assets under construction	
Acquisition Cost on 1/1/2006	1,098	1,405	0	1,481	902	689	5,575
minus: Accumulated Amortizations	0	(60)	0	(438)	(738)	0	(1,236)
<b>Net Book Value on 1/1/2006</b>	<b>1,098</b>	<b>1,345</b>	<b>0</b>	<b>1,043</b>	<b>164</b>	<b>689</b>	<b>4,339</b>
Additions	0	0	0	0	8	20	28
Sales-Annulments	0	(10)	0	(12)	0	0	(22)
Carried Forward	0	0	0	0	0	0	0
Exchange differences costs	0	0	0	0	0	0	0
Increases from Readjustment	0	0	0	0	0	0	0
Amortizations for the Financial Year	0	(26)	0	(90)	(61)	0	(177)
Amortizations for Items Sold - Written Off	0	0	0	0	0	0	0
Depreciation transfer	0	0	0	0	0	0	0
Exchange differences depreciation	0	0	0	0	0	0	0
Acquisition Cost on 31/12/2006	1,098	1,395	0	1,469	910	708	5,581
minus: Accumulated Amortizations	0	(86)	0	(527)	(799)	0	(1,413)
<b>Net Book Value on 31/12/2006</b>	<b>1,098</b>	<b>1,309</b>	<b>0</b>	<b>942</b>	<b>111</b>	<b>708</b>	<b>4,168</b>
Additions	0	0	0	0	2	428	430
Sales-Annulments	0	0	0	0	0	(140)	(140)
Carried Forward	0	0	0	0	0	0	0
Exchange differences costs	0	0	0	0	0	0	0
Increases from Readjustment	0	0	0	0	0	0	0
Amortizations for the Financial Year	0	(26)	0	(90)	(52)	0	(168)
Amortizations for Items Sold - Written Off	0	0	0	0	0	0	0
Depreciation transfer	0	0	0	0	0	0	0
Exchange differences depreciation	0	0	0	0	0	0	0
Acquisition Cost on 31/12/2007	1,098	1,395	0	1,469	912	997	5,871
minus: Accumulated Amortizations	0	(113)	0	(617)	(851)	0	(1,581)
<b>Net Book Value on 31/12/2007</b>	<b>1,098</b>	<b>1,283</b>	<b>0</b>	<b>852</b>	<b>61</b>	<b>997</b>	<b>4,290</b>

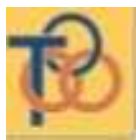
The company includes in the assets under construction costs for the construction of an office building of the parent company located at 22 Solomou Street, Alimos. The building of offices has been undertaken by the subsidiary TOXOTIS SA under the Private Agreement dated 3/2/2004.



The Group has acquired machinery and transportation means through leasing agreements. The book value of these assets, which is included in the previous tables, is analysed below:

<i>Amounts in € '000</i>	THE GROUP		
	Mechanical & Other Equipment	Means of Transport	Total
Acquisition Cost on 31/12/2006	25,591	792	26,383
minus: Accumulated Amortizations	(9,682)	(170)	(9,852)
<b>Net Book Value on 31/12/2006</b>	<b>15,910</b>	<b>622</b>	<b>16,532</b>
Purchases for the period	2,075	71	2,146
Amortization for the Financial Year	(2,814)	(76)	(2,890)
Acquisition Cost on 31/12/2007	27,667	863	28,529
minus: Accumulated Amortizations	(12,496)	(246)	(12,742)
<b>Net Book Value on 31/12/2007</b>	<b>15,171</b>	<b>617</b>	<b>15,788</b>

There are no mortgages or pledges, or any other encumbrances on the fixed assets to secure borrowing, with the exception of the tangible assets of the subsidiary TOUSA.



## 6.2. Intangible assets

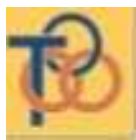
The intangible assets of the Group involve software programs and industrial property rights (Casino operation licence). The analysis of the intangible assets at the level of the Group is as follows:

<i>Amounts in € '000</i>	THE GROUP		
	Industrial Property Rights	Computer Software	Total
Acquisition Cost on 1/1/2006	15,000	1,503	16,503
minus: Accumulated Amortizations	(1,042)	(697)	(1,739)
<b>Book Value on 1/1/2006</b>	<b>13,958</b>	<b>806</b>	<b>14,764</b>
Purchases	0	223	223
Sales-Reductions-Annulments	0	0	0
Amortizations for the Financial Year	(23)	(279)	(303)
Acquisition Cost on 31/12/2006	15,000	1,726	16,726
Accumulated Amortizations	(1,065)	(976)	(2,042)
<b>Book Value on 31/12/2006</b>	<b>13,935</b>	<b>750</b>	<b>14,684</b>
Purchases	0	62	62
Sales-Reductions-Annulments	0	(1)	(1)
Amortizations for the Financial Year	0	(304)	(304)
Acquisition Cost on 31/12/2007	15,000	1,787	16,787
Accumulated Amortizations	(1,065)	(1,280)	(2,345)
<b>Book Value on 31/12/2007</b>	<b>13,935</b>	<b>507</b>	<b>14,442</b>

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. Thus amortizations are not calculated, but the licence is examined annually to check for potential loss of value. The Company carried out an audit during the fiscal year at hand for any impairment of the value of the Casino license using the method of discounting cashflows. No impairment was found. 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:

<i>Amounts in € '000</i>	THE COMPANY		
	Industrial Property Rights	Computer Software	Total
Acquisition Cost on 1/1/2006	0	188	188
minus: Accumulated Amortizations	0	(34)	(34)
<b>Book Value on 1/1/2006</b>	<b>0</b>	<b>154</b>	<b>154</b>
Purchases	0	0	0
Sales-Reductions-Annulments	0	0	0
Amortizations for the Financial Year	0	(54)	(54)
Acquisition Cost on 31/12/2006	0	188	188
Accumulated Amortizations	0	(88)	(88)
<b>Book Value on 31/12/2006</b>	<b>0</b>	<b>100</b>	<b>100</b>
Purchases	0	18	18
Sales-Reductions-Annulments	0	(0)	(0)
Amortizations for the Financial Year	0	(57)	(57)
Acquisition Cost on 31/12/2007	0	206	206
Accumulated Amortizations	0	(145)	(145)
<b>Book Value on 31/12/2007</b>	<b>0</b>	<b>61</b>	<b>61</b>

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.



### 6.3. Investments in subsidiaries

The company MOCHLOS S.A. was evaluated based on the stock exchange value on the dates of drafting of the financial statements, as a company listed on the Stock Exchange. Its fair value as at 31 December 2007 and 2006, was € 16.29 million and € 12.04 million respectively.

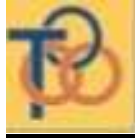
The losses from the full impairment of "TECHNICAL OLYMPIC SA" participation in subsidiary TOUSA Inc. amounts to €171,100 thousand, which was charged to the result of the fiscal year 2007 and corresponds to the balance net of reserves amounting €137,011 thou., which was formed after the valuation of the participation at current market prices as at 31/12/2006.

The Company's Management decided that as of 2/1/2008 it shall not include any more in the consolidated financial statements of the TECHNICAL OLYMPIC SA Group of TOUSA Inc. which was its subsidiary until 31/12/2007 and to remove the Company's holding in TOUSA Inc. on 31/12/2007, as it considers for the reasons listed above and detailed in point 9 that as of that date and thereafter it has lost the control over such company.

Further the holding of TECHNICAL OLYMPIC SA in MELTEMI KASTRI SA was reduced by € 1.71 mil due to capital decrease by derecognition of losses of the subsidiary based on the decision made by the Extraordinary General Meeting held on 24/10/2007.

The companies PORTO CARRAS SITHONIA BEACH CLUB SA, PORTO CARRAS DOMAINE SA, and PORTO CARRAS MELITON BEACH SA were valued based on the respective valuation report by the Company's Management using the discounted free cash flow model, and the companies PORTO CARRAS SA and Delos Marinas SA were valued using the adjusted accounting net position method respectively. Their fair value as at 31 December 2007 and 2006, was € 240 million and € 238 million respectively.

Based on the discount of their future cash flows, an impairment loss resulted for certain subsidiaries and goodwill for certain others. 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 2007 and 2006 was € 2.62 million and € 4.43 million respectively. For all of the companies, there is an audit carried out in order to ascertain any impairment of value. Investments in subsidiaries are broken down as follows:

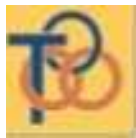


<i>Amounts in € '000</i>	THE COMPANY	
	31/12/2007	31/12/2006
<b>Beginning of the period</b>	<b>562,397</b>	<b>929,179</b>
Increase in Share Capital	0	9,571
Profit from evaluation at fair value recognized in equity	7,397	40,164
Decrease in adjusted reserves due to impairment	(138,111)	(405,197)
Losses Turnaround	0	224
Profit / losses from evaluation at fair value in the Income Statement	(172,816)	(11,544)
<b>End of the period</b>	<b>258,868</b>	<b>562,397</b>

The loss from holdings recognized in profit or loss, as well as the reduction in reserves in both fiscal years listed, mainly come from the impairment of TOUSA Inc.

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. 3.3.





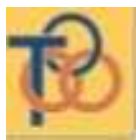
The Company's subsidiaries included in the "Investments in subsidiaries" account are:

Subsidiary Name	Country	31/12/2007		31/12/2006	
		% participation	Own Equity	% participation	Own Equity
MOCHLOS SA	GREECE	48.23%	65,443	48.23%	66,063
MELTEMI-KASTRI SA	GREECE	75.04%	2,611	75.04%	3,062
STROFILI SA	GREECE	99.00%	597	99.00%	614
PORTO CARRAS SA	GREECE	94.82%	199,792	94.82%	199,238
ALVITERRA HELLAS SA	GREECE	74.12%	226	74.12%	289
DILOS MARINES SA	GREECE	67.58%	347	67.58%	4,071
KTIMA PORTO CARRAS AGR/KI	GREECE	94.91%	10,046	94.91%	9,877
PORTO CARAS MELITON BEACH SA	GREECE	92.94%	31,461	92.94%	34,211
PORTO CARRAS MARINA SA	GREECE	90.00%	4,765	90.00%	5,284
PORTO CARRAS GOLF SA	GREECE	90.00%	5,747	90.00%	7,197
PORTO CARRAS CLUB SA	GREECE	96.57%	1,843	96.57%	2,060
PORTO CARRAS HYDROPLANA AND STUDIES SA	GREECE	96.93%	23	96.93%	54
PORTO CARRAS TOURISTIKES ANAPTIKSEIS SA	GREECE	51.00%	122	51.00%	186
PORTI CARRAS SITHONIA BEACH CLUB SA	GREECE	62.34%	33,710	62.34%	30,993
TECHNICAL OLYMPIC SERVICES INC	U.S.A	100.00%	147	100.00%	109
TOUSA INC	U.S.A	66.94%	(395,686)	66.96%	465,094

It is considered that MOCHLOS SA has control, as the company has control over the majority of the votes of the BoD hence guiding the Company's decisions.

The subsidiary DELOS MARINAS SA has given all of its shares in its subsidiary Samos Marinas SA as pledge under the long-term loan agreement of the subsidiary Samos Marinas SA with Emporiki Bank. Further, the subsidiary MARCO MARINAS SA, was placed under liquidation by decision of the General Meeting of its shareholders held on 5 December 2007.

- On 20/2/2008 the shares of MELTEMI KASTRI SA were transferred in their entirety to MELTEMI KASTRI CYPRUS LTD for a total consideration of € 3,330,000. MELTEMI KASTRI CYPRUS LTD transferred on 8/8/2008 the shares of MELTEMI KASTRI SA to PILSBY LTD for an overall consideration of € 3,000,000, and in the respective agreement provision is also made for an additional consideration of €2,625,000, provided doubts on the validity of administrative permits regarding the Lakonia Aeolic Park are lifted.



## 6.4. Investment in associates

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

*Amounts in € '000*

Affiliated Companies	% Part.	Country	31/12/2007						
			Equity	Non Current Assets	Current Assets	Long-term liabilities	Short-term liabilities	Income	Expenses
AGROTOURISTIKI SA	31.00%	GREECE	(1,131)	22	350	6	1,496	997	1,219
LAMDA TECHNOL FLOISVOS HOL	29.74%	GREECE	16,797	16,807	26	0	36	0	70
LAMDA OLYMPIC SRL	EUROROM with 50%	ROMANIA	1,179	0	1,325	0	146	730	708
ZACOLA VENTURES LIMITED	4.82%	ROMANIA	0	0	0	0	0	0	0
P. CARRAS ENERGEIAKA SA (i)	4.00%	GREECE	0	0	0	0	0	0	0

*Amounts in € '000*

Affiliated Companies	% Part.	Country	31/12/2006						
			Equity	Non Current Assets	Current 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	29.74%	GREECE	16,867	16,815	60	0	8	0	52
LAMDA OLYMPIC SRL	EUROROM with 50%	ROMANIA	3,324	0	3,486	0	162	1,687	1,661
ZACOLA VENTURES LIMITED	4.82%	ROMANIA	2	0	2	0	0	0	0

*Amounts in € '000*

Affiliated Companies	% Part.	Country	31/12/2007						
			Equity	Non Current Assets	Current Assets	Long-term liabilities	Short-term liabilities	Income	Expenses
AGROTOURISTIKI SA	31.00%	GREECE	(1,131)	21	350	0	1,502	997	1,224
LAMDA TECHNOL FLOISVOS HOL	25.00%	GREECE	16,797	16,807	26	0	36	0	70
P. CARRAS ENERGEIAKA SA (i)	4.00%	GREECE	0	0	0	0	0	0	0

*Amounts in € '000*

Affiliated Companies	% Part.	Country	31/12/2006						
			Equity	Non Current Assets	Current 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

(i) The company Porto Carras Energy SA is currently in its first over-twelve-month fiscal year and shall prepare its financial statements on 31.12.2008.

The change of the Group's account Participations in associated companies is described as follows:



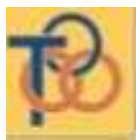
<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Beginning of the period</b>	<b>6,606</b>	<b>6,378</b>	<b>5,159</b>	<b>4,649</b>
Increase Share Capital	2	608	2	510
Decrease Share Capital	(1,020)	0	0	0
Value impairment	0	(576)	(851)	0
Profit from evaluation at fair value recognized in equity	0	0	581	0
Results from Affiliated Companies	734	13	0	0
Foreign Exchange Differenses	(117)	183	0	0
<b>End of the period</b>	<b>6,206</b>	<b>6,606</b>	<b>4,891</b>	<b>5,159</b>

During the 2007 fiscal year, the Company TECHNICAL OLYMPIC SA proceeded to the full impairment of its holding of € 851 thousand in its associated company AGROTOURISTIKI SA.

The parent company TECHNICAL OLYMPIC SA, and its subsidiary PORTO CARRAS SA sold on 14/7/2008 their holding in LAMDA TECHNOL FLISVOS HOLDING SA, by 25% the first one and by 5% the second one, to ZERLAN ENTERPRISES COMPANY Ltd against a total consideration of € 7,900,000.

### 6.5. 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 Inc. 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 is presented in the table below:



Amounts in € '000										
31/12/2007										
Joint-Venture	note	% Part	Country	Equity	Non current assets	Current assets	Long-term Liabilities	Short-term Liabilities	Income	Expenses
J/V MOCHLOS-INTRACOM CONSTRUCTIONS-GANTZOULAS FOR THE SWIMMING CENTER	(i)	32.50%	GREECE	(1,304)	0	2,723	0	4,027	428	132
J/V MOCHLOS-INTRAKAT FOR THE PROJECT IN THE TENNIS OLIMPIC CENTER OAKA	(i)	50.00%	GREECE	(21)	12	8,152	0	8,185	37	205
J/V MOCHLOS SA-ATHINAIKI TECHNIKI SA-INTRAKAT SA FOR THE PANTHESSALIKO PROJECT IN THE N.IONIAS OF VOLOS STADIUM	(i)	32.50%	GREECE	28	0	3,673	0	3,645	0	64
J/V MOCHLOS SA-ATHENS SA FOR THE DODONIS PROJECT	(i)	50.00%	GREECE	0	96	4,953	0	5,049	2,129	3,099
HM Villas at Tremont Ltd.	(ii)	49.00%	USA	0	0	0	0	0	686	(707)
CP Red Oak Partners, Ltd.	(ii)	50.00%	USA	2,829	0	6,113	2,149	1,134	7,092	(6,308)
Remington Ranch	(ii)	49.00%	USA	6,801	33	8,686	1,575	342	1,198	(997)
Laurel Highlands, LLC	(ii)	50.00%	USA	379	73	1,287	0	980	11,162	(11,200)
Reflection Key, LLC	(ii)	49.00%	USA	0	0	0	0	0	7,672	(8,182)
Engle Whitestone LLC (Verrado)	(ii)	49.00%	USA	0	0	0	0	0	697	(625)
Engle Sierra Verde P4, LLC	(ii)	49.00%	USA	0	0	0	0	0	3,203	(3,346)
Engle Sierra Verde P5, LLC	(ii)	49.00%	USA	0	0	0	0	0	5,954	(7,970)
LH-EH Layton Lakes Estates, LLC	(ii)	50.00%	USA	33,649	62	76,513	40,898	2,028	21,067	(20,437)
Engle Sunbelt, LLC	(iii)	49.00%	USA	29,516	1,547	133,606	57,982	47,655	156,286	(171,467)
SC Development Enterprises, LLC	(ii)	49.90%	USA	3	45	128	0	170	3	0
Beacon Hill at Mountain's Edge LLC	(ii)	49.00%	USA	3,418	92	3,797	0	471	10,465	(14,968)
Ranch at Brushy Creek	(ii)	24.90%	USA	1,625	497	7,630	5,521	981	225	(128)
Engle / Gilligan LLC	(ii)	49.00%	USA	0	0	0	0	0	2,702	3,589
TOUSA / Kolter LLC (Waldrep)	(iii)	50.00%	USA	20,490	1,734	102,019	36,682	46,581	27,639	(24,843)
TOUSA at Wellington LLC	(ii)	50.00%	USA	16,673	767	38,785	20,999	1,879	0	0
Waterview JV Partners	(ii)	50.00%	USA	4,274	32	8,208	3,736	230	0	(190)
TOUSA-Hearthstone Lake Webster, LLC	(iii)	5.00%	USA	9,850	0	20,208	9,850	508	0	0
Newmark/Lennar Central Texas, LP	(ii)	50.00%	USA	187	0	4,987	4,793	7	0	(158)

31/12/2006										
Joint-Venture		% Part	Country	Equity	Non current assets	Current assets	Long-term Liabilities	Short-term Liabilities	Income	Expenses
J/V MOCHLOS-INTRACOM CONSTRUCTIONS-GANTZOULAS FOR THE SWIMMING CENTER	(i)	32.50%	GREECE	(1,599)	0	3,760	0	5,360	(1,424)	186
J/V MOCHLOS-INTRAKAT FOR THE PROJECT IN THE TENNIS OLIMPIC CENTER OAKA	(i)	50.00%	GREECE	346	23	8,549	0	8,226	628	557
J/V MOCHLOS SA-ATHINAIKI TECHNIKI SA-INTRAKAT SA FOR THE PANTHESSALIKO PROJECT IN THE N.IONIAS OF VOLOS STADIUM	(i)	32.50%	GREECE	(54)	15	3,642	0	3,711	330	290
J/V MOCHLOS SA-ATHENS SA FOR THE DODONIS PROJECT	(i)	50.00%	GREECE	0	186	9,460	0	9,647	13,546	13,627
HM Villas at Tremont Ltd.	(ii)	49.00%	USA	52	34	17	0	0	3,958	3,934
CP Red Oak Partners, Ltd.	(ii)	50.00%	USA	2,287	10,590	2	7,783	522	5,156	5,040
Chantilly Park Condos, LLC	(ii)	49.00%	USA	0	569	32	0	601	17,254	12,868
Laurel Highlands, LLC	(ii)	50.00%	USA	5,935	9,472	364	3,797	105	4,453	4,508
Reflection Key, LLC	(ii)	49.00%	USA	15,865	15,961	10	0	106	0	1,932
Engle Whitestone LLC (Verrado)	(ii)	49.00%	USA	1,929	945	1,350	0	366	30,242	25,220
Engle Sierra Verde P4, LLC	(ii)	49.00%	USA	1,997	4,028	1,282	0	3,313	18,686	16,415
Engle Sierra Verde P5, LLC	(ii)	49.00%	USA	8,506	8,496	561	0	550	7,070	6,233
LH-EH Layton Lakes Estates, LLC	(ii)	50.00%	USA	20,421	47,004	292	25,787	1,088	0	0
Engle Sunbelt, LLC	(ii)	49.00%	USA	49,946	189,371	17,094	122,460	34,058	388,099	341,071
SC Development Enterprises, LLC	(ii)	49.90%	USA	0	50	137	0	188	0	432
Beacon Hill at Mountain's Edge LLC	(ii)	49.00%	USA	16,231	15,836	1,750	0	1,355	4,434	4,055
R.R. Houston Development LLC	(ii)	49.00%	USA	7,378	12,542	9	4,479	694	3,118	3,379
Engle / Gilligan LLC	(ii)	49.00%	USA	6,029	7,557	1,038	0	2,566	6,456	6,242
TOUSA / Kolter LLC (Waldrep)	(ii)	50.00%	USA	19,778	130,863	3,064	59,226	54,923	0	1,536
TOUSA at Wellington LLC	(ii)	50.00%	USA	23,900	55,649	76	31,383	442	0	0
Waterview JV Partners	(ii)	50.00%	USA	2,302	6,104	16	3,399	419	0	74
TOUSA-Hearthstone Lake Webster, LLC	(ii)	5.00%	USA	10,325	21,119	0	10,324	470	0	0
Newmark/Lennar Central Texas, LP	(ii)	50.00%	USA	483	2,816	312	2,400	245	1,932	314



**Notes:**

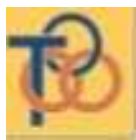
(i) It concerns Holdings of MOCHLOS SA in the specific Joint Ventures. The participation percentage of TECHNICAL OLYMPIC in MOCHLOS S.A. is 48.23%.

(i) It concerns Holdings of TOUSA Inc. in the specific Joint Ventures.

(iii) It regards joint ventures of TOUSA Inc. the value of them was fully impaired on 31/12/07.

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

<i>Amounts in € '000</i>	THE GROUP	
	31/12/2007	31/12/2006
<b>Beginning of the period</b>	<b>97,964</b>	<b>215,712</b>
Increase Share Capital	33,675	24,363
Decrease Share Capital	(23,402)	(96,721)
Profit /(losses) from evaluation at fair value recognized in equity	(91,789)	(24,021)
Foreign Exchange Differenses	(10,321)	(21,368)
<b>End of the period</b>	<b>6,126</b>	<b>97,964</b>



The Group's companies also participate in some joint ventures not included in the consolidated financial statements. The following table lists the joint ventures that are not consolidated, the participation of the Group's companies in them, the reasons why they are not consolidated and their main financial figures for the year 2007:

2007							
JOINT VENTURES ARE NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS							
JOINT VENTURE	PARTICIPATI ON	NON CONSOLIDATION	TURNOVER	EARNINGS BEFORE TAXES	TOTAL ASSETS	EQUITY	
J/V T.O.-MOCHLOS	60%	note 1	0	8	9	1	
J/V TEO-MOCHLOS	49%	note 2	1,710	118	493	1	
J/V T.O.-MOCHLOS	50%	note 1	0	-1	13	1	
J/V MOCHLOS-TO	60%	note 1	0	1	320	1	
J/V MOCHLOS SA-GEK SA	100%	note 2	0	-1	174	1	
J/V MOCHLOS-ORION	50%	note 1	0	-166	317	15	
J/V MOCHLOS-THEMELIODOMI	90%	note 1	0	-1	20	2	
J/V MICHANIKI-J&P-AVAX-ATHINA-MOCHLOS	34%	note 2	4,685	0	3,498	59	
J/V MOCHLOS-EYKLEIDIS	50%	note 1	367	356	465	6	
J/V MOCHLOS-ATTIKAT-BIOTER	40%	note 2	0	-25	33	29	
J/V TOXOTIS-AGOLMA	89%	note 1	99	-2	575	0	
J/V TOXOTIS-GOUGOUNIS	99%	note 1	365	9	571	2	
J/V T.O.-MOCHLOS	50%	note 2	0	0	10	1	
J/V DE LIETO SPA-SIGALAS SA-METRO SA-ELTEK SA-MOCHLOS SA- GEK SA-ERGOMICHANIKI SA-DORIKI SA-INIOCHOS SA-EUROPEAN TECHNIKI SA-OMIROS SA--TERNA SA	20%	note 1	0	-6	135	31	

2006							
JOINT VENTURES ARE NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS							
JOINT VENTURE	PARTICIPATION PERCENTAGE	NON CONSOLIDATION	TURNOVER	EARNINGS BEFORE TAXES	TOTAL ASSETS	EQUITY	
J/V T.O.-MOCHLOS	60%	note 1	0	-2	113	112	
J/V TEO-MOCHLOS	49%	note 2	2,157	138	620	1	
J/V T.O.-MOCHLOS	50%	note 1	0	-1	14	1	
J/V MOCHLOS-TO	60%	note 1	0	0	282	1	
J/V MOCHLOS SA-GEK SA	100%	note 2	0	-6	54	1	
J/V MOCHLOS-ORION	50%	note 1	0	-10	486	15	
J/V MOCHLOS-THEMELIODOMI	90%	note 1	0	0	21	2	
J/V MICHANIKI-J&P-AVAX-ATHINA-MOCHLOS	34%	note 2	6,393	0	274	59	
J/V MOCHLOS-EYKLEIDIS	50%	note 1	0	-132	134	6	
J/V MOCHLOS-ATTIKAT-BIOTER	40%	note 2	2,128	-3	665	29	
J/V TOXOTIS-AGOLMA	89%	note 1	480	-102	566	0	
J/V TOXOTIS-GOUGOUNIS	99%	note 1	965	25	637	0	
J/V T.O.-MOCHLOS	50%	note 2	0	0	10	1	
J/V DE LIETO SPA-SIGALAS SA-METRO SA-ELTEK SA-MOCHLOS SA- GEK SA-ERGOMICHANIKI SA-DORIKI SA-INIOCHOS SA-EUROPEAN TECHNIKI SA-OMIROS SA--TERNA SA	20%	Σημ. 1	0	-3	136	31	

Note 1: Inactive joint ventures, which still exist due to pending legal claims of such joint ventures from the Greek State.

Note 2: Joint ventures between a contractor and the joint venturers, where income and expenses are directly included in the books of joint venturers.

## 6.6. Available for sale financial assets

The financial assets available for sale of the Group comprise:



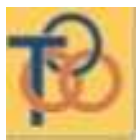
<i>Amounts in € '000</i>	THE GROUP		
	Loans to real estate clients	Other Participations	Total
Balance as of 1/1/2006	37,220	6	37,227
Additions (+)	31,809	5	31,814
Disposal (-)	(33,340)	0	(33,340)
Other changes	(3,880)	0	(3,880)
Balance as of 31/12/2006	31,809	11	31,821
Additions (+)	10,179	0	10,179
Disposal (-)	(28,458)	0	(28,458)
Other changes	(3,351)	0	(3,351)
Balance as of 31/12/2007	10,179	11	10,190

The financial assets available for sale on 31.12.07 mainly comprise loans to clients of TOUSA Inc. in the amount of € 10,179 thousand. 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 wish 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.

## 6.7. Investment property

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

<i>Amounts in € '000</i>	THE GROUP	THE COMPANY
Book Value on 31/12/2005	12,324	2,374
Carried Forward from Own Usage	214	0
Revaluation Appreciation	737	0
Sales/ Reduction	(2)	0
Book Value on 31/12/2006	13,273	2,374
Carried Forward from Own Usage	0	0
Additions	65	0
Revaluation Appreciation	2,607	1,560
Sales/ Reduction	(885)	0
Book Value on 31/12/2007	15,059	3,934



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

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Leasing Income	630	628	52	51
Direct operating expenses	0	0	0	0

It is noted that as regards the investment property of the company in Glyfada (BONA VISTA building) it was appraised in 2007 by an independent appraiser who used the following appraisal methods:

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 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:

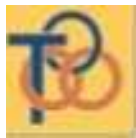
- the replacement cost method; and
- the real estate market data

The above appraisal of the property fair value resulted in an adjustment goodwill of € 1,560 thousand., which also appeared in the Company's results.

As regards the Company's remaining investment property, the Company relied on the appraisal of its plots and buildings by an independent professional appraiser on 31/12/2004 who applied the aforementioned appraisal methods in conjunction with comparative information from the real estate market with regard to such property, aiming at establishing any impairments of their fair value.

On 31.12.07, the company determined the current value of the investments of the Group and the Company 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:





<i>Amounts in € '000</i>	THE GROUP					TOTAL
	GLYFADAS PROPERTY	ANDRAVIDAS PLOT	PATRAS PROPERTY	PILAIAS PROPERTY	OTHER PROPERTIES	
Book Value on 31/12/2006	3,694	141	1,920	5,800	981	12,536
Fair Value on 31/12/2006	3,694	141	2,051	5,800	1,587	13,273
<b>Profit / Losses</b>	<b>0</b>	<b>0</b>	<b>(131)</b>	<b>0</b>	<b>(606)</b>	<b>(737)</b>
Book Value on 31/12/2007	3,694	141	2,051	5,800	767	12,453
Fair Value on 31/12/2007	6,301	141	2,051	5,800	767	15,061
<b>Profit / Losses</b>	<b>(2,608)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,608)</b>

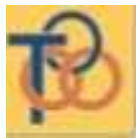
On 4/5/07 the subsidiary MOCHLOS SA entered into a Sale & Lease Back agreement with Cyprus Leasing for a real estate in the area Patriarchiko in Pilea, Thessaloniki. The lease term was set to 20 years and the price at the end of the lease was set to € 1,000 thousand.

<i>Amounts in € '000</i>	THE COMPANY			
	GLYFADAS PROPERTY	ANDRAVIDAS PLOT	OTHER PLOT	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
<b>Profit / Losses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Book Value on 31/12/2007	2,220	141	13	2,374
Fair Value on 31/12/2007	3,780	141	13	3,934
<b>Profit / Losses</b>	<b>1,560</b>	<b>0</b>	<b>0</b>	<b>1,560</b>

There are no limitations to the liquidation of investments in real estate (besides the property in Pilea, Thessaloniki which was sold and leased back as set forth above) 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.

#### 6.8. Other long-term receivables

The analysis of other long-term receivables of the Group and the Company is as follows:



<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Quarantees offered	1,052	579	0	0
Loans in Group's Companies	0	0	18,900	18,900
Loans valuation	0	0	(2,876)	(3,648)
VAT receivable	0	1,318	0	0
Other Long-term receivables	465	1,939	0	0
<b>Total</b>	<b>1,517</b>	<b>3,836</b>	<b>16,024</b>	<b>15,252</b>

These are receivables, which will be collected after the end of the next financial year. Receivables from loans to companies of the Group concern loans granted to associate 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 provision to:	PORTO CARRAS MELITON BEACH A	PORTO CARRAS MELITON BEACH B1	PORTO CARRAS MELITON BEACH B2	PORTO CARRAS GOLF	PORTO CARRAS MARINAS	SAMOS MARINAS	TOTAL
Date of provision	29/3/2004	15/11/2005	30/1/2006	29/3/2004	29/3/2004	7/9/2005	
Loan amount	4,350	4,890	2,110	2,600	1,000	3,950	18,900
Loan valuation in current values	(693)	(1,124)	(485)	(414)	(159)	0	(2,876)
<b>Book Value of loan</b>	<b>3,657</b>	<b>3,766</b>	<b>1,625</b>	<b>2,186</b>	<b>841</b>	<b>3,950</b>	<b>16,024</b>

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.

The bonded loan with SAMOS MARINAS SA is as of 2/9/2007 converted into an interest bearing loan under the loan contract, at an interest rate of the 3-month EURIBOR plus 2.5%.

On 02/15/2008 and 02/29/2008, the company granted the amounts of € 1,700,000.00 and € 3,960,000.00 to its subsidiary companies PORTO CARRAS VILLAGE INN S.A. and PORTO CARRAS DOMAIN S.A. in the form of convertible bond loans, as decided by the Ordinary General Meetings of its companies on 06/29/2006 and 06/30/2005 respectively.



## 6.9. Deferred tax Claims and Liabilities

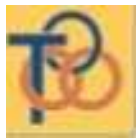
The deferred tax receivables and liabilities are offset when there is an enforceable legal right for the current tax receivables to be offset against current tax liabilities and when the deferred income taxes concern the same tax (IRS) authority.

The offset amounts for the Group are the following:

	THE GROUP				
	31/12/2007		31/12/2006		31/12/2007
<i>Amounts in € '000</i>	Receivables	Liabilities	Receivables	Liabilities	Income / (Expenses)
Tangible Assets	3,743	(43,192)	1,281	(42,444)	(1,976)
Intangible Assets	47	(6,082)	87	(14,748)	(7,939)
Investments in Real Estate Property	0	0	0	0	0
Other Long-Term Receivables	0	0	0	0	0
Inventories	249,915	0	36,902	0	(232,984)
Investments in Subsidiaries	0	(1,558)	114,351	0	111,713
Financial assets available for sale	0	0	0	0	0
Receivables from Construction Contracts	267	(2,056)	15	(1,530)	433
Clients and Other Commercial Receivables	74	(689)	104	0	843
Capital Reserves	4,498	4	5,087	0	73
Personnel Benefits	8,319	0	6,181	0	(2,977)
Provisions	(315,400)	4,755	0	(31,967)	300,731
Short-term loans Liabilities	0	0	0	0	(0)
Other liabilities	1	0	0	0	(1)
Other long-term liabilities	0	(313)	0	(214)	99
Bond loan	0	(615)	0	0	(129)
Other short-term liabilities	0	0	0	(126)	(126)
Other	2,649	820	5,051	0	(37,613)
Fixed Assets Acquired with Financial Leasing	84	(1,513)	105	(3,060)	(1,620)
Accounting of Tax Losses	49,310	60	5,280	0	(8,384)
<b>Total</b>	<b>3,506</b>	<b>(50,379)</b>	<b>174,444</b>	<b>(94,091)</b>	<b>120,141</b>
Deferred Tax Receivables/ (Liabilities)	0	(46,873)	80,354	0	

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

	THE COMPANY				
	31/12/2007		31/12/2006		31/12/2007
<i>Amounts in € '000</i>	Receivables	Liabilities	Receivables	Liabilities	Income / (Expenses)
Tangible Assets	0	(1,103)	0	(722)	381
Intangible Assets	0	(14)	5	0	20
Investments in Subsidiaries	0	(23,368)	0	(47,954)	0
Capital Reserves	134	0	0	0	0
Personnel Benefits	17	0	15	0	(3)
Short-term loans Liabilities	0	0	0	0	0
Receivables from Construction Contracts	267	0	0	0	(267)
Fixed Assets Acquired with Financial Leasing	0	0	0	0	0
Other short-term liabilities	0	0	0	(126)	(126)
<b>Total</b>	<b>418</b>	<b>(24,485)</b>	<b>20</b>	<b>(48,802)</b>	<b>5</b>
Deferred Tax Receivables/ (Liabilities)	0	(24,067)	0	(48,782)	



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 2007 is equal to 25%. More specifically, the tax rate was reduced from 35% up until 2004 to 29% for the year 2006, whereas from 2007 and thereafter it shall be 25%.

The subsidiary TOUSA Inc., with registered office in the USA, is subject to actual income tax at a scale of 35%. The subsidiary EUROROM, with registered office in Romania, is subject to actual income tax at a scale of 16%. On 31/12/2007 the Company saw taxation losses for which no deferred tax receivable was calculated as the company's management does not estimate that they shall be offset with any future gains. In accordance with taxation 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.

## 6.10. Inventory

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

<i>Amounts in € '000</i>	THE GROUP	
	31/12/2007	31/12/2006
Commodities	213	182
Advance Payments	39,293	174,146
Finished & Semi-Finished Products - By-products & Residues	1,003	783
Raw & Secondary Materials -Consumables - Spare Parts & Packaging Materials	5,954	4,776
Land under development	384,139	570,778
Real estate under construction	373,043	677,640
Land with option to buy	8,749	257,048
Fixed assets available for sale	0	(89,406)
<b>Total Liquidating Value</b>	<b>812,394</b>	<b>1,595,947</b>
Minus: Impairment Provision	0	0
<b>Total Net Liquidating Value</b>	<b>812,394</b>	<b>1,595,947</b>

The real estate under construction originates from the company TOUSA Inc. 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 (2007: € 8,749 thousand, 2006: 257,048 thousand). For the latter, the Group has recorded a respective liability (see note 6.27).



The subsidiary TOUSA Inc. proceeded in 2007 to reduce reserves and abandon option contracts of a total value of € 676 mil (see Note 6.32)

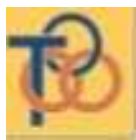
There are no commitments regarding the reserves of the Group to secure borrowing or other obligations, with the exceptions of the reserves of its subsidiary TOUSA.

### 6.11. Receivables from 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 and the Company from construction contracts is as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Contractual Income Accounted for in Financial Year Results	108,417	72,309	3,074	0
Project Accumulated Cost	605,351	432,224	2,911	0
plus: Profit Recorded (Accumulated)	72,504	44,610	163	0
minus: Loss Recorded (Accumulated)	(23,092)	(15,603)	0	0

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Receivable from Construction Contracts (from Customers)	31,501	27,935	1	0
Liability from Construction Contracts (to Customers)	(1,799)	(137)	(1,068)	0
Total Advance Payments Received	6,095	20,139	0	0
Customer Deductions for Good Performance	5,411	13,511	0	0



## 6.12. Receivables from customers and other trade receivables

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

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Customers	32,327	20,484	266	221
Notes receivable	120	120	0	0
Receivable Cheques (post-dated)	4,383	2,528	3,062	265
Receivables from Associated Companies	0	0	140	0
Receivables from the Greek State	76	26	0	0
Withheld Warranties	1,499	3,688	0	0
<b>Total Receivables</b>	<b>38,404</b>	<b>26,846</b>	<b>3,468</b>	<b>486</b>
Minus: Impairment Provision	(925)	(771)	(153)	0
<b>Total Net Receivables</b>	<b>37,479</b>	<b>26,075</b>	<b>3,315</b>	<b>486</b>

The ageing of trade receivables (commercial and otherwise under Notes 6,12, 6.13 and 6.14) is given in the following table:

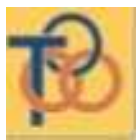
<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	1/1/-31/12/2007	1/1/-31/12/2006	1/1/-31/12/2007	1/1/-31/12/2006
Less than 3 months	188,344	54,926	140	2
Between 3 and 6 months	33,520	25,096	3,383	2,080
Between 6 months and 1 year	34,974	19,411	113	262
Up to 1 year	45,380	49,456	11,995	15,138
Lee: Provisions	(20,155)	(14,704)	(12,013)	(10,722)
<b>Total</b>	<b>282,063</b>	<b>134,184</b>	<b>3,618</b>	<b>6,760</b>

On all Group and Company receivables, estimation of probable impairment has been realized. Certain receivables have been impaired and the respective provisions accounted for amount to € 20,155 thousand (2006: € 14,704 thousand) and € 12,013 thousand (2006: € 10,722 thousand).

The above sums are exclusive of receivables from construction contracts due to the different nature of receivables, as these are calculated based on the percentage of completion of the project which differs depending on each period.

## 6.13. Receivables from joint ventures / liabilities to joint ventures

The Group is mainly participating through the subsidiaries TOUSA Inc. and MOCHLOS SA in several joint ventures that are involved in construction. Receivables from and liabilities to Joint Ventures are presented in the following tables:



*Amounts in € '000*

	THE GROUP	
	31/12/2007	31/12/2006
Receivables from MOCHLOS Joint-venture	1,706	5,793
Receivables from TOUSA Joint-venture	213	20,629
Receivables from TOXOTI Joint-venture	627	0
<b>Total receivables from Joint-ventures</b>	<b>2,545</b>	<b>26,423</b>
Less: Provision devaluation	(980)	(3,490)
<b>Total net receivables from Joint-ventures</b>	<b>1,565</b>	<b>22,932</b>

*Amounts in € '000*

	THE GROUP	
	31/12/2007	31/12/2006
Liabilities from MOCHLOS Joint-venture	567	695
<b>Total Liabilities from Joint-ventures</b>	<b>567</b>	<b>695</b>

#### 6.14. Other requests

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

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Receivables from Affiliated Companies	0	0	0	1,302
Income from Accounts Receivable	4,053	929	96	0
Other Advance Payments	4,859	5,648	67	253
Pre-paid Expenses	20,701	14,769	3	1
Various Debtors	19,707	21,829	1,819	2,114
Receivables from the Greek State	28,049	32,226	10,178	13,326
Receivables from income tax of America	149,789	9,057	0	0
Personnel Advance Payments	65	25	0	0
VAT Receivables	4,757	5,074	0	0
Withheld Customer Bonds	1,203	1,619	0	0
Accounting of Subsidy	27,953	7,186	0	0
Fixed assets available for sale	0	(364)	0	0
<b>Total of Other Receivables</b>	<b>261,137</b>	<b>97,998</b>	<b>12,163</b>	<b>16,996</b>
Minus: Impairment Provision	(18,117)	(12,821)	(11,860)	(10,722)
<b>Total Net Receivables</b>	<b>243,019</b>	<b>85,177</b>	<b>303</b>	<b>6,274</b>



### 6.15. Financial assets at fair value through profit or loss

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

<i>Amounts in € '000</i>	THE GROUP	THE COMPANY
Balance as of 1/1/2006	1,168	350
Transfer	50	0
Sales	(484)	(82)
Readjustments of fair value	345	213
<b>Balance as of 31/12/2006</b>	<b>1,079</b>	<b>481</b>
Transfer	0	0
Sales	(773)	(481)
Readjustments of fair value	(104)	0
<b>Balance as of 31/12/2007</b>	<b>202</b>	<b>0</b>

Financial assets are part of the portfolio of the parent company and MOCHLOS S.A. In this fiscal year the Company liquidated almost its entire portfolio. The results from these transactions are presented in par. 6.39.

### 6.16. Cash and cash equivalents

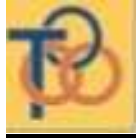
The cash-in-hand represent cash in the company's cashier and bank accounts available upon demand. The cash-in-hand and cash equivalents of the Group and the Company are as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Cash-in-hand	460	1,025	26	4
Cash in Banks	55,983	25,045	456	1,136
Cash Equivalents - Repos	2,084	22	0	21
Accounts of blocked deposits	18,409	39,423	0	0
Fixed assets available for sale	0	(1,509)	0	0
<b>Total Cash &amp; Cash Equivalents</b>	<b>76,935</b>	<b>64,006</b>	<b>482</b>	<b>1,161</b>

### 6.17. Share capital

During 2007, the company performed an increase of its share capital by cash payment and with a pre-emptive right for previous shareholders, as decided by the BoD of the company at its meeting on 06/27/2007, based on the authority granted to it from the Repetitive General Meeting of the Shareholders on 07/14/2005, which was held from 07/16/2007 to 07/30/2007, and this increase was fully covered with the inflow of a total amount of €34,781,250, and the issue of 33,125,000 new common registered shares, with a par value of €1.00 each and





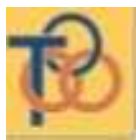
an offer price of €1.05 each, resulting in a share issue premium of €1,656,250. Following the above increase, the company's share capital is now €165,625,000 divided among 165,625,000 common registered shares, with a par value of €1.00 each. Capital increase expenses of € 537 thousand were recognized in equity on 31/12/2007 and are listed in the changes in equity table as deduction of results carried forward.

The allocation of drawn capital is detailed at the end of the Financial Statements together with the Certified Auditor report.

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

#### **6.18. Capital at a premium**

The company's above par share capital as at 31/12/2006, which amounts to € 252,127,431, is the result of the issue of shares for cash with a value higher than their nominal value. After the new increase that took place in 2007, it now stands at € 253,783,681.



## 6.19. Fair Value Reserve

The Company's fair value reserves are broken down as follows:

<i>Amounts in € '000</i>	THE GROUP			THE COMPANY		
	Fixed Assets Measured at Fair Value	Reserves from Valuation of Financial Assets Available for Sale	Total	Fixed Assets Measured at Fair Value	Reserves from Valuation of Financial Assets Available for Sale	Total
Balance on 1 January 2006	130,272	0	130,272	1,473	402,014	403,487
Increase of fair value	222	0	222	0	40,164	40,164
Minus: Deferred tax	0	0	0	0	0	0
Decrease of participation value	0	0	0	0	(405,197)	(405,197)
Plus: Deferred tax	0	0	0	0	141,819	141,819
Plus: Deferred tax	0	0	0	0	0	0
Minus: Fair Value Reserve Amortization	(1,864)	0	(1,864)	(13)	0	(13)
Plus: Deferred Tax on Fair Value Reserve Amortization	466	0	466	3	0	3
Minus: Minority interest	80	0	80	0	0	0
<b>Balance on 31 December 2006</b>	<b>129,175</b>	<b>0</b>	<b>129,175</b>	<b>1,463</b>	<b>178,800</b>	<b>180,263</b>
Increase of fair value	180	0	180	0	0	0
Minus: Deferred tax	(45)	0	(45)	0	0	0
Decrease of participation value	0	0	0	0	(138,111)	(138,111)
Increase of participation value	0	0	0	0	3,730	3,730
Plus: Deferred tax	0	0	0	0	24,586	24,586
Impairment reversal	0	0	0	0	4,248	4,248
Fair Value Reserve Amortization	(1,847)	0	(1,847)	(13)	0	(13)
Deferred Tax on Fair Value Reserve Amortization	462	0	462	3	0	3
Reserves Carried Forward	(292)	0	(292)	0	0	0
Reserve Deferred Tax Carried Forward	71	0	71	0	0	0
Other Adjustments	3	0	3	0	0	0
Minus: Minority interest	71	0	71	0	0	0
<b>Balance on 31 December 2007</b>	<b>127,777</b>	<b>0</b>	<b>127,777</b>	<b>1,453</b>	<b>73,253</b>	<b>74,706</b>

The Group and the Company have recorded the deferred tax liability over the asset revaluation profit at fair value. Moreover, the Company had recognized the deferred tax liability on goodwill that resulted from the evaluation of the subsidiary company TOUSA at fair value, which was reversed in the period at hand due to the full impairment of the holding.



## 6.20. Other reserves

The Group's remaining reserves are analysed as follows:

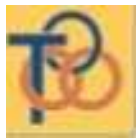
<i>Amounts in € '000</i>	THE GROUP			
	Ordinary Reserve	Extraordinary Reserves	Special & Tax-Exempt Reserves	Total
<b>Balance of 1/1/2006</b>	<b>4,689</b>	<b>5,480</b>	<b>(1,244)</b>	<b>8,925</b>
Formation of Ordinary Reserve	0	0	0	0
Formation of Other Reserves	0	0	0	0
Part of Reserves Carried Forward to Results Carried Forward	0	0	3	3
<b>Balance of 31/12/2006</b>	<b>4,689</b>	<b>5,480</b>	<b>(1,241)</b>	<b>8,928</b>
Formation of Ordinary Reserve	50	0	0	50
Formation of Other Reserves	0	0	0	0
Other adjustments	0	(20)	0	(20)
Part of Reserves Carried Forward to Results Carried Forward	0	0	0	0
<b>Balance of 31/12/2007</b>	<b>4,739</b>	<b>5,460</b>	<b>(1,241)</b>	<b>8,958</b>

The Company's remaining reserves are analysed as follows:

<i>Amounts in € '000</i>	THE COMPANY			
	Ordinary Reserve	Extraordinary Reserves	Special & Tax-Exempt Reserves	Total
<b>Balance of 1/1/2006</b>	<b>4,174</b>	<b>1,095</b>	<b>2,608</b>	<b>7,877</b>
Formation of Ordinary Reserve	0	0	0	0
Formation of Other Reserves	0	0	0	0
Part of Reserves Carried Forward to Results Carried Forward	0	0	0	0
<b>Balance of 31/12/2006</b>	<b>4,174</b>	<b>1,095</b>	<b>2,608</b>	<b>7,877</b>
Formation of Ordinary Reserve	0	0	0	0
Formation of Other Reserves	0	0	0	0
Part of Reserves Carried Forward to Results Carried Forward	0	0	0	0
<b>Balance of 31/12/2007</b>	<b>4,174</b>	<b>1,095</b>	<b>2,608</b>	<b>7,877</b>

**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 Company 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.

#### 6.21. Profit balance carried forward

Dividend has not been paid to company shareholders for the 2007 financial year.

#### 6.22. Foreign currency exchange differences

The change in the foreign currency exchange account for the Group and the Company follows next:

<i>Amounts in € '000</i>	THE GROUP	THE COMPANY
Balance of 1/1/2006	21,244	0
Exchange Rate Differences from abroad	0	0
Exchange Rate Differences from subsidiaries	(44,857)	0
Balance of 31/12/2006	(23,614)	0
Exchange Rate Differences from abroad	85	85
Exchange Rate Differences from subsidiaries	9,325	0
Balance of 31/12/2007	(14,204)	85

#### 6.23. Liability for personnel compensation due to retirement or dismissal

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:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Balance Sheet Liabilities</b>	<b>735</b>	<b>527</b>	<b>58</b>	<b>52</b>
Pension Benefits	(51)	208	11	6
<b>Total</b>	<b>684</b>	<b>735</b>	<b>69</b>	<b>58</b>
<b>Charges in Results</b>				
Pension Benefits (Provisions and Payments)	(51)	208	11	6
<b>Total</b>	<b>(51)</b>	<b>208</b>	<b>11</b>	<b>6</b>

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

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Current Value of Non-Funded Liabilities	956	950	57	56
Non-Recorded Proportional Profits / (Losses)	(139)	(98)	12	2
Non-Recorded Work Experience Cost	(133)	(118)	0	0
<b>Total</b>	<b>684</b>	<b>735</b>	<b>69</b>	<b>58</b>



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

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Cost of Current Employment	160	165	8	16
Financial Cost	38	29	2	2
Benefits Paid by the Employer	(418)	(168)	(10)	(15)
Cutbacks/Settlements/Termination of Employment Cost	165	141	11	4
Restructuring Cost	0	0	0	0
Other Income/Expenses	0	36	0	0
Accounted for Proportional Profit/Loss	3	4	0	0
Accounted for Work Experience Cost	2	2	0	0
<b>Total</b>	<b>(51)</b>	<b>208</b>	<b>11</b>	<b>7</b>

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

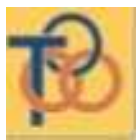
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Discount Rate	4.80%	4.20%	4.80%	4.20%
Future Price Increases	4.00%	4.00%	4.00%	4.00%
Inflation	2.50%	2.50%	2.50%	2.50%

#### Demographic Assumptions:

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

**Morbidity [mor BID ih tee]:** 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:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Salaries, Daily Wages & Benefits	82,325	96,372	328	282
Social Insurance Expenses	14,022	13,836	58	47
Pension Benefits (Provisions)	9,043	8,888	8	4
Termination Compensations	498	243	10	15
Stock Option Benefits	2,876	6,755	0	0
Other Personnel Benefits	439	457	1	1
<b>Total</b>	<b>109,204</b>	<b>126,551</b>	<b>405</b>	<b>349</b>

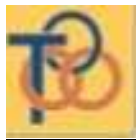
#### 6.24. 4.24 Future Income from State Subsidies

Fixed asset subsidies are included in this fund.

<i>Amounts in € '000</i>	THE GROUP					
	Grants for Aeolian Parks Construction	Grants for Marinas Construction	Other Grants	Hotel Renovation	SPA Construction	Total
Book Value on 1/1/2006	1,051	2,157	5,028	1,054	2,492	11,782
Grants Accounted for	0	0	1,714	0	0	1,714
Amortization	(144)	(291)	(298)	(139)	(392)	(1,264)
Grants Written-off	0	0	0	0	0	0
Book Value on 31/12/2006	907	1,866	6,444	915	2,100	12,232
Grants Accounted for	0	0	(1,714)	0	0	(1,714)
Amortization	(14)	(241)	(235)	(243)	(133)	(866)
Grants Written-off	0	0	0	0	0	0
Book Value on 31/12/2007	892	1,625	4,496	672	1,967	9,652

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

- Subsidy by the Ministry of Economy and Finance to company PORTO CARRAS MELITON BEACH S.A. with investment objective the modernisation of the hotel's 1<sup>st</sup> and 3<sup>rd</sup> wings. The cost of the selected investment expenses in accordance with the approving decision stands at € 18.22 mil, whereas the subsidy amount stands at € 6.38 mil. By the end of the 2007 fiscal year, over 50% of the overall project had been completed and the setup of the Central Audit Body of the Ministry of Economy and Finance was anticipated to certify the implementation of such percentage and the submission thereafter of the respective part of the subsidy.
- Subsidy by the Ministry of Economy and Finance to company PORTO CARRAS MELITON BEACH S.A. with investment objective the construction of a SPA centre. The cost of the selected investment expenses in accordance with the approving decision stood at € 7.12 mil, whereas the subsidy amount stands at € 2.49 mil. As regards this project which has been completed as physical part, approval is pending for its



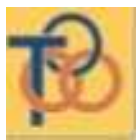
completion from the competent Opinion Committee, as well as payment thereafter of the respective subsidy part.

- Subsidy from the Ministry of Economy and Finance to PORTO CARRAS SITHONIA BEACH CLUB regarding the investment for the renovation and upgrading from 4\* to 5\* of SITHONIA hotel. The total approved outlay for this project is € 23.81 million and the total approved state subsidy is € 9.52 million, i.e. 40 percent of the approved outlay for the project. By the end of the 2007 fiscal year, over 50% of the overall project had been completed and the setup of the Central Audit Body of the Ministry of Economy and Finance was anticipated to certify the implementation of such percentage and the submission thereafter of the respective part of the subsidy.
- Subsidy from the Ministry of Economy and Finance to PORTO CARRAS SITHONIA BEACH CLUB SA for the creation of the SPA and new facilities for the public spaces at SITHONIA Hotel. The total approved outlay for this project is € 5.70 million and the total approved state subsidy is € 1.71 million, i.e. 30 percent of the approved outlay for the project. By the end of the 2007 fiscal year, over 50% of the overall project had been completed and the setup of the Central Audit Body of the Ministry of Economy and Finance was anticipated to certify the implementation of such percentage and the submission thereafter of the respective part of the subsidy.
- Subsidy from the Ministry of Economy and Finance to DOMAIN PORTO CARRAS SA for the creation of a winery to replace the existing one at the Porto Carras complex. The total approved outlay for this project is € 11.00 million and the eligible state subsidy is € 4,38 million, i.e. 39.77 percent of the total approved outlay. By the end of the 2007 fiscal year, the competent services had certified the implementation of 40.61% of the project, while in 2008 the implementation of approximately 81% of the overall project has been certified and payment of respective subsidy payment is pending.
- Subsidy from the Ministry of Economy and Finance to VILLAGE CLUB PORTO CARRAS SA for the modernization and upgrading from 3\* to 5\* of VILLAGE INN Hotel. The total approved outlay for this project is € 4.29 million and the total approved state subsidy is € 1.71 million, i.e. 40 percent of the approved outlay for the project. By the end of 2007 part of the foregoing hotel renovation and upgrading works had been completed.
- The group's commitments regarding these subsidies are stated in par. 7.7.

## 6.25. Loan Liabilities

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





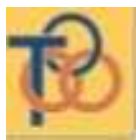
Long-term loans	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<i>Amounts in € '000</i>				
Bank Loans	1,975	810,972	0	0
Leasing	7,248	1,872	0	0
Bond Loan	1,142	29,305	0	28,000
<b>Total Long-term loans</b>	<b>10,365</b>	<b>842,149</b>	<b>0</b>	<b>28,000</b>

Short-term loans	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<i>Amounts in € '000</i>				
Bank Loans	1,203,772	49,939	2,203	2,215
Leasing	1,131	379	0	0
Bond Loan	3,500	2,000	3,500	2,000
<b>Total Short-term loans</b>	<b>1,208,403</b>	<b>52,318</b>	<b>5,703</b>	<b>4,215</b>

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

Borrowings as of 31/12/2007	THE GROUP		
	Banks and Bond Loans	Leasing	Total
<i>Amounts in € '000</i>			
1 year and less	1,207,272	1,131	1,208,403
Between 1 and 5 years	3,117	1,604	4,721
Up to 5 years	0	5,645	5,645
	<b>1,210,389</b>	<b>8,380</b>	<b>1,218,769</b>

Borrowings as of 31/12/2006	THE GROUP		
	Banks and Bond Loans	Leasing	Total
<i>Amounts in € '000</i>			
1 year and less	51,939	379	52,318
Between 1 and 5 years	544,675	1,872	546,547
Up to 5 years	295,601	0	295,601
	<b>892,216</b>	<b>2,251</b>	<b>894,467</b>



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

Borrowings as of 31/12/2007

THE COMPANY

<i>Amounts in € '000</i>	Banks and Bond Loans	Leasing	Total
1 year and less	5,703	0	5,703
Between 1 and 5 years	0	0	0
Up to 5 years	0	0	0
	<b>5,703</b>	<b>0</b>	<b>5,703</b>

Borrowings as of 31/12/2006

THE COMPANY

<i>Amounts in € '000</i>	Banks and Bond Loans	Leasing	Total
1 year and less	4,215	0	4,215
Between 1 and 5 years	28,000	0	28,000
Up to 5 years	0	0	0
	<b>32,215</b>	<b>0</b>	<b>32,215</b>

The actual weighted mean borrowing interest rates for the Group are listed next:

	31/12/2007	31/12/2006
Short-term bank loan rate	Euribor + 2.50%	Euribor + 2.50%
Long-term bank loan rate	Euribor + 2.00%	Euribor + 2.00%

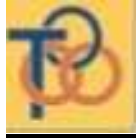
The loan terms provide for the calculation of the loan's interest rate, repayment terms, payment and prepayment and termination events.

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, initially € 8,700 thousand, bonded loan to BNP-PARIBAS bank and GENIKI BANK, the subsidiary Company "MOCHLOS S.A." had the following obligations: not to be forfeited from its 7<sup>th</sup> 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. Such loan was fully repaid in the first half of 2008.

The contractual and loan financial liabilities of the subsidiary TECHNICAL OLYMPIC USA Inc. (TOUSA Inc.) amount to € 1,158 mil (\$ 1,705 mil). The main contracts regard:

a) Revolving Loan Facility for a total of € 114 mil (\$ 168 mil) at a rate of 11.25%.



- b) Main Loan Facility for a total of € 135 mil (\$ 199 mil) at a rate of 9.81%.
- c) Secondary Loan Facility for a total of € 215 mil (\$ 317 mil) at a rate of 12.81%.
- d) contracts of a total value of € 203 mil (\$ 300 mil) at a rate of 9%.
- e) contracts of a total value of € 170 mil (\$ 250 mil) at a rate of 8.25%.
- f) contracts of a total value of € 126 mil (\$ 185 mil) at a rate of 10.375%.
- g) contracts of a total value of € 136 mil (\$ 200 mil) at a rate of 7.5%.

In early 2008 all loan liabilities of the subsidiary TOUSA Inc. became payable due to failure on its part to perform its contractual obligations resulting in the necessary subjection to the protective provisions of Chapter 11 of the US Bankruptcy Code.



### 6.25.1 Financial Lease Liabilities

The main clauses of company financial leases, in force on 31 December 2007, are as follows:

COMPANY	AGREEMENT DATE	LEASE DESCRIPTION	VALUE (in thousand €)	ACQUISITION VALUE (in €)	INTEREST RATE	NO. OF LEASES	LEASE AMOUNT (in thousand €)	AGREEMENT TERM
PORTO CARRAS SITHONIA BEACH CLUB	31/05/05	4 token collection and separation machines	67	10	EURIBOR 1M+2,0%	20 quarterly	3	10/09/12
PORTO CARRAS SITHONIA BEACH CLUB	14/05/05	1 electronic roulette system	230	10	EURIBOR 1M+2,0%	4 quarterly	11	10/07/10
PORTO CARRAS SITHONIA BEACH CLUB	14/05/05	6 roulette reels and 2 electric roulette panels	56	10	EURIBOR 1M+2,0%	12 quarterly	5	14/05/08
PORTO CARRAS SITHONIA BEACH CLUB	15/09/04	3 card separation machines	36	10	EURIBOR 1M+2,0%	12 quarterly	3	31/05/08
MOCHLOS SA	15/06/03	Hydraulic excavator/ Hydraulic Hammer/ Cold Cut Milling Machine W1900	425	100	EURIBOR 3M	20 quarterly	24	15/06/08
MOCHLOS SA	05/11/03	Asphalt Equipment by MASSENZA S.L.R.	360	100	EURIBOR 3M	20 quarterly	20	05/11/08
MOCHLOS SA	27/04/05	2 second hand Rolls Royce helicopter engines	265	10	M.O. EURIBOR 1M+2,0%	12 quarterly	24	27/04/08
MOCHLOS SA	27/04/05	Second hand Rolls Royce helicopter turbine	70	10	M.O. EURIBOR 1M+2,0%	12 quarterly	6	28/04/08
MOCHLOS SA	08/09/05	Concrete pump	25	10	M.O. EURIBOR 1M+2,0%	12 quarterly	2	08/09/08
MOCHLOS SA	05/02/05	2 HM2300 Marathon-Atlas Copco/KRUPP Hydraulic HammersP	59	100	EURIBOR 3M	20 quarterly	3	05/02/10
MOCHLOS SA	25/05/06	2 SAFI MOD GAMMA AS worksite elevators	59	100	EURIBOR 3M	20 quarterly	3	25/05/11
MOCHLOS SA	07/03/06	Tunnel mold	175	10	EURIBOR 3M+2,0%	12 quarterly	16	07/03/09
MOCHLOS SA	05/09/06	Tamrock Axera Drill	540	0	EURIBOR 3M+2,2%	20 quarterly	31	05/09/11



COMPANY	AGREEMENT DATE	LEASE DESCRIPTION	VALUE (in thousand €)	ACQUISITION VALUE (in €)	INTEREST RATE	NO. OF LEASES	LEASE AMOUNT (in thousand €)	AGREEMENT TERM
MOCHLOS SA	14/09/06	WIRTGEN W50 DC Cold Cut Milling Machine	150	0	EURIBOR 3M	20 quarterly	9	14/09/11
MOCHLOS SA	26/08/06	SIMMA Construction Site Crane CIFA Concrete jetting machine MERCEDES ACTROS Truck & Hydraulic crane AUTOGRU	275	1	EURIBOR 3M	16 quarterly	19	25/08/10
MOCHLOS SA	11/10/06	HYUNDAI R200 W7 Excavator on Wheels	115	1	EURIBOR 3M	16 quarterly	8	10/10/10
MOCHLOS SA	27/11/06	CIFA CSS-2 PAS307 Concrete jetting machine	218	3	EURIBOR 3M+2,4%	20 quarterly	13	27/11/11
MOCHLOS SA	05/02/07	SOILMEC Crawler Drill	608	0	EURIBOR 3M+2,2%	20 quarterly	35	05/12/12
MOCHLOS SA	26/02/07	Standard Aero Helicopter Engine	71	10	EURIBOR 3M+2,0%	12 quarterly	5	26/10/10
MOCHLOS SA	24/04/07	Tamrock Axera Drill	500	0	EURIBOR 3M+2,2%	12 quarterly	44	24/04/10
MOCHLOS SA	04/05/07	Property in Thessaloniki rented out to Vodafone SA (SLB)	5,000	1,000,000	M.O. EURIBOR 1M	240 monthly	32	04/05/27
MOCHLOS SA	15/05/07	LIEBHERR 932 Crawler Excavator	135	0	EURIBOR 3M+2,2%	12 quarterly	12	15/05/10
MOCHLOS SA	16/07/07	2 HYUNDAI Excavators on wheels τύπου R200W-7	230	0	EURIBOR 3M+2,0%	12 quarterly	15	13/07/11
SAMOS MARINAS	11/04/07	Travel Lift	196	0	EURIBOR 3M+2,2%	12	18	12/04/10
KTIMA PORTO CARRAS	20/08/03	Crawler vehicles	53	0	EURIBOR 3M+1,0%	7 monthly	1	20/07/08



On May 4<sup>th</sup>, the subsidiary MOCHLOS SA entered into a Sale & Lease Back agreement with Cyprus Leasing for a real estate in the area Patriarchiko in Pilea, Thessaloniki. The final consideration was set to € 5,085 thousand. The monthly lease was computed to €32 thousand. The lease term was set to 20 years and the price at the end of the lease was set to € 1,000 thousand.

## 6.26. Other provisions

The provisions included in this fund are analysed as follows:

<i>Amounts in€ '000</i>	THE GROUP					Total
	Quarantee reserve	Insurance reserve and legal reserve	Provision for potential liabilities	Provisions for tax audit diferenses	Other provisions for contingent liabilities	
Book Value as of 1/1/2006	5,967	1,053	0	0	0	7,020
Additional Provisions	7,853	8,749	251,708	0	592	268,903
Use of provision	(7,041)	(5,155)	0	0	0	(12,196)
Exchange differences	(622)	(110)	0	0	0	(732)
Liabilities that are related with non current assets available for sale	(553)	0	0	0	0	(553)
<b>Book Value as of 31/12/2006</b>	<b>5,604</b>	<b>4,538</b>	<b>251,708</b>	<b>0</b>	<b>592</b>	<b>262,442</b>
Additional Provisions	4,859	382	64,600	800	396	71,038
Use of provision	(6,449)	(2,613)	(289,789)	0	0	(298,851)
Exchange differences	(590)	(478)	(26,520)	0	0	(27,588)
<b>Book Value as of 31/12/2007</b>	<b>3,423</b>	<b>1,829</b>	<b>0</b>	<b>800</b>	<b>988</b>	<b>7,040</b>

The subsidiary TOUSA Inc. 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.

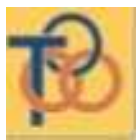
Moreover, the Groups companies create a provision on the insurance and judicial claims that arise from construction agreements with subcontractors, based on historical data from its activities.

The overall provisions for the unaudited fiscal years of the Group's companies amount to € 800 thousand.

TOUSA Inc. is guarantor and manager of the Transeastern joint venture, which is unable to fulfill its obligations. Under IAS 37 a provision of € 252 mil was formed for the previous fiscal year. In accordance with the final settlement on 31/07/2007, whereby all court disputes with the creditors of TRANSEASTERN JV ended, a total loss of € 289.8 mil (\$ 427 mil ) was recognized of which € 186.8 mil (\$ 275 mil ) were recognized in the previous fiscal year and € 102.6 mil (\$ 151 mil ) in this year.

## 6.27. Other Long-term Liabilities

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



<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Other long-term liabilities	25	25	12	12
Long-term liabilities self-insurance	8,319	7,073	0	0
Rights to purchase land	12,827	257,048	0	0
Long term financial liabilities to J/V Transeatern	16,097	0	0	0
Liabilities regarding the non current assets available for sale	0	(28,781)	0	0
<b>Total</b>	<b>37,267</b>	<b>235,365</b>	<b>12</b>	<b>12</b>

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. In the fiscal year that ended on 31/12/2007 the company did not exercise certain options to buy land, which lead to a decrease by 21,100 of the controlled plots with option, and it now owns 10,800 plots for which it had made an advance payment of € 38.7 mil (see Note 6.10) and had issued letters of guarantee for € 29.6 mil.

The subsidiary TOUSA Inc, on the basis of the final settlement of 31/07/2007 with the creditors of TRANSEASTERN JV, issued in favor of Senior mezzanine lenders bonds for a total of \$20 mil, Senior Subordinated PIK Election Notes at a rate of 14.75% and maturity in 2015, as well as Series A Convertible Preferred PIK Preferred Stock at an annual yield of 8%, with a total initial liquidation value of \$117.5 mil. Preferred Stock is convertible into Ordinary Stock.

Additionally the Company issued warrants to Transeastern JV's junior mezzanine lenders to purchase shares of its common stock. The warrants have an estimated fair value of \$16.25 million upon issue, subject to certain previously described terms.

As regards the above Bonds and Warrants, the company valued on 31/07/2007 (day of the final settlement) at fair value the right to convert them into Ordinary Stock by entering directly in Equity € 48,527 thousand (\$ 71,436 thousand)(see Table C.1). This amount for consolidation purposes, although it regards a future minority holding, offset accrued loss as it is considered that such sum is not recoverable by the majority. Further it formed a liability to that respect of € 16,097 thousand (\$ 23,696 thousand) based on the above valuation.

## 6.28. Suppliers and other liabilities

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



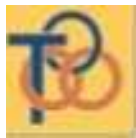
<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Suppliers	64,450	103,251	280	337
Intercompany Accounts, Payable	0	0	3,245	187
Cheques Payable (post-dated)	18,778	10,409	281	174
Liabilities regarding the non - current assets available for sale	0	(5,301)	0	0
<b>Total Liabilities</b>	<b>83,229</b>	<b>108,359</b>	<b>3,806</b>	<b>698</b>

## 6.29. Current tax liabilities

The current tax liabilities of the Group and the Company regard income tax liabilities.

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Income Tax on Taxable Profits	4,966	3,439	0	1,590
Previous Financial Years Income Tax	1,475	0	386	0
Tax Audit Differences	2,637	2,130	0	808
<b>TOTAL</b>	<b>9,078</b>	<b>5,569</b>	<b>386</b>	<b>2,398</b>





### 6.30. Other short-term liabilities

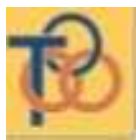
The other short-term liabilities of the Group and the Company are analysed as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Customers Advance Payments	24,708	50,784	4	189
Salaries and Daily Wages, Payable	12,888	24,616	19	16
Insurance Funds	933	855	6	11
Other Taxes (except Income Tax)	15,536	15,233	536	390
Dividends Payable	476	2,846	399	2,767
Provisions for Construction Contracts (IAS11)	1,799	137	1,068	0
Tax payable	32,890	28,744	0	0
Payable Fees for BoD Members	462	3,868	0	2,661
Payable Expenses	75,903	31,184	43	44
Liabilities from Affiliated Companies	0	1,706	0	6,872
Next Period Income - Grants	1,824	38,194	0	0
Liabilities of land development	13,186	0	0	0
Liabilities related with Joint Ventures	50,652	0	0	0
Liabilities for letter of guarantee related with the land abandonment	29,604	0	0	0
Other short term liabilities	1,430	1,411	155	219
Liabilities regarding the non current assets available for sale	0	(1,648)	0	0
<b>Total Liabilities</b>	<b>262,290</b>	<b>197,930</b>	<b>2,230</b>	<b>13,169</b>

### 6.31. Turnover

The breakdown of the Group's and Company's turnover from their continuing operations is given in the following table:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Home Building / Real Estate	1,601,808	1,995,815	0	0
Construction Sector	108,417	78,447	3,074	0
Cazino operations	16,861	15,157	0	0
Hospitality sector	20,903	20,481	0	0
Marinas administration	1,018	858	0	0
Services	0	0	1,889	1,327
Other	6,844	3,865	0	0
<b>Total</b>	<b>1,755,852</b>	<b>2,114,622</b>	<b>4,963</b>	<b>1,327</b>

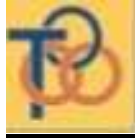


## 6.32. Expense Analysis per Class

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

<i>Amounts in € '000</i>	THE GROUP			
	31/12/2007			
	Cost of Sales	Administrative Expenses	Selling Expenses	TOTAL
Cost of Inventories Recorded as Expense	1,353,764	0	0	1,353,764
Inventory Impairment	676,430	0	0	676,430
Amortizations Cost	12,069	10,887	1	22,957
Provisions	10,470	411	0	10,881
Personnel Fees & Expenses	26,296	68,433	14,475	109,204
Third Party Fees & Expenses	49,915	41,897	467	92,279
Third Party Benefits	2,122	564	39	2,726
Operating Leasing Rents	1,265	6,092	12,731	20,088
Insurance expenses	1,025	14	2	1,041
Repairs & Maintenance Expenses	1,042	123	0	1,166
Taxes-Duties	1,282	1,144	64	2,489
Financial Services Expenses	25,377	0	0	25,377
In-house Production	(25,355)	0	0	(25,355)
Procurement	0	0	66,274	66,274
Other Expenses	25,453	19,273	41,333	86,060
<b>Total</b>	<b>2,161,154</b>	<b>148,839</b>	<b>135,386</b>	<b>2,445,379</b>

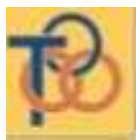
<i>Amounts in € '000</i>	THE GROUP			
	31/12/2006			
	Cost of Sales	Administrative Expenses	Selling Expenses	TOTAL
Cost of Inventories Recorded as Expense	1,500,397	5	3	1,500,405
Inventory Impairment	121,984	0	0	121,984
Amortizations Cost	9,420	10,887	0	20,307
Provisions	6,692	9,177	0	15,870
Operating Leasing Rents	8,359	6,228	7,495	22,082
Taxes-Duties	1,173	1,808	31	3,012
Personnel Fees & Expenses	21,377	89,358	15,816	126,551
Third Party Fees & Expenses	29,652	23,592	183	53,427
Financial Services Expenses	32,113	0	0	32,113
Advertisement Expenses	0	0	15,694	15,694
Third Party Benefits	9,548	988	48	10,585
In-house Production	(2,820)	(1)	0	(2,821)
Procurement	0	0	69,840	69,840
Other Expenses	9,646	22,441	33,751	65,838
<b>Total</b>	<b>1,747,541</b>	<b>164,484</b>	<b>142,862</b>	<b>2,054,887</b>



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

THE COMPANY				
31/12/2007				
<i>Amounts in € '000</i>	Cost of Sales	Administrative Expenses	Selling Expenses	Total
Cost of Inventories Recorded as Expense	0	0	0	0
Inventory Impairment	0	0	0	0
Amortizations Cost	0	224	0	224
Provisions	0	0	0	0
Personnel Fees & Expenses	0	405	0	405
Third Party Fees & Expenses	2,947	1,848	68	4,863
Third Party Benefits	44	176	0	220
Operating Leasing Rents	0	0	0	0
Insurance expenses	0	4	0	4
Repairs & Maintenance Expenses	6	2	0	8
Taxes-Duties	0	72	0	72
Financial Services Expenses	0	0	0	0
In-house Production	0	0	0	0
Procurement	0	0	0	0
Other Expenses	1	126	9	136
<b>Total</b>	<b>2,998</b>	<b>2,857</b>	<b>77</b>	<b>5,932</b>

THE COMPANY				
31/12/2006				
<i>Amounts in € '000</i>	Cost of Sales	Administrative Expenses	Selling Expenses	Total
Cost of Inventories Recorded as Expense	0	0	0	0
Inventory Impairment	0	0	0	0
Amortizations Cost	8	232	0	239
Provisions	0	0	0	0
Operating Leasing Rents	0	0	0	1
Taxes-Duties	0	262	0	262
Personnel Fees & Expenses	123	222	4	349
Third Party Fees & Expenses	442	491	0	933
Financial Services Expenses	0	0	0	0
Advertisement Expenses	0	0	0	0
Third Party Benefits	136	125	1	261
In-house Production	0	0	0	0
Procurement	0	0	0	0
Other Expenses	11	245	5	260
<b>Total</b>	<b>719</b>	<b>1,575</b>	<b>9</b>	<b>2,304</b>



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

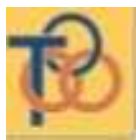
<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Salaries, Daily Wages & Benefits	82,325	96,372	328	282
Social Insurance Expenses	14,022	13,836	58	47
Pension Benefits (Provisions)	9,043	8,888	8	4
Termination Compensations	498	243	10	15
Stock Option Benefits	2,876	6,755	0	0
Other Personnel Benefits	439	457	1	1
<b>Total</b>	<b>109,204</b>	<b>126,551</b>	<b>405</b>	<b>349</b>

### 6.33. Other operating expenses

The other operational expenses are analysed as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Bad Debt Provisions	0	913	0	715
Contingent Liabilities Provisions	69,390	264,077	0	0
Tax Fines & Surcharges	47	180	4	113
Other Fines & Surcharges	1	16	0	0
Previous Financial Years Expenses	6,324	5,451	9	1,136
Losses from Sale & Write-off of Tangible Assets	972	1,002	140	7
Decrease of Subsidiary share capital	0	0	0	0
Other Operating Expenses	3,176	960	5	95
Other Extraordinary Losses	0	350	0	0
<b>Total</b>	<b>79,911</b>	<b>272,950</b>	<b>158</b>	<b>2,066</b>

In the fiscal year at hand for the solo financial statements, the amount of 1,715 was reallocated as compared to the previous publication on 3 June 2008, which regards a subsidiary impairment and which wrongly appeared at the above line, and which has now increased by the same amount the account "Available for sale financial asset impairment".



### 6.34. Other operating income

The other operating income is analysed as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Operational Leasing Rents	786	722	69	70
Machinery Leasing Rents	0	14	0	0
Income from Grants	1,682	1,814	0	2
Profits from Sale of Tangible Fixed Assets	1,401	252	0	0
Income tips	0	573	0	0
Income from Previous Financial Years	1,955	539	17	124
Income from Provision of Services to Third Parties	337	295	42	234
Other income from Romania	380	0	0	0
Other Operating Income	4,071	2,405	66	45
<b>Total</b>	<b>10,612</b>	<b>6,614</b>	<b>194</b>	<b>475</b>

### 6.35. Financial expenses

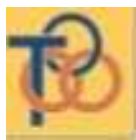
The financial operating expenses are analysed as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Interest from Financial Leases	417	147	0	0
Other Bank Expenses	0	1	0	0
Loan Interest	28,445	4,739	1,383	2,074
Advance Payments Interest	32	0	0	0
Financial Cost of Employee Benefits	38	30	2	2
Dividend of preferred shares	4,218	0	0	0
<b>Total</b>	<b>33,150</b>	<b>4,917</b>	<b>1,385</b>	<b>2,076</b>

### 6.36. Financial income

Financial income is given next:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Discount on Loans provided to Affiliated Parties	0	0	772	0
Interest Awarded from Litigious Claims	0	0	96	0
Interest from Interest-Bearing Hellenic Treasury Bonds	0	0	0	836
Revenues from Bank Interest	1,292	3,438	19	0
Other	0	0	0	12
<b>Total</b>	<b>1,292</b>	<b>3,438</b>	<b>887</b>	<b>848</b>



### 6.37. Other financial results

Other financial results are given next:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Debits from Exchange Rate Differences	(141)	(497)	(194)	(202)
Credits from Exchange Rate Differences	180	1,148	1	915
Other Bank Expenses	(114)	(559)	(29)	(498)
Commission of letters of guarantee	(851)	0	(53)	0
<b>Total</b>	<b>(925)</b>	<b>92</b>	<b>(275)</b>	<b>215</b>

### 6.38. Dividend income

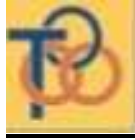
Dividend income is broken down as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Dividend of TOUSA	0	0	0	1,882
Dividend of MOCHLOS	0	0	0	0
Other dividend	513	38	19	38
<b>Total</b>	<b>513</b>	<b>38</b>	<b>19</b>	<b>1,920</b>

### 6.39. Results from Investments

The Group's and the Company's results from investments are broken down as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Profits and Losses from Valuation of Shares and Securities	(104)	345	0	213
Profits and Losses from Sale of Shares and Securities	392	244	258	96
Profits from sale of TOUSA stock option	2,759	4,274	0	0
Profits from the Group's increase in share capital which participates	0	173	0	0
<b>Total</b>	<b>3,047</b>	<b>5,035</b>	<b>258</b>	<b>310</b>



#### 6.40. Profit/ loss from the impairment of investment property

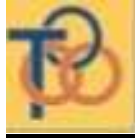
The profit and loss that resulted from the reassessment of investment property is broken down below:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Profits from Fair Value Changes in Real Estate Investments	2,607	(131)	1,560	0
<b>Total</b>	<b>2,607</b>	<b>-131</b>	<b>1,560</b>	<b>0</b>

#### 6.41. Results from Joint Ventures

Profit and loss from joint ventures is broken down as follows:

<i>Amounts in € '000</i>	THE GROUP	
	31/12/2007	31/12/2006
<b>Profits from Joint Ventures</b>		
TENNIS VENUE J/V (MOCHLOS)	0	35
DODONI J/V (MOCHLOS)	0	0
AQUARICS VENUE J/V (MOCHLOS)	96	0
PANTHESSALIAN STADIUM J/V (MOCHLOS)	0	13
Profits from TOUSA Joint Ventures	7,209	83,461
Profits from other Joint Ventures	0	0
<b>Total (a)</b>	<b>7,305</b>	<b>83,509</b>
<b>Losses from Joint Ventures</b>		
TENNIS VENUE J/V (MOCHLOS)	(84)	0
DODONI J/V (MOCHLOS)	(485)	(40)
AQUARICS VENUE J/V (MOCHLOS)	0	(491)
PANTHESSALIAN STADIUM J/V (MOCHLOS)	(21)	0
Losses from TOUSA Joint Ventures	(159,710)	(121,731)
Losses from other Joint Ventures	0	0
<b>Total (b)</b>	<b>(160,300)</b>	<b>(122,262)</b>
<b>Total (a+b)</b>	<b>(152,995)</b>	<b>(38,753)</b>



#### 6.42. Proportion of results of associated companies

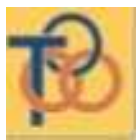
<i>Amounts in € '000</i>	THE GROUP	
	31/12/2007	31/12/2006
<b>Profits</b>		
Lamda Olympic SRL	5	13
Lamda Technol Flisvos Holdings	1,199	0
<b>Total (1)</b>	<b>1,205</b>	<b>13</b>
<b>Losses</b>		
Agrotouristiki S.A.	(471)	0
<b>Total (2)</b>	<b>(471)</b>	<b>0</b>
<b>Total (1+2)</b>	<b>734</b>	<b>13</b>

#### 6.43. 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 2007 and 2006 are analysed as follows:



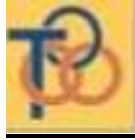


<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Tax for Financial Year	(141,021)	93,366	0	2,155
Previous Financial Years Tax Audit Difference	2,383	2,316	0	1,053
Other Taxes Not Incorporated in Operating Costs	0	0	0	0
Deferred Tax	120,141	(122,480)	5	(56)
<b>Total</b>	<b>(18,496)</b>	<b>(26,798)</b>	<b>5</b>	<b>3,152</b>
<b>Pre-Tax Profits</b>	<b>(6,206)</b>	<b>(9,676)</b>	<b>(173,536)</b>	<b>(7,436)</b>
Tax Coefficient	35%	35%	25%	29%
<b>Expected Tax Expense</b>	<b>(2,172)</b>	<b>(3,387)</b>	<b>(43,384)</b>	<b>(2,157)</b>
Adjustments for Tax-Exempt Income				
- Deferred Tax for Financial Year	120,141	(122,480)	5	(56)
- Restatements for Financial Year	(138,849)	96,577	43,384	4,311
Other Adjustments (Tax Exempt Reserves - Other Tax Benefits)				
- Tax Audit Differences	2,383	2,316	0	1,053
<b>Actual Tax Expense</b>	<b>(18,496)</b>	<b>(26,973)</b>	<b>5</b>	<b>3,152</b>

#### 6.44. Profits per share

The profits per share were computed based on the average weighted number of outstanding shares on the total of the Company's shares and are broken down next:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Profit / (Losses) after taxes from continued operations	(762,639)	(146,748)	(173,541)	(10,588)
Profit / (Losses) after taxes from discontinued operations	(16,312)	(2,486)	0	0
<b>Consolidated Profits after taxes</b>	<b>(778,951)</b>	<b>(149,234)</b>	<b>(173,541)</b>	<b>(10,588)</b>
Weighted average number of shares	143,934,932	132,500,000	143,934,932	132,500,000
<b>Basic profits per share (€ / share) from continued operations</b>	<b>(5.2985)</b>	<b>(1.1075)</b>	<b>(1.2057)</b>	<b>(0.0799)</b>
<b>Basic profits per share (€ / share) from discontinued operations</b>	<b>(0.1133)</b>	<b>(0.0188)</b>	<b>0.0000</b>	<b>0.0000</b>
<b>Basic profits per share (€ / share)</b>	<b>(5.4118)</b>	<b>(1.1263)</b>	<b>(1.2057)</b>	<b>(0.0799)</b>



The calculation of the average weighted average of shares is broken down in the following table:

Changes in shares	Till	Days	Number of shares	Total shares	Weighted average number of shares
shares as of 31/12/2006	27/8/2007	239	132,500,000	132,500,000	86,760,274
Increase in share capital	28/8/2007	126	33,125,000	165,625,000	57,174,658
<b>Weighted average number of shares</b>					<b>143,934,932</b>



#### 6.45. Discontinued operations

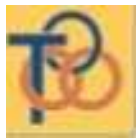
On June 6, 2007 Group subsidiary TOUSA Inc., proceeded to the sale of its operations in Dallas over € 41.995 thou. (\$ 56.454 thou.) in cash to the company Wallas Homes Texas LLC. From the sale of the above activity loss amount of € 10.085 thou. (\$ 13.557 thou.), resulted for the Group. Analysis of the resulted loss is presented in the following table:

	Amounts in € '000	Amounts in \$ '000
<b>Agreed sales price</b>	<b>41,995</b>	<b>56,454</b>
<b>Direct saling expenses</b>		
Value of sold inventory	(50,567)	(67,978)
Net value of sold assets	(689)	(926)
Other expenses	(205)	(275)
Other income	46	62
<b>Net loss from direct sales expenses</b>	<b>(9,420)</b>	<b>(12,663)</b>
<b>Indirect selling expenses</b>		
Other commissions	(102)	(136)
Law expenses	(563)	(757)
<b>Total loss from the sale of activity</b>	<b>(10,085)</b>	<b>(13,557)</b>

Part of the communities of TOUSA Inc. in Dallas was not included in the sale. The Company is currently in the process of finding a buyer for such communities as well and for this reason the Group's balance sheet includes the accounts "Non-current assets intended for sale" and "Liabilities relating to non-current assets intended for sale". The analysis of the above accounts is presented below:

#### Non-current assets intended for sale:

<i>Amounts in € '000</i>	31/12/2007	31/12/2006
Cash and cash equivalent	0	1,509
Advance payments	0	9,921
Inventories	1,285	19,799
Land with purchase right	0	28,781
Real estate under constructionA	2,567	30,905
Tangible assets	209	1,113
Other receivables	110	364
<b>Total</b>	<b>4,170</b>	<b>92,393</b>



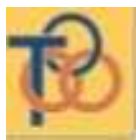
Liabilities relating to non-current assets intended for sale:

<i>Amounts in € '000</i>	31/12/2007	31/12/2006
Other provisions	0	553
Options for the purchase of land	0	28,781
Suppliers and other liabilities	635	5,301
Other short term liabilities	10	1,648
	<b>645</b>	<b>36,282</b>

Further, the Board of Directors of MOCHLOS SA decided on 7.1.2008 to interrupt the operation of all the (ready made concrete production and marketing) industrial units in Patras and Igoumenitsa due to the adverse conditions created, very intense competition and the persistent for a number of years negative results from the operation of such segment.

Further by decision of the Board of Directors of MOCHLOS SA, the company's Home Building operations in the USA in the framework of US based company TECHNICAL OLYMPIC USA (TOUSA Inc.) of the TECHNICAL OLYMPIC Group were interrupted.

The following shows an analysis of the result for the period due to the discontinued operations as a result from the sale of the community in Dallas and the discontinuation of the operation of the branch of MOCHLOS SA in Patras:

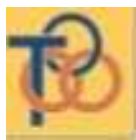


<i>Amounts in € '000</i>	THE GROUP	
	1/1/-31/12/2007	1/1/-31/12/2006
Turnover	38,496	110,424
Cost of Goods sold	(42,580)	(97,388)
<b>Gross Profit</b>	<b>(4,084)</b>	<b>13,036</b>
Administrative expenses	(3,352)	(4,602)
Selling expenses	(4,590)	(10,155)
Other operating expenses	(80)	(993)
Other operating income	176	268
<b>EBIT</b>	<b>(11,930)</b>	<b>(2,447)</b>
Financial Expenses	0	(1)
Financial Income	1	6
Other Financial Results	(0)	0
Profit / (losses) from valuation of real estate for investments	0	131
<b>Results before taxes</b>	<b>(11,929)</b>	<b>(2,311)</b>
Income tax	5,702	(175)
<b>Earnings after tax</b>	<b>(6,227)</b>	<b>(2,486)</b>
Losses from the liquidation of discontinued operations	(10,085)	0
<b>Results from discontinued operations</b>	<b>(16,312)</b>	<b>(2,486)</b>

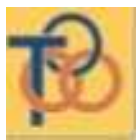
The following table presents the effect of the discontinued operations on the Group's consolidated cash flows:

<i>Amounts in € '000</i>	THE GROUP	
	31/12/2007	31/12/2006
Net cash flows from operating activities	(12,649)	1,742
Net cash flows from investing activities	(12)	(16)
Net cash flows from financing activities	38,351	(578)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>25,690</b>	<b>1,148</b>

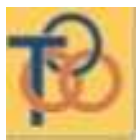
For the purpose of comparing the results and accounts in the Balance Sheet to those of the previous fiscal year, the following tables list the consolidated profit/loss statement and the consolidated Balance Sheet before and after such discontinued operations:



<i>Amounts in € '000</i>	1/1/-31/12/2006		
	Before Discontinuance Operation	Discontinuance Operation	After Discontinuance Operation
Turnover	2,225,046	0	2,225,046
Cost of goods sold	(1,844,929)	0	(1,844,929)
<b>Gross profit / (loss) from continued operations</b>	<b>380,117</b>	<b>0</b>	<b>380,117</b>
Administrative expenses	(169,085)	4,602	(164,483)
Selling expenses	(153,018)	10,155	(142,863)
Other operating expenses	(273,943)	993	(272,950)
Other operating income	6,883	(268)	6,615
<b>EBIT</b>	<b>(209,046)</b>	<b>15,482</b>	<b>(193,564)</b>
Financial Expenses	(4,917)	1	(4,916)
Financial Income	3,444	(6)	3,438
Other Financial Results	92	0	92
Income from dividend	38	0	38
Impairment of value of financial instruments available for sale	(552)	0	(552)
Profit / (losses) from investments	5,035	0	5,035
Profit / (losses) from valuation of real estate for investments	0	0	0
Profit / (losses) from Joint Ventures	(38,753)	0	(38,753)
Pro-rata results from affiliated companies	13	0	13
<b>Profit / (losses) before taxes from continued operations</b>	<b>(244,646)</b>	<b>15,477</b>	<b>(229,169)</b>
Income tax	26,798	175	26,973
<b>Profit / (losses) after tax from continued operations</b>	<b>(217,848)</b>	<b>15,652</b>	<b>(202,196)</b>
Results from discontinued operations	0	(2,486)	(2,486)
<b>Consolidated profit / (losses) after tax</b>	<b>(217,848)</b>	<b>13,167</b>	<b>(204,681)</b>
Minority interest	(71,100)	0	(71,100)
<b>Net consolidated profit / (losses) after tax</b>	<b>(146,748)</b>	<b>13,167</b>	<b>(133,581)</b>



<i>Amounts in€ '000</i>	31/12/2006		
	Before Discontinuance Operation	Discontinuance Operation	After Discontinuance Operation
<b>ASSETS</b>			
<b>Non current assets</b>			
Ownused fixed assets	323,656	(1,113)	322,543
Intangible assets	14,684	0	14,684
Investments in Subsidiaries	0	0	0
Investments in Associates	6,606	0	6,606
Investments in Joint ventures	97,964	0	97,964
Financial instruments available for sale	31,821	0	31,821
Investments in real estate	13,273	0	13,273
Other long term receivables	3,836	0	3,836
Deffered tax receivables	137,977	0	137,977
<b>Total</b>	<b>629,817</b>	<b>(1,113)</b>	<b>628,704</b>
<b>Current assets</b>			
Inventories	1,685,353	(89,406)	1,595,947
Receivables from construction contracts	27,935	0	27,935
Trade and other commercial receivables	26,075	0	26,075
Receivables from Joint Ventures	22,932	0	22,932
Other receivables	85,541	(364)	85,177
Financial instruments at fair value through results	1,079	0	1,079
Cash and cash equivalents	65,515	(1,509)	64,006
<b>Total</b>	<b>1,914,430</b>	<b>(91,279)</b>	<b>1,823,151</b>
Non current assets available for sale	0	92,393	92,393
<b>Total assets</b>	<b>2,544,247</b>	<b>0</b>	<b>2,544,247</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Equity</b>			
Share capital	132,500	0	132,500
Share premium	252,127	0	252,127
Reserves from asset valuations in current values	129,176	0	129,176
Reserves from financial instruments valuations available for sale	0	0	0
Other reserves	8,928	0	8,928
Retained earnings	38,136	0	38,136
Exchange Differences	(23,614)	0	(23,614)
<b>Equity attributable to Parent Company Shareholders</b>	<b>537,253</b>	<b>0</b>	<b>537,253</b>
Third party rights	195,295		195,295
<b>Total equity</b>	<b>732,548</b>	<b>0</b>	<b>732,548</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	57,623	0	57,623
Liabilities for employee retirement benefits	735	0	735
Future income from state grants	12,232	0	12,232
Long-term loans	842,149	0	842,149
Other provisions	262,994	(553)	262,441
Other long-term liabilities	264,146	(28,781)	235,365
<b>Total</b>	<b>1,439,879</b>	<b>(29,333)</b>	<b>1,410,546</b>
<b>Short-term liabilities</b>			
Trade creditors and similar liabilities	113,660	(5,301)	108,359
Current tax liabilities	5,569	0	5,569
Short-term loans	52,318	0	52,318
Liabilities to Joint Ventures	695	0	695
Other short-term liabilities	199,578	(1,648)	197,930
<b>Total</b>	<b>371,820</b>	<b>(6,949)</b>	<b>364,871</b>
<b>Total liabilities</b>	<b>1,811,699</b>	<b>(36,282)</b>	<b>1,775,417</b>
Liabilities referred to non current assets available for sale	0	36,282	36,282
<b>Total equity and liabilities</b>	<b>2,544,247</b>	<b>0</b>	<b>2,544,247</b>



## 7. ADDITIONAL INFORMATION AND EXPLANATIONS

### 7.1. Existing liens

There are no liens with the exception of the concession of all shares of the subsidiary SAMOS MARINAS SA owned by the subsidiary DELOS MARINAS SA as pledge under the long-term loan agreement of SAMOS MARINAS SA with Emporiki Bank. Further, there are no mortgages or pledges, or any other encumbrances on the fixed assets to secure borrowing, with the exception of the tangible assets of the subsidiary TOUSA.

### 7.2. Commitments from Construction Contracts

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Commitments that arise from construction contracts				
Backlog of projects	227,058	230,700	7,943	0
Performance quarandee	108,624	94,009	9,964	10,069

### 7.3. Tax Un-audited Financial Years

TECHNICAL OLYMPIC has been audited for periods until 2005 inclusive. By virtue of Audit order No. 688/2008 of the head of the Athens Inter-Regional Audit Centre, has started the ordinary audit for the year 2007 for which MOCHLOS SA had not been audited. The audit is underway at the time of publication of the financial statements and has not yet been completed.

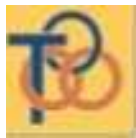
Also, in 2008 also started the tax audit for the years 2005 - 2006 for PORTO CARRAS SITHONIA BEACH CLUB SA, for the years 2001 - 2006 for PORTO CARRAS SA, and for the years 2001 - 2006 for DOMAIN PORTO CARRAS SA.

The overall provisions for the unaudited fiscal years of the Group's companies amount to € 800 thousand.

Besides that, it is estimated that the result of the future tax audit for unaudited years shall not introduce other significant charges to the Company and the Group.

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





Company	Anaudited Fiscal years	Company	Anaudited Fiscal years
TECHNICAL OLYMPIC SA	2006-2007	PORTO CARRAS GOLF SA	2006-2007
MOCHLOS SA	2007	PORTO CARRAS MARINAS SA	2006-2007
TOXOTIS SA	2007	PORTO CARRAS MELITON BEACH SA	From its foundation
ALVITERRA HELLAS SA	2003-2007	PORTO CARRAS SITHONIA BEACH CLUB SA	2005-2007
ANAPTIKSEIS ATHINAIKON PROASTION SA	2003-2007	PORTO CARRAS TOURISTIKES ANAPTIKSEIS SA	2002-2007
DILOS MARINAS SA	2003-2007	PORTO CARRAS HYDROPLANES AND STUDIES SA	2003-2007
KTIMA PORTO CARRAS SA	2003-2007	SAMOS MARINAS SA	2003-2007
MARKO MARINAS SA	2003-2007	SKIATHOS MARINAS SA	2003-2007
MELTEMI KASTRI SA	2003-2007	STROFILI TECHNICAL SA	2003-2007
PORTO CARRAS SA	2003-2007	EUROROM CONSTRUCT II SRL	From its foundation
PORTO CARRAS VILLAGE CLUB SA	From its foundation		

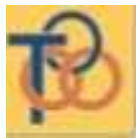
#### 7.4. Contingent liabilities

##### Information about litigations against the Company and the Group:

- **Against the Parent Company**

TECHNICAL OLYMPIC SA was initially included among the defendants in a class action filed with a US Federal Court of Justice but not notified to it. The defendants included Banking Organizations, its subsidiary TECHNICAL OLYMPIC USA (TOUSA Inc.), which was subjected to the protective provisions of Chapter 11 of the US Bankruptcy Code, as well as members of their Boards of Directors. The plaintiffs appear to be non-listed buyers of shares of TOUSA Inc. who claim that under US legislation they are entitled to claims for the period between 1 August 2005 and 19 March 2007 due to guarantees, which as they argue, TOUSA Inc. and the other parties involved gave them for TRANSEASTERN JV. In a later action filed on 19 September 2008 replacing the old one, TECHNICAL OLYMPIC and the members of the Stengos family as Directors of TOUSA Inc. who were included in the first action, are no longer included among the defendants, hence leading to a definite end to any claims against the Company and its BoD.

Further, a lawsuit has been filed against the Company for about € 1,557,600.00 by Design Firm DEKATHLON regarding designs pertaining to the 2003 European Union Summit held in PORTO CARRAS. The company's management estimates that the result of this litigation shall not have a significant effect on the Financial Statements.



Other litigations against the Group's companies are the following:

- **Against MOCHLOS SA**

- PIRIDIS IOANNIDIS GENERAL INC.: It regards € 48,557.10 which has not been paid in respect of works at the Porto Carras Marina. At first instance it was admitted for the sum of about € 10,000. The company filed an appeal which was debated on 08/02/2008 at the Thessaloniki Court of Appeals. It is estimated that in the worst case scenario the amount shall remain the same.

- DIEDROS: It regards € 256,475.43, in respect of fees for designs. It is estimated that the lawsuit shall be rejected.

- MOUSTAKAS: It regards € 42,727.01 in respect of the termination of a project contract. At first instance the court ruled payment of € 1,500.

- TRIGONO SA: It regards € 33,834.16 in respect of expense claims from participation in a joint venture. At first instance the company has been found innocent. The company has issued two payment warrants for a total amount of € 40,000 against THESSALIKI SA and "EXIDIKEVMENA ERGA".

- DIMOTSALI: It regards € 72,214.28 in respect of compensation for damage to materials. It is estimated that the lawsuit shall be rejected.

- WEIST: It regards € 52,950.53, overdue part of agreed fees. It is estimated that the result of the litigation shall be positive.

- ASPIS PRONIA: It regards the MOCHLOS - ATTIKAT - VIOTER JV and the amount of € 88,316.93 in respect of insurance premium. At first instance the amount was reduced to € 58,800. The company filed appeal. It is estimated that the lawsuit shall be rejected or that the amount shall be reduced to one half.

- DAFNI: It regards € 416,129 in respect of receivables from a former partner of the President of ALPHA TECHNIKI and it was reviewed at the appeal court and the company was sentenced to pay € 13,000. An appeal shall be filed against such ruling at the Supreme Court.

- PROMETHEUS SA: It regards the AEGEK - MOCHLOS - EVROPAIKI TECHNIKI - EKTER JV and the amount of € 57,435.51 in respect of compensation for acts of God affecting the KOULOURA-KLIDI Project. It is estimated that the lawsuit shall be rejected.

- MUNICIPALITY OF ARKALOCHORI: *It regards* € 532,580.59 in respect of compensation for damages caused to roads. It is estimated that the company shall not be charged.

- LAMBROPOULOU: It regards MOCHLOS and EMEK and the amount of € 53,979 in respect of machinery damaged as a result of fire. At first instance payment of € 24,220 was ruled, half of which shall be paid by the insurance company. Appeal has been filed.

- PETITION FOR INJUNCTION RELIEF BY NAFTILIAKI TECHNIKI: It regards € 750,000 in respect of failure to pay the contractor and to comply with the preliminary agreement. The claim is ungrounded. The company has entered into a preliminary cooperation agreement, but this would have only applied where MOCHLOS was



awarded projects, which did not happen in the end. At first instance the company was sentenced to pay €16,000. The company has not yet lodged appeal.

- KLOUKINA: This lawsuit is against the Refinery JV and regards € 799,707 in respect of default salaries. It is estimated that the company shall not be charged.

Further, lawsuits have been taken against the Company for work accidents for a total amount of € 2,656,400. With regards to such cases the company is not expected to be charged with more than €325,000. Lawsuits are pending regarding overtime pay claims for € 214,810.41 and car accidents for € 1,672,925.23 which are expected to be rejected in their entirety.

Lastly a fine has been imposed to the company for € 304,395.00 by the Competition Commission for the late notification of the concentration for the merger by absorption by MOCHLOS SA of Alpha Techniki, Theofilos Skordalos and Ellinikes Kataskeves, and the undertaking by the same of the split technical works segments of TECHNICAL OLYMPIC and DIEKAT. Review of the case by a Three-member Audit Committee is expected.

As regards the above assumed liabilities, the Company has formed a provision charging the among of about € 600,000 to the results of previous years.

- **Against TOXOTIS SA**

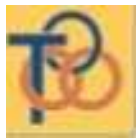
The lawsuits that have been filed against the Company are:

- A lawsuit by subcontractor FANTA REAL SA against the TOXOTIS SA - -ALGOMA SA JV for about € 1,700.00 as it considers that it has been illegally not included in the project. The lawsuit was postponed in March 2008 and since then no summons has been served for a new trial date.

- Lawsuit of ALGOMA SA for € 199,736, as it considers it has suffered non-pecuniary damages as a result of the use of power of attorney documents that regarded th TOXOTIS SA -ALGOMA SA JV, the existence of which it claims to had been unaware of, and as a result it never received the profit from the project pro rata its participation, approximately 10%. It is estimated that the lawsuit shall be rejected, as the power of attorney documents of which it was aware, had nothing to do with the joint venture's financial transactions.

- **Against PORTO CARRAS SITHONIA BEACH CLUB SA**

There are claims against the company from lawsuits for € 2,018 thousand as a result of entrance to the casino being prohibited to persons who have made such claims. The Management estimates that such claims are excessive and ungrounded and it considers that they will be rejected. By the date of approval of the financial statements, no ruling had been made in favor or against the Company. As regards such cases, the Company has made a provision of € 60 thousand.



- **Against PORTO CARRAS SA**

There are no litigations or disputes in arbitration before courts of justice or arbitration courts that could significantly affect the Company's financial situation or business. The only pending litigations are the lawsuits of timesharers against the Company. As regards the time sharers in general, the Company has been found innocent at the Supreme Court and it is hence certain that all pending lawsuits shall be rejected.

- **Against SKIATHOS MARINAS SA**

The State is threatening to require the forfeiture of the letters of guarantee of the project for the construction of the Skiathos Marina. The company has applied for the settlement of the dispute by the administrative court for the letters of guarantee to be returned and for a sum over € 400 thousand to be paid, which represents its expenses for the project that have not been paid by the State.

The Company estimates that it shall be done justice in regards of this dispute, at least as regards the return of the letters of guarantee.

- **Against PORTO CARRAS HYDROPLANES AND STUDIES SA**

There is a claim against PORTO CARRAS HYDROPLANES AND STUDIES SA for € 75,000 by a student of the college who claims compensation because the college shut down and was forced to move to continue their studies, etc. The lawsuit was taken to court and Ruling No. 140/2005 was issued by the One-member First Instance Court of Chalkidiki whereby the student shall receive compensation of €16,000. The Company has filed an appeal which has not yet been debated.

- **Against PORTO CARRAS MELITON BEACH SA**

Disputes are pending against the Company before the country's competent courts in respect of employment claims and claims for the payment of intellectual rights of actors and singers for a total of € 207,613.08. The Company's legal advisors estimate that the above lawsuits shall be found inadmissible by the respective courts.

## 7.5. 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

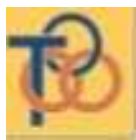


nature and variety of the issues under litigation; at any rate, it should be pointed out that until now the companies have been successful in Council of the State proceedings, in cases exceeding 50% of the total of pending cases.

- 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 for about € 15.7 mil 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 not only will it not incur economic charges for the companies, but on the contrary they shall collect the biggest part if not all of the claims.
- 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 companies, there will be no change to its liabilities.
- Claims of the subsidiary **TOXOTIS SA**:
  - FANTA REAL SA (two lawsuits), whereby the company asks for a total of € 547,000 because the former failed to return the advance payment it had receive in respect of the execution of the project. 14 January 2009 has been set as the trial date for the lawsuit
  - SFAGIOTECHNIKI K. GOUMAS AND ASSOCIATES INC., which was a subcontractor. The lawsuit has been admitted in part by the Court of First Instance for approximately € 45,000, but an appeal has been lodged which is still pending.
  - Prefecture of Magnisia in respect of the detour project in Zagora for a total sum of € 1,513,413.29. Such lawsuits regard damages caused by acts of God, delays in the payment of bills, designer fees and the return of letters of guarantee.

## 7.6. Operating lease commitments

### Group Companies as Lessors



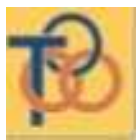
Amounts in € '000

	THE GROUP				THE COMPANY			
	1 year or less	Between 1 and 5 years	Up to 5 years	Total	1 year or less	Between 1 and 5 years	Up to 5 years	Total
Liabilities from operating leasing 31/12/2007								
Liabilities from real estate	30	47	0	76	0	0	0	0
Liabilities from transportation	155	152	0	306	0	0	0	0
Other operating leasing	6,912	12,127	11,126	30,166	0	0	0	0
<b>Total</b>	<b>7,097</b>	<b>12,326</b>	<b>11,126</b>	<b>30,549</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Liabilities from operating leasing 31/12/2006								
Liabilities from real estate	21	11	0	32	0	0	0	0
Liabilities from transportation	111	106	0	217	0	0	0	0
Other operating leasing	9,280	16,693	8,791	34,763	0	0	0	0
<b>Total</b>	<b>9,411</b>	<b>16,810</b>	<b>8,791</b>	<b>35,012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The major lease agreements of the Group's companies are:

- The parent company and the subsidiary MOCHLOS SA rent out a property in Glyfada, at 3, Xantou and Lazaraki street that includes a space of 394.07m<sup>2</sup> on the 4<sup>th</sup> floor and two parking spots in the basement numbered P30 and P31 of 29.11m<sup>2</sup> each. The monthly rent is € 10,250 which shall be increased yearly by 5%.
- MOCHLOS SA sublets a property in the Patriarchiko area in Thessaloniki which comprises a basement of 2,380m<sup>2</sup> and a ground floor of 2,380m<sup>2</sup> to VODAFONE at a monthly rent of € 30,056.43 increased annually based on the price index. The duration of the lease is 12 years.
- MOCHLOS SA rents out a property that comprises a basement of 294 m<sup>2</sup>, a ground floor of 543 m<sup>2</sup> and a mezzanine of 185 m<sup>2</sup> to RIDENCO SA. The monthly rent is set to 5% of the monthly net turnover (earned in the leased property) which shall not be under € 7,336.75 monthly and be increased annually by 6%.
- SAMOS MARINAS SA rents out three spots at the marina for use as Super Market, Coffee Shop, and Tourism Office to Boutique Travel Services SA. The annual rent is set to € 150,000.00 for the first 3 years of the lease term, and as of 2010 such rent shall be adjusted annual based on the price index. The duration of the lease is 24 years.
- SAMOS MARINAS SA rents out two spots of 31m<sup>2</sup> and 15m<sup>2</sup> at the marina to ECKER YACHTING SA. The monthly rent is set to € 5,287.50 which shall be increased annually by the price index rate plus 2%. The duration of the lease is 12 years.

#### Group Companies as Lessees



Amounts in € '000

	THE GROUP				THE COMPANY			
	1 year or less	Between 1 and 5 years	Up to 5 years	Total	1 year or less	Between 1 and 5 years	Up to 5 years	Total
<b>Rent receivables pursuant to contracts on 31/12/2007</b>								
Rent operating leasing	225	1,126	2,816	4,167	25	107	310	442
Income from leasing of investment properties	631	2,296	2,164	5,091	9	9	0	18
<b>Total</b>	<b>856</b>	<b>3,422</b>	<b>4,980</b>	<b>9,258</b>	<b>34</b>	<b>116</b>	<b>310</b>	<b>460</b>
<b>Rent receivables pursuant to contracts on 31/12/2006</b>								
Rent operating leasing	75	376	341	792	22	99	293	414
Income from leasing of investment properties	583	2,469	2,524	5,576	6	8	0	14
<b>Total</b>	<b>658</b>	<b>2,845</b>	<b>2,865</b>	<b>6,368</b>	<b>28</b>	<b>107</b>	<b>293</b>	<b>428</b>

The Group's companies in Greece and Romania due to the nature of their operations they enter into operating lease agreements to rent vehicles as well as residences to serve their sites and usually the term of such agreements does not exceed 3 years as they are directly related to the works being performed. The Group's subsidiary in the US, TOUSA Inc. rents its executive headquarters located at 4000 Hollywood Blvd., Suite 500 N, Hollywood, Florida, 33021. It basically rents the office spaces required for its residence construction and financial services and its offices, as well as residences and equipment required for its operations.

## 7.7. Commitments for Investment Programs

### PORTO CARRAS SITHONIA BEACH CLUB SA

The Ministry of Economy and Finance approved with its 47334/ΥΠΕ/4/00435/E/N.3299/2004/31.12.2006 decision the submitted in June 2006 investment plan of the company PORTO CARRAS SITHONIA BEACH CLUB SA for the SITHONIA Hotel renovation and upgrading from category 4\* to category 5\*. The total approved outlay for this project is € 23.81 million and the total approved state subsidy is € 9.52 million, i.e. 40 percent of the approved outlay for the project.

More specifically, the following funds shall be expended based on such plan:

Identification	Amounts in € '000
Building works - Electrical works	€ 11.669
Mechanical Equipment	€ 4.458
Hotel Equipment	€ 5.934
Means of Transport	€301
Configuration of surrounding area	€ 1.447
<b>Total</b>	<b>€ 28.310</b>



In addition, the Ministry of Economy and Finance approved with its 28620/ΥΠΕ/4/1056/Ε/Ν.3299/2004/30.06.2007 decision the submitted in October 2006 investment plan of the company, for the establishment of a Thalassotherapy SPA Center and the creation of new uses for the common areas of SITHONIA Hotel. The total approved outlay for this project is € 5.70 million and the total approved state subsidy is € 1.71 million, i.e. 30 percent of the approved outlay for the project.

#### **PORTO KARRAS MELITON BEACH SA**

The Private Investment Department of the Ministry of Economy and Finance approved by its Decision No. 43594/ΥΠΕ/4/00091/Ν.3299/2004/30.12.2006 the company's investment plan PORTO CARRAS MELITON BEACH SA submitted in August 2005 for the modernization of MELITON Hotel located in the Porto Carras complex in Sithonia. The total approved outlay for this project is € 18.22 million and the eligible state subsidy is € 6.38 million, i.e. 35 percent of the total approved outlay. By the end of the 2007 fiscal year, over 50% of the overall project had been completed and the setup of the Central Audit Body of the Ministry of Economy and Finance was anticipated to certify the implementation of such percentage and the submission thereafter of the respective part of the subsidy.

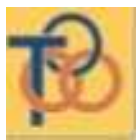
#### **PORTO CARRAS VILLAGE CLUB SA**

The Ministry of Economy and Finance approved with its 51324/ΥΠΕ/4/00476/Ε/Ν.3299/2004/13.12.2006 decision the investment plan of PORTO CARRAS VILLAGE CLUB SA, submitted in July 2006, for the modernization and upgrading, from the 3 star the 5 star category, of the VILLAGE INN Hotel. The total approved outlay for this project is € 4.29 million and the total approved state subsidy is € 1.71 million, i.e. 40 percent of the approved outlay for the project. By the end of 2007 part of the foregoing hotel renovation and upgrading works had been completed.

#### **DOMAIN PORTO CARRAS SA**

The Planning and Agricultural Structuring Department of the Ministry of Rural Development approved with its 98205/05Γ 1725/675/09.02.2007 decision the submitted investment plan of DOMAINE PORTO CARRAS SA for the establishment of a Winery in order to replace an existing one in the Porto Carras resort. The total approved outlay for this project is € 11.00 million and the eligible state subsidy is € 4,38 million, i.e. 39.77 percent of the total approved outlay. By the end of the 2007 fiscal year, the competent services had certified the implementation of 40.61% of the project, while in 2008 the implementation of approximately 81% of the overall project has been certified and payment of respective subsidy payment is pending.





## 7.8. Transactions with related parties

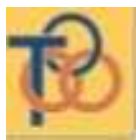
The cross-company sales / purchases for the period from 1 January to 31 December 2007 and the respective comparative from 1 January to 31 December 2006 are detailed as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b><u>Income</u></b>				
Subsidiaries	0	0	2,771	2,124
Associates	44	7,744	44	106
Joint Ventures	1,690	688	0	0
Other Affiliated Parties	525	114	3	7
<b>Total</b>	<b>2,259</b>	<b>8,546</b>	<b>2,818</b>	<b>2,237</b>

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b><u>Priced Income from project implementation</u></b>				
Subsidiaries	0	0	3,074	0
Associates	1	0	1	0
Joint Ventures	1,445	0	0	0
Other Affiliated Parties	1,502	0	0	0
<b>Total</b>	<b>2,948</b>	<b>0</b>	<b>3,075</b>	<b>0</b>

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b><u>Purchases and Remuneration from services</u></b>				
Subsidiaries	0	0	2,911	644
Associates	0	0	0	0
Joint Ventures	48	443	0	0
Other Affiliated Parties	461	378	10	0
<b>Total</b>	<b>509</b>	<b>821</b>	<b>2,921</b>	<b>644</b>

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b><u>Sales of Assets</u></b>				
Other Affiliated Parties	873	0	0	0
<b>Total</b>	<b>873</b>	<b>0</b>	<b>0</b>	<b>0</b>



## 7.9. Receivables / liabilities with related parties

The analysis of the cross-company claims / liabilities on 31 December 07 as well as for 31 December 06 is as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Receivable</b>				
Subsidiaries	0	0	19,322	20,456
Associates	156	100	156	100
Joint Ventures	5,460	1,685	0	0
BoD members	7	0	6	0
Management Executives	80	0	0	0
Other Affiliated Parties	2,197	2,179	11	48
<b>Total</b>	<b>7,900</b>	<b>3,964</b>	<b>19,495</b>	<b>20,604</b>

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Credit Balance</b>				
Subsidiaries	0	0	3,245	8,818
Associates	0	0	0	0
Joint Ventures	843	1,077	0	0
BoD members	37	1,527	2	1,045
Management Executives	38	0	0	0
Other Affiliated Parties	344	326	57	0
<b>Total</b>	<b>1,262</b>	<b>2,930</b>	<b>3,304</b>	<b>9,863</b>

### Receivables from the execution of projects:

#### Recognition of receivables from from construction contracts (IAS 11)

<i>Amounts in € .000</i>	GROUP		COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Debit Balance</b>				
Parent	1	0	0	0
Other Affiliated Parties	9,397	13,614	8,956	12,073
<b>Total</b>	<b>9,398</b>	<b>13,614</b>	<b>8,956</b>	<b>12,073</b>

### Liabilities from the execution of projects:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>Liabilities from from construction contracts</b>				
Subsidiaries	0	0	1,068	0
Other Affiliated Parties	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,068</b>	<b>0</b>

The loans granted between the companies of the Group are detailed in the par. 6.8.



## 7.10. Management fees and benefits

Management fees and benefits at Group and Company level are detailed next:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Fees for BoD Members (except salary)	3,100	99	1,400	0
Fees from Operating Profits	0	0	0	0
Management Fees	8,032	6,466	198	210
Social Insurance Cost	0	0	0	0
<b>Total</b>	<b>11,132</b>	<b>6,564</b>	<b>1,598</b>	<b>210</b>

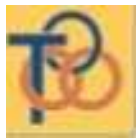
## 7.11. Provisions

Besides the provisions already mentioned and analyzed in points 6.26, 7.3 and 7.4 above, the Company does not consider that it must form additional provisions for any balance sheet account up until 31/12/07.

## 7.12. Number of Personnel Employed

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

	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Number of employees	2,510	3,287	10	9



## 8. RISK MANAGEMENT OBJECTIVES AND POLICIES

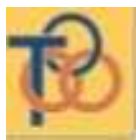
The Group and the Company are exposed to financial risks such as credit risk, market risk (interest rates, market prices, fluctuations in foreign exchange rates) and liquidity risk. The Group's financial instruments mainly comprise bank deposits, receivables from customers and liabilities to consumers - creditors, dividends payable and liabilities from leases. The Group's risk management program aims to limit the negative effects on the Group's financial results that arise from the inability to forecast the financial markets and the fluctuations in cost and sales variables.

The risk management policy is implemented by the Group's central financial division. The Board of Directors provides instructions and guidelines for overall risk management, as well as special instructions for the management of risks such as interest rate risk and credit. The procedure followed is outlined below:

- evaluation of risks associated with the Group's activities and operations,
- design of the methodology and selection of appropriate financial products in order to reduce risks, where required, and
- execution/implementation of the risk management procedure, according to the procedure approved by management.

### 8.1. Currency Risk

Foreign exchange risk is the risk involving fluctuations in the value of financial instruments, assets, as well as receivables and liabilities due to changes in rates of foreign exchange. The Group engages in activities internationally hence it is exposed to foreign exchange risk from the fluctuations of the rate of the US dollar to the RON and the euro, as a result of the Group's activities in the Romanian market. This risk results mainly from future commercial transactions and liabilities in RON. In case of major changes in foreign exchange rates, it is possible that the Group's results are seriously affected. The Group, for the time being, has not adopted the use of hedging tools for foreign exchange risk. However, within the framework of responding adequately to the above risk, it is in constant contact with its financial advisors in order to determine on an ongoing basis the best offsetting policy in an environment which changes constantly. Trade and other receivables as well as the respective liabilities in foreign currency converted into euros at the closing rate are:



<i>Amounts in € '000</i>	THE GROUP			
	31/12/2007		31/12/2006	
	US\$	RON	US\$	RON
<b>Nominal values</b>				
Trade and other receivables	192,841	26,036	72,281	8,888
Short-term liabilities	(285,570)	(13,604)	(251,933)	(13,204)
Short-term bank liabilities <sup>ç</sup>	(1,158,718)	(25,916)	(26,869)	(1,512)
<b>Short-term report</b>	<b>(1,251,447)</b>	<b>(13,484)</b>	<b>(206,521)</b>	<b>(5,828)</b>
Long-term Liabilities	(37,242)	(1,107)	(193,560)	(592)
Long-term bank Liabilities	0	(464)	(805,412)	(521)
<b>Long-term report</b>	<b>(37,242)</b>	<b>(1,571)</b>	<b>(998,972)</b>	<b>(1,113)</b>
<b>Total</b>	<b>(1,288,689)</b>	<b>(15,055)</b>	<b>(1,205,493)</b>	<b>(6,941)</b>

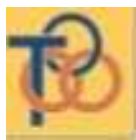
The above tables list the sensitivity of the result of the period as well as of equity as regards financial assets and financial liabilities and the rate of exchange of the euro to the dollar and of the euro to the RON.

It is assumed that a change shall take place on 31 December 2007 in the rate of exchange of the euro to the dollar of 7.15% (2006: 9.22%) and of the euro to the RON of 10.27% (2006: 5.46%). This percentage has been based on the average volatility in the market of foreign exchange rates for 12 months in 2007 and 2 months in 2008. The sensitivity analysis is based on the financial instruments in foreign currency held by the Group in each reference period.

Where the rate of exchange of the euro to the above currencies undergoes a positive change at the above percentages, this shall have the following effect on the results and equity:

<i>Amounts in € '000</i>	THE GROUP			
	31/12/2007		31/12/2006	
	US\$	RON	US\$	RON
<b>Nominal values</b>				
Results after tax	85,992	310	101,763	365
Shareholders Equity	85,992	310	101,763	365

<i>Amounts in € '000</i>	THE GROUP			
	31/12/2007		31/12/2006	
	US\$	RON	US\$	RON
<b>Nominal values</b>				
Trade and other receivables	12,868	2,310	6,102	457
Short-term liabilities	(19,055)	(1,267)	(21,267)	(685)
Short-term bank liabilities <sup>ç</sup>	(77,320)	(1,207)	(2,268)	(79)
<b>Short-term report</b>	<b>(83,507)</b>	<b>(164)</b>	<b>(17,433)</b>	<b>(307)</b>
Long-term Liabilities	(2,485)	(103)	(16,340)	(31)
Long-term bank Liabilities	0	(43)	(67,990)	(27)
<b>Long-term report</b>	<b>(2,485)</b>	<b>(146)</b>	<b>(84,330)</b>	<b>(58)</b>
<b>Total</b>	<b>85,992</b>	<b>310</b>	<b>101,763</b>	<b>365</b>



Where the rate of exchange of the euro to the above currencies undergoes a negative change at the above percentages, this shall have the following effect on the results and equity:

<i>Long-term Liabilities</i>	THE GROUP			
	31/12/2007		31/12/2006	
	US\$	RON	US\$	RON
<b>Nominal values</b>				
Results after tax	(99,237)	(22)	(10,336)	(21)
Shareholders Equity	(99,237)	(22)	(10,336)	(21)

<i>Amounts in € '000</i>	THE GROUP			
	31/12/2007		31/12/2006	
	US\$	RON	US\$	RON
<b>Nominal values</b>				
Trade and other receivables	(14,850)	(277)	(619)	(26)
Short-term liabilities	21,991	144	2,159	39
Short-term bank liabilities	89,228	138	231	4
<b>Short-term report</b>	<b>96,369</b>	<b>5</b>	<b>1,771</b>	<b>17</b>
Long-term Liabilities	2,868	12	1,660	2
Long-term bank Liabilities	0	5	6,905	2
<b>Long-term report</b>	<b>2,868</b>	<b>17</b>	<b>8,565</b>	<b>4</b>
<b>Total</b>	<b>(99,237)</b>	<b>(22)</b>	<b>(10,336)</b>	<b>(21)</b>

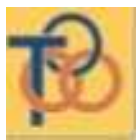
Exposure of the Group to foreign exchange risk varies during the year depending on the volume of transactions in foreign currency. However, this analysis is considered representative of the Group's exposure to foreign exchange risk.

## 8.2. Sensitivity Analysis of Interest Rate Risks

The Group's policy is to minimize its exposure to cash flow interest rate risk regarding long-term financing. Long-term financing is usually at a floating interest rate (euribor). On 31 December 2007, the Group is exposed to changes in the interest rate market as regards its bank loans, which are subject to a floating interest rate.

The following table shows the sensitivity of the result of the period and equity to a reasonable change of the interest rate of +0.5% or 0.5% (2006: +0.5/-0.5%). Changes in interest rates are estimated to be reasonable as compared to recent market conditions.

<i>Amounts in € '000</i>	THE GROUP			
	31/12/2007		31/12/2006	
	0.50%	-0.50%	0.50%	-0.50%
Results after tax from change in rate	(4,532)	4,532	(4,112)	4,112
Net equity	(4,532)	4,532	(4,112)	4,112



<i>Amounts in € '000</i>	THE COMPANY			
	31/12/2007		31/12/2006	
	0.50%	-0.50%	0.50%	-0.50%
Results after tax from change in rate	(158)	158	(70)	70
Net equity	(158)	158	(70)	70

### 8.3. Analysis of Credit Risk

The Group's exposure to credit risk is limited to financial assets (means), which on the Balance Sheet date were analyzed as follows:

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<i>Financial Figures categories</i>				
Cash and cash equivalents	76,935	64,006	482	1,161
Trade and other receivables	282,063	134,184	3,618	6,760
Other long-term receivables	1,517	3,836	16,024	15,252
<b>Total</b>	<b>360,515</b>	<b>202,026</b>	<b>20,124</b>	<b>23,174</b>

The Company has established and applies credit control procedures in order to minimize the bad debts and immediately cover receivables in securities. It is the Group's policy to only work with reliable customers. The BoD has put in place a credit policy whereby each new customer is investigated individually as to its solvency. The solvency check performed by the Group includes the investigation of solvency ranking from banks and other sources if any as well as external exposures or analyses at reasonable cost. Credit lines are established for each customer and certain sales and collection terms apply, which are reviewed regularly and depending on prevailing conditions each time. Further, where possible collaterals or other sureties are taken.

The Group's Management considers that all the above financial assets which have not been depreciated in previous financial statement drafting dates are of high credit quality. Maximum exposure to credit risk as at the date of the balance sheet is the fair value of each category of financial assets as this is presented above.

### 8.4. Liquidity Risk Analysis

Liquidity risk management includes assuring sufficient cash and cash equivalents and its solvency through sufficient credit lines from cooperating banks.

Although the loan agreements of the subsidiary TOUSA Inc. on 2/1/2008 became payable in their entirety due to failure of such company to comply with contractual terms, the Group's Management shall not face liquidity



risks: a) as no guarantee whatsoever has been given for liabilities of TOUSA Inc (announcement of 17/1/2008); and b) as the Group has no control over this subsidiary as of 2/1/2008.

The Group manages its liquidity needs by carefully monitoring its long term financial obligations, as well as day-to-day payments. Liquidity needs are monitored daily and weekly, as well as by 30-day rotation. Long-term liquidity needs for the next 6 months and the next year are established quarterly. The time frame of the Group's financial liabilities is analyzed next:

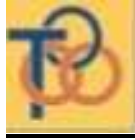
<i>Amounts in € '000</i>	THE GROUP - 31/12/2007			
	Short-term		Long-term	
	in 6 months	6 till 12 months	1 till 5 years	up to 5 years
Bank loan	1,167,914	39,358	3,117	0
Liabilities of financial leasing	565	566	1,604	5,645
Trade liabilities	53,322	30,473	0	0
Other short term liabilities	50,174	210,319	0	0
<b>Total</b>	<b>1,271,975</b>	<b>280,716</b>	<b>4,721</b>	<b>5,645</b>

<i>Amounts in € '000</i>	THE GROUP - 31/12/2006			
	Short-term		Long-term	
	in 6 months	6 till 12 months	1 till 5 years	up to 5 years
Bank loan	25,970	25,970	544,675	295,601
Liabilities of financial leasing	190	190	1,872	0
Trade liabilities	85,476	23,578	0	0
Other short term liabilities	59,187	138,606	0	0
<b>Total</b>	<b>170,823</b>	<b>188,343</b>	<b>546,547</b>	<b>295,601</b>

The respective time frame for the Company's financial liabilities was:

<i>Amounts in € '000</i>	THE COMPANY - 31/12/2007			
	Short-term		Long-term	
	in 6 months	6 till 12 months	1 till 5 years	up to 5 years
Bank loan	2,500	3,203	0	0
Liabilities of financial leasing	0	0	0	0
Trade liabilities	561	3,245	0	0
Other short term liabilities	1,018	1,598	0	0
<b>Total</b>	<b>4,079</b>	<b>8,046</b>	<b>0</b>	<b>0</b>





THE COMPANY - 31/12/2006

<i>Amounts in € '000</i>	Short-term		Long-term	
	in 6 months	6 till 12 months	1 till 5 years	up to 5 years
Bank loan	1,022	3,193	28,000	0
Liabilities of financial leasing	0	0	0	0
Trade liabilities	337	361	0	0
Other short term liabilities	5,819	9,748	0	0
<b>Total</b>	<b>7,178</b>	<b>13,302</b>	<b>28,000</b>	<b>0</b>

The above contractual expiration dates reflect mixed cash flows, which may differ from the carrying amounts of liabilities as at the date of the balance sheet.

The above sums are exclusive of liabilities from construction contracts due to the different nature of liabilities, as these are calculated based on the percentage of completion of the project which differs depending on each period.

#### 8.5. Capital Management Policies and Procedures

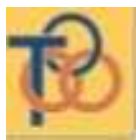
The company's policy in terms of capital management is to:

- ensure that the company is able to uninterruptedly continue its operations;
- provide sufficient return to shareholders by pricing its services based on cost and taking care of its capital structure.

The Management monitors all of its debt as compared to its equity. In order to achieve the desirable capital structure, the company may adjust dividends, return capital or issue new shares. Equity shall mean all of its share capital above par value, profits carried forward and other reserves (with the exception of minority rights).

The Group monitors its capital based on the net borrowing to EBITDA ratio as well as on the equity to total capital employed ratio.

The Group defines net borrowing to be its total interest bearing loans less its total cash. Total capital employed is calculated as equity less net borrowing as they appear on the balance sheet. For the periods that ended on 31 December 2007 and 2006 respectively, such ratios are presented next:



<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Total Equity	(105,806)	732,549	255,897	500,520
Plus: Sub-Prime Loans	0	0	0	0
Minus: Cash Reserves and Equivalents	(76,935)	(65,515)	(482)	(1,161)
<b>Capital</b>	<b>(182,741)</b>	<b>667,034</b>	<b>255,414</b>	<b>499,359</b>
Total Equity	(105,806)	732,549	255,897	500,520
Plus: Loans	1,218,769	894,468	5,703	32,215
<b>Total Capital</b>	<b>1,112,962</b>	<b>1,627,017</b>	<b>261,600</b>	<b>532,736</b>
Capital towards Equity	-16.42%	41.00%	97.64%	93.73%

<i>Amounts in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Total Borrowing	1,218,769	894,468	5,703	32,215
Minus: Cash and cash equivalents	(76,935)	(65,515)	(482)	(1,161)
Minus: Financial Instruments Available for Sale	(10,190)	(31,821)	0	0
<b>Net Borrowing</b>	<b>1,131,644</b>	<b>797,132</b>	<b>5,221</b>	<b>31,054</b>
Total Equity Paid to Parent Company Shareholders	(149,278)	537,254	255,897	500,520
<b>Total Employed Capital</b>	<b>982,366</b>	<b>1,334,386</b>	<b>261,118</b>	<b>531,574</b>
Leverage Coefficient	115.20%	59.74%	2.00%	5.84%

Under the provisions of the law on Societes Anonymes (Codified Law 2190/1920 as is currently in force), restrictions apply to equity. Such restrictions are:

- The acquisition of treasury stock, with the exception of the cases listed in Article 16 (3) and (4) of Codified Law 2190/1920, as is currently in force, may not exceed (in terms of the face value of the stock acquired) 10% of the fully paid up share capital and may not lead to a decrease in equity under the share capital plus reserves, the distribution of which is not permitted in accordance with the Law or the Articles of Association.
- Where the company's total equity drops below ½ of the share capital, the BoD must convene a General Meeting within six months from the end of the fiscal year to decide the dissolution of the company or the adoption of another measure.
- When the company's total equity drops under 1/10 of the share capital and the General Meeting fails to take suitable measures, in accordance with Article 47 of Codified Law 2190/1920, as is currently in force, the company may be dissolved by court ruling upon petition of any party with legal interests.



- At least 1/20 of net earnings is taken each year to form the Statutory reserve, which is used exclusively to equalize, before any dividend distribution, any debit balance in the Profit/ loss carried forward account. Establishing this reserve is optional when the respective sum equals 1/3 of the share capital.
- Payment of annual dividend to shareholders in cash and at a percentage of at least 35% of net profit, is mandatory after the statutory reserve has been taken, as well as the net result from the measurement of assets and liabilities at their fair value. This does not apply if it is so decided by the General Meeting of the Shareholders by a majority of at least 65% of the paid up share capital. In that case the undistributed dividend up to at least 35% of such net profit, shall appear in a special Reserve for capitalization account within four years with the issue of new shares given free of charge to beneficiary shareholders. Lastly by majority of at least 70% of the paid up share capital, the General Meeting of the Shareholders may decide that the above provisions shall not be implemented.

The Group has performed its contractual obligations, including the maintenance of the rationality of its capital structure and fully complies with the relevant legal provisions on equity.



## **9. INFORMATION ABOUT THE SUBSIDIARY TOUSA INC.**

### **9.1. Introduction - brief background**

On 1 August 2005, TOUSA Inc., through a non-consolidated subsidiary joint venture proceeded to the acquisition of TRANSEASTERN PROPERTIES Inc., a land development and residence construction company based in Florida. TOUSA Inc. evaluated at the end of 2006 the possibility of recovering its investment in the joint venture, and established that its investment had been fully impaired as a result of deliveries lower than those anticipated which were due to gross sales lower than anticipated and increased cancellations.

On 31 October 2006 and 1 November 2006, TOUSA Inc. received account receivable letters from the management representative for the lenders of TRANSEASTERN JV, whereby payments were required under certain guarantees. On such dates, DEUTSCHE BANK TRUST Co. confirmed that specific default events had taken place and required in implementation of the guarantees of TOUSA Inc. to pay all its liabilities under the loan of TRANSEASTERN JV, which stood at \$ 625 mil.

On 31 July 2007, TOUSA Inc. proceeded to a settlement of the foregoing disputes that regarded TRANSEASTERN JV. For the purpose of the settlement, TOUSA Inc. took out a loan of \$ 800 mil. \$. Funding from only interest paying loans for a given period on a first and second priority collateral were used in the final closing of the overall and mutually accepted settlement with all TRANSEASTERN joint venturers, including senior lenders, mezzanine lenders, the joint venturers and land banks.

This overall settlement ended any court dispute with the creditors of TRANSEASTERN JV.

### **9.2. Reasons that led to subjection of the company to Chapter 11 of the US Bankruptcy Code**

Under the foregoing settlement, TOUSA Inc. had to pay debit interest in accordance of its contractual obligations. However, on 2/1/2008, TOUSA Inc announced, with a relevant statement (Form 8-K), submitted to the American Stock Exchange Committee (SEC), that it had failed to pay off the interest on its loans, totaling approximately \$23 million, which was due on 01/01/2008.

In its announcement, TOUSA Inc. mentioned that failure on its part to pay such interest within 30 days from the above date would lead in all of the company's loans for a total of about \$ 1,700 mil becoming overdue and payable in their entirety.

The management of the company being aware of its inability to pay such interest on loans within 30 days was inevitably forced to opt for procedures for protection from its creditors, as it considered this solution was the most appropriate and to that end on 29 January 2008 TOUSA Inc. applied for protection from its creditors and subjection to Chapter 11 of the US bankruptcy code to the Bankruptcy Court of Southern Florida in Fort Lauderdale. This application was filed based on a restructuring plan of TOUSA Inc., which was prepared in



agreement with over 50% of its creditors, and which provides for repayment of part of the loans and other obligations of the company.

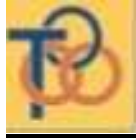
### 9.3. Operation of the subsidiary under the regime of Chapter 11 of the US Bankruptcy Code

The company now operates as a debtor and debtor-manager under the jurisdiction of the Bankruptcy Court and in accordance with applicable provisions of the US Bankruptcy code and the orders of the Bankruptcy Court. Hence it is exposed to the risks and uncertainties that relate to the provisions of Chapter 11, which include but are not limited to:

- the possibility to be and stay in good terms with existing or future residence owners, sellers and service providers and have contracts and leases that are critical to its operations;
- limited ability to apply and implement business plans and strategies;
- limitations in its ability to receive approval by the Bankruptcy Court as regards the proposals referred to in the provisions of Article 11, that it may seek from time to time, or possibly adverse rulings from the Bankruptcy Court in respect of such proposals which as a result of actions taken by its creditors include also other parties which may be contrary to its plans or attempt to have it take actions to which it is contrary;
- limited ability to reject contracts or leases that are cumbersome or financially inadvisable;
- limited ability to raise funds such as through the sale of assets;
- the ability to attract, incentivize and maintain core and important personnel is affected by the Bankruptcy Code, which limits its ability to implement an employee retention plan or take other measures that provide incentives to employees to keep working for it; and
- the ability to receive the required approval from the Bankruptcy Court for transactions not usual for the company's business, which may limit its ability to respond at regular intervals to certain events or take certain opportunities

Due to subjection of the Company to Chapter 11 of the US bankruptcy code and its full supervision by the competent Bankruptcy Court (no decision may be made unless approved by the Court), a number of cases is listed below where it is impossible for the subsidiary to implement its financial and business policy: Such cases are:

- limitation in the payment of dividends and reacquisition by the Company of its share capital;
- payment limitation;
- investment limitation;
- limitation in the issue of new shares in order to raise new funds;
- limitations in terms of consolidations, mergers and buyouts in general;
- limitation in the granting of lawful rights;
- limitations in design or reaction to market conditions;



- limited additional funding of its operations, acquisition strategies, investments or joint ventures or other fund needs or participation in other profitable business activities;
- prohibition of the transfer of funds from TOUSA Inc. to any related party, including the parent Company.

Such risks and uncertainties may have a negative effect on the company and its operations in various ways. For instance, events or publicity related to the provisions of Article 11 may adversely affect its relations with existing and potential buyers, sellers and employees, which in its turn may adversely affect its operations and financial standing, in particular if such situations are prolonged.

Further, the company also subject to limitations due to contractual settlements. In more detail, we report that the plan for its restructuring, which has been prepared with the consent of its creditors and provides for the pay off of part of the Company's loans and other liabilities, lead to contractual settlements for the company's liabilities which require maintaining certain financial budgets and protective clauses which, among others, limit its ability to take certain actions, even if the management finds such actions to be to the company's best interest. Besides everything else, these limit the company's ability to:

- create debts;
- take lawful rights and carry out sale/ leaseback transactions, with the exception of model residences, which are subject to certain limitations;
- issue loan guarantees;
- correct or amend the company's documents;
- take on or create receivables.

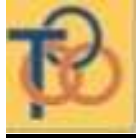
Detailed information on the subsidiary TOUSA Inc. is available at [www.tousa.com](http://www.tousa.com) where is annual financial statements have been posted.

#### **9.4. Subsidiary control**

The Management of the parent company believes that on 2/1/2008 it lost the ability to guide the financial and business activities of its subsidiary to benefit from its activity.

The Management of TECHNICAL OLYMPIC also estimated that the limitations on the course of the financial business activity and the restrictions that apply to the ability to transfer funds from the subsidiary to the parent company are not long-term limitations that may change in the future to its benefit but are rather final. More specifically, the Management of the parent company:

1. Is unable to guide the financial and business policy of its subsidiary as:



- The company now operates as a debtor and debtor-manager under the jurisdiction of the Bankruptcy Court and in accordance with applicable provisions of the US Bankruptcy code and the orders of the Bankruptcy Court (see Notes TOUSA Inc. on page 18).
  - The Management is unable to pose veto in case of a decision that is contrary to the ruling of the Bankruptcy Court (see Notes TOUSA Inc. on page 18).
  - Contractual settlements have been entered into to meet its obligations which however are subject to enormous restrictions as has already been mentioned above (see Notes TOUSA Inc. on page 20).
  - The subsidiary is under judicial supervision (Chapter 11 of the US Bankruptcy Code) and corporate restructuring.
  - The subsidiary faces problems in meeting its daily needs due to the fact that many of its employees have left and its failure to replace them (see Notes TOUSA Inc. on pages 17-19,67-68).
2. It is unable to definitely recover any benefits from the subsidiary's activity, as:
- in any scenario, such restructuring plan is not anticipated to lead to the parent company maintaining the 66.942% holding, as:
    - should the restructuring of the company be successful, existing shares, securities, and privileges that are convertible to ordinary shares of the subsidiary shall be derecognized and new shares shall be issued to be given to creditors based on the subsidiary's liabilities to them (please note that creditor claims stand at \$ 7 billion of which \$ 1,700 mil regard contractual obligations and the subsidiary's equity as at 31.12.2007 stood at \$ -400 mil), whereas
    - should a decision be made to liquidate the company, such equity instruments shall be cancelled and derecognized and the procedure for paying off creditors shall be launched.
    - As is also indicated in the certificate of the subsidiary's certified auditors - accountants there is serious doubt about its going concern. However, its financial statements do not contain any adaptation so that it reflects possible impact on the ability to recover and classify its assets or effects from the classification of its liabilities that may arise as a result of such uncertainty.
    - Non-secured borrowers do not expect any recovery of funds in the future.

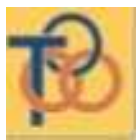
Due to the above, the management of TECHNICAL OLYMPIC decided that as of 2/1/2008 it shall not consolidate the subsidiary. The reason behind such decision as of that date is directly linked to everything mentioned in point 9.2 above.

As a result of the non-consolidation of the aforementioned subsidiary, the consolidated results for the year 2008 shall increase by approximately € 395 mil (a related analysis is given in the following point).



In addition, the management of TECHNICAL OLYMPIC estimates that under the current conditions and based on the reasons listed above, regardless of the development of the activities of TOUSA Inc., it does not anticipate recovering the investment from its subsidiary. Also, as was announced to that respect on 17 January 2008, the parent company is not bound by guarantees with regard to its subsidiary TOUSA Inc. on 31 December 2007.



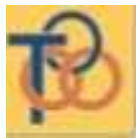


**9.5. Brief financial standing of TOUSA INC as at 31.12.2007 and the effect of loss of control on the Group's financial standing in 2008.**

As the parent company continues to prepare consolidated financial statements, the provisions of points 34 and 35 of IAS 27 have been implemented which refer to accounting in case of loss of control over a subsidiary.

Next is given a brief presentation of the subsidiary's audited financial statements as at 31/12/2007:

Balance Sheet	31/12/2007	31/12/2006
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Tangible assets	18,769,784.70	24,478,359.91
Investments in Joint Ventures	6,125,942.55	97,963,553.53
Fixed assets available for sale	4,170,233.00	92,392,558.85
Financial assets available for sale	10,178,656.32	31,809,415.33
Deferred tax receivables	0.00	137,473,044.80
<b>Total</b>	<b>39,709,938.22</b>	<b>385,993,925.59</b>
<b>Current Assets</b>		
Inventories	804,604,306.77	1,548,631,738.80
Other receivables	178,352,014.14	39,875,474.57
Cash and cash equivalents	59,257,523.27	47,217,160.22
<b>Total</b>	<b>1,053,853,678.42</b>	<b>1,663,170,083.54</b>
<b>TOTAL ASSETS</b>	<b>1,093,563,616.64</b>	<b>2,049,164,009.13</b>
<b>Liabilities</b>		
<b>Own Equity</b>		
<b>Total</b>	<b>395,686,434.34</b>	<b>-465,094,153.38</b>
<b>Long-term Liabilities</b>		
Deferred tax liabilities	0.01	-13,179,195.14
Long-term loans	0.00	-805,412,300.68
Other Provisions	-5,252,360.61	-261,849,658.34
Other long-term Liabilities	-37,242,035.19	-193,560,364.47
<b>Total</b>	<b>-43,139,732.39</b>	<b>-1,310,283,978.77</b>
<b>Short-term Liabilities</b>		
Trade creditors and similar Liabilities	-34,198,084.37	-70,727,410.78
Current tax Liabilities	-4,896,406.49	-194,381.17
Short-term loans	-1,158,718,157.73	-26,869,400.15
Other short-term Liabilities	-248,297,670.00	-175,994,684.90
<b>Total</b>	<b>-1,446,110,318.59</b>	<b>-273,785,877.00</b>
<b>TOTAL LIABILITIES</b>	<b>-1,093,563,616.64</b>	<b>-2,049,164,009.15</b>



**Income Statement**

**1/1-31/12/2007**

Turnover (Sales)	-1,601,808,228.36
<b>Gross profit</b>	<b>424,318,364.37</b>
<b>Operating Results</b>	<b>758,035,495.84</b>
Financial Expenses	27,199,268.38
Profits / (losses) from joint ventures	152,500,801.93
Pro rata results from affiliated companies	0.00
<b>Profit / (Loss) before Income Tax</b>	<b>950,566,901.43</b>
Income Tax	-24,268,904.03
<b>Profit after tax</b>	<b>926,297,997.40</b>

Hence in the consolidated financial statements for the year 2008, due to lack of sales revenue (as there is no sale but non-consolidation) the difference between a) the value of the investment in shares of the former subsidiary appeared in assets; and b) the part of the former parent company held by it on the "consolidated carrying amount" of the shares held in the former subsidiary as at 31/12/2007 shall be posted. Hence the amount to benefit the results of 2008 and equity stands at € 395 mil. Such sum is broken down next:

Identification	Amount
Impaired investment value	0.00
<b>Less:</b>	
- Total impairment of the former subsidiary and of other entries that were reversed in previous fiscal years and now remain in the consolidated results.	(180,699,828.59)
- Subsidiary equity as at 31.12.2007 after removals	576,386,262.96
<b>Result to be posted for the period</b>	<b>395,686,434.37</b>

The above sum shall benefit the results of 2008 and be posted in the "Results from discontinued operations" account.

To this date it has not been possible for the parent company to obtain information about the financial progress of its former subsidiary for the year 2008. When such information shall become available any effect that would come about had the former parent company continued to consolidate the aforementioned subsidiary shall be announced.

Also, TECHNICAL OLYMPIC has not recognized in the fiscal year at hand any liabilities or receivables in its consolidated balance sheet as regards its former subsidiary.



## 10. EVENTS FOLLOWING THE BALANCE SHEET DATE

A. On 01/02/2008, TOUSA Inc announced, with a relevant statement (Form 8-K), submitted to the American Stock Exchange Committee (SEC), that it had failed to pay off the interest on its loans, totaling approximately \$23 million, which was due on 01/01/2008.

In a relevant release, TOUSA Inc. states that failure to pay off such interest within 30 days from this date would result in all its loans becoming in arrears and payable in total, which were then approximately \$ 1,700 million. The incident of default on interest payments occurred again for another loan on 01/15/2008 and was announced on 01/16/2008.

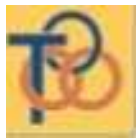
Failure on the part of the Company to pay such loan interest hence leading to all of its loans becoming overdue, lead it to choose one of the two solutions it had been left with: either the Company would decide the immediate liquidation of its assets or it would proceed to file an application for protection from its creditors and its subjection to Chapter 11 of the US Bankruptcy code.

The Company's BoD found the solution of applying for protection to be the most appropriate and to that end TOUSA Inc. applied on 29/1/2008 for protection from its creditors and for its subjection to Chapter 11 of the US bankruptcy code at the Bankruptcy Court of Southern Florida in Fort Lauderdale. This application was filed based on a restructuring plan of TOUSA Inc., which was prepared in agreement with over 50% of its creditors, and which provides for repayment of part of the loans and other obligations of the company.

The proposed restructuring of the Company is the result of a dramatic downturn in the American housing market, which accelerated over the last months due to various factors, which include the serious adverse impact on liquidity in the credit market and mortgage market, low consumer confidence, increased housing reserves and confiscations, and the downward pressure on housing prices. All these factors together have contributed to lower gross sales and higher cancellation percentages.

The BoD of our Company, as the parent company of our Group, following detailed and extensive talks with the Group's financial division, the certified auditors - accountants and the Greek and American legal advisors of the Company decided not to include as of 1/1/2008 in the consolidated financial statements of the TECHNICAL OLYMPIC Group its subsidiary until 31/12/2007, TOUSA Inc., as it considers that as of such date it has lost control over such company in accordance with IAS 27 §21, where it provides that a parent shall lose control when it loses the right to guide the financial and business policy of an issuer, so as to benefit from its activity. Loss of control may occur with or without change in the absolute or relative level of ownership. For instance it could occur when a subsidiary is subjected to state, judicial, administrative or supervisory control. It could also occur due to a settlement, and to derecognize the holding of the Company in TOUSA Inc. on 31/12/2007.

B. The ATHEX decided on 26 March 2008, following a motion to that respect of the Capital Market Commission to suspend the trading of the Company's shares due to failure to publish the 2007 Annual



Consolidated Financial Statements, as announced by the Company on 24 March 2008. Such suspension of the trading of the Company's shares continues to this date.

C. TECHNICAL OLYMPIC SA was initially included among the defendants in a class action filed with a US Federal Court of Justice but not notified to it. The defendants included Banking Organizations, its subsidiary TECHNICAL OLYMPIC USA (TOUSA Inc.), which was subjected to the protective provisions of Chapter 11 of the US Bankruptcy Code, as well as members of their Boards of Directors. The plaintiffs appear to be non-listed buyers of shares of TOUSA Inc. who claim that under US legislation they are entitled to claims for the period between 1 August 2005 and 19 March 2007 due to guarantees, which as they argue, TOUSA Inc. and the other parties involved gave them for TRANSEASTERN JV. In a later action filed on 19 September 2008 replacing the old one, TECHNICAL OLYMPIC and the members of the Stengos family as Directors of TOUSA Inc. who were included in the first action, are no longer included among the defendants, hence leading to a definite end to any claims against the Company and its BoD.

D. On 02/15/2008 and 02/29/2008, the company granted the amounts of € 1,700,000.00 and € 3,960,000.00 to its subsidiary companies Village Inn Porto Carras S.A. and Porto Carras Domain S.A. in the form of convertible bond loans, as decided by the Ordinary General Meetings of its companies on 06/29/2006 and 06/30/2005 respectively.

E. - The Extraordinary General Meeting of the Shareholders of MARCO MARINAS SA held on 6 December 2007 decided to dissolve the Company and place it in liquidation. The same decision appointed as liquidators Messrs. Konstantinos Rizopoulos son of Platonas, Nikolaos Stathakis son of Dimitrios and Konstantina Alexopoulou daughter of Panagiotis. Such decision was registered with the Societes Anonymes Register of the Societes Anonymes and Trade Directorate of the South Sector of the Prefecture of Athens on 17/1/2008 (Ref. No. 20392/07).

In the above company TECHNICAL OLYMPIC SA had as at 5/12/2007 a holding of 67.58% in the share capital.

F. On 20/2/2008 the shares of MELTEMI KASTRI SA were transferred in their entirety to MELTEMI KASTRI CYPRUS LTD for a total consideration of € 3,330,000. MELTEMI KASTRI CYPRUS LTD transferred on 8/8/2008 the shares of MELTEMI KASTRI SA to PILSBY LTD for an overall consideration of € 3,000,000, and in the respective agreement provision is also made for an additional consideration of €2,625,000, provided doubts on the validity of administrative permits regarding the Lakonia Aeolic Park are lifted.

G. - The BoD of TECHNICAL OLYMPIC SA decided on 7/7/2008 to sell 4,307,194 ordinary nominal shares of LAMDA TechnOL Flisvos at a price of € 6,583,333.08. Such shares were transferred on 11/7/2008.



H. The BoD of PORTO CARRAS SA decided on 7/7/2008 to sell 861,439 ordinary nominal shares of LAMDA TECHNOL FLISVOS at a price of € 1,316,666.92. Such shares were transferred on 11/7/2008.

I. The Board of Directors of MOCHLOS SA decided on 7.1.2008 to interrupt the operation of all the (ready made concrete production and marketing) industrial units in Patras and Igoumenitsa due to the extremely adverse conditions created, very intense competition and the persistent for a number of years negative results from the operation of such segment.

J. Further by decision of the Board of Directors of MOCHLOS SA, the company's Home Building operations in the USA in the framework of US based company TECHNICAL OLYMPIC USA (TOUSA Inc.) of the TECHNICAL OLYMPIC Group were interrupted.

K. On 24 July 2008, the 2<sup>nd</sup> Repeated General Meeting of the Shareholders of MOCHLOS SA was held (the initial General Meeting having been held on June, 5<sup>th</sup> and the 1<sup>st</sup> repeated one on June 24<sup>th</sup>), at which it was decided:

- To start the procedures for the splitting of the construction segment (namely the public and private works segment) to then contribute it to STROFYLI SA, a subsidiary of the Group of TECHNICAL OLYMPIC SA, in accordance with the provisions of Articles 1-5 of Law 2166/1993 and Codified Law 2190/1920.

- To grant within two years option rights to purchase in whole or in part of up to seven million (7,000,000) shares, namely 9.535% of the overall number of existing Company shares (73,410,192), to the members of the BoD and the Company's executives, as well as to Directors and executives of associated companies. It was decided to implement the above stock option either by share capital increase or by the purchase of treasury shares to be acquired in accordance with the provisions of Article 16 of Codified Law 2190/1920. The offer price per share to exercise such so granted stock option to acquire up to a total of 7,000,000 shares was set to: a) for the implementation of the plan by share capital increase to the then applicable face value of the Company's shares; and b) for the implementation of the plan through the purchase of treasury shares, to one third (1/3) of the average trading value during the last month before the offer, rounded up to the second decimal and based on the other details to be established by the Company's BoD.

- For the Company to acquire through the ASE, up to 7,000,000 treasury shares in the context of the stock option granted to the Company's Directors and executives, as well as to the Directors and executives of its associated companies. To take the respective acquisition actions and the applicable procedure shall be



implemented in accordance with the provisions of Article 16 of Codified Law 2190/20, as is in force, as modified by the recent provisions of Law 3604/07. The maximum and minimum acquisition prices per share were set to € 1.00 and € 0.05 respectively, and the deadline for the acquisition of such shares was set to 31/12/2009.

L. - In implementing a relevant decision taken by the Ordinary General Meeting of the Shareholders of PORTO CARRAS SITHONIA BEACH CLUB SA, stock options were offered to the BoD Chairman for a total of 3,270,000 shares at an offer price equal to the face value of shares of ninety cents (€ 0.90), namely € 2,943,000 and next payment of the foregoing amount on 1 July 2008 by the BoD was certified, hence the Company's share capital stood at € 32,373,000, being divided into 35,970,000 ordinary nominal shares at a face value of € 0.90 each.

M. The BoD of PORTO CARRAS SITHONIA BEACH CLUB SA decided on 31 July 2008 to appoint the foregoing date as the date of preparation of the accounting statement in respect of the hotel, tourism and residential development segments in accordance with the provisions of Articles 1-5 of Law 2166/1993 and Codified Law 2190/1920 and their contribution to MOCHLOS SA on 31 July 2008.

N. - In implementing a relevant decision taken by the Ordinary General Meeting of the Shareholders of PORTO CARRAS CLUB SA, stock options were offered to the BoD Chairman for a total of 1,324,000 shares at an offer price equal to the face value of shares of three euros (€ 3.00), namely € 3,972,000 and next payment of the foregoing amount on 7 August 2008 by the BoD was certified, hence the Company's share capital stood at € 43,692,000, being divided into 14,564,000 ordinary nominal shares at a face value of € 3.00 each.

Besides the above events, there have been no events past the date of the financial statements which regard the Group or the Company and which need to be reported under the International Financial Reporting Standards.

**ALIMOS, 19 SEPTEMBER 2008**

THE CHAIRMAN OF THE BOD

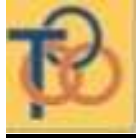
THE MANAGING DIRECTOR

KONSTANTINOS A. STENGOS

GEORGIOS K. STENGOS

ID Card No. AB 342754

ID Card No. 342752



THE FINANCIAL MANAGER

KONSTANTINOS RIZOPOULOS

ID Card No. Σ332143

THE CHIEF ACCOUNTANT

STYLIANI H. PAPADOPOULOU

ID Card No. Σ 576787

A CLASS LICENSE NUMBER 29518



## RAISED FUNDS DISTRIBUTION REPORT

TECHNICAL OLYMPIC S.A.

Companies Reg.No. 6801/06/B/86/8

### DISTRIBUTION OF FUNDS RAISED FROM THE INCREASE OF THE COMPANY'S SHARE CAPITAL BY PAYMENT OF CASH WITH STOCK OPTION TO OLD SHAREHOLDERS, DECIDED BY THE REPEATED GENERAL MEETING OF SHAREHOLDERS ON 14/07/2005

It is notified that in accordance with Decision 33/24.11.2005 of the BoD of the Athens Stock Exchange, total funds have been of € 34,781,250 have been raised from the increase of the share capital of TECHNICAL OLYMPIC SA by payment of cash by decision of the Company's BoD dated 27/06/2007 taken based on authorization granted by the Repeated General Meeting of 14/07/2005 and 33,125,000 new ordinary nominal shares were issued with a face value of €1 each, with a selling price per share of €1.05. Such shares were listed on the ATHEX for trading on 28/08/2007. The share capital increase was certified by the Company's BoD on 01/08/2007.

TABLE OF DISTRIBUTION OF FUNDS RAISED FROM THE SHARE CAPITAL INCREASE BY PAYMENT OF CASH WITH STOCK OPTIONS TO OLD SHAREHOLDERS			
Investment Description	Funds made available in accordance with the Prospectus which has been approved by the Capital Market Commission	Outturn for the current period	Cumulatively until the end of the current fiscal year
Working Capital	1,239,638.24	383,086.50	383,086.50
Repayment of a long-term loan of the Company	21,000,000.00	16,617,422.22	16,617,422.22
Repayment of a short-term loan of the Company	12,000,000.00	17,239,129.52	17,239,129.52
Tot al	34,239,638.24	34,239,638.24	34,239,638.24

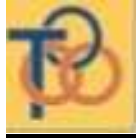
Notes: 1) The funds raised from the aforementioned increase of the company's share capital were fully used exclusively for the paying out of the company's loan obligations and as working capital, in accordance with the reasoning for the share capital increase, as stated in the Prospectus dated June 28, 2007 for the said share capital increase. All the funds raised were used up by 12/31/2007. 2) It is noted that following a suggestion by the Company's financial division it was found convenient to reallocate the distribution of the funds raised to better serve its loans. The Management decided on 02/08/2007 the reallocation as follows:

- a. € 17,239,129.52 towards repaying the Company's medium to short-term loan;
- b. € 16,617,422.22 towards repaying the Company's medium to long-term loan;
- c. € 383,086.50 towards working capital.

At the General Meeting for the 01/01 - 31/12/2007 period, among other issues, the shareholders shall be informed about the use of the funds raised from the Share Capital Increase. 3) Issue expenses stood at € 541,611.76 were totally paid for out of the funds raised from the foregoing increase. Hence the overall amount raised after deducing issue costs was € 34,239,638.24.

Alimos, 31 March 2008





THE CHAIRMAN OF THE BOD

THE MANAGING DIRECTOR

THE VICE CHAIRMAN &

KONSTANTINOS A. STENGOS  
ID Card No. AB342754

GEORGIOS K. STENGOS  
ID Card No. AB342752

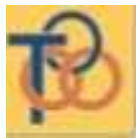
ANDREAS K. STENGOS  
ID Card No. X055522

THE FINANCIAL DIRECTOR

THE CHIEF ACCOUNTANT

KONSTANTINOS RIZOPOULOS  
ID Card No. Σ332143

STYLIANI H. PAPADOPOULOU  
ID Card No. Σ576787



## Report of the Results of the Pre-agreed Procedures on the Raised Funds Distribution Report

To the BoD of TECHNICAL OLYMPIC SA

Based on the order we have received from the BoD of TECHNICAL OLYMPIC SA (hereinafter the Company), we performed the following pre-agreed procedures within the regulatory framework of the Athens Exchange, as well as the legislative framework of the Capital Market, with regard to the Company's Raised Funds Distribution Report which concerns the share capital increase by cash payment effected by decision of the Company's BoD made on 27/06/2007. Responsibility for the preparation of the aforementioned Report lies with the Company's Management. We undertook this task under International Related Services Standard 4400 that applied to "Assignments for the Performance of Pre-agreed Procedures Relating to Financial Reporting". It has been our responsibility to perform such pre-agreed procedures and communicate our results.

### Procedures:

1. We compared the amounts indicated as savings in the attached report of Distribution of Funds Raised from the Company's Share Capital Increase by Cash Payment, to the respective amounts recognized in the Company's books and records for the period to which they refer.
2. We have checked the Report for completeness and consistency of its contents with the contents of the Prospectus that has been issued by the Company to that respect, as well as with the respective decisions and announcements of the Company's competent bodies.

### Results:

- a) The savings amounts that appear per use category in the attached report of Distribution of Funds Raised from the Company's Share Capital Increase by Cash Payment result from the Company's books and records for the period to which they refer.
- b) The Report contains the minimum information required for that purpose under the regulatory framework of the Athens Exchange and the respective legislative framework of the Capital Market and it is consistent with the information in the Prospectus and the respective decisions and announcements of the Company's competent bodies.
- c) We confirmed that the information in column "Funds made available in accordance with the Prospectus which has been approved by the Capital Market Commission" results from the Company's Prospectus dated 28 June 2007, and that the reallocation of funds, as this appears in the column "Outturn for the current period" agrees with the respective decision of the Company's BoD dated 02/08/2007.
- e) We have confirmed that all the funds raised were used up by 12/31/2007.

Given that the task performed is not an audit or review under the International Audit Standards and the International Standards for the Assignment of Review Tasks, we do not provide any more assurances other than what is reported above. Had we performed additional procedures or an audit or a review, maybe we would have found other issues besides those listed in the previous point.

This Report is exclusively destined to the Company's BoD in the context of the performance of its obligations under the regulatory framework of the Athens Exchange and the respective legislative framework of the Capital Market. Hence this Report may not be used for other purposes as it is limited only to the information stated above and does not extend to the Financial Statements prepared by the Company for the 2007 fiscal year in respect of which we have issued a separate audit Report.



Athens, 26 March 2008

 Grant Thornton

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(SOLE) Reg. No. 11851